Iowa Statewide Gaming Market Assessment

Prepared for:
Iowa Racing and Gaming Commission

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Prepared by:
THE INNOVATION GROUP
7852 S. Elati Street, Suite 100
Littleton, CO 80120

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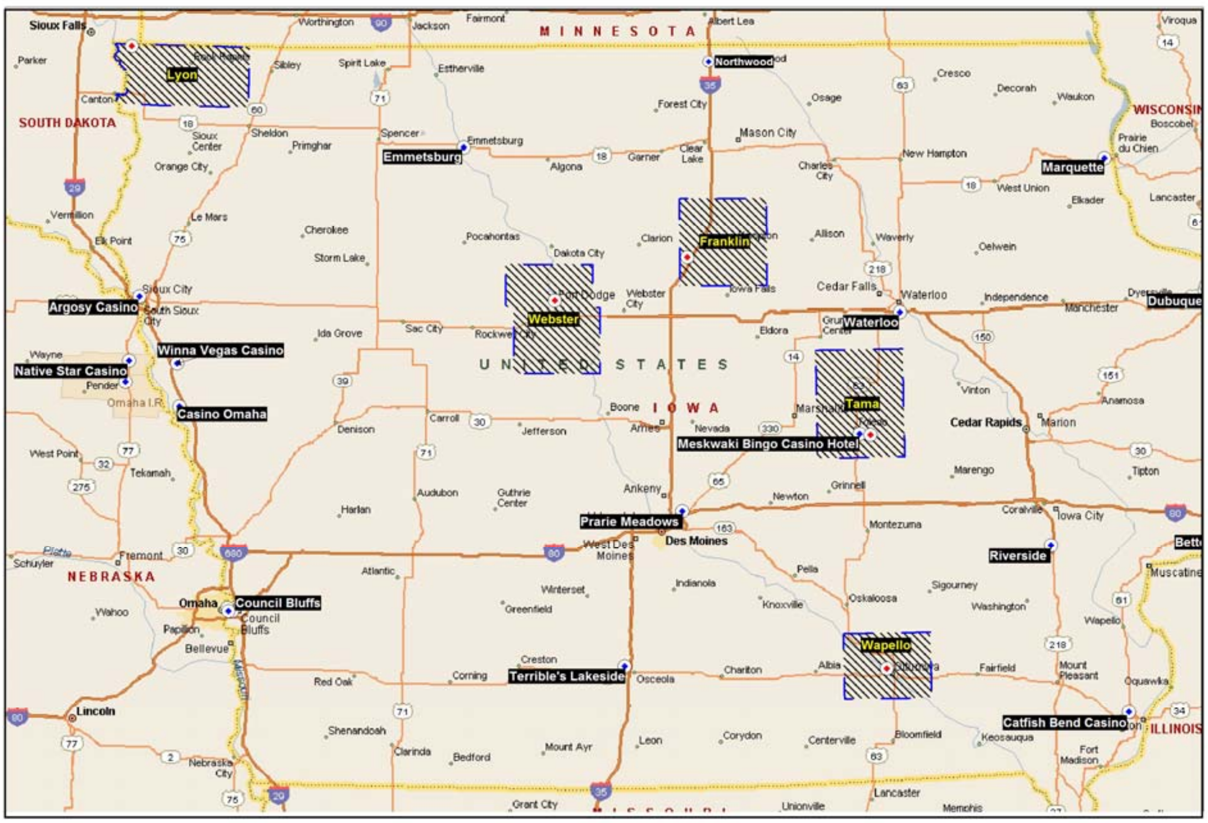
EXECUTIVE SUMMARY

The Innovation Group was engaged by the Iowa Racing and Gaming Commission ("IRGC") to conduct a comprehensive statewide Gaming Market Assessment ("Assessment") for the State of Iowa. The primary goal of the Assessment was to identify underserved and/or underperforming markets in Iowa, and thus uncover any material latent gaming demand. Per the Request for Proposal ("RFP"), we were instructed to focus on the five counties of Webster, Wapello, Franklin, Tama and Lyon. Nonetheless, we endeavored to examine all the markets in Iowa in search of underserved and/or underperforming markets. The following map displays the location of these proposed county casinos relative to the existing casinos in Iowa.

Proposed County Casino Market Map



Gaming Revenue Forecast – Stand-Alone Basis

The Innovation Group first forecasted the gaming revenue potential of each proposed county casino on a stand-alone basis. We determined that these casinos would realize gaming revenue from primarily four sources including the local market, overnight gamer, transient tourist and traffic intercept segments. Per the RFP, we were instructed to forecast the gaming revenue potential based on three capital investments levels, which we categorized as Low-End (generally in the $50 million range), Mid-Range (generally in the $65 million range) and High-End (generally in the $100 million range). Note however, that the appropriate level of capital investment depends on the gaming revenue potential of the development. Therefore, after completing the assessments, we compiled a capital investment recommendation based on the outcome of the gaming revenue forecast, while still considering three different capital investment levels, as displayed in the following table.

Capital Investment Recommendation Summary

	Low-End	Mid-Range	High-End
Webster	$41,200,000	$61,500,000	$82,200,000
Wapello	$38,500,000	$58,000,000	$78,200,000
Franklin	$25,300,000	$45,700,000	$62,100,000
Tama	$18,700,000	$34,800,000	$49,000,000
Lyon	$56,000,000	$81,800,000	$107,000,000

Source: The Innovation Group

Low-End Capital Investment

Our gaming revenue forecast for the five counties ranged from a low of $18.1 million for the Tama County facility to a high of $57.2 million for Lyon County. While Tama County is located in rural Iowa and vacant of major cities, Lyon County, in extreme northwest Iowa, would tap the Sioux Falls, South Dakota market. The Webster and Wapello County forecasts came in at $39.1 million and $35.0 million, respectively, as each of these counties hosts a decent sized city in Ford Dodge and Ottumwa. While Franklin County is devoid of major cities, it is within a reasonable drive of Cedar Falls / Waterloo and Des Moines. We determined that the Franklin County and Tama County casinos could not support a casino hotel at the low-end investment level. We estimated that the Lyon County facility could support the largest casino hotel (65 rooms). We further estimated that only the Franklin County casino would realize material gaming revenue from the traffic intercept segment, due to its location, just off Interstate 35.

Gaming Revenue Forecast - Low-End Facility

	Webster	Wapello	Franklin	Tama	Lyon
Local Market	$35,027,385	$31,906,891	$21,689,713	$17,328,835	$47,260,671
Overnight Gamer	$2,505,979	$2,255,381	$0	$0	$3,399,415
Transient Tourist	$1,590,722	$894,012	$383,533	$749,996	$6,569,335
Traffic Intercept	$0	$0	$4,069,053	$0	$0
Total	$39,124,086	$35,056,284	$26,142,299	$18,078,831	$57,229,421
Gaming Positions	652	615	502	380	887
Win / Position	$164	$156	$143	$130	$177
Hotel Room Count	50	45	0	0	65

Source: The Innovation Group

We segregated the gaming revenue forecast by incremental revenue to Iowa versus cannibalization from existing casinos. As one might expect, the incremental proportion varied between the proposed casinos. For instance, on the low end, we estimated that about 34% of Franklin County casino gaming revenue would be incremental, as this facility would compete with Diamond Jo – Worth to the north, Prairie Meadows to the west and Isle of Capri Waterloo to the east. In contrast, we estimated that 93% of Lyon County casino gaming revenue would be incremental to the state as this facility is isolated in northwest Iowa.

Incremental Gaming Revenue Analysis - Low-End Facility

	Webster	Wapello	Franklin	Tama	Lyon
Total Gaming Revenue	$39,124,086	$35,056,284	$26,142,299	$18,078,831	$57,229,421
Cannibalization	-$16,986,669	-$15,791,581	-$17,275,503	-$9,667,813	-$4,155,578
Incremental Gaming Revenue	$22,137,418	$19,264,703	$8,866,796	$8,411,019	$53,073,843
Incremental %	*57%*	*55%*	*34%*	*47%*	*93%*

Source: The Innovation Group

Mid-Range Capital Investment

We forecasted that gaming revenue would increase significantly as capital investment increases. The gains reflect more gaming positions on the casino floor, more non-gaming amenities, larger casino hotels (in some cases an initial casino hotel) and a higher quality facility generally. Projected gaming revenue increased from 21% (Lyon) to 51% (Tama) due to the increase in investment level. Note that the higher the level of competition, the larger the gain. We determined at the high-end investment level, the Franklin County and Tama County casinos could support a small casino hotel of 55 and 45 rooms, respectively.

Gaming Revenue Forecast - Mid-Range Facility

	Webster	Wapello	Franklin	Tama	Lyon
Local	$44,096,290	$38,775,162	$28,741,376	$24,048,013	$55,999,532
Overnight Gamer	$4,686,180	$4,410,523	$3,032,234	$2,480,919	$6,040,499
Transient Tourist	$1,803,879	$1,013,810	$434,927	$850,495	$7,449,626
Traffic Intercept	$0	$0	$4,069,053	$0	$0
Total	$50,586,349	$44,199,495	$36,277,590	$27,379,427	$69,489,656
Gaming Positions	810	770	628	478	1,107
Win / Position	$171	$157	$158	$157	$172
Hotel Room Count	85	80	55	45	105

Source: The Innovation Group

Again, we isolated the incremental portion of the gaming revenue forecast. Note that the incremental percent remains fairly steady as investment increases. Generally, the larger casino hotels offset more cannibalization associated with the local market as the nicer have more reach into the existing casino markets in Iowa.

Incremental Gaming Revenue Analysis - Mid-Range Facility

	Webster	Wapello	Franklin	Tama	Lyon
Total Gaming Revenue	$50,586,349	$44,199,495	$36,277,590	$27,379,427	$69,489,656
Cannibalization	-$21,583,787	-$19,371,058	-$21,991,911	-$13,076,342	-$5,330,033
Incremental Gaming Revenue	$29,002,563	$24,828,437	$14,285,679	$14,303,085	$64,159,623
Incremental %	*57%*	*56%*	*39%*	*52%*	*92%*

Source: The Innovation Group

High-End Capital Investment

At the high-end capital investment level, the proposed casinos would be comparable to the top casinos in Iowa in terms of quality. Again, we increased the size of the casinos in terms of gaming positions. The larger casino and enhanced quality and scope would increase the draw from the outer markets as gamers would be willing to drive farther to visit the casinos. On the top end, we estimated that the Lyon County facility would generate about $79.2 million in gaming revenue featuring about 1,300 gaming positions and a 135-room upscale hotel. The gaming revenue forecast for the Tama County facility topped out at $35.3 million, exhibiting about 560 gaming positions and 70-room casino hotel, as it penetrates the major cities in the region such as Cedar Falls / Waterloo and Des Moines.

Gaming Revenue Forecast - High-End Facility

	Webster	Wapello	Franklin	Tama	Lyon
Local	$50,760,386	$43,938,434	$34,779,001	$30,147,404	$62,652,940
Overnight Gamer	$6,916,502	$6,615,784	$4,811,479	$4,210,044	$8,472,388
Transient Tourist	$1,959,770	$1,101,423	$472,513	$923,995	$8,093,421
Traffic Intercept	$0	$0	$4,069,053	$0	$0
Total	$59,636,657	$51,655,642	$44,132,046	$35,281,444	$79,218,748
Gaming Positions	944	899	730	559	1,289
Win / Position	$173	$158	$166	$173	$168
Hotel Room Count	115	110	80	70	135

Source: The Innovation Group

The following table displays incremental gaming revenue to Iowa assuming the high-end investment level scenario. Again, the forecasts assume that each of the county casinos is developed on a mutually exclusive basis. We estimated that the Lyon County facility would generate the most incremental gaming revenue at $72.7 million, yielding a high incremental rate of 91%. The Franklin County facility yielded the lowest incremental rate of 41% due to competition on all sides. The proposed Webster and Wapello County casinos, which would operate in similar markets, yielded incremental gaming revenue of $34.3 million and $29.4 million, respectively; about 58% of total gaming revenue.

Incremental Gaming Revenue Analysis - High-End Facility

	Webster	Wapello	Franklin	Tama	Lyon
Total Gaming Revenue	$59,636,657	$51,655,642	$44,132,046	$35,281,444	$79,218,748
Cannibalization	-$25,314,923	-$22,210,323	-$26,123,163	-$16,218,621	-$6,499,509
Incremental Gaming Revenue	$34,321,734	$29,445,318	$18,008,883	$19,062,823	$72,719,239
Incremental %	*58%*	*57%*	*41%*	*54%*	*92%*

Source: The Innovation Group

Gaming Revenue Forecast – Combined Counties

Next, we forecasted the gaming revenue potential of each proposed county casino assuming all the casinos were developed simultaneously. Total gaming revenue summed to $169.7 million. Note however, gaming revenue fell relative to the stand-alone forecasts due to cannibalization between the county casinos. The impact was slight for the Lyon County facility as the assumed development site is isolated from the other proposed casinos. In contrast, we estimated that gaming revenue for Franklin County would decline 6.9% relative to the stand alone forecast. This facility would compete with Webster County to the west and Tama County to the south. Also, Franklin County does not have a large home market from which to draw. For Webster County and Wapello County the impact was mitigated due to a decent home market related to Ford Dodge and Ottumwa, respectively.

Total Gaming Revenue - Combined Counties - Low-End

	Webster	Wapello	Franklin	Tama	Lyon	Total
Local Market	$33,670,901	$30,972,662	$18,626,407	$15,061,629	$47,057,078	$145,388,677
Overnight Gamer	2,355,690	2,291,391	1,270,994	1,031,342	3,110,548	$10,059,964
Transient Tourist	1,590,722	894,012	383,533	749,996	6,569,335	$10,187,599
Traffic Intercept	0	0	4,069,053	0	0	$4,069,053
Total	$37,617,313	$34,158,065	$24,349,987	$16,842,967	$56,736,960	$169,705,293
% Change (Stand-Alone)	*-3.9%*	*-2.6%*	*-6.9%*	*-6.8%*	*-0.9%*	
Gaming Positions	652	615	502	380	887	3,036
Win / Position / Day	$158	$152	$133	$121	$175	$153
Hotel Room Count	47	46	0	0	62	155

Source: The Innovation Group

For the mid-range scenario, total gaming revenue increased to $213.9 million or about 26%. However, as the investment level increased, so did cannibalization between the proposed county casinos, as displayed below.

Total Gaming Revenue - Combined Counties - Mid-Range

	Webster	Wapello	Franklin	Tama	Lyon	Total
Local Market	$41,380,730	$37,621,002	$24,269,768	$20,339,658	$55,640,941	$179,252,100
Overnight Gamer	$4,425,056	$4,244,961	$2,544,696	$2,141,954	$5,660,088	$19,016,756
Transient Tourist	$1,803,879	$1,013,810	$434,927	$850,495	$7,449,626	$11,552,737
Traffic Intercept	$0	$0	$4,069,053	$0	$0	$4,069,053
Total	$47,609,665	$42,879,773	$31,318,444	$23,332,107	$68,750,656	$213,890,645
% Change (Stand-Alone)	*-5.9%*	*-3.0%*	*-13.7%*	*-14.8%*	*-1.1%*	
Gaming Positions	810	770	628	478	1,107	3,793
Win / Position / Day	$161	$153	$137	$134	$170	$154
Hotel Room Count	80	77	46	0	103	306

Source: The Innovation Group

At the high-end investment level, our gaming revenue estimate for the five counties summed to $250.4 million; an additional increase of 17%. These casinos would add about 4,400 gaming positions and 465 casino hotel rooms to the market.

Total Gaming Revenue - Combined Counties - High-End

	Webster	Wapello	Franklin	Tama	Lyon	Total
Local Market	$47,241,816	$42,489,808	$29,019,622	$24,983,216	$62,101,180	$205,835,642
Overnight Gamer	$6,457,073	$6,125,078	$3,900,011	$3,374,289	$8,103,719	$27,960,171
Transient Tourist	$1,959,770	$1,101,423	$472,513	$923,995	$8,093,421	$12,551,121
Traffic Intercept	$0	$0	$4,069,053	$0	$0	$4,069,053
Total	$55,658,658	$49,716,309	$37,461,199	$29,281,500	$78,298,321	$250,415,987
% Change (Stand-Alone)	*-6.7%*	*-3.8%*	*-15.1%*	*-17.0%*	*-1.2%*	
Gaming Positions	944	899	730	559	1,289	4,421
Win / Position / Day	$162	$152	$141	$144	$166	$155
Hotel Room Count	107	102	65	56	135	465

Source: The Innovation Group

Incremental Analysis

Under the combined counties scenario, we estimated that about 68% of gaming revenue would be incremental to Iowa, resulting in incremental gaming revenue of $115.0 million and $171.1 million for the low-end and high-end investment levels, respectively. As discussed, the high incremental rate is due in a large part to the Lyon County facility.

Incremental Gaming Revenue Analysis - Combined Counties

	Low-End	Mid-Range	High-End
Total Gaming Revenue	$169,705,293	$213,890,645	$250,415,987
Cannibalization	-$54,669,474	-$68,034,483	-$79,354,276
Incremental Gaming Revenue	$115,035,819	$145,856,162	$171,061,711
Incremental %	*67.8%*	*68.2%*	*68.3%*

Source: The Innovation Group

The following table displays estimated cannibalization segregated by the 17 existing Iowa casinos. In total, we projected cannibalization at approximately $55 million for the low-end scenario and that cannibalization would increase by 24% and 17% as investment increases to mid-range and high-end, respectively. Therefore, total cannibalization reached $79 million for the high-end scenario. We estimated that Prairie Meadows would be most impacted, losing between $15.4 million and $22.3 million in gaming revenue.

Cannibalization Summary - Combined Counties

	Low-End	Mid-Range	High-End
Argosy Sioux City	-$2,443,377	-$3,142,807	-$3,747,517
Lady Luck – Marquette	-$615,573	-$819,225	-$971,412
Wild Rose – Clinton	-$34,448	-$46,321	-$55,484
Catfish Bend - Burlington	-$1,410,014	-$1,744,439	-$2,022,673
Terrible's Lakeside - Osceola	-$8,447,214	-$9,775,814	-$10,786,584
Wild Rose - Emmetsburg	-$6,126,067	-$7,314,584	-$8,390,816
Isle – Waterloo	-$4,084,178	-$5,387,308	-$6,464,187
Diamond Jo – Worth	-$8,263,920	-$10,697,060	-$12,623,754
Riverside	-$4,639,604	-$5,952,449	-$7,013,985
Prairie Meadows - Des Moines	-$15,431,337	-$19,038,316	-$22,315,679
Diamond Jo – Dubuque	-$283,190	-$380,308	-$456,299
Dubuque Greyhound	-$278,815	-$374,432	-$449,249
Ameristar - Council Bluffs	-$769,410	-$976,029	-$1,175,886
Harrah's - Council Bluffs	-$518,099	-$657,230	-$791,809
Horseshoe - Bluffs Run	-$897,475	-$1,138,485	-$1,371,608
Rhythm City - Davenport	-$144,067	-$199,068	-$242,163
Isle – Bettendorf	-$282,685	-$390,609	-$475,169
Total	-$54,669,474	-$68,034,483	-$79,354,276

Source: The Innovation Group

On a property by property basis, it is important to analyze cannibalization from percent decline perspective. We found that the Wild Rose – Emmetsburg facility would be most impacted. We estimated that gaming revenue at Wild Rose would decline from 20% to 27% depending on the investment level, due mainly to the proposed Webster County facility. Terrible’s Lakeside – Osceola would also be significantly impacted, mainly due to the proposed Wapello County facility. We estimated that gaming revenue at Terrible’s would decline from 15% to 20%, again depending on the investment level. Lastly, the Diamond Jo – Worth casino would be materially impacted, mainly due to the proposed Franklin County facility. We estimated that gaming revenue at Diamond Jo - Worth would decline from 10% to 15%. We estimated that the balance of the Iowa casinos would realize decline of less than 10%, even at the high-end investment level. Note that for the casinos on the eastern border of Iowa, the declines are minimal. We judged that the Council Bluffs market would also be minimally impacted. Argosy Sioux City would realize modest declines mainly due to the proposed Lyon County facility. The following table displays estimated cannibalization on a percent decline basis under the combined counties scenario.

Cannibalization Summary - Combined Counties

	Low-End	Mid-Range	High-End
Argosy Sioux City	-4.0%	-5.1%	-6.1%
Lady Luck - Marquette	-1.8%	-2.3%	-2.8%
Wild Rose - Clinton	-0.1%	-0.1%	-0.1%
Catfish Bend - Burlington	-3.3%	-4.1%	-4.7%
Terrible's Lakeside - Osceola	-15.4%	-17.9%	-19.7%
Wild Rose - Emmetsburg	-19.6%	-23.4%	-26.9%
Isle - Waterloo	-4.6%	-6.1%	-7.3%
Diamond Jo - Worth	-10.0%	-12.9%	-15.2%
Riverside	-5.0%	-6.5%	-7.6%
Prairie Meadows - Des Moines	-7.1%	-8.7%	-10.2%
Diamond Jo - Dubuque	-0.4%	-0.5%	-0.6%
Dubuque Greyhound	-0.4%	-0.5%	-0.6%
Ameristar - Council Bluffs	-0.4%	-0.6%	-0.7%
Harrah's - Council Bluffs	-0.5%	-0.7%	-0.8%
Horseshoe - Bluffs Run	-0.4%	-0.5%	-0.7%
Rhythm City - Davenport	-0.2%	-0.3%	-0.4%
Isle - Bettendorf	-0.3%	-0.4%	-0.5%
Total	-3.6%	-4.5%	-5.2%

Source: The Innovation Group

Des Moines Market

Regarding our endeavor to uncover other underserved and/or underperforming markets, we determined that the Des Moines market could support additional capacity. As discussed in the report, this market area is only modestly smaller than Council Bluffs in terms of the gamer population count living within 60 minutes of the market center. We assumed that the development site would be located in the southwest portion of the Des Moines metro area in order to maximize the buffer zone relative to the existing Prairie Meadows facility.

We estimated that an additional Des Moines casino would generate between $100.7 million and $159.6 million in gaming revenue. The disparity in gaming revenue reflects the difference in the building programs strategies. On the low end, we assumed a modest casino offering with a standard hotel. On the high end, we assumed a destination casino with a 275-room resort-style hotel.

Total Gaming Revenue - Des Moines

	Low-End	Mid-Range	High-End
Local Market	$84,148,423	$109,339,813	$130,193,900
Overnight Gamer	5,513,153	11,026,307	16,539,460
Transient Tourist	7,845,917	8,897,270	9,666,170
Traffic Intercept	3,177,078	3,177,078	3,177,078
Total	**$100,684,572**	**$132,440,468**	**$159,576,609**
Gaming Positions	1,410	1,758	2,050
Win / Position / Day	$196	$206	$213
Hotel Room Count	110	200	275
Capital Investment	$84,703,796	$128,532,291	$172,373,019

Source: The Innovation Group

The incremental rate for the proposed Des Moines casino calculated to about 57%, resulting in $57.7 million and $90.4 million in incremental gaming revenue to Iowa, respectively. Note that the incremental rate decreased as investment increased, as a higher quality casino with more amenities would have a greater impact on the existing casinos in the market, namely Prairie Meadows and Terrible's Lakeside.

Incremental Gaming Revenue Analysis - Des Moines

	Low-End	Mid-Range	High-End
Total Gaming Revenue	$100,684,572	$132,440,468	$159,576,609
Cannibalization	-$43,017,002	-$57,401,459	-$69,169,126
Incremental Gaming Revenue	**$57,667,570**	**$75,039,009**	**$90,407,483**
Incremental %	*57.3%*	*56.7%*	*56.7%*

Source: The Innovation Group

We estimated that gaming revenue at Prairie Meadows would decline from $31 million (14%) to $50 million (23%) due to a new casino in the market. More concerning, we estimated gaming revenue at Terrible's would decline between 19% and 28%. We found the impact on the other Iowa casinos to be minimal.

Cannibalization Impact Summary - Des Moines

	Low-End	Mid-Range	High-End
Argosy Sioux City	-$2,301	-$3,113	-$3,846
Lady Luck - Marquette	$0	$0	$0
Wild Rose - Clinton	$0	$0	$0
Catfish Bend - Burlington	-$59,855	-$113,547	-$167,006
Terrible's Lakeside - Osceola	-$10,591,078	-$13,326,488	-$15,474,896
Wild Rose - Emmetsburg	-$403,229	-$678,180	-$921,744
Isle - Waterloo	-$280,286	-$406,201	-$513,018
Diamond Jo - Worth	-$199,168	-$345,106	-$473,714
Riverside	-$89,375	-$172,374	-$253,927
Prairie Meadows - Des Moines	-$30,997,234	-$41,503,173	-$50,086,359
Diamond Jo - Dubuque	$0	$0	$0
Dubuque Greyhound	$0	$0	$0
Ameristar - Council Bluffs	-$138,909	-$300,469	-$448,837
Harrah's - Council Bluffs	-$93,537	-$202,327	-$302,234
Horseshoe - Bluffs Run	-$162,030	-$350,481	-$523,544
Rhythm City - Davenport	$0	$0	$0
Isle - Bettendorf	$0	$0	$0
Total	-$43,017,002	-$57,401,459	-$69,169,126

Source: The Innovation Group

Cannibalization Impact Summary - Des Moines

	Low-End	Mid-Range	High-End
Argosy Sioux City	0.0%	0.0%	0.0%
Lady Luck - Marquette	0.0%	0.0%	0.0%
Wild Rose - Clinton	0.0%	0.0%	0.0%
Catfish Bend - Burlington	-0.1%	-0.3%	-0.4%
Terrible's Lakeside - Osceola	-19.4%	-24.4%	-28.3%
Wild Rose - Emmetsburg	-1.3%	-2.2%	-3.0%
Isle - Waterloo	-0.3%	-0.5%	-0.6%
Diamond Jo - Worth	-0.2%	-0.4%	-0.6%
Riverside	-0.1%	-0.2%	-0.3%
Prairie Meadows - Des Moines	-14.4%	-19.3%	-23.3%
Diamond Jo - Dubuque	0.0%	0.0%	0.0%
Dubuque Greyhound	0.0%	0.0%	0.0%
Ameristar - Council Bluffs	-0.1%	-0.2%	-0.3%
Harrah's - Council Bluffs	-0.1%	-0.2%	-0.3%
Horseshoe - Bluffs Run	-0.1%	-0.2%	-0.3%
Rhythm City - Davenport	0.0%	0.0%	0.0%
Isle - Bettendorf	0.0%	0.0%	0.0%
Total	-2.8%	-3.8%	-4.6%

Source: The Innovation Group

INTRODUCTION

The Innovation Group was engaged by the Iowa Racing and Gaming Commission ("IRGC") to conduct a comprehensive statewide Gaming Market Assessment ("Assessment") for the State of Iowa. The primary goal of the Assessment was to identify underserved and/or underperforming markets in Iowa, and thus uncover any material latent gaming demand. Per the Request for Proposal ("RFP"), we were instructed to focus on five counties as follows, as these counties have expressed an interest in a casino:

1. Webster
2. Wapello
3. Franklin
4. Tama
5. Lyon

Nonetheless, we endeavored to examine all the markets in Iowa in search of underserved and/or underperforming markets. The RFP further instructed us to run forecasts based on three capital investments levels, which we categorized as Low-End (generally in the $50 million range), Mid-Range (generally in the $65 million range) and High-End (generally in the $100 million range). Note however, that the appropriate level of capital investment depends on the gaming revenue potential of the development. Therefore, we gauged the appropriate level of capital investment based on the outcome of the gaming revenue forecast, while still considering three different capital investment levels.

The process to identify underserved and/or underperforming markets begins with segregating the greater Iowa market in numerous market segments and estimating current and future gaming activity by segment. Next, we assumed the proposed developments were added to the market and projected potential gamer visits and top-line gaming revenue for each development. We segregated the projections by various market components, including the local market, overnight gamer, transient tourist and traffic intercept segments. The Innovation Group utilized a gravity model to forecast local market gamer visits and gaming revenue. The gravity model forecasts gamer visits at the zip code level. For the other sources of gaming revenue, a unique forecasting model was utilized. These models as well as the local market gravity model are discussed in detail in the gaming market assessment section of the report. The overnight gamer segment reflects patrons of an on-site casino hotel. If market demand warranted, we assumed the proposed casinos would offer an appropriate sized casino hotel. For the tourist component, we analyzed the hotel room inventory in each perspective market in order to gauge tourist visitor volume. The traffic intercept segment was based on traffic count data as provided by the Iowa Department of Transportation.

Another key to the Assessment was to segregate the forecasts into incremental gaming revenue to Iowa versus cannibalization from existing casinos; in order to determine the net benefit to Iowa. Further, gauging the impact of the proposed casinos on the existing casinos in Iowa will allow the IRGC to consider the long-term viability of the existing casinos. The final report provides summary level tables detailing our gamer visit and gaming revenue forecasts for each of the existing and prospective casino markets in Iowa.

In a separate section, the report segregates and summarizes the impact of tourism on the proposed casinos. The tourist component reflects out-of-state residents visiting Iowa casinos on a day-trip basis, overnight tourists staying at a casino or non-casino hotel and the traffic intercept segment. This section includes a qualitative discussion on the how tourism grows the overall economy.

The report begins with a legislative summary section, comparing and contrasting the gaming regulatory environment in Iowa with neighboring states. Next, a regional overview analyzes the demographic profile, state of the economy and tourism industry for each of the existing and perspective markets. The third section analyzes the existing competition associated with the Iowa gaming markets, focusing on the gaming market statistics obtained from the IRGC and other gaming commissions.

Major Assumptions

The findings and conclusions are based, in part, on the following general assumptions:

- The first full year of operation for the proposed facilities will be 2012.
- The casinos will offer enough gaming positions to comfortably meet demand.
- The quality and scope of the facilities will be commensurate with the investment level and comparable to the existing facilities operating in Iowa.
- The casino facilities will be supported by an appropriate food and beverage and entertainment offering, the scope of which will be commensurate with the investment level.
- The level of competitive in each existing gaming market will remain static, except as specifically noted in the report.
- The gaming legislative environment associated with the Iowa border states will remain static.
- The economy will normalize by the opening date of the casino developments.
- Active marketing programs will be employed targeting high-caliber gamers in the region.
- An experienced and professional management team will operate the gaming facilities.

Legislative Summary

The legislative summary section compares and contrasts the gaming regulatory environment of Iowa with the regulatory environments in the key border states and other nearby states such as Kansas. The discussion addresses the tax rate structures, restrictions on gaming and expansion methodology, among other topics.

Iowa

Iowa was the first state to legalize riverboat gaming in the U.S. with three riverboat casinos opening in 1991. The enabling legislation required the riverboats to cruise during gaming sessions. The gaming law was amended in 1994 to only require 100 cruises per year, which were usually completed in the summer months during the early morning. In 2004, the cruising requirement was dropped and several casinos were built in man-made pools. However, more recent legislation allows operators to construct land-based facilities. These changes have allowed for more traditional, large-scale casinos to be constructed. The first truly land-based casino was opened in Clinton in June 2007.

Iowa casinos are allowed to offer virtually all Las Vegas-style gambling games with the exception of race and sports books. Further, Iowa no longer sets bet or loss limits, since legislative action and local referendums in 1994. State legislation also provides for slot machines and table games at pari-mutuel facilities, with the approval of local voters. There are currently three racetrack casinos operating: Prairie Meadows in Altoona, Horseshoe (Bluffs Run) in Council Bluffs, and Mystique (Dubuque Greyhound) in Dubuque. The state's fourth track, Waterloo Greyhound Park, is located in Black Hawk County, which has twice defeated a referendum to allow gaming. Further, the State of Iowa signed compacts in the early 1990s with several Native American tribes to operate Class III casinos. Currently, there are three Native American Class III casinos in the state, including Meskwaki in Tama County, WinnaVegas in Woodbury County and Casino Omaha in Monona County.

Gaming Tax Structure

Iowa utilizes a graduated gaming tax structure although it contains only three tax brackets with a top rate of 22% for gaming revenue over $3 million. The structure, in effect, approximates a flat tax with an effective tax rate just under 22%, since all the casinos generate gaming revenue well in excess of $3.0 million. The state also collects a fairly nominal regulatory fee from each casino. The resulting effective tax rate for Iowa was 22.5% in fiscal year 2008, stable in comparison to the prior year. The following chart displays the current graduated tax schedule:

Iowa Graduated Schedule

Less than $1 million	5.0%
$1 - $3 million	10.0%
Greater than $3 million	22.0%

Source: Iowa Racing and Gaming Commission

The tax structure is slightly different for racetrack casinos. For instance, if the licensee is a racetrack casino that offers table games and generates in excess of $100 million in gaming revenue and another licensee that is an excursion gambling boat is located in the same county, then the top rate is 24%. Also, if the licensee is a racetrack casino and no competition exists in the county, then the top rate is 24%.

Illinois

Las Vegas-style gaming was introduced in Illinois in 1992. Currently there are nine casinos in operation in five different gaming markets including Chicago, St. Louis, the Quad Cities, Peoria and Metropolis. The Illinois casinos compete with various other gaming jurisdictions including Iowa, Indiana and Missouri. Illinois is often thought to be at a competitive disadvantage due to a relatively high gaming tax rate and the restriction on gaming positions.

Illinois gaming law caps the number of available gaming licenses in Illinois at ten. The tenth license is thought to be earmarked for the Chicago market, specifically Rosemont. A bidding process for this license was last conducted in 2004. The license was never issued due to various political complications associated with the integrity of the bidding process. Therefore, there has not been a new casino in Illinois since the Grand Victoria in Elgin opened in October 1994. An expansion of gaming beyond the 10^{th} licenses would require an act of the legislature. During the past several legislative sessions in Illinois, the legislature has considered various bills supporting the expansion of gaming. The bills generally propose slot machines at existing racetracks, lifting the restriction on gaming positions at the commercial casinos, and several new casino licenses for the Chicago area. The bills never progressed very far in the legislative process. We believe the lack of progress was likely due to a lack of cooperation between the casino industry and horse racing industry.

Restrictions on Gaming

The Illinois gaming law currently caps the number of positions a facility can offer at 1,200 gaming positions. Note that each table game accounts for 5 gaming positions. This policy is restrictive in large markets like St. Louis and Chicago. The Illinois casinos in these markets experience capacity constraints, which curtail business due to customer dissatisfaction, primarily during peak times. In addition, the casinos generally only market aggressively to high-end gamers as a broad-scale marketing program would further overcrowd the casinos. The end result is a loss of business to competing jurisdictions, namely Iowa, Indiana and Missouri.

Tax Rate Structure

Illinois utilizes a graduated gaming tax structure with a top rate of 50% for gaming revenue over $250 million (graduated schedule shown below). The state also charges a $3.00 admission fee. The effective tax rate for Illinois was 42.0% in 2007 (calendar year), arguably one of the highest rates in the nation for full-scale gaming (some slots-only markets often have higher rates). The tax rate structure in Illinois has been extremely dynamic in the past, changing a total of four times since 1998. In June 2003, the top rate was elevated to 70% for gaming revenue over $250 million, resulting in an effective rate of 46.3% (FY 2004). The admission tax was also changed to a graduated schedule with a top rate of $5. The rates were subsequently rolled back to the June 2002 schedule. Also note that the Illinois Gaming Board ("IGB") enacted a regulatory rule making the admission tax payable only for the initial admission to the gaming facility per gaming day. The following chart displays the current and past graduated tax schedules:

Illinois Tax Rate Summary

January 1998 - June 2002	
Less than $25 million	15.0%
$25 - $50 million	20.0%
$50 - $75 million	25.0%
$75 - $150 million	30.0%
Greater than $150 million	35.0%
June 2002 Increase	
Less than $25 million	15.0%
$25 - $50 million	22.5%
$50 - $75 million	27.5%
$75 - $100 million	32.5%
$100 - $150 million	37.5%
$150 - $200 million	45.0%
Greater than $200 million	50.0%
June 2003 Increase	
Less than $25 million	15.0%
$25 - $37.5 million	27.5%
$37.5 - $50 million	32.5%
$50 - $75 million	37.5%
$75 - $100 million	45.0%
$100 - $250 million	50.0%
Greater than $250 million	70.0%
June 2005 Rollback	
Less than $25 million	15.0%
$25 - $50 million	22.5%
$50 - $75 million	27.5%
$75 - $100 million	32.5%
$100 - $150 million	37.5%
$150 - $200 million	45.0%
Greater than $200 million	50.0%

Source: IGB; The Innovation Group

Missouri

Missouri initiated riverboat gaming in May 1994 with the opening of the President Casino on the Admiral and the St. Charles riverboat (currently known as Ameristar). The format has evolved from actual riverboats to barges in artificial basins or "moats" with simulated excursions. In the past, boarding was restricted to a 45 minute window at the beginning of the cruise session. Today, boarding and exiting are allowed anytime, and in most cases, it is impossible to tell that the casino floors are floating. Nonetheless, the gaming floors must be located within 1,000 feet of the Missouri or Mississippi Rivers. In summary, based on a historical perspective, The Innovation Group contends that the Missouri Gaming Commission ("MGC") has been responsive in supporting the health of the gaming industry when appropriate.

The Missouri regulatory environment has changed significantly in recent months. A constitutional amendment was approved by the voters of Missouri in November 2008 which caps the number of gaming licenses, removes the so-called "loss limit" restriction and increases the tax rate slightly. The amendment restricts the number of casinos to those which are built or being built. This change means that the propose Sugar Creek facility will not be a factor in the Kansas City market, notwithstanding a new constitutional amendment.

Restrictions on Gaming

The amendment eliminated the "loss limit" or more accurately described as a $500 buy-in limit. In other words, patrons were only allowed to convert cash into $500 worth of chips or tokens during each 2-hour cruise session. The loss limit controls required patrons to obtain an entry card by showing photo identification. The loss limit negatively impacted gaming revenue by requiring identification at the entry gate, limiting high-end play, and generally slowing the pace of play due to the controls. The Innovation Group believes the identification requirement had the greatest impact, as gamblers are often sensitive to perceived player tracking.

Tax Rate Structure

The gaming tax rate was increased from 20% to 21% on gaming revenue. The admission fee of $2 per admission was unchanged. The change in the tax rate was at the low end of what was expected in exchange for the "loss limit" removal. The effective tax rate (all-in) was about 26.5% in 2008, notwithstanding local municipality add-ons.

South Dakota

South Dakota offers several forms of gaming, including somewhat restricted casinos in the resort town of Deadwood, various card clubs scattered throughout the state, video lottery and 13 Native American casinos associated with the state's nine tribes. The first casinos opened in Deadwood in November 1989. South Dakota gaming law allows commercial casinos in Deadwood to operate up to 30 gaming devices per building per license. Allowable gaming devices include Class III slot machines (liberal Las Vegas-style machines), Blackjack and house-banked and player-banked poker. House-banked poker includes such games as Three-card Poker, Four-card Poker, Pai Gow, and Texas Hold'em. Player-banked poker reflects the traditional poker games whereas the house acts as a facilitator and dealer and rakes a portion of the pot. The state imposes an 8% tax against gaming revenue and Device Stamp Tax in the amount of $2,000 per gaming device annually. The maximum bet in Deadwood is $100 and the minimum gaming age is 21 years of age.

The 13 Native American casinos operating in South Dakota are restricted to tribal lands; generally situated in rural South Dakota. The nearest Native American casino to Iowa is about 40 miles to the north of Iowa's northwest corner in Flandreau, South Dakota. The Native American casinos operate under many of the same restrictions as the casinos in Deadwood, such as the restrictions on table games and the bet limit.

Wisconsin

Wisconsin contains about 25 Native American casinos associated with the 11 tribes in Wisconsin. These casinos are regulated to some extent by the Wisconsin Division of Gaming. Each of these tribes has entered into Class III gaming compacts with the state. These compacts allow for fairly unrestricted Class II and Class III gaming on tribal lands. The games include electronic gaming machines, poker, craps, roulette and many other Las Vegas-style table games. The tribal lands are generally located in northern Wisconsin, with the exception of the Ho-Chunk tribe, which has tribal lands in central Wisconsin. Nonetheless, The Innovation Group does not view Wisconsin as a major competitive threat due to the location of the tribal lands. In addition, Wisconsin has not yet vigorously pursued the approval of commercial gaming at stand-alone facilities or racetracks.

Minnesota

Like Wisconsin, gaming in Minnesota mainly relates to Native American casinos, notwithstanding card rooms at the state's two racetracks. Minnesota contains about 18 Native American casinos associated with the state's 11 tribes. Each of these tribes has entered into compacts which allow for slot machines and blackjack only. The tribal lands are generally located in rural Minnesota, with only one near the Twin Cities metro area. Minnesota has yet to vigorously pursue the approval of commercial gaming at stand-alone facilities or racetracks.

Nebraska

The Nebraska horsemen continue to pursue gaming legislation that would allow the state's 5 existing racetracks to offer Las Vegas-style slot machines. This is relevant to the Assessment because these racetracks are located in markets that are currently served by Iowa casinos, such as Omaha and Sioux City. Based on the bill introduced in the latest legislative session in Nebraska, the tax rate structure would have been onerous. Therefore, The Innovation Group believes that the gaming facilities would have been significantly inferior to the Iowa casinos in Council Bluffs and Sioux City markets. Nonetheless, the relevant bills were defeated in committee despite support from the racetracks and horsemen in Nebraska. Therefore, we assumed that the Nebraska racetracks would not get slot machines in the near future.

Kansas

In April 2007, Senate Bill 66 ("SB66") was signed into law allowing for the development of various destination casinos and racetrack casinos in Kansas. The bill contemplates four destinations casinos, owned and operated by the Kansas Lottery. The designated locations include the following counties in Kansas: Wyandotte County, Ford County, one casino in either Cherokee or Crawford County, and one casino in either Sumner or Sedgwick County. However, each jurisdiction must approve gaming via a countywide vote. **The vote passed in every county but Sedgwick.** In addition, the capital investment associated with these developments must exceed $225 million ($50 million for the Ford County facility), and the management company must also pay a $25 million privilege fee ($5.5 million for the Ford County facility). The tax rate on gaming revenue was set at 27%; with 22%, 3% and 2% going to the state, local government and a problem gambling fund, respectively. State revenues would be deposited in the Expanded Lottery Act Revenues Fund, designated for the reduction of state debt, state infrastructure improvements (i.e. deferred maintenance at public universities) and local government property tax relief.

Under that bill, the three existing racetracks, including The Woodlands in Kansas City, the Wichita Greyhound Park in Valley Center (near Wichita) and Camptown Racetrack in Frontenac, would divide 2,200 slot machines, although the exact distribution is uncertain. **Again, the vote failed for Wichita Greyhound's host county (Sedgwick), which means the other two racetracks could get more slots.** An additional 600 slot machines would be available through an auction process selling licensing rights at a starting bid of $2,500 per machine. The racino gaming revenue would be divided as follows:

Racino Gaming Revenue Distribution Summary

Beneficiary	Percentage	Comment
State	40%	
Facility Owner	25%	
Kansas Lottery	15%	For expenses
Greyhound Purses	7%	Max of $3750 per machine, per year
Thoroughbred Purses	7%	Max of $3750 per machine, per year
Local Government	3%	
Problem Gaming Fund	2%	
Fair Fund	1%	Support fair pari-mutuel racing

Source: Legislative Summary

Regional Overview – Proposed Counties

The regional overview section addresses the demographic profile and the economic environment of the proposed markets in Iowa. For the demographic analysis, we compiled data on gamer population counts and income levels. The data was obtained from MapInfo/Claritas; a nationally recognized demographic research firm. The economic analysis focuses on employment and foreclosure statistics. This regional overview also considers the tourism industry in the Iowa markets, outlining major attraction and presenting various statistics such as tourist expenditures. The proposed casino markets include the following:

1. Webster County
2. Wapello County
3. Franklin County
4. Tama County
5. Lyon County

Again, the Counties of Webster, Wapello, Franklin, Tama and Lyon were specifically outlined in the RFP for consideration. Representatives of these counties have previously expressed an interest in a gaming development. Various prospective development sites within most of these counties have been put forward. The following discussion analyzes the location of each county relative to major cities, interstate highways, tourism market and existing gaming competition.

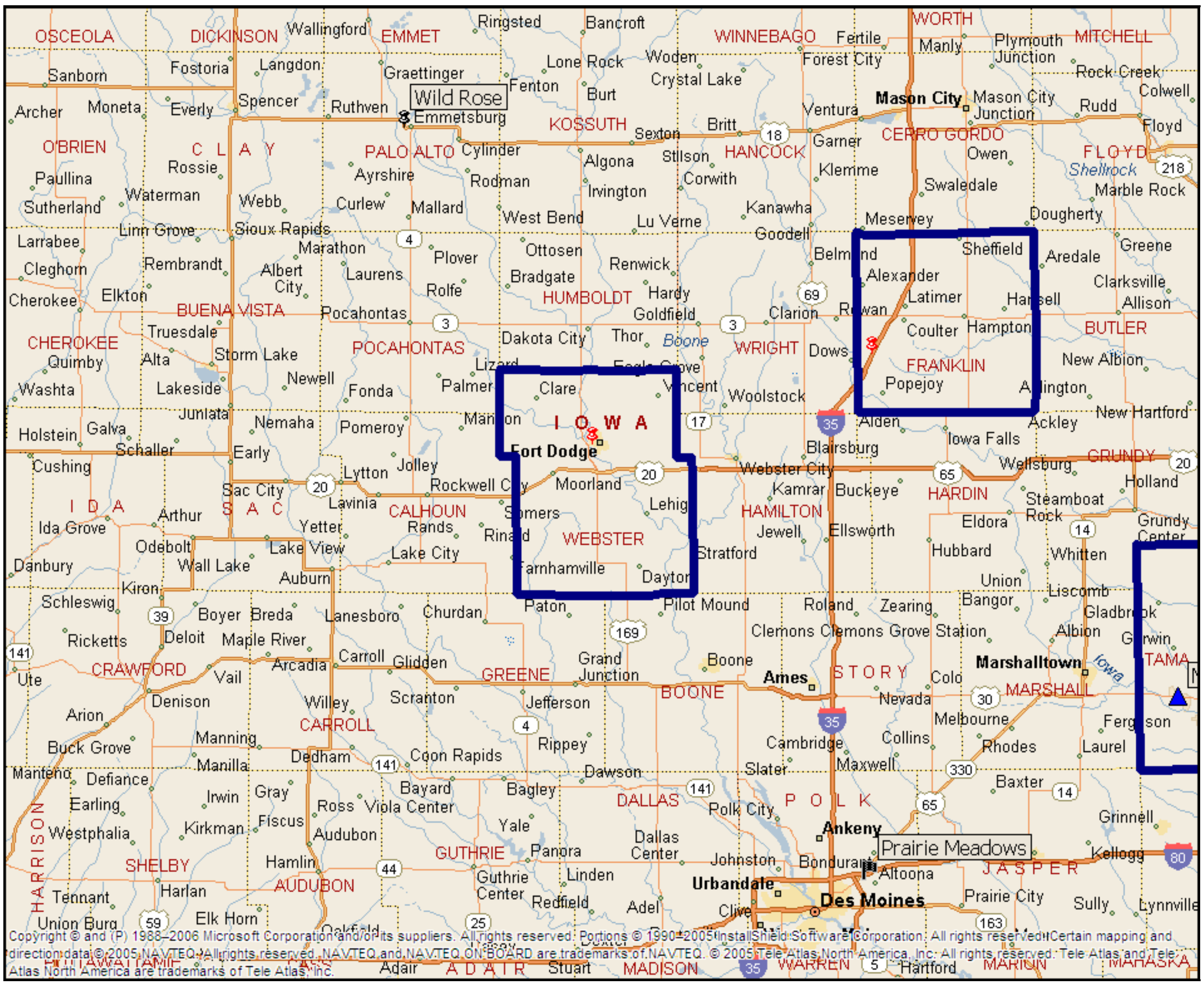
For purposes of this assessment, we analyzed gamer population (defined as persons 21 years of age and older) and Average Annual Household Income ("AAHI") using a 60-minute drive-time ring emanating from the subject market areas, divided into two 30-minute increments. Note that there is some overlap within the Iowa markets.

As a basis for the analysis, Iowa was estimated to contain 3.00 million people in 2008. The total population count is expected to reach 3.04 million by 2013; an average increase of 0.3% per year. Note that this growth rate is well below the national average of 1.0%. Roughly 71.7% of the population is 21 years old and older (hereafter referred to as a gamer adult) resulting in 2.29 million gamer adults. The gamer adult population count is expected to grow a bit faster than the total population base. AAHI for the State of Iowa averaged about $58,900 in 2008. Iowa's income level is about 11% below the national average. The income level is expected to reach $65,900 as it grows 2.3% per year. The growth rate is in line with the national average of 2.2% per year.

Webster County

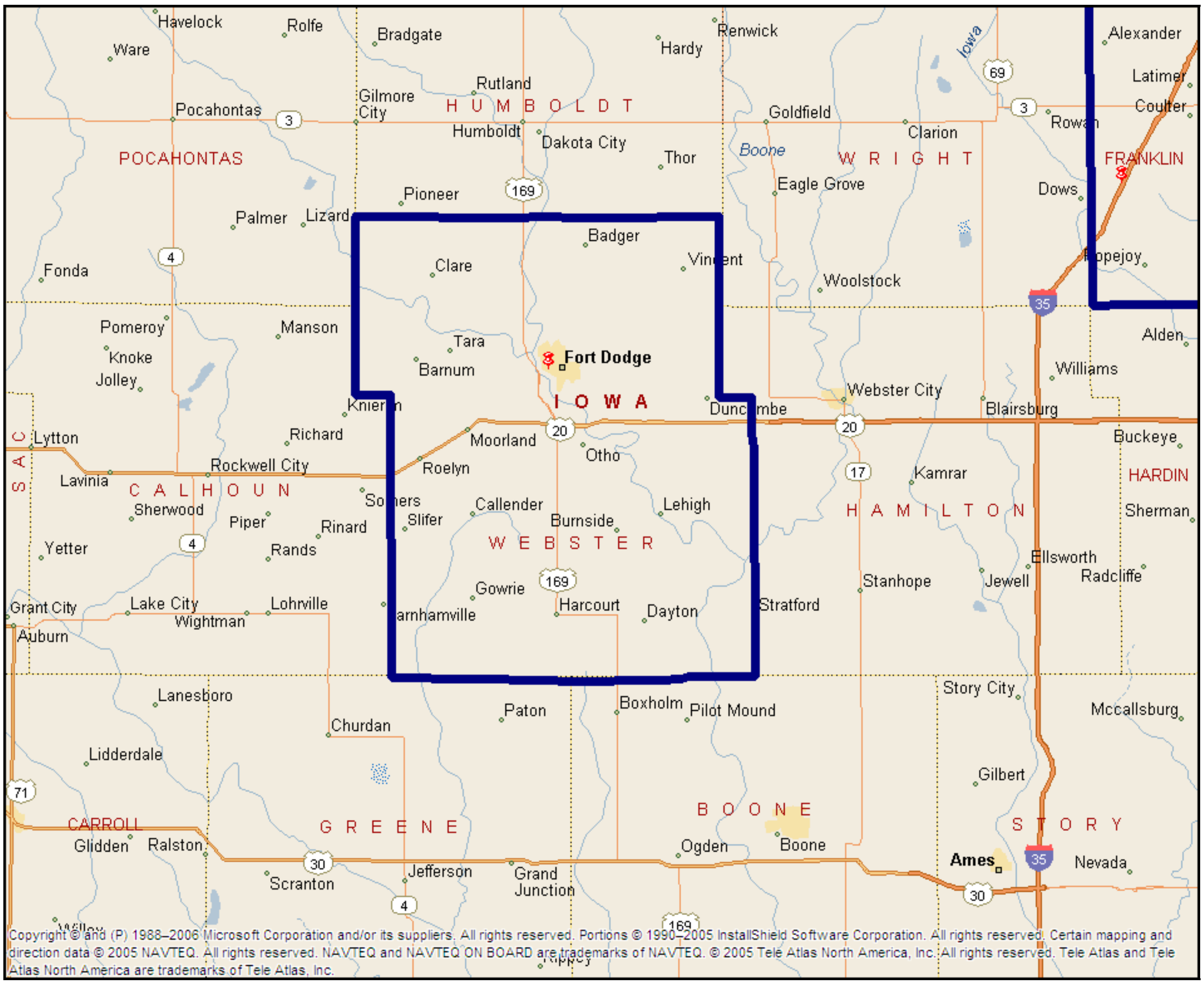
Webster County is located in central Iowa, about 50 miles northwest of Des Moines and 100 miles northeast of Omaha, Nebraska. The nearest existing gaming competition is located in Emmetsburg, about 35 miles to the northwest. Highway 20 runs east/west through the center of the county connecting Dubuque on the eastern border of Iowa to Waterloo; continuing on to Sioux City on the western border of Iowa. Also enhancing access, Interstate 35 ("I-35") is only about 20 miles to the east.

Webster County Regional Site Map



We assumed that the development site for the proposed Webster County casino would be located near Ford Dodge, the largest city in the county. Fort Dodge is located approximately 4 miles north of Highway 20 and accessible from Highway 169. Another large city in the region is Ames to the southeast. Again, note that the proposed Webster County and Franklin County casinos are in close proximity to each other. Regarding tourism, Webster County contains Brushy Creek State Park and Dolliver Memorial State Park; both located near Lehigh in the eastern section of the county.

Webster County Close-In Site Map



Gamer Population (+21)

The market is centered on the city of Fort Dodge; about 65 northwest of Des Moines. With the exception of Fort Dodge, the market is void of major cities. The Waterloo market was estimated to contain 80,300 gamer adults in 0-60 minute market area, comprising 30,900 and 49,400 for the inner and outer rings, respectively. The population base in this market is expected to decline about 0.4% per year over the next five years, leaving 78,800 gamer adults. Note that this market would also fall into the small category, modestly smaller than Wapello, but larger than Marquette and Emmetsburg.

Webster County Gamer Adults (21+)

Drive-Time Rings	2008	2013	% of Total Pop (2013)	AAG (2008-2013)
0-30 Minutes	30,922	30,402	72.4%	-0.3%
30-60 Minutes	49,390	48,402	75.6%	-0.4%
Total	80,312	78,804	74.3%	-0.4%

Source: Iexpress/Claritas, The Innovation Group

Household Income

The Webster market displayed an AAHI level of about $53,800 in 2008; putting it in the lower tiers relative to other Iowa market. The income levels between the ring segments were similar. AAHI for the Webster County market is expected to grow an average of 2.4% per year, reaching $60,700 by 2013. The rate of growth is higher than most Iowa markets.

Webster County AAHI

Drive-Time Rings	2008	2013	AAG (2008-2013)
0-30 Minutes	$53,428	$60,191	2.4%
30-60 Minutes	$54,019	$60,959	2.4%
Total	$53,791	$60,663	2.4%

Source: Iexpress/Claritas, The Innovation Group

Labor Force and Employment

The following discussion analyzes the employment environment for the Webster County. The total labor force count in Webster County in 2008 was over 20,000, as reported by the Iowa Workforce Development Bureau and the Bureau of Labor Statistics. The unemployment rate for this area in 2008 was 4.3%, which was moderate in comparison to the national average.

Webster County Labor Force

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2000	20,010	19,370	640	3.2%
2001	20,180	19,460	730	3.6%
2002	19,980	19,160	820	4.1%
2003	19,590	18,680	910	4.6%
2004	19,400	18,450	950	4.9%
2005	19,710	18,850	850	4.3%
2006	19,820	19,030	790	4.0%
2007	19,880	19,080	800	4.0%
2008	20,040	19,180	860	4.3%
A.A.G 1 Yr	*0.8%*	*0.5%*	*7.5%*	*7.5%*
A.A.G 2 Yr	*0.6%*	*0.4%*	*4.3%*	*3.7%*
A.A.G 3 Yr	*0.6%*	*0.6%*	*0.4%*	*0.0%*

Source: Iowa Workforce Development, LMI Bureau

Data from the Bureau of Labor Statistics and the Iowa Workforce Development Bureau has the unemployment rate increasing to 4.9% in December and 5.6% in January 2009. This large increase reflects the current nationwide economic recession.

Webster County Unemployment Rate by Monthly and Annual Averages

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
1998	4.5	4.1	4.2	3.2	2.8	3.1	3	2.6	2.4	2.1	2.4	2.5	3.1
1999	3.3	3.7	3.5	3.1	2.5	2.8	2.6	2.6	2.5	2.0	2.5	2.7	2.8
2000	4.2	3.8	3.8	3.0	2.7	2.8	2.4	2.8	2.9	2.9	3.1	3.7	3.2
2001	4.9	4.6	4.8	3.6	3.0	3.4	2.9	3.1	3.0	2.9	3.3	3.8	3.6
2002	4.5	4.7	4.4	4.0	3.5	4.2	3.8	3.9	3.8	3.7	4.2	4.6	4.1
2003	5.3	5.5	4.9	4.4	4.1	4.5	4.2	4.4	4.6	4.3	4.6	4.8	4.6
2004	5.6	5.4	5.4	4.8	4.5	5.0	4.6	4.8	4.5	4.4	4.9	5.1	4.9
2005	5.3	5.3	5.1	4.5	4.2	4.4	3.7	3.7	4.0	3.7	4.1	4.2	4.3
2006	4.6	4.9	4.4	3.9	3.9	4.0	3.9	3.8	3.5	3.5	3.7	4.2	4.0
2007	5.0	4.5	4.4	3.9	3.5	4.1	3.9	3.9	3.9	3.6	3.8	4.5	4.1
2008	4.8	4.5	4.4	3.8	3.9	4.6	4.2	4.4	4.1	3.9	4.0	4.9	4.3
2009	5.6	5.7	6.2										

Source: Iowa Workforce Development, LMI Bureau, Bureau of Labor Statistics

The Private Service sector generates approximately 67% of the total nonfarm employment in Webster County. Total non-farm related jobs have decreased from 19,700 in January 2009 to 19,200 by March 2009.

Webster County Labor Force (000's)

	Total Nonfarm	Goods Producing	Service-Providing	Private	Government
Oct-08	20.1	3.5	16.6	13.5	3.1
Nov-08	20.2	3.5	16.7	13.5	3.2
Dec-08	20.3	3.4	16.9	13.7	3.2
Jan-09	19.7	3.2	16.5	13.4	3.1
Feb-09	19.1	3.2	15.9	13	2.9
Mar-09	19.2	3.2	16	12.9	3.1

Source: Iowa Workforce Development, LMI Bureau

Major employers are highly diversified in comparison to the actual size of the town. Trinity Regional Medical Center is the county's largest employer at 972 employees. The second largest employer is the Fort Dodge Animal Health, which produces and manufactures animal vaccines. The below table illustrates businesses with 250 or more employees in the Webster County area.

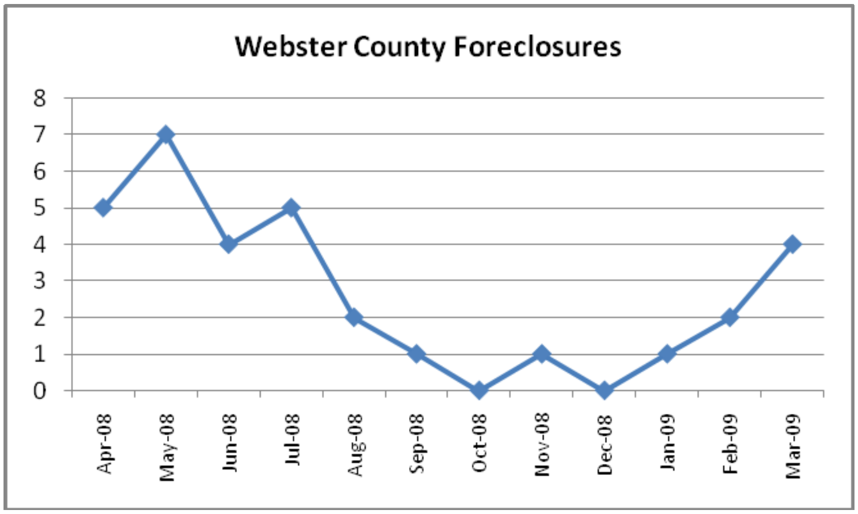
Major Employers

Business	Employees
Trinity Regional Medical Center	972
Fort Dodge Animal Health	782
Smithway Motor Xpress	400
Friendship Haven	363
Decker Truck Line	350
Fort Dodge Correctional Facility	353
Iowa Central Community College	316
United States Gypsum	260

Source: The Development Corporation of Fort Dodge and Webster County

Foreclosures

According to RealtyTrac, an online marketplace for foreclosure properties, Webster County averaged approximately 2.6 homes in foreclosure status between April 2008 and March 2009. The following graph illustrates the number of homes in foreclosure status by month.



Source: RealtyTrac

Tourism

Major attractions in Webster County include the typical activities for rural areas including seasonal outdoor recreational activities, the Blanden Memorial Art Museum and the Bushy Creek State Park, which is the largest recreational area in Iowa. Fort Dodge is a retail hub for north central Iowa, providing several options for shopping and dining. The county also hosts several annual festivals such as the International Horse Archery Festival (June), the Daybreak Rotary Badger Lake Dragon Boat Bash and the Frontier Days. Year over year tourism expenditures grew by 10.1% in Webster County in 2007. Tourism employment grew by 5.5% and the local tax receipts grew by 8.7%.

Domestic Travel Impact on Webster County

	Expenditures ($M)	Payroll ($M)	Employment (Thousands)	State Tax Receipts($M)	Local Tax Receipts ($M)
2006	50.01	9.12	0.55	2.73	0.46
2007	55.07	9.81	0.58	2.95	0.5
% Change	10.1%	7.6%	5.5%	8.1%	8.7%

Source: Travel Industry Association

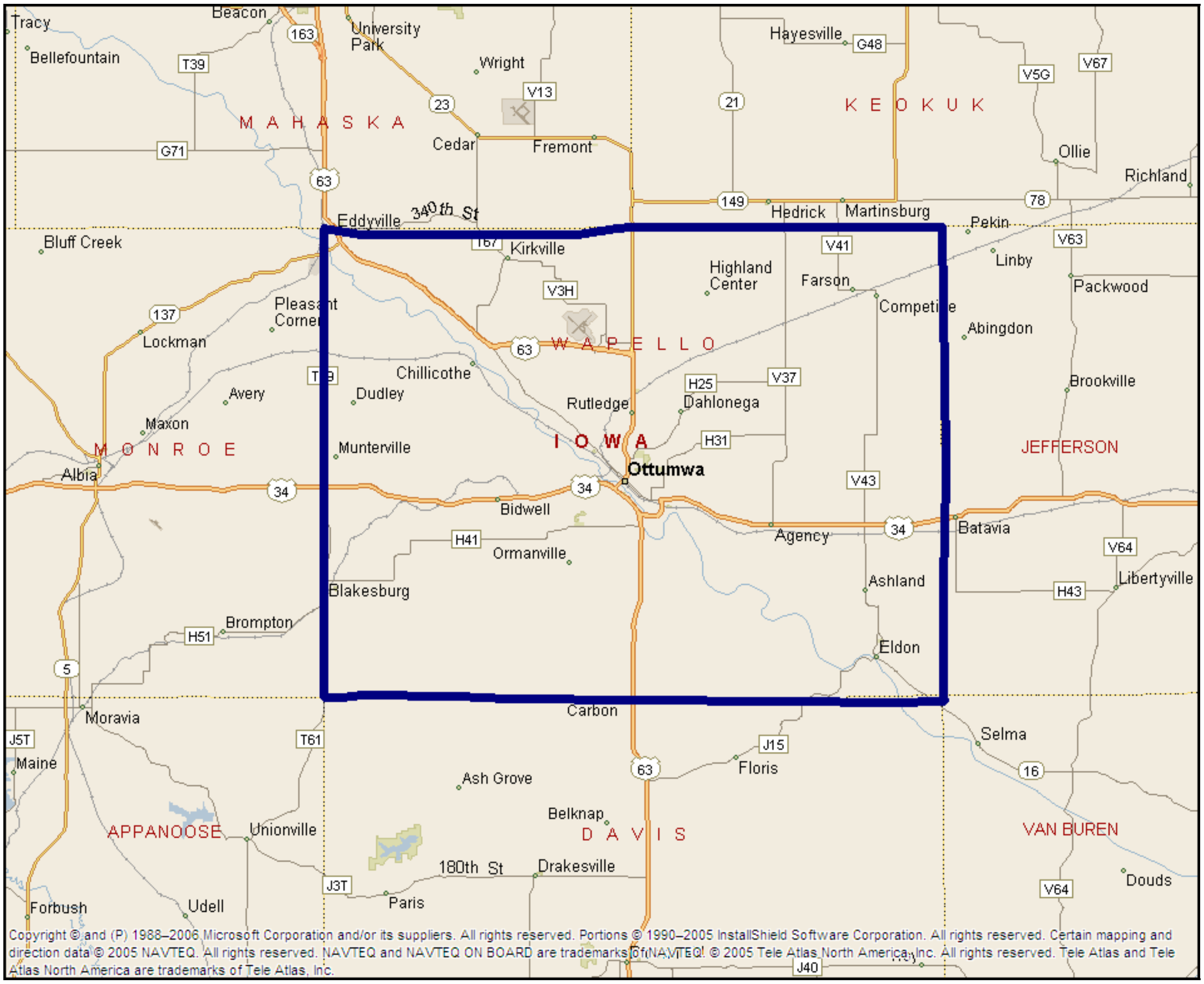
Wapello County

Wapello County is located in southern Iowa, about 60 miles southeast of Des Moines and 20 miles north of the Missouri border. The nearest existing gaming competition is the Riverside Casino (south of Iowa City). There are a total of four existing casinos within about 60 miles of Wapello County. Several state highways provide access to the county including Highway 34, running east/west, and Highway 63, running north/south.

Wapello County Regional Site Map

The major city in Wapello County is Ottumwa, which is located at the crossroads of Highway 34 and Highway 63. While the area contains numerous small towns, no other major cities were evident. We assumed that the development site would be located near Ottumwa and easily accessible from Highway 34.

Wapello County Close-In Site Map



Gamer Population (21+)

The market is centered on the city of Ottumwa, at the junction of Highway 63 and Highway 34. Other than Ottumwa, the market is void of major cities. The market contains about 92,200 gamer adults; roughly 63% of which is located in the outer ring (30-60 minutes). This market is expected to remain flat over the next five years. Relative to the existing markets, the Wapello County market is similar in size to the Burlington market; in the small market segment.

Wapello County Gamer Adults (21+)

Drive-Time Rings	2008	2013	% of Total Pop (2013)	AAG (2008-2013)
0-30 Minutes	34,219	34,227	72.7%	0.0%
30-60 Minutes	58,004	57,914	73.7%	0.0%
Total	92,223	92,141	73.3%	0.0%

Source: Iexpress/Claritas, The Innovation Group

Household Income

The Wapello market displayed an AAHI level of about $50,600 in 2008; the lowest income level in Iowa. The income levels between the ring segments were similar. AAHI for the Wapello County market is expected to grow an average of 2.2% per year, reaching $56,500 by 2013. As discussed, this growth rate is in line with the national average of 2.2%.

Wapello County AAHI

Drive-Time Rings	2008	2013	AAG (2008-2013)
0-30 Minutes	$49,250	$55,497	2.4%
30-60 Minutes	$51,333	$57,068	2.1%
Total	$50,560	$56,484	2.2%

Source: Iexpress/Claritas, The Innovation Group

Labor Force and Employment

The following discussion analyzes the employment environment for the Wapello County market area. The total labor force for Wapello County in 2008 was 18,900, as reported by the Bureau of Labor Statistics. The unemployment rate for this area in 2008 was 4.9%, an 11% increase over the previous period, although the civilian labor force count was flat.

Wapello County Labor Force

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2000	17,970	17,300	670	3.7%
2001	18,320	17,490	830	4.5%
2002	19,030	18,000	1,030	5.4%
2003	19,300	18,240	1,060	5.5%
2004	19,130	18,040	1,090	5.7%
2005	19,160	18,100	1,060	5.5%
2006	18,800	17,940	860	4.6%
2007	18,900	18,070	830	4.4%
2008	18,880	17,950	930	4.9%
A.A.G 1 Yr	*-0.1%*	*-0.1%*	*12.1%*	*11.4%*
A.A.G 2 Yr	*0.2%*	*0.0%*	*4.0%*	*3.2%*
A.A.G 3 Yr	*-0.5%*	*-0.3%*	*-4.3%*	*-3.8%*

Source: Iowa Workforce Development, LMI Bureau

The most current data from the Iowa Workforce Development Bureau and the Bureau of Labor Statistics has the unemployment rate increasing to 6.0% in December 2008 and 6.9% through March 2009. This large increase is the result of the current recession.

Wapello County Unemployment Rate by Monthly and Annual Averages

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
1998	5.4	5.1	4.7	4.3	3.8	3.6	3.5	3.8	3.6	3.4	3.7	4.4	4.1
1999	4.1	4	3.9	3.8	3	3.6	3.1	5.3	4.8	3.7	3.6	3.8	3.9
2000	4.6	4.3	4.3	3.7	3.3	3.5	3.1	3.4	3.5	3.4	3.6	4.3	3.7
2001	5.7	4.9	5.1	4.2	3.5	3.9	3.5	4.4	5.1	4.3	4.7	5.1	4.5
2002	6	5.8	5.6	5.3	4.7	5.1	5.3	5.6	6	4.8	5.2	5.6	5.4
2003	5.9	5.5	5.3	5.2	4.9	5.7	5.7	5.8	6.5	4.8	5	5.5	5.5
2004	6.4	5.9	5.8	5.5	5.3	5.8	6.3	5.7	5.4	5.2	5.6	5.8	5.7
2005	6.2	6.1	5.8	5.3	5	5.1	5.6	5.7	5.4	5.9	4.9	5.2	5.5
2006	5.6	5.5	5	4.4	3.9	4.3	4	4.8	5.6	4	3.9	4.4	4.6
2007	5.3	5.1	4.6	4.2	4	4.2	4.1	4.3	4.6	3.9	4.2	5.2	4.5
2008	5.3	5.2	4.8	4.5	4.3	4.6	4.3	4.8	5.4	5	5.2	6.0	4.9
2009	6.6	6.9	6.9										

Source: Iowa Workforce Development, LMI Bureau, Bureau of Labor Statistics

The Private Service industry generates approximately 59% or 9,900 jobs in Wapello County.

Wapello County Labor Force (000's)

	Total Nonfarm	Goods Producing	Service-Providing	Private	Government
Oct-08	16.9	4.5	12.4	10	2.4
Nov-08	17.1	4.6	12.5	10.1	2.4
Dec-08	17	4.5	12.5	10.1	2.4
Jan-09	16.6	4.4	12.2	9.9	2.3
Feb-09	16.6	4.4	12.2	9.8	2.4
Mar-09	16.7	4.4	12.3	9.9	2.4

Source: Iowa Workforce Development,

The largest employer for Wapello County is the Cargill Excel Meat Solutions Company which employs approximately 2,200 employees. The WINBCO Tank Company is another large employer located in Ottumwa that specializes in construction and installation of holding tanks, for food, grain, ethanol, chemical juices, etc.

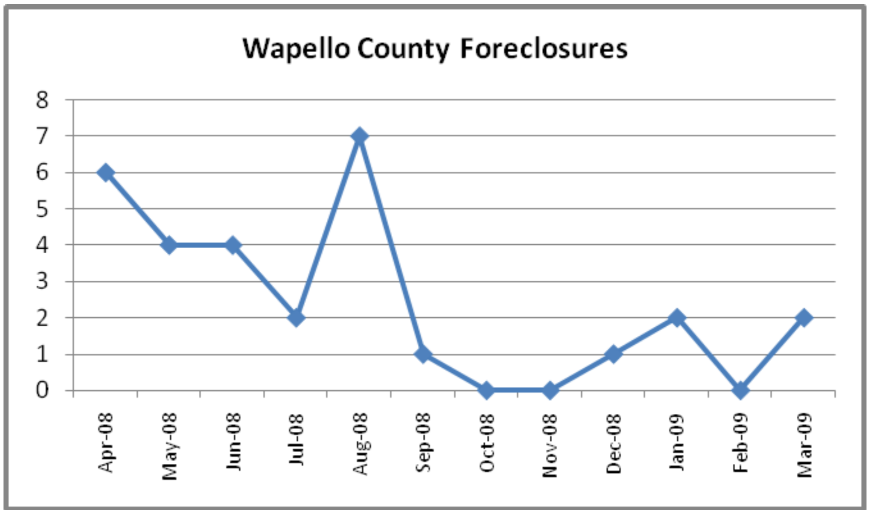
Major Employers

Business	Employees
Cargill Excel Meat Solutions	2,200
John Deere Ottumwa Works	950
Cargill, Eddyville Corn Sugar Plant Inc	600
Wal-Mart Super Center	383
Hy-vee Corp	334
WINBCO Tank Company	235
American Bottling Co.	200

Source: Ottawa Economic Development Corporation

Foreclosures

According to RealtyTrac, an online marketplace for foreclosure properties, Wapello County averaged approximately 2.4 homes in foreclosure status between April 2008 and March 2009. The following graph illustrates the number of homes in foreclosure status by month.



Source: RealtyTrac

Tourism

Major attractions for Wapello County include the Cedar Creek Municipal Golf Course, two 18-hole Frisbee Disc golf courses and the Beach Ottumwa Water Park. Wapello also features numerous lakes for outdoor recreational activities such as Rathbun Lake, Lake Wapello, and Red Rock Lake. Wapello is also the host for the Southeast Iowa symphony. Year over year tourism expenditures grew by 8.3% in Wapello County in 2007. Tourism employment grew by 1.9% and the local tax receipts grew by 7.0%, as displayed below.

Domestic Travel Impact on Wapello County

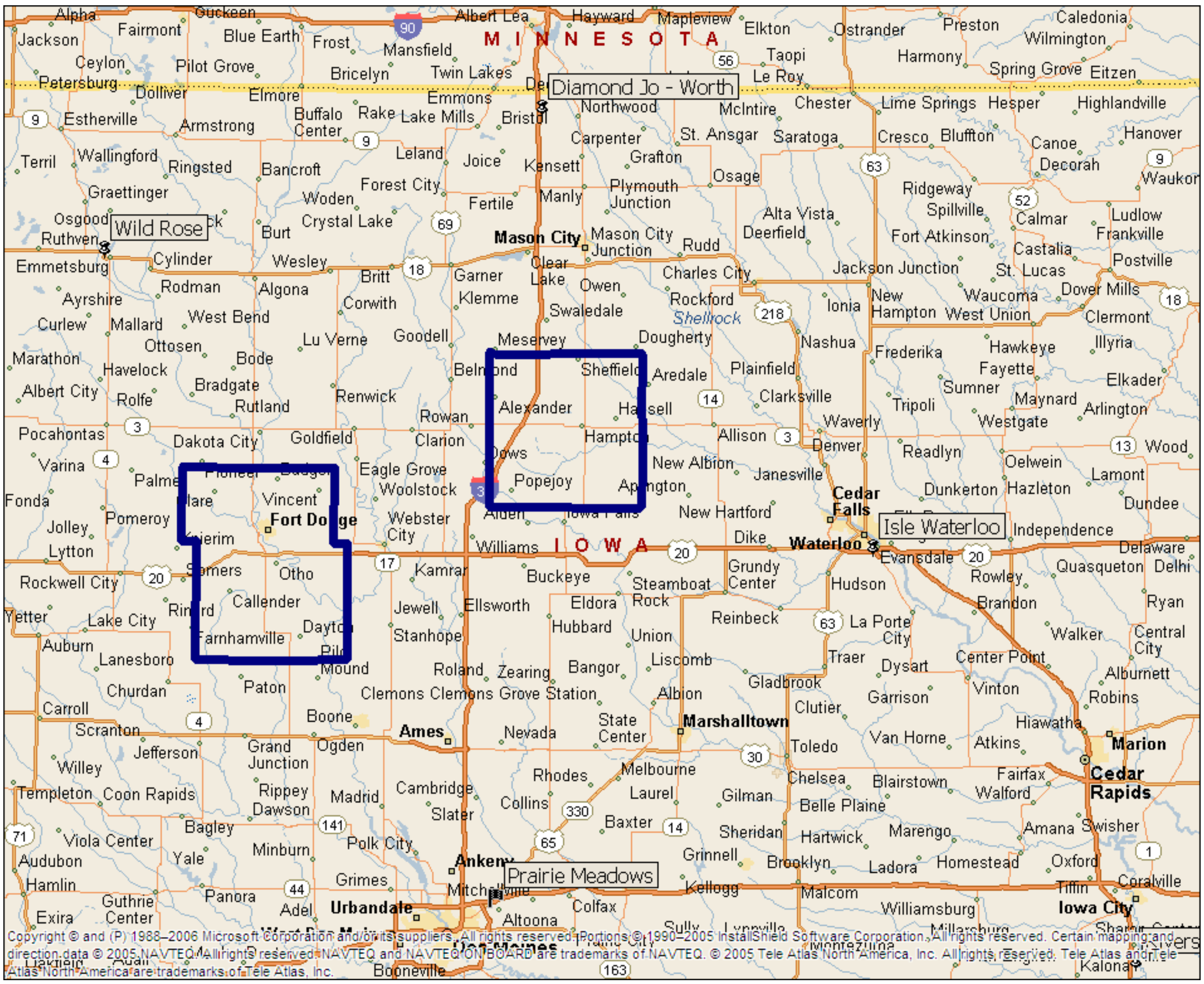
	Expenditures ($M)	Payroll ($M)	Employment (Thousands)	State Tax Receipts($M)	Local Tax Receipts ($M)
2006	55.9	8.07	0.53	3.11	0.71
2007	60.55	8.54	0.54	3.31	0.76
% Change	8.3%	5.8%	1.9%	6.4%	7.0%

Source: Travel Industry Association

Franklin County

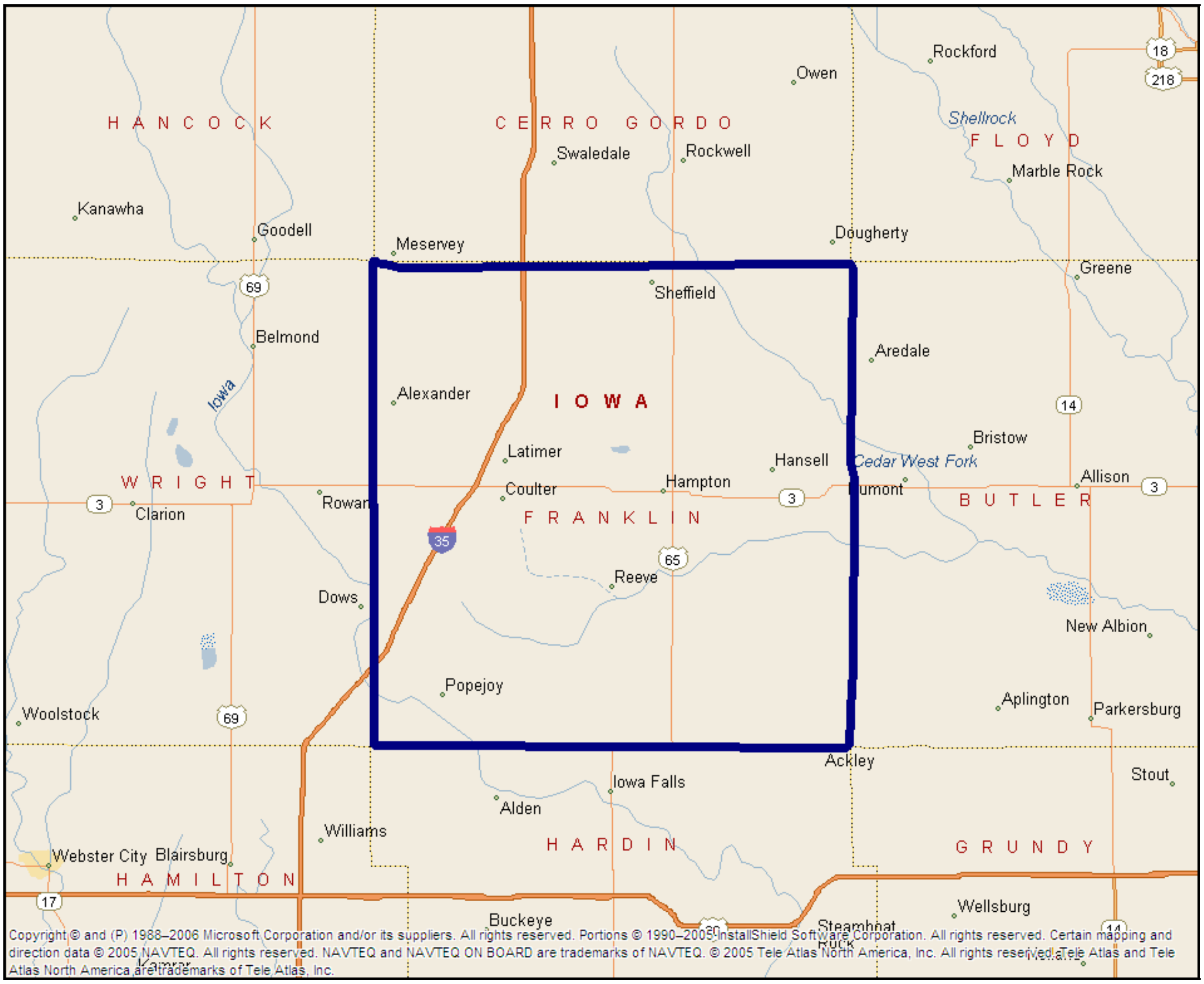
Franklin County is located in northern Iowa, about 35 miles northwest of Cedar Falls / Waterloo and 65 miles north of the Des Moines. The nearest existing gaming competition is about 40 miles to the north (Diamond Jo – Worth), near the Minnesota border. Other regional casinos include the Isle of Capri in Waterloo, Wild Rose - Emmetsburg and Prairie Meadows in Des Moines. Interstate 35 provides decent access to the county, cutting through the northwest portion of the county.

Franklin County Regional Site Map



We assumed that the development site would be located near I-35. While the county contains no major cities, its proximity to Interstate 35 and Highway 20 puts it within about an hour's drive of Ford Doge, Mason City, Cedar Falls / Waterloo and Ames.

Franklin County Close-In Site Map



Gamer Population (+21)

The Franklin County market, with about 181,000 gamer adults, captures Mason City and Ames, Iowa to the north and south, respectively. In terms of size, this market would fall between Waterloo (306,000 gamer adults) and Dubuque (150,000 gamer adults). This market area is accessible via Interstate 35 running north/south through the center of the state. Almost all the population base in this market lies in the outer ring, which would hamper the gaming revenue potential of this market. The population base in this market is expected to remain flat over the next five years.

Franklin County Gamer Adults (21+)

Drive-Time Rings	2008	2013	% of Total Pop (2013)	AAG (2008-2013)
0-30 Minutes	11,700	11,624	74.9%	-0.1%
30-60 Minutes	169,254	169,264	72.3%	0.0%
Total	180,954	180,888	72.4%	0.0%

Source: Iexpress/Claritas, The Innovation Group

Household Income

The Franklin County market displayed an AAHI level of about $56,600 in 2008; roughly consistent with its size. The income level associated with innermost ring was about 10% lower than the outer ring, reflecting the more rural nature of the area. AAHI for the Franklin County is expected to grow an average of 2.2% per year, reaching $63,100 by 2013. The growth rate is in line with the other markets.

Franklin County AAHI

Drive-Time Rings	2008	2013	AAG (2008-2013)
0-30 Minutes	$50,972	$57,125	2.3%
30-60 Minutes	$56,953	$63,546	2.2%
Total	$56,566	$63,133	2.2%

Source: Iexpress/Claritas, The Innovation Group

Labor Force and Employment

The following discussion analyzes the employment environment for Franklin County. The total labor force count in Franklin County in 2008 was nearly 6,000, as reported by the Iowa Workforce Development Bureau and the Bureau of Labor Statistics. The unemployment rate for this area in 2008 was 4.4%, which was moderate in comparison to the national average.

Franklin County Labor Force

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2000	5,730	5,560	170	2.9%
2001	5,990	5,790	200	3.3%
2002	5,660	5,420	240	4.2%
2003	5,400	5,160	240	4.5%
2004	5,510	5,240	270	4.8%
2005	5,720	5,450	270	4.7%
2006	5,840	5,610	230	3.9%
2007	5,980	5,770	210	3.6%
2008	5,850	5,600	260	4.4%
A.A.G 1 Yr	*-2.2%*	*-3.0%*	*23.8%*	*22.2%*
A.A.G 2 Yr	*0.1%*	*-0.1%*	*6.3%*	*6.2%*
A.A.G 3 Yr	*0.8%*	*0.9%*	*-1.3%*	*-2.27%*

Source: Iowa Workforce Development, LMI Bureau

Data from the Bureau of Labor Statistics and the Iowa Workforce Development Bureau reported that the unemployment rate increased 5.3% in December 2008 to 7.0% in March 2009. The recent increase in the unemployment rate is attributable to the national economic crisis.

Franklin County Unemployment Rate by Monthly and Annual Averages

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
1998	4.4	4.6	4.8	3.8	2.3	3	2.4	2.5	2.5	1.8	2.6	3.2	3.1
1999	4.1	4.6	3.9	3.7	2.7	3.4	2.3	2.6	2.3	2.1	3.4	3.8	3.3
2000	4.6	4.1	4	2.9	2.3	2.2	2	2.3	2.3	2.3	2.4	3.3	2.9
2001	4.4	3.9	4.2	3.3	2.3	2.5	2.6	2.9	2.7	3	3.8	4.3	3.3
2002	5.3	5.1	5.4	4	3.5	3.9	3.5	3.5	3.3	3.7	4	4.7	4.2
2003	5.8	5.4	5.2	4.7	4.2	4.4	3.9	3.8	3.8	3.5	4.1	4.8	4.5
2004	5.8	5.7	5.8	4.6	4.3	4.7	4.3	4.5	4.5	4.3	4.4	4.8	4.8
2005	6	6	5.7	4.5	4.1	4.1	5.6	3.9	4	4.1	4.2	4.7	4.7
2006	5.6	5.5	4.9	4	3.4	3.8	3.6	3.6	3.2	3	3.2	3.7	4
2007	5.3	4.6	4.3	3.5	3	3.2	2.9	3.2	3.1	3	3	3.8	3.6
2008	4.9	4.8	4.9	3.8	3.6	4	4.2	4.9	4.3	4	4.2	5.3	4.4
2009	6.7	6.6	7										

Source: Iowa Workforce Development, LMI Bureau, Bureau of Labor Statistics

The Private Service sector generates approximately 48.7% of the total nonfarm related jobs in Franklin County.

Franklin County Labor Force (000's)

	Total Nonfarm	Goods Producing	Service-Providing	Private	Government
Oct-08	3.7	1.1	2.6	1.8	0.8
Nov-08	3.8	1.1	2.7	1.9	0.8
Dec-08	3.7	1.1	2.6	1.8	0.8
Jan-09	3.7	1.1	2.6	1.8	0.8
Feb-09	3.7	1	2.7	1.9	0.8
Mar-09	3.7	1.1	2.6	1.8	0.8

Source: Iowa Workforce Development, LMI Bureau

The Franklin County and nearby towns major employers include Sukup Manufacturing, a family owned grain storage, drying, and handling equipment manufacturer; The Franklin General Hospital, and Winnebago Industries.. The below table illustrates a sample of major businesses in and around the Franklin County area.

Major Employers

Business	Employees
Sukup Manufacturing	275
Hampton Hydraulics	217
Commercial Metals	200
Hampton Duma School System	191
Franklin General Hospital	178
ABCM	175
Winnebago Industries	130
Hampton Hydraulics	110
Buresh Building Systems	110

Source: Franklin County Development Corporation

Foreclosure

According to RealtyTrac, an online marketplace for foreclosure properties and publishes the country's largest, most comprehensive foreclosure database, Franklin County had only one property in foreclosure status between April 2008 and August 2008. No foreclosures were reported in 2009.

Tourism

Franklin County offers many recreational activities for such a rural region including specialty gift shops, parks and campgrounds, Frisbee disc golf courses, nine-hole courses, swimming pools, outdoor trails, museums, fishing and hunting management areas. Franklin County also hosts several annual festivals including the Blue Grass Festival in Hampton in the spring, the Sheffield Big Days in August, the Popejoy Tractor Pull in August, the Dows Corn Days in August, and the Sauerkraut Days in Ackley during the last week in June. Hampton City also hosts various traditional holiday festivals such as the 4th of July and Christmas events. Additional attractions in Franklin County include a host of businesses and museums listed on the National Register of Historic Places including the Dows Historical Center and Depot, the Dows Mercantile Store and Fillmore Building, the Quasdorf Museum, the Harriman Nielsen Farm House, the R.E. A. Power Plant Museum, and the GAR Memorial Hall Civil War Museum.

Year over year tourism employment grew by 16.7% in Franklin County in 2007. Although total expenditures on travel in Franklin County grew by 6.5%, the local tax receipts were unchanged while the state's tax receipts grew by 5.4%.

Domestic Travel Impact on Franklin County

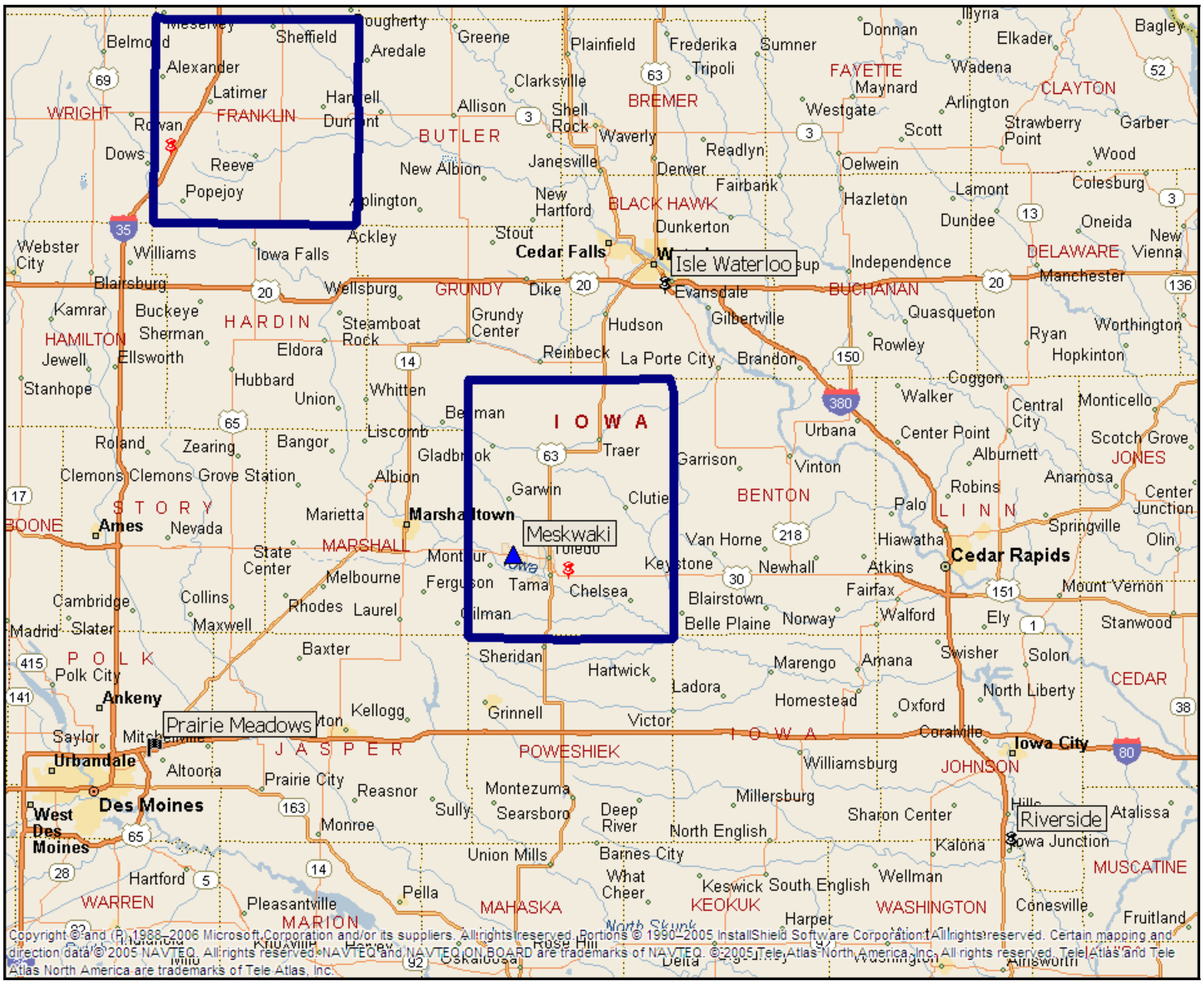
	Expenditures ($M)	Payroll ($M)	Employment (Thousands)	State Tax Receipts($M)	Local Tax Receipts ($M)
2006	8.83	1.06	0.06	0.56	0.06
2007	9.4	1.1	0.07	0.59	0.06
% Change	*6.5%*	*3.8%*	*16.7%*	*5.4%*	*0.0%*

Source: Travel Industry Association

Tama County

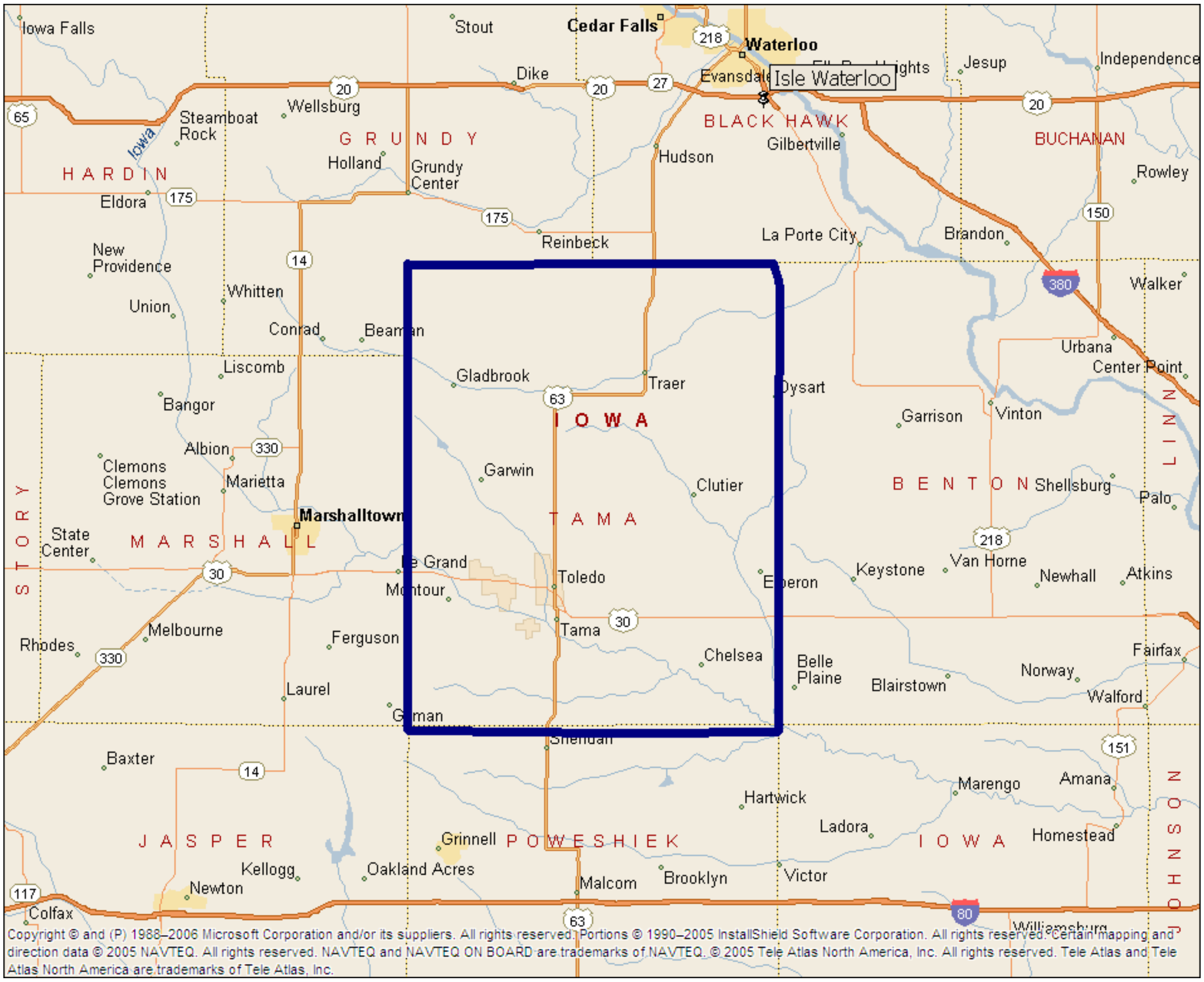
Tama County is located in central Iowa, triangulated by the cities of Des Moines, Iowa City and Cedar Falls / Waterloo. Note that each of these cities contains an existing casino in close proximity. Note that the county hosts the Meskwaki Casino; a Native American casino owned and operated by the Meskwaki Tribe. Highway 63 cuts through the center of the county running north/south. This highway connects Tama County to Cedar Falls / Waterloo to the north and I-80 to the south.

Tama County Regional Site Map



We assumed that the development site would be located near the town of Tama and easily accessible from Highway 63. While Tama County contains no major cities, Cedar Falls / Waterloo and Marshalltown are in close proximity. The close-in market map, displayed below, shows that Tama County is easily accessible via two major area highways: Interstate 80 and Highway 20. These highways connect to Highway 63 which leads directly into the county.

Tama County Close-In Site Map



Gamer Population (21+)

The Tama County market is situated in central Iowa sandwiched between I-80 to south and Highway 20 to the north. The market was estimated to contain about 120,300 gamer adults, the vast majority of which lies in the outer segment (30-60 minutes). The inner ring captures the city of Marshalltown, while the outer ring skirts up against the major cities of Cedar Rapids and Waterloo. Like many other Iowa markets, the population base is expected to remain flat over the next several years.

Tama County Gamer Adults (21+)

Drive-Time Rings	2008	2013	% of Total Pop (2013)	AAG (2008-2013)
0-30 Minutes	12,104	12,187	71.8%	0.1%
30-60 Minutes	108,171	110,070	72.2%	0.3%
Total	120,275	122,257	72.2%	0.3%

Source: Iexpress/Claritas, The Innovation Group

Household Income

The Tama County market showed a low AAHI level of about $53,000 in 2008. The income level associated with the outer ring was about 7% higher than the inner ring. AAHI for Tama County is expected to grow an average of 1.7% per year, reaching $53,000 by 2013. The growth rate is low relative to the other markets.

Tama County AAHI

Drive-Time Rings	2008	2013	AAG (2008-2013)
0-30 Minutes	$50,408	$56,176	2.2%
30-60 Minutes	$53,339	$57,977	1.7%
Total	$53,044	$57,797	1.7%

Source: Iexpress/Claritas, The Innovation Group

Labor Force and Employment

The following discussion analyzes the Labor Force for the Tama market area. The total labor force Tama County area in 2008 was approximately 8,900, as reported by the Iowa Workforce Development's LMI Bureau. The unemployment rate for this area in 2008 was estimated at 5.3%.

Tama County Labor Force

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2000	9,290	8,960	330	3.6%
2001	9,530	9,090	330	3.5%
2002	9,180	8,790	390	4.2%
2003	9,010	8,300	720	8.0%
2004	9,520	8,890	630	6.6%
2005	8,980	8,480	500	5.6%
2006	8,970	8,580	390	4.3%
2007	9,000	8,610	400	4.4%
2008	8,890	8,420	470	5.3%
A.A.G 1 Yr	*-1.2%*	*-2.2%*	*17.5%*	*20.5%*
A.A.G 2 Yr	*-0.5%*	*-0.9%*	*9.8%*	*11.0%*
A.A.G 3 Yr	*-0.3%*	*-0.2%*	*-2.0%*	*-1.8%*

Source: Iowa Workforce Development, LMI Bureau

The most current data from the Bureau of Labor Statistics and the Iowa Workforce Development

Bureau has the unemployment rate increasing to 7.2% in December 2008 and further to 7.5% in March 2009. This large increase is the result of the current economic current recession. The Tama area is heavily employed by the agricultural industry, however this small town also is home to a few large employers, such as the Dieomatic-Traer Manufacturing plant. This plant, which makes parts for the auto industry, is expected to layoff a few hundred employees in the near term.

Tama County Unemployment Rate by Monthly and Annual Averages

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
1998	4.5	4	4	2.8	2.4	2.4	2.2	2.4	2.2	2.2	2.5	4.6	3
1999	4.8	4.2	3.9	3.3	2.5	2.5	2.6	2	2.1	1.7	2.3	3.9	3
2000	5.9	5.3	4.9	3.7	3	3	2.6	2.9	2.7	2.4	2.7	3.8	3.6
2001	4.7	4.1	4.3	3.6	2.5	2.7	2.2	3.5	3.5	3.2	3.4	4.6	3.5
2002	5.1	4.7	4.9	4.4	3.3	3.7	3.6	3.8	3.7	3.9	4.4	5.4	4.2
2003	5.5	5.2	5	4.3	3.7	10.3	10.1	10.8	10.4	10.5	10.1	9.8	8
2004	8.5	7.6	7.5	6.2	5.4	5.4	4.8	5.3	6.8	6.6	7	8.1	6.6
2005	8.3	7.8	7.5	5.9	5	4.9	4.3	4.7	4.5	4.2	4.7	5.7	5.6
2006	6.1	6.1	5.7	4.2	3.5	3.7	3.5	3.6	3.5	3.3	3.7	5	4.3
2007	6.1	5.6	5.2	4.3	3.6	3.6	3.2	4	4	4.1	4.2	5.3	4.4
2008	6.2	6.1	6	4.7	4.5	4.7	4.3	4.8	4.8	4.8	5.5	7.2	5.3
2009	7.9	7.7	7.5										

Source: Iowa Workforce Development, LMI Bureau, Bureau of Labor Statistics

The Service Providing Sector accounts for approximately 90% of the non–farm related jobs within Tama County. The following tables illustrate the number of non-farm jobs for the last quarter of 2008 through the first quarter of 2009.

Tama County Labor Force (000's)

	Total Nonfarm	Goods Producing	Service-Providing	Private	Government
Oct-08	5	0.5	4.5	2.3	2.2
Nov-08	4.9	0.4	4.5	2.3	2.2
Dec-08	4.9	0.5	4.4	2.2	2.2
Jan-09	4.9	0.5	4.4	2.2	2.2
Feb-09	4.8	0.5	4.3	2.2	2.1
Mar-09	5.1	0.5	4.6	2.4	2.2

Source: Iowa Workforce Development,

Tama County Major Employers

Business	Employees
Tenneco Packaging CPI	N/A
Sunrise Hill Care Center	N/A
Fareway Stores	N/A
Meskwaki Bingo, Casino & Hotel	1,100
Community School District	271
Sac & Fox Tribe	220
Traer Manufacturing	186
Tama County	150
State of Iowa Juvenile Home	114
Tama Paperboard	103

Source: Tama County Economic Development

Foreclosures

According to RealtyTrac, an online marketplace for foreclosure properties and publishes the country's largest, most comprehensive foreclosure database, with over 800,000 default, auction and bank-owned homes from across the country, Tama County had only one property in foreclosure status between April 2008 and March 2009.

Tourism

Major attractions for Tama County include the typical activities located in small rural areas including specialty retail stores, seasonal outdoor recreational activities such as golfing, swimming, hunting, cycling, and hiking. Tama County also hosts several museums, a vineyard, the Seda Tree Farm, and the 2007 Iowa Tourism Attraction of the Year, the Matchstick Marvels Tourist Center in Gladbrook. Year over year tourism employment grew by 5.2% in Tama County. Total expenditures on travel in Tama County grew by 8.4% and the local tax receipts grew by 11.11%.

Domestic Travel Impact on Tama County

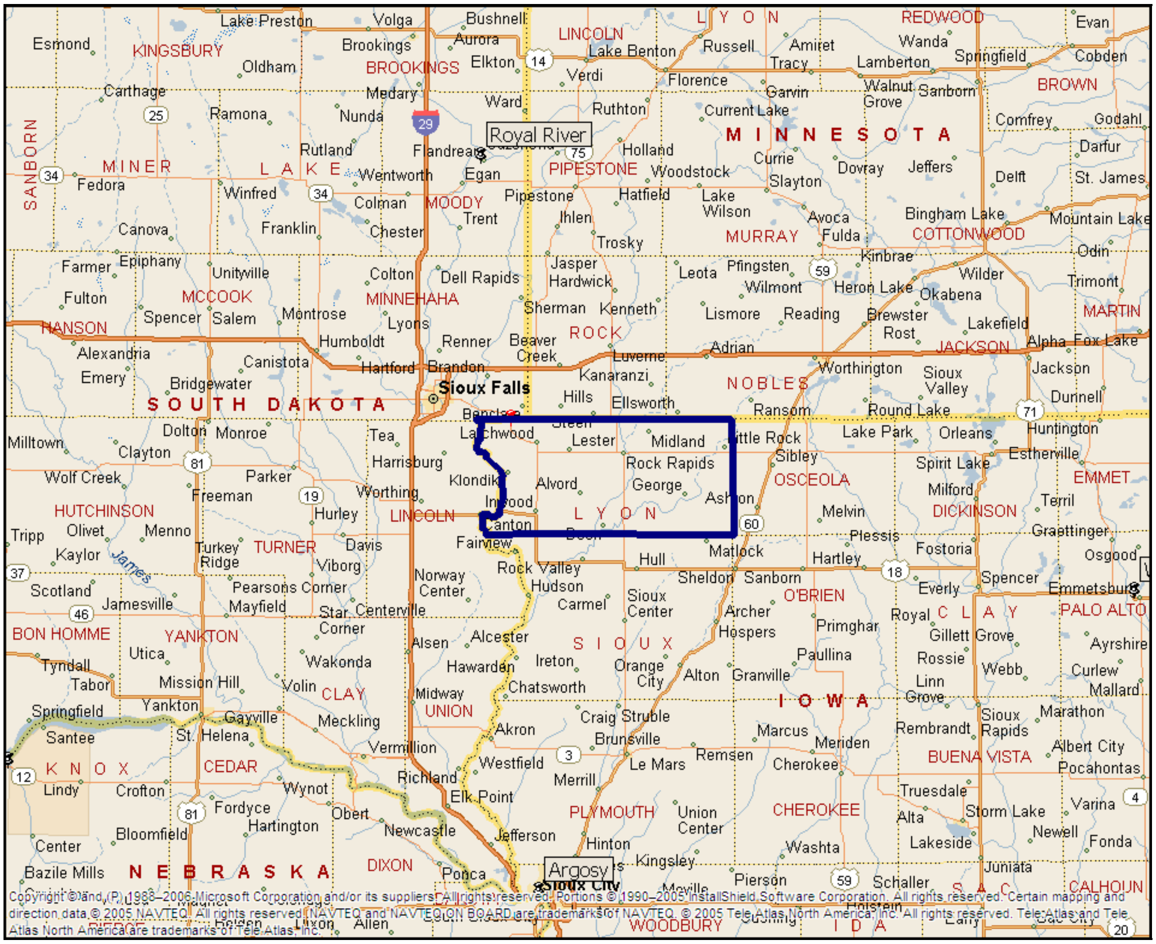
	Expenditures ($M)	Payroll ($M)	Employment (Thousands)	State Tax Receipts ($M)	Local Tax Receipts ($M)
2006	16.92	3.02	0.19	0.93	0.18
2007	18.34	3.2	0.2	0.99	0.2
% Change	8.4%	6.0%	5.3%	6.5%	11.1%

Source: Travel Industry Association

Lyon County

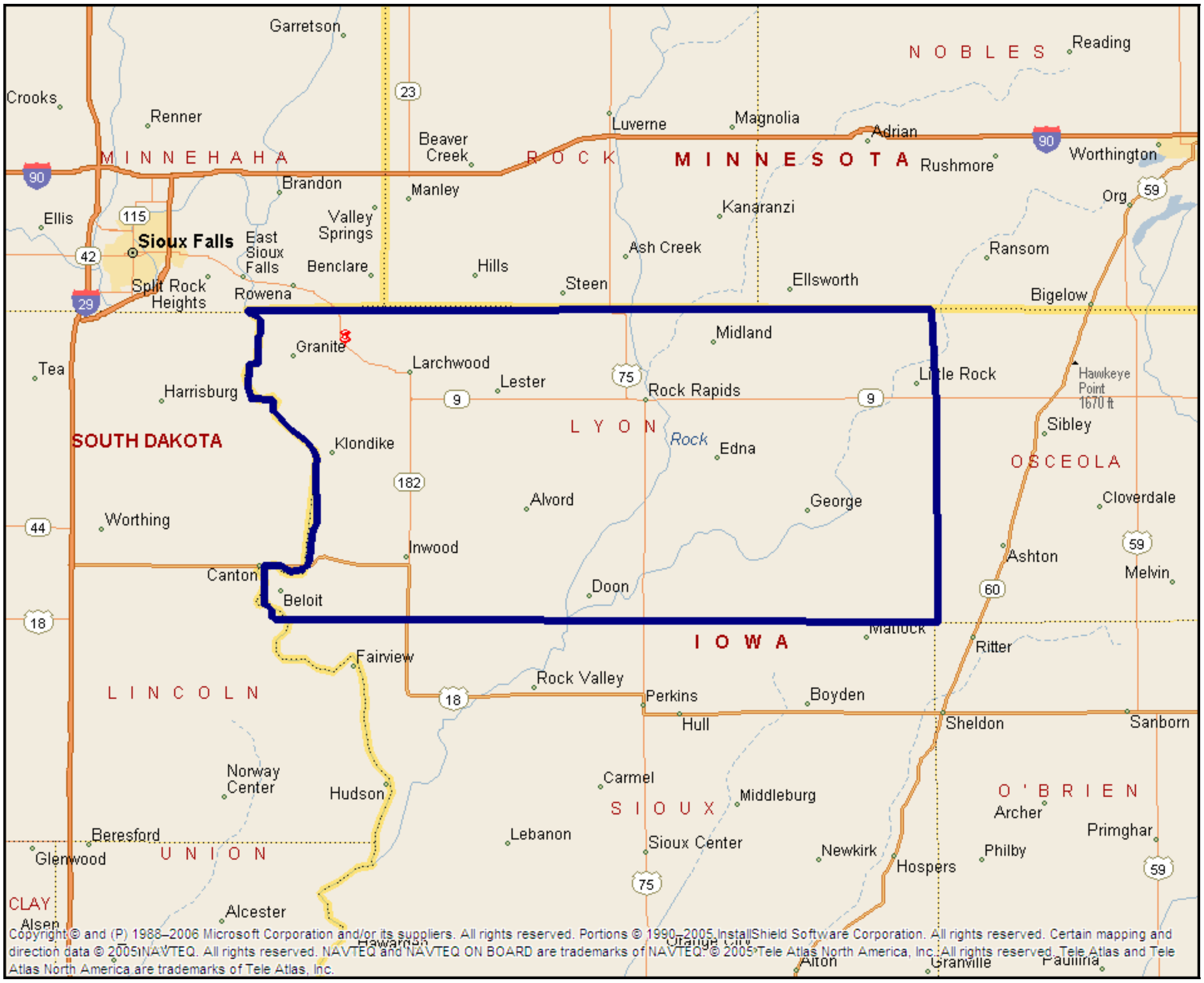
Lyon County is situated in extreme northwest Iowa, bordering the states of Minnesota and South Dakota. The county is only about 6 miles from Sioux Falls, South Dakota. The closest existing gaming competition to the development site is the Royal River Casino in Flandreau, South Dakota, about 40 miles to the north. Other existing gaming competition includes the Argosy Sioux City property, located about 70 miles to the south, just off I-29.

Lyon County Regional Site Map



We assumed that the development site would be located in the northwest corner of the county, just off of Highway 42. This location would make the development easily accessible from Sioux Falls, an important considerations as there are no major cities in the county. Note also that this area of the county is in close proximity to I-29 (running north/south) and I-90 (running east/west).

Lyon County Close-In Site Map



Gamer Population (21+)

The Lyon County market lies in extreme northwest Iowa, crossing into South Dakota and Minnesota. The Lyon County market was estimated to contain 204,300 gamer adults, comprising 138,200 and 66,100 for the inner and outer rings, respectively. The inner ring captures the city of Sioux Falls, South Dakota. This market is the largest of the proposed market. This market is also expected to grow the most over the next five years at a rate of 1.4% per year. The growth mainly reflects expected growth for Sioux Falls.

Lyon County Gamer Adults (21+)

Drive-Time Rings	2008	2013	% of Total Pop (2013)	AAG (2008-2013)
0-30 Minutes	138,170	150,660	70.5%	1.7%
30-60 Minutes	66,134	67,829	70.7%	0.5%
Total	204,304	218,489	70.6%	1.4%

Source: Iexpress/Claritas, The Innovation Group

Household Income

The Lyon County market displayed an upper tier (relative to other Iowa markets) income level of about $63,000 in 2008, yet modestly below the national average. This market displayed the highest income level growth rate of 2.8% per year, resulting in an AAHI of $72,200 by 2013.

Lyon County AAHI

Drive-Time Rings	2008	2013	AAG (2008-2013)
0-30 Minutes	$65,108	$74,330	2.7%
30-60 Minutes	$58,464	$67,485	2.9%
Total	$62,957	$72,205	2.8%

Source: Iexpress/Claritas, The Innovation Group

Labor Force and Employment

The following discussion analyzes the Labor Force for the Lyon County market area. The total labor force in the Lyon County area in 2008 was approximately 6,800, as reported by the Iowa Workforce Development's LMI Bureau. The unemployment rate for this area in 2008 was estimated at a low 2.6% in 2008.

Lyon County Labor Force

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2000	6,390	6,260	140	2.1%
2001	6,630	6,480	160	2.3%
2002	6,490	6,270	210	3.3%
2003	6,280	6,060	220	3.5%
2004	6,230	6,020	210	3.4%
2005	6,450	6,260	190	3.0%
2006	6,660	6,510	160	2.4%
2007	6,700	6,530	170	2.5%
2008	6,800	6,620	180	2.6%
A.A.G 1 Yr	*1.5%*	*1.4%*	*5.9%*	*4.0%*
A.A.G 2 Yr	*1.1%*	*0.8%*	*6.1%*	*4.1%*
A.A.G 3 Yr	*1.8%*	*1.9%*	*-1.8%*	*-4.7%*

Source: Iowa Workforce Development, LMI Bureau

The most current data from the Bureau of Labor Statistics and the Iowa Workforce Development Bureau has the unemployment rate increasing to 3% in December.

Lyon County Unemployment Rate by Monthly and Annual Averages

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
1998	3	3	3.1	2.5	2.2	2.3	2.1	2.3	2.1	2.2	2.4	2.2	2.4
1999	2.7	2.8	2.5	1.6	1.3	1.7	1.7	1.5	1.3	1.3	1.6	1.9	1.8
2000	2.8	2.5	2.8	2	1.8	1.8	1.8	1.9	1.8	1.9	1.9	2.3	2.1
2001	3.1	2.8	2.8	2.2	2	2.4	1.8	2.1	2	1.8	2.4	2.8	2.3
2002	3.4	3.3	3.8	2.9	2.7	3.3	3	3.5	3.4	3.1	3.4	3.5	3.3
2003	4.1	3.7	3.7	3.6	3.5	3.8	3.3	3.4	3.3	2.9	3.2	3.4	3.5
2004	4.2	3.7	3.7	3.1	3.2	3.5	3.1	3.1	3.1	3	3.2	3.4	3.4
2005	3.7	3.6	3.6	3	3	3.2	2.6	2.5	2.7	2.5	2.8	2.6	3
2006	3	3.3	2.9	2.2	2.2	2.5	2.1	2	2.2	2.1	2.2	2.2	2.4
2007	3.1	3.1	2.8	2.5	2.2	2.6	2.2	2.4	2.4	2.2	2.2	2.8	2.6
2008	3	2.9	2.8	2.3	2.5	2.7	2.4	2.7	2.3	2.3	2.4	3	2.6
2009	3.7	3.9	4										

Source: Iowa Workforce Development, LMI Bureau, Bureau of Labor Statistics

The Service Providing Sector accounts for approximately 80% of the non-farm related jobs within Lyon County. The following tables illustrate the number of non-farm jobs for the last quarter of 2008 through the first quarter of 2009.

Lyon County Labor Force (000's)

	Total Nonfarm	Goods Producing	Service-Providing	Private	Government
Oct-08	3.6	0.8	2.8	2.1	0.7
Nov-08	3.6	0.8	2.8	2.1	0.7
Dec-08	3.5	0.7	2.8	2.1	0.7
Jan-09	3.5	0.7	2.8	2.1	0.7
Feb-09	3.3	0.7	2.6	2	0.6
Mar-09	3.5	0.7	2.8	2.1	0.7

Source: Iowa Workforce Development,

As the largest retail center between Denver and the Twin Cities, some of the largest employers in the Sioux Falls MSA region are retail outlets such as Wal-Mart, which employs nearly 1,200 people. However with nearly 6,500 employees, the biggest employer in the MSA is the Sanford Health facility. Financial firms such as Citigroup and Wells Fargo both employ over 3,000 people, while another financial company, First PREMIER Bank has over a 1,000 workers. The following table details the largest employers in the area.

Sioux Falls MSA Major Employers

Major Employers	# Employees
Sanford Health	6,424
Avera	4,290
Citigroup	3,200
John Morrell & Company	3,200
Wells Fargo	3,048
Sioux Falls School District 49-5	3,000
Hy-Vee Food Stores	1,863
Wal-Mart/Sam's Club	1,160
First PREMIER Bank/PREMIER Bankcard	1,105
City of Sioux Falls	1,087

Source: Sioux Falls 2007-2008 Community Profile

Foreclosures

According to RealtyTrac, an online marketplace for foreclosure properties and publishes the country's largest, most comprehensive foreclosure database, with over 800,000 default, auction and bank-owned homes from across the country, Lyon County had only one property in foreclosure status between August 2008 and March 2009.

Tourism

Year over year tourism employment was stagnant in Lyon County at only 40 jobs. Total expenditures on travel in Lyon County grew by 6.35% and the local tax receipts did not change but the state's tax receipts grew by 5.88%

Domestic Travel Impact on Lyon County

	Expenditures ($M)	Payroll ($M)	Employment (Thousands)	State Tax Receipts($M)	Local Tax Receipts ($M)
2006	5.2	0.6	0.04	0.34	0.05
2007	5.53	0.62	0.04	0.36	0.05
% Change	6.4%	3.3%	0.0%	5.9%	0.0%

Source: Travel Industry Association

Because the Lyon County reported fewer than 50 jobs in the tourism sector, the tourism industry for Lyon County has been expanded to include the Sioux Falls MSA. The Sioux Falls MSA offers a plethora of cultural activities to tourists who appreciate art. There are the South Dakota Symphony Orchestra, the Sioux Empire Community Theater and the Siouxland Heritage Museum that offer exciting exhibitions, art shows, and performances. The Washington Pavilion of Arts and Science, which opened in 1999, features a performance hall, a "black box" theater, an OMNI theater, visual arts galleries and a Science Discovery Center with interactive exhibits. Furthermore, the Sculpture Walk shows off more than 50 outdoor sculptures displayed on sidewalks year round, with the sculpture displays changing every year. The area also provides many clubs and bars for those interested in nightlife and has over 540 dining establishments that serve everything from fast food to fine cuisine.

Sport activities are also extremely popular in Sioux Falls. The MSA has a 10,000-seat Howard Wood Field, which is a football and track facility and home to the NBA Development League's Sioux Falls Sky Force, the U.S. Hockey League's Sioux Falls Stampede and the Storm, a United Indoor Football team. With close to 5,300 seats, the Baseball Stadium houses the Sioux Falls Canaries of the Northern League, while the United Soccer League as well as the Dakota Lawdawgs, a semi-pro outdoor football team play at McEneaney Field.

Demographic Profile – Existing Markets

We also compiled some specific demographic data for the existing Iowa gaming markets. For the purpose of the analysis, Iowa was segregated into 16 markets based primarily on the location of the existing and proposed casinos. The existing casinos markets include the following:

1. Council Bluffs
2. Sioux City
3. Des Moines
4. Dubuque
5. Quad Cities
6. Emmetsburg
7. Northwood
8. Waterloo
9. Marquette
10. Iowa City
11. Burlington

Again, for purposes of this assessment, we analyzed gamer population (defined as persons 21 years of age and older) and Average Annual Household Income ("AAHI") using a 60-minute drive-time ring emanating from the subject market areas, divided into two 30-minute increments. Note that there is some overlap within the Iowa markets. The statistics are displayed in table and graph form below (Pages 60-64). The following discussion summarizes the demographic data for Iowa as a state and then by market starting with the largest market in terms of the gamer adult count. The statewide analysis was done for the purpose of establishing a benchmark.

Council Bluffs

The Council Bluffs market is the largest market in Iowa. The Council Bluffs market, with 700,400 gamer adults, captures the metro areas of Omaha and Lincoln, Nebraska, as the vast majority of this market area resides in Nebraska. Note also that 73% of the population falls in the innermost ring (0–30 minutes) near the market center. This market area is expected to grow about 1.0% per year, reaching 734,400 by 2013. This growth rate is roughly equal to the national average and in the upper tier relative to the other Iowa markets.

The Council Bluffs market displayed an AAHI level of about $65,200 in 2008; roughly equal to the national average. Relative to the other Iowa markets, the income level for the Council Bluffs market is one of the highest. The income level associated with innermost ring was about 15% higher than the outer ring; generally suggesting that the larger cities (Omaha and Lincoln) yield higher AAHI compared to more rural Iowa and Nebraska. AAHI for the Council Bluffs market is expected to grow an average of 2.3% per year, reaching $72,900 by 2013. The growth rate is in line with the national average of 2.2%.

Des Moines

The Des Moines market, the second largest market, contains about 549,700 gamer adults and primary reflects the Des Moines metro area; the largest Iowa metro area. This is one of the few markets in Iowa that does not overlap with another state. Roughly 64% of the market falls in the innermost ring, which means the population is concentrated on the market center. This market area is expected to grow about 1.1% per year reaching 581,200 by 2013. The Des Moines market showed the highest growth rate. Note that the innermost ring is expected to grow 1.4% per year compared to only 0.7% for the outer ring (30-60 minutes).

The Des Moines market showed the second highest AAHI level of about $65,700 in 2008. Similar to the Council Bluffs market, the income level associated with innermost ring was significantly higher than the outer ring. AAHI for the Des Moines market is expected to grow an average of 2.2% per year, reaching $73,200 by 2013.

Northwood

The Northwood market, with about 463,600 gamer adults, captures Mason City, Iowa to the south and various decent sized cities in southern Minnesota to the north. The market is located in northern Iowa on the Minnesota border. Almost all the population base in this market lies in the outer ring, which hampers the gaming revenue potential of this market. Like Council Bluffs and Des Moines, this market is expected to grow about 1.1% per year over the next five years. Note that the gamer population in the innermost ring is actually expected to decline modestly over the next several years.

The Northwood market showed the highest AAHI level of about $66,600 in 2008, but still just in line with the national average. Again, income levels were higher in the larger population centers. AAHI for the Northwood market is expected to grow an average of 2.2% per year, reaching $74,100 by 2013.

Quad Cities

The Quad Cities market is centered on the four cities of Davenport and Bettendorf in Iowa and Rock Island and Moline in Illinois. The market contains about 440,000 gamer adults; 235,400 of which reside in the 0-30 minute ring and 204,700 in the 30-60 minute ring. The latter ring captures the cities of Iowa City, Clinton and Muscatine, Iowa, and Galesburg, Illinois. The population base is expected to remain relatively flat over the next five years; one of only 5 markets not expected to show material growth.

The income level for the Quad Cities market was about $58,350 (2008); low relative to the other large markets in Iowa. The income level associated with innermost ring was about 10% higher than the outer ring. Nonetheless, the growth rate for this market of 2.2% is in line with the state average.

Riverside

The Riverside market, the fifth largest market, is generally centered on Iowa City, but also captures Cedar Rapids to the north. The market contains about 325,000 gamer adults; 89,100 of which reside in the 0-30 minute ring and 235,900 in the 30-60 minute ring. The larger outer ring is due to the influence of Cedar Rapids. The Riverside market is expected to grow about 0.8% per year over the next five years, reaching 338,700 by 2013.

The Riverside market showed a decent AAHI level of about $61,900 in 2008, although moderately below the national average. AAHI for this market is expected to grow an average of 1.8% per year; one of the lowest growth rates in Iowa. The low growth rate reflects slower growth in the outer ring (Cedar Rapids) of 1.5% per year compared to 2.4% for the innermost ring.

Waterloo

The Waterloo market was estimated to contain 306,200 gamer adults, comprising 94,900 and 211,250 for the inner and outer rings, respectively. The inner ring is centered on the cities of Waterloo and Cedar Falls, while the outer ring primarily reflects Cedar Rapids to the south. The market is expected to yield slow growth over the next several years, combining flat results for the inner ring and 0.6% growth in the outer ring.

Income levels for the Waterloo market hover around the Iowa average at $58,400. AAHI for this market is expected to grow an average of 1.8% per year; again one of the lower growth rates in Iowa.

Dubuque

The Dubuque market, with 150,000 gamer adults, is the 9th largest market in Iowa. With the exception of Dubuque, the market contains no major cities. Nonetheless, the inner and outer rings contain similar population counts of 79,500 and 70,500 gamer adults, respectively. This market area is expected to grow about 0.5% per year, reaching 153,900 by 2013.

The Dubuque market displayed an AAHI level of about $57,500 in 2008; roughly consistent with its size. The income level associated with innermost ring was about 10% higher than the outer ring. AAHI for the Dubuque market is expected to grow an average of 2.3% per year, reaching $64,500 by 2013. The growth rate is in the upper tier relative to the other markets, but still just in line with the national average of 2.2%.

Sioux City

The Sioux City market is slightly smaller than Dubuque, with 141,500 gamer adults. The market reflects the Sioux City metro area and various small towns in Iowa, Nebraska and South Dakota. Note that the market area (as defined) falls just short of capturing Sioux Falls, South Dakota to the north. This market area is expected remain relatively flat over next several years.

The Sioux City market displayed an AAHI level of about $56,300 in 2008; again roughly consistent with its size. The income level associated with innermost ring was about 10% higher than the outer ring, a consistent theme in the Iowa markets. AAHI for this market is expected to grow an average of 2.1% per year, reaching $62,300 by 2013.

Burlington

The Burlington market, with 108,400 gamer adults, is the 3rd smallest market in Iowa. The market, located in southeast Iowa, contains the cities of Burlington and Fort Madison, Iowa and Galesburg, Illinois. The innermost contains 36,600 gamer adults compared to 71,800 for the outer ring as it captures Galesburg. This market area is expected to contract slightly over the next five years; one of only two markets expected to contract.

The Burlington market showed the second lowest income level of $59,200 in 2008. The inner and outer rings showed similar income levels. AAHI for the Burlington market is expected to grow an average of 2.0% per year, reaching $59,200 by 2013. The growth rate is somewhat lower than the statewide average.

Marquette

The Marquette market, with only 61,200 gamer adults, is located in northeast Iowa on the border of Illinois. The market contains no major cities. The majority (75%) of the population lies in the 30-60 minute segment; mainly because this segment contains more square mileage. This market is also expected to remain flat over the next five years.

The Marquette market showed the lowest AAHI level of about $50,600 in 2008. Income levels were similar across the area and expected to increase at an average rate of 2.2% per year, reaching $56,900 by 2013.

Emmetsburg

The Emmetsburg market is the smallest market in Iowa, located in northern Iowa. This market is one of only three Iowa markets that contain no major cities. The market contains about 60,650 gamer adults; roughly 87% of which are located in the outer ring (30-60 minutes). As with other small markets, the gamer population base is expected to decline slightly over the next few years.

Note that the Emmetsburg market showed an AAHI level of about $53,400 in 2008; decent relative to its size. The income levels were similar across the area and expected to increase at an average rate of 2.4% per year, reaching $60,200 by 2013. The innermost ring (0-30 minutes) showed an expected growth rate of 2.8%.

Summary – Gamer Population

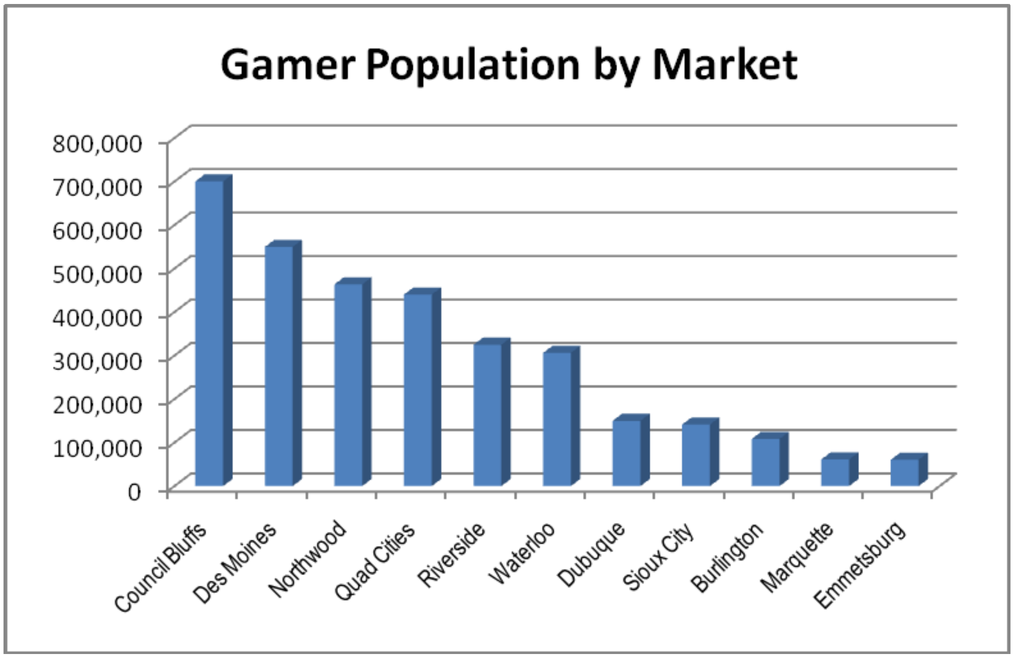
Regarding the gamer population bases for the existing Iowa markets, the totals ranged from a high of 700,400 for Council Bluffs to a low of 60,650 for Emmetsburg. Note that the simple average calculated to 300,600 gamer adults. We segregated the Iowa markets into three groups: large, medium and small. The large market category includes Council Bluffs, Des Moines, Northwood and Quad Cities, while Riverside and Waterloo fall into the medium category, with the balance in the small.

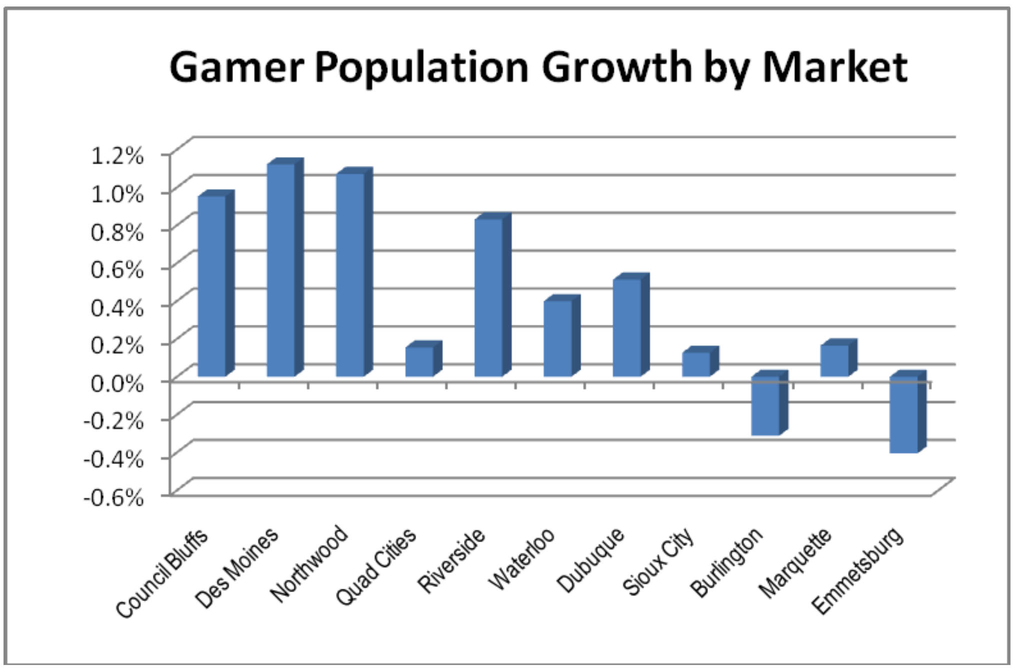
None of the existing Iowa markets displayed exceptional expected growth rates. Nonetheless, we noted that four of the markets are expected to grow in line with the national average of about 1.0% per year. Another five markets are expected to show slow growth with the remaining two actually contracting over the next several years. In general, the larger markets are expected to exhibit higher growth rates relative to small markets. Quad Cities was a notable exception; expected to grow at only 0.2% per year despite its size. The following table and graph summarize the gamer population statistics for the existing 11 Iowa markets.

Gamer Population by Market

	Council Bluffs	Des Moines	Northwood	Quad Cities	Riverside	Waterloo	Dubuque	Sioux City	Burlington	Marquette	Emmetsburg
CY 2008:											
0-30 Minutes	507,955	353,191	18,657	235,485	89,091	94,928	79,510	88,451	36,565	14,820	8,070
30-60 Minutes	192,426	196,489	444,918	204,663	235,881	211,246	70,462	53,087	71,837	46,334	52,578
Total	700,381	549,680	463,575	440,148	324,972	306,174	149,972	141,538	108,402	61,154	60,648
CY 2013:											
0-30 Minutes	535,546	378,133	17,725	238,421	94,120	95,057	81,879	89,154	35,983	14,872	7,819
30-60 Minutes	198,806	203,076	471,219	205,138	244,584	217,273	71,978	53,282	70,738	46,787	51,611
Total	734,352	581,209	488,944	443,559	338,704	312,330	153,857	142,436	106,721	61,659	59,430
AAG:											
0-30 Minutes	1.1%	1.4%	-1.0%	0.2%	1.1%	0.0%	0.6%	0.2%	-0.3%	0.1%	-0.6%
30-60 Minutes	0.7%	0.7%	1.2%	0.0%	0.7%	0.6%	0.4%	0.1%	-0.3%	0.2%	-0.4%
Total	1.0%	1.1%	1.1%	0.2%	0.8%	0.4%	0.5%	0.1%	-0.3%	0.2%	-0.4%

Source: Iexpress/Claritas, The Innovation Group


Gamer Population by Market
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
Council Bluffs
Des Moines
Northwood
Quad Cities
Riverside
Waterloo
Dubuque
Sioux City
Burlington
Marquette
Emmetsburg


Gamer Population Growth by Market
1.2%
1.0%
0.8%
0.6%
0.4%
0.2%
0.0%
-0.2%
-0.4%
-0.6%
Council Bluffs
Des Moines
Northwood
Quad Cities
Riverside
Waterloo
Dubuque
Sioux City
Burlington
Marquette
Emmetsburg

Summary – AHHI

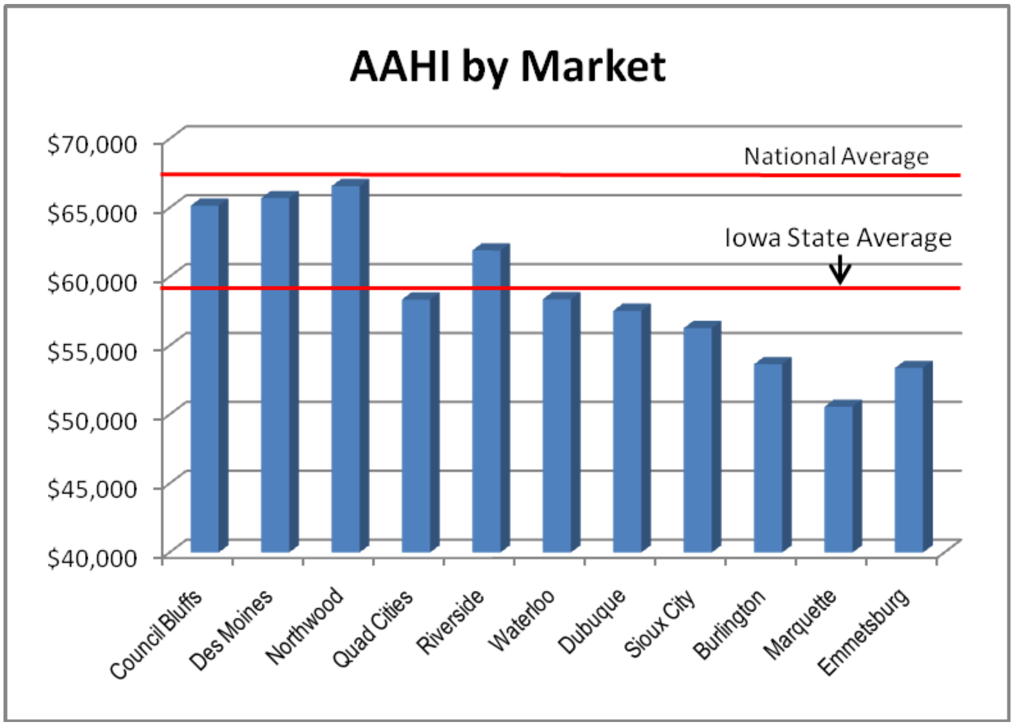
The AAHI levels for the existing Iowa gaming markets ranged from a high of $66,600 (Northwood) to a low of $50,600 for Marquette. As discussed, income levels are generally higher for the more populated markets, characterized by markets hosting major cities. The Quad Cities market was somewhat of an exception. This market showed an AAHI of only $58,300 despite containing approximately 440,000 gamer adults. Note that the high mark in Iowa is roughly equal to the national average of $67,900 for 2008.

Income levels associated with the Iowa gaming markets are expected to increase from 1.8% to 2.4% per year over the next five years. This range is generally in line with the national average of 2.2% per year. The two smallest markets, Marquette and Emmetsburg, showed the highest growth rates of 2.4%. For Emmetsburg, income levels in 0-30 minute ring are expected to increase 2.8% per year over the next five years. The low-end growth rate of 1.8% was associated with the Riverside and Waterloo markets. These markets both contain the major city of Cedar Rapids.

AAHI by Market

	Council Bluffs	Des Moines	Northwood	Quad Cities	Riverside	Waterloo	Dubuque	Sioux City	Burlington	Marquette	Emmetsburg
CY 2008:											
0-30 Minutes	$67,650	$69,549	$52,315	$60,942	$63,372	$56,839	$60,070	$58,237	$53,749	$51,829	$52,047
30-60 Minutes	$58,581	$58,797	$67,171	$55,365	$61,362	$59,065	$54,677	$52,997	$53,614	$50,170	$53,590
Total	$65,158	$65,706	$66,573	$58,349	$61,913	$58,375	$57,536	$56,272	$53,660	$50,572	$53,385
CY 2013:											
0-30 Minutes	$75,365	$77,366	$56,937	$67,940	$71,507	$63,235	$67,190	$63,536	$58,677	$58,525	$59,713
30-60 Minutes	$66,176	$65,453	$74,742	$61,552	$66,049	$63,877	$61,544	$60,199	$59,440	$56,337	$60,250
Total	$72,877	$73,204	$74,097	$64,986	$67,566	$63,682	$64,549	$62,288	$59,183	$56,865	$60,179
AAG:											
0-30 Minutes	2.2%	2.2%	1.7%	2.2%	2.4%	2.2%	2.3%	1.8%	1.8%	2.5%	2.8%
30-60 Minutes	2.5%	2.2%	2.2%	2.1%	1.5%	1.6%	2.4%	2.6%	2.1%	2.3%	2.4%
Total	2.3%	2.2%	2.2%	2.2%	1.8%	1.8%	2.3%	2.1%	2.0%	2.4%	2.4%

Source: Iexpress/Claritas, The Innovation Group


AAHI by Market
$70,000
$65,000
$60,000
$55,000
$50,000
$45,000
$40,000
National Average
Iowa State Average
Council Bluffs
Des Moines
Northwood
Quad Cities
Riverside
Waterloo
Dubuque
Sioux City
Burlington
Marquette
Emmetsburg


AAHI Growth by Market
2.5%
2.0%
1.5%
1.0%
Council Bluffs
Des Moines
Northwood
Quad Cities
Riverside
Waterloo
Dubuque
Sioux City
Burlington
Marquette
Emmetsburg

COMPETITIVE ENVIRONMENT

The gaming competition in the Iowa region is rather intense and generally relates to the 17 full-service casinos and racetrack casinos in Iowa. The region also contains 3 Native American casinos in Iowa; 2 in northwest Iowa near Sioux City and one in central Iowa near Waterloo. In addition, there are 4 Native American casinos in northern Kansas. Missouri offers two casinos that impact the Iowa markets somewhat: one in St. Joseph, about 50 miles south of the southwest corner of Iowa border; and the second in La Grange, about 40 miles south of the southeast corner of Iowa. Finally, the jurisdiction of Illinois has a casino in the Quad Cities area, called Jumer's Rock Island. Although not material to the assessment, the East Peoria gaming facility exerts some influence on the southeastern Iowa market and the Wisconsin Native American facilities influence the Iowa northeastern market region.

For the purpose of the competitive analysis, we segregated the region into 11 gaming markets. The markets were defined using a 60-minute drive-time ring emanating from the market center. The list of markets includes 5 markets with multiple casinos and 6 single casino markets. The remaining Iowa casinos were analyzed on a stand-alone basis, representing single casino markets. The following gaming markets are addressed:

1. Council Bluffs (3 commercial casinos)
2. Des Moines (2 commercial casinos)
3. Northwood (1 commercial casino)
4. Quad Cities (4 casinos, including Casino Rock Island in Illinois)
5. Iowa City / Riverside (1 commercial casino)
6. Waterloo (1 commercial casino)
7. Dubuque (2 commercial casinos)
8. Sioux City (3 casinos, including two Iowa Native American casinos)
9. Burlington (1 commercial casino)
10. Marquette (1 commercial casino)
11. Emmetsburg (1 commercial casino)

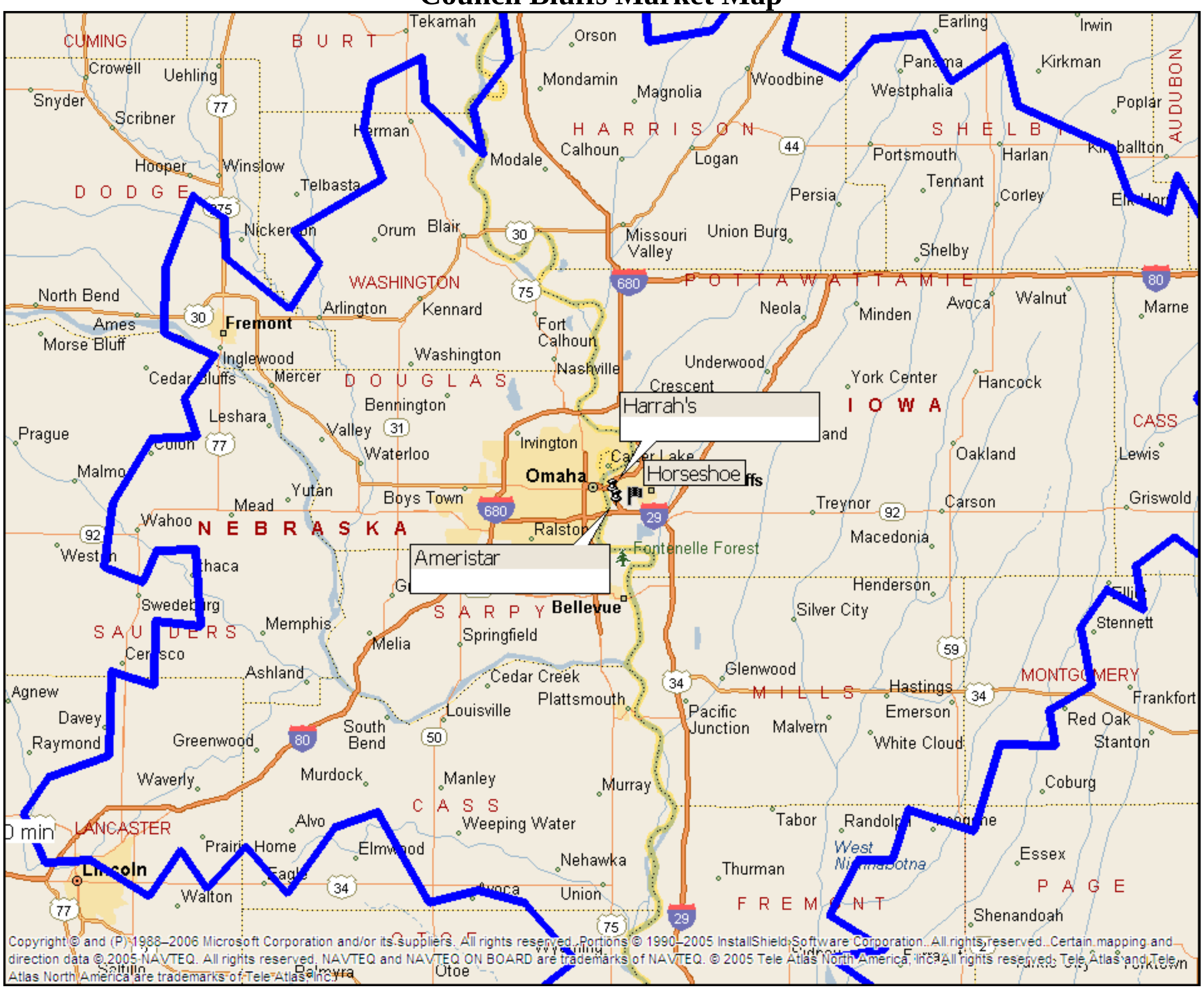
The following discussion defines each market and shows the location of each casino by market area. The analysis also describes the key attributes of the casino developments and compares and contrasts these attributes in multiple casino markets. An analysis of the gaming statistics by market area is included, focusing on the gaming revenue trends.

Council Bluffs Market

Again, the Council Bluffs market contains 3 casinos including Ameristar, Harrah's and Horseshoe. Ameristar and Harrah's are riverboat casinos, while Horseshoe is a land-based development affiliated with the Bluffs Run Racetrack. The Horseshoe is not a typically racetrack casino as it is generally segregated from the racetrack facility and offers table games. These casinos are easily accessible from Interstate 80 ("I-80") and Interstate 29 ("I-29"). The Harrah's and Ameristar property are somewhat easy to access, although signage is decent leading patrons to the Horseshoe property. Each facility offers ample parking, including garages.

The following map displays the location of these casinos relative to Omaha and the highway system in the area. Note that the riverboat casinos are denoted by a black pushpin while the racetrack casino is denoted by a black flag. Again, the primary market area was defined using a 60-minute drive time ring.

Council Bluffs Market Map



Property Characteristics

The Council Bluffs market currently offers about 4,500 slot machines and just over 125 table games. In general, all the casinos offer the latest slots with ticketing technology. Horseshoe offers the newest and largest gaming floor, measuring about 78,800 square feet featuring over 1,800 slot machines and 67 table games, including a large poker room. The one level gaming floor makes navigation easy and presents a Las Vegas feel with a somewhat formal decor. Ameristar exhibits the second largest casino; however the gaming positions are spread out on three levels. The Ameristar property is testing electronic poker tables. The Harrah's casino, with just over 1000 slots and 29 tables, is also contained in a riverboat format.

The Innovation Group found the supporting amenities to be extensive at all the properties with a total of 11 restaurants and 410 hotel rooms. The Horseshoe features a Jack Binion's steakhouse and the Whiskey Roadhouse for live entertainment The Horseshoe is also leasing land to Hilton Hotel Group to develop and operate a 150-room hotel which will be located on the west end of the property. Ameristar offers three full-service dining options including the Waterfront Grill (high-end) and a buffet. This property also offers some retail and a 4-diamond hotel (160 rooms). Harrah's offers the largest casino hotel in the market with 250 rooms, which houses the 360° Steakhouse on the top level of the hotel. The hotel also contains some meeting space (21,000 square feet). The following table summarizes the characteristics of the casinos in Council Bluffs.

Council Bluffs Market Summary

Casino Name	Format	Gaming Space (sqft)	Slot Machines	Table Games	Restaurants	Hotel Rooms
Ameristar	Riverboat	38,500	1,601	31	4	160
Harrah's	Riverboat	33,400	1,034	29	4	250
Horseshoe	Racino	78,800	1,838	67	3	0
Total		150,700	4,473	127	11	410

Source: IRGB; The Innovation Group

Statistical Summary

Based on statistics obtained from the Iowa Racing and Gaming Commission ("IRGC"), the three casinos in the Council Bluffs market generated gaming revenue of about $468 million in 2008; generally flat relative to the prior year. The flat results reflect higher win per admission offset by a notable decline in patron volume. We believe the lower patron volume was due to the struggling economy as of late. In general, the win per admission growth likely reflects a greater proportion of high-caliber gamers as casinos implement a marketing approach that targets the more avid gamers at the expense of the retail customer. From a longer term perspective, over the last three and five years gaming revenue has increased at an average annual rate of 2.6% and 3.8%, respectively. Overall, the growth reflects capital investment in the market associated with the Horseshoe expansion in 2006.

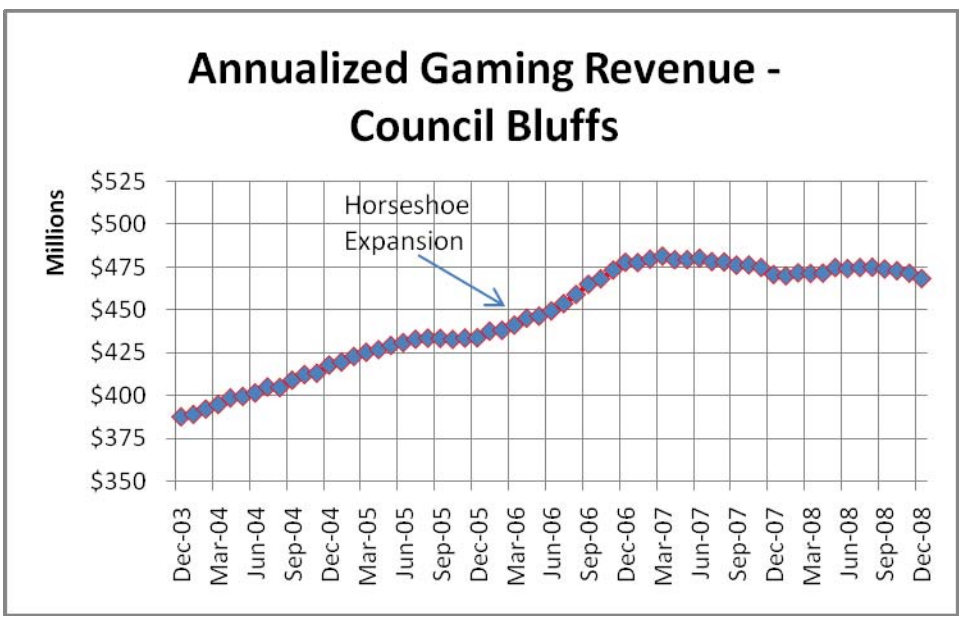
The market generated an average daily "win per position" of about $245. This figure has been relatively flat over the last 4 years, fluctuating in the $240 to $250 range, despite an increase in positions. The positions count has increased from about 4,760 in 2004 to 5,245 in 2008; a growth rate of 2.2% per year. The following table displays the Council Bluffs market gaming statistics over the last six years.

Council Bluffs Gaming Market Summary

	Admissions	Gaming Revenue	Win / Admissions	Positions	Win / Position
2003	7,862,791	$388,069,290	$49	4,703	$226
2004	8,185,278	$418,181,889	$51	4,762	$241
2005	7,891,749	$433,971,305	$55	4,852	$245
2006	8,285,231	$477,956,452	$58	5,247	$250
2007	7,377,364	$470,856,043	$64	5,242	$246
2008	6,685,380	$468,522,226	$70	5,247	$245
1-yr AAG	-9.4%	-0.5%	9.8%	0.1%	-0.6%
3-yr AAG	-5.4%	2.6%	8.4%	2.6%	-0.1%
5-yr AAG	-3.2%	3.8%	7.3%	2.2%	1.6%

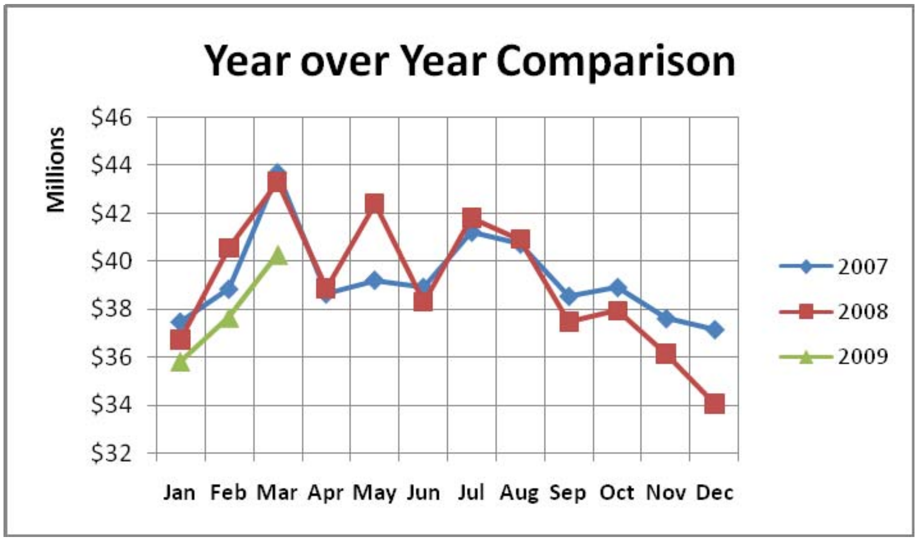
Source: IRGC; The Innovation Group

The Innovation Group analyzed the gaming revenue trend using the graph below, which displays annualized gaming revenue through December 2008. The graph highlights the market's lack of growth over the last couple of years. The graph also exhibits the market's reaction to the Horseshoe expansion which opened in March 2006. This expansion grew the market by about $40 million or 9%, elevating market gaming revenue from the $430 million range to the current $470 million plateau.



Year over Year Comparison

The following graph compares 2008 results to 2007 on a year over year basis by month. Monthly gaming revenue in 2008 was tracking with 2007 until about September when 2008 started coming in below 2007. Note that the gap widened by December. For the first quarter of 2009, revenue was down 5.7% on a year over year basis.



Market Share Analysis

Horseshoe is the current market leader with gaming revenue of about $197 million or 42% of the total market. This property has led the market ever since its expansion in 2006. Ameristar holds the second place spot with $176 million in gaming revenue or 38% of the market.

Relative to gaming position market share, Ameristar realizes a moderate premium to fair share (position count market share). For instance, Ameristar captures 38% of market revenue with only 34% of the gaming positions, resulting in a premium to fair share of 1.10 times. This fair share ratio suggests that the facility is superior in terms of quality, service and promotions; the attributes unrelated to size. While the Horseshoe property realizes roughly fair share, Harrah's exhibits a discount to fair share of 0.89 times. This is unusual for a Harrah's property, especially since it has the lowest position count, and likely reflects the aging riverboat format.

Daily win per position factors range from a high of $268 for Ameristar to a low of $217 for Harrah's. Roughly 89% of Ameristar's positions are slot machines compared to only 82% for Horseshoe.

Council Bluffs Market Share Analysis

	Position Count	Position Market Share	Gaming Revenue	Revenue Market Share	Fair Share Ratio	Win / Position
Ameristar	1,795	34.2%	$175,789,037	37.5%	1.10	$268
Harrah's	1,207	23.0%	$95,518,977	20.4%	0.89	$217
Horseshoe	2,245	42.8%	$197,214,212	42.1%	0.98	$241
Total	5,247	100%	$468,522,226	100%	1.00	$245

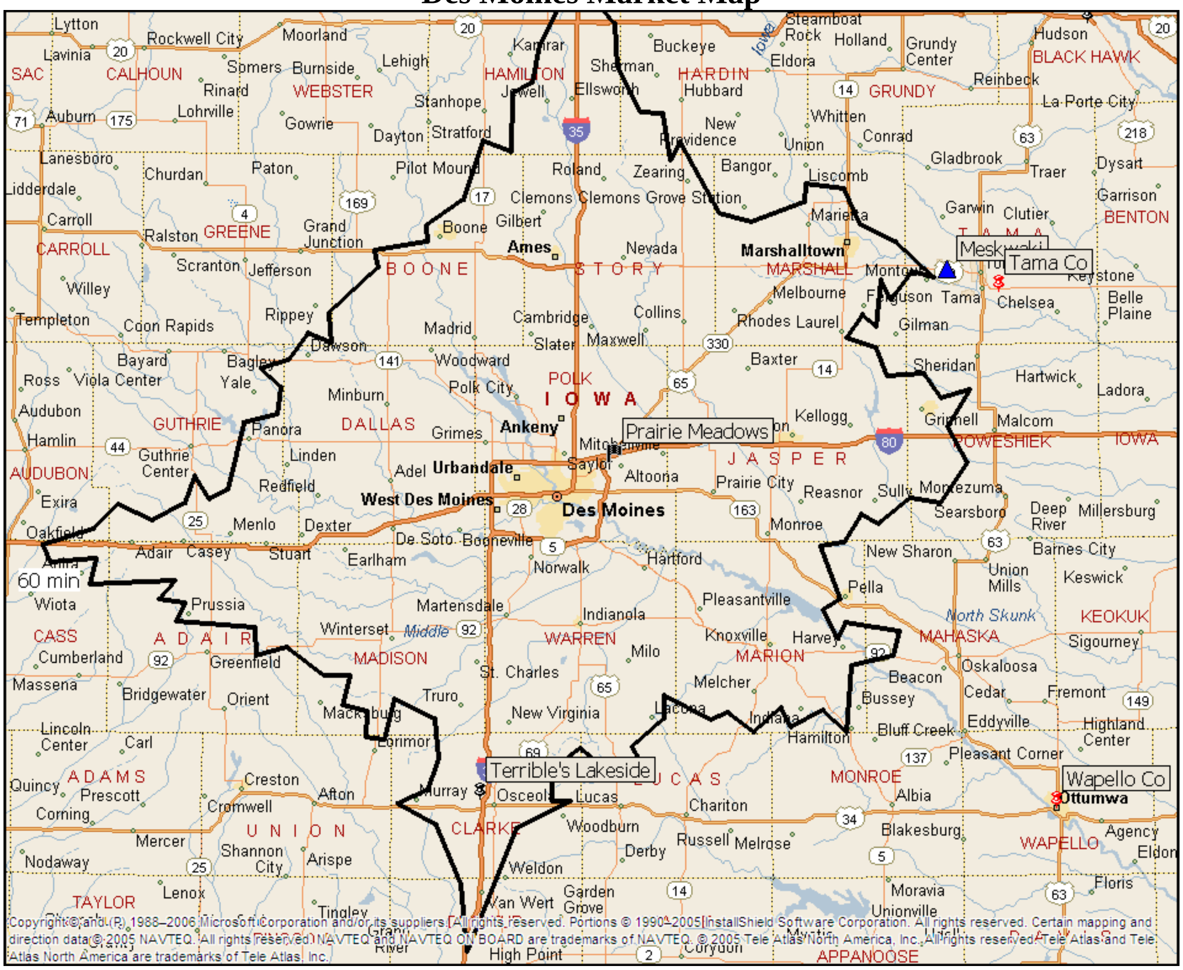
Source: IRGC; The Innovation Group

Des Moines Market

We also defined the Des Moines market using a 60-minute drive-time ring emanating from the market center. This market contains 2 casinos including Prairie Meadows; a racetrack casino and Terrible's Lakeside; a riverboat casino. While Prairie Meadows is located in the northeast portion of the Des Moines metro area, Terrible's is located about 38 miles to the south in Osceola. Note that the Meskwaki Native American casino lies on the northeastern edge of the market area.

Prairie Meadows and Terrible's are easily accessible from Interstate 80 ("I-80") and Interstate 35 ("I-35"), respectively. Each property offers ample surface parking. The following map displays the location of these casinos relative to Des Moines and the highway system in the area.

Des Moines Market Map



Property Characteristics

The Des Moines market currently offers about 2,900 slot machines and just over 70 table games. In terms of gaming positions, Prairie Meadows is roughly twice as large as Terrible's as it continues to expand over time. Terrible's offers a decent gaming product on its two-level, well maintained riverboat. The table sector includes a small poker room.

Due in part to the racetrack component, Prairie Meadows offers 3 restaurants, featuring AJ's Steakhouse and a buffet. Prairie Meadows has recently petitioned Polk County (owner of the facility) to guarantee $40 million in bonds in order to build a 150 to 200 room hotel. Prairie Meadows is also located next to Iowa's largest tourist attraction, the Adventureland Amusement Park and Resort. The amusement park features over 100 rides and approximately 187-rooms and suites. For entertainment, Terrible's offers a restaurant and lounge serving various buffets as well as a full menu. Note that Terrible's offers a 60-room hotel, featuring spacious rooms and an outdoor pool overlooking the lake. An 8,000 square foot meeting room is also available.

Des Moines Market Summary

Casino Name	Format	Gaming Space (sqft)	Slot Machines	Table Games	Restaurants	Hotel Rooms
Prairie Meadows	Racino	84,500	1,900	51	3	0
Terrible's Lakeside	Riverboat	36,200	1,010	20	1	60
Total		120,700	2,910	71	4	60

Source: IRGB; The Innovation Group

Statistical Summary

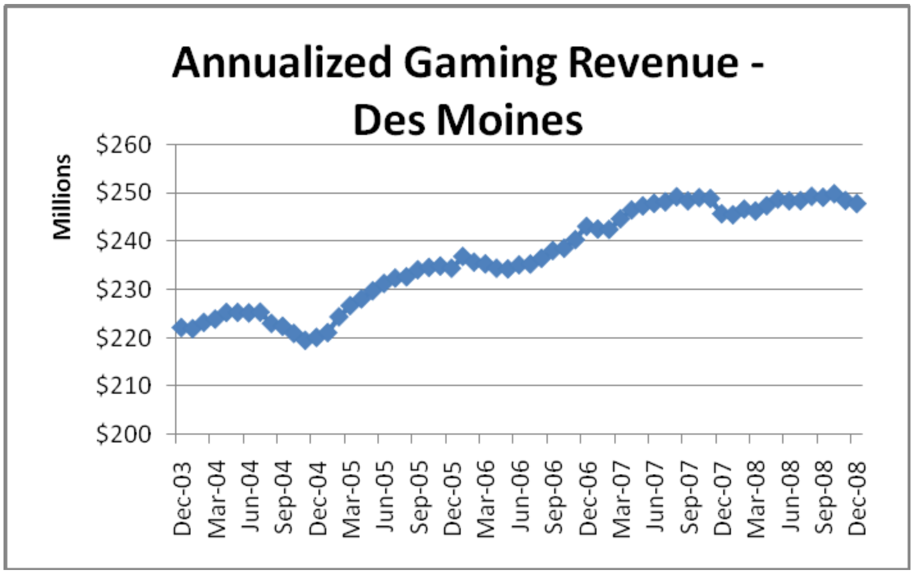
Based on statistics obtained from the Iowa Racing and Gaming Commission ("IRGC"), the two casinos in the Des Moines market generated gaming revenue of about $248 million in 2008; up about 1% relative to the prior year. Like the Council Bluffs market, the results reflect higher win per admission offset by a notable decline in patron volume; similar to other markets in Iowa. From a longer term perspective, over the last three and five years, gaming revenue has increased at an average annual rate of 1.9% and 2.2%, respectively. The market generated an average daily "win per position" of about $202. This figure declined somewhat after Prairie Meadows added capacity in 2007, as displayed in the table below.

Des Moines Market Summary

	Admissions	Gaming Revenue	Win / Admissions	Positions	Win / Position
2003	3,660,277	$222,178,033	$61	2,506	$243
2004	3,518,537	$220,140,342	$63	2,745	$220
2005	3,763,387	$234,432,774	$62	2,902	$221
2006	3,921,289	$243,091,634	$62	3,084	$216
2007	3,572,974	$245,693,008	$69	3,314	$203
2008	3,355,236	$247,808,487	$74	3,368	$202
1-yr AAG	-6.1%	0.9%	7.4%	1.6%	-0.8%
3-yr AAG	-3.8%	1.9%	5.8%	5.1%	-3.1%
5-yr AAG	-1.7%	2.2%	4.0%	6.1%	-3.7%

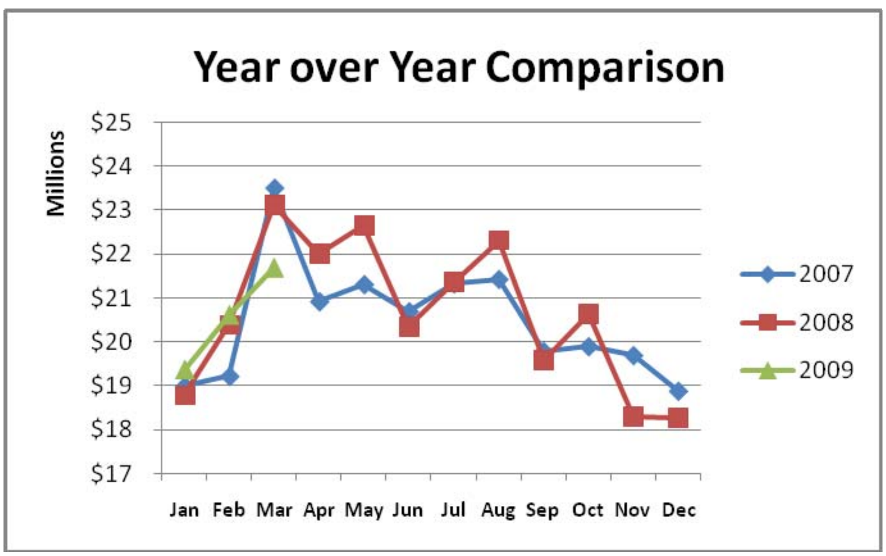
Source: IRGC; The Innovation Group

The Innovation Group analyzed the gaming revenue trend using the graph below, which displays annualized gaming revenue through December 2008. The graph highlights the market's lack of growth over the last couple of years, following decent growth due to an expansion at Prairie Meadows in 2005.



Year over Year Comparison

When analyzing near-term results, we found the Des Moines market to be faring better than most. Monthly gaming revenue in 2008 generally exceeded 2007. While revenue in November and December of 2008 fell below 2007, the margin was relatively small. For the first quarter of 2009 gaming revenue fell only 1.0% on a year over year basis.



Market Share Analysis

Prairie Meadows enjoys a significant advantage in the market due to its location relative to the population center of Des Moines. Recall that Terrible's is about 38 miles south of the market center. Therefore, Prairie Meadows captures about 80% of the market with only 65% of the capacity, resulting in a premium to fair share of 1.22 times. Note also that win per position at Prairie Meadows is roughly double that of Terrible's Lakeside.

Des Moines Market Share Analysis

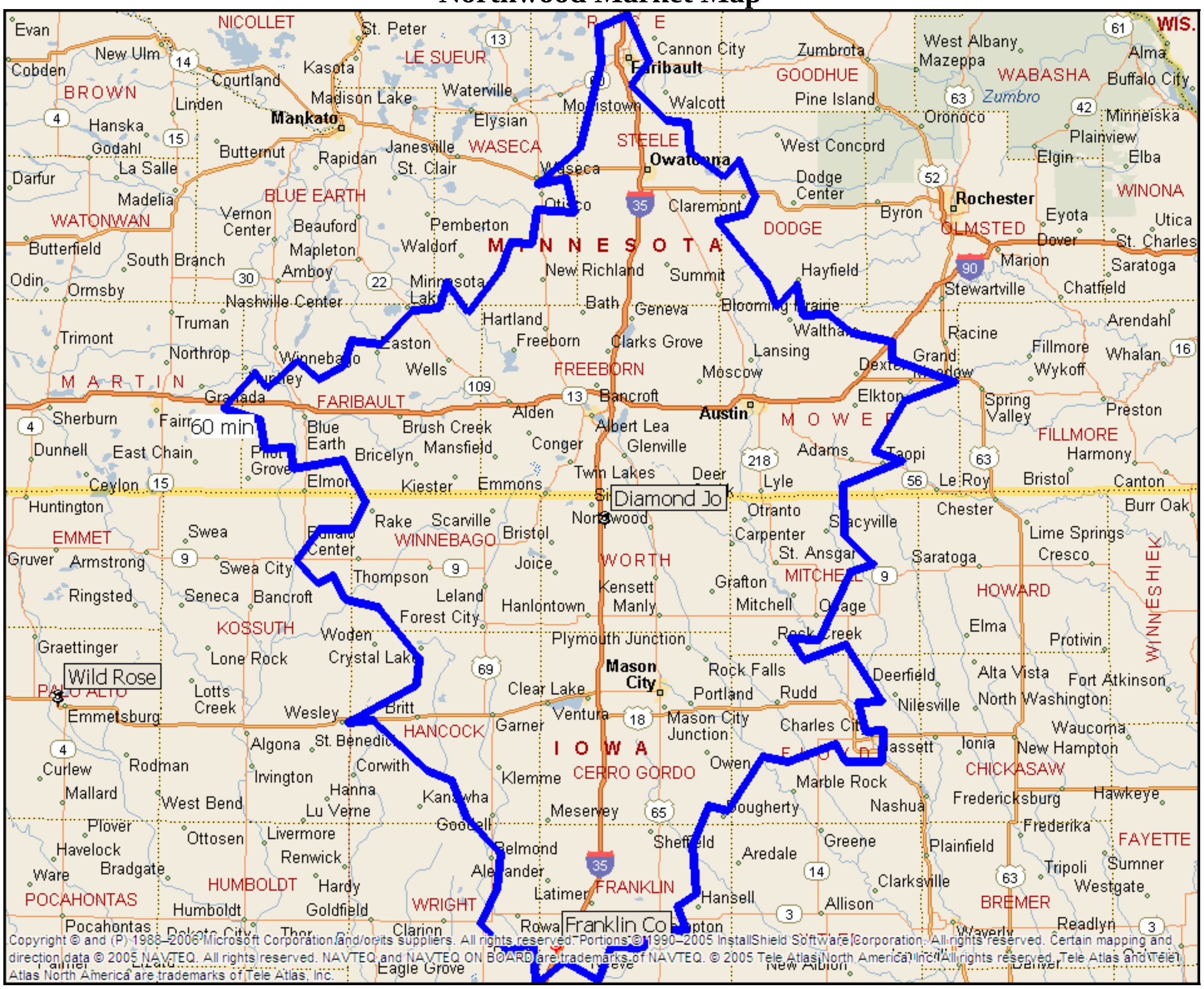
	Position Count	Position Market Share	Gaming Revenue	Revenue Market Share	Fair Share Ratio	Win / Position
Prairie Meadows	2,185	64.9%	$195,436,075	78.9%	1.22	$245
Terrible's Lakeside	1,183	35.1%	$52,372,412	21.1%	0.60	$121
Total	3,368	100%	$247,808,487	100%	1.00	$202

Source: IRGC; The Innovation Group

Northwood Market

The Northwood market is a single-casino market and contains a Diamond Jo branded casino. The market lies near the Minnesota border in northern Iowa. The market is easily accessible via Interstate 35, the major north/south thoroughfare in the area. The market is also in close proximity to Interstate 90, which travels east/west through the southern portion of Minnesota. The market captures several significant cities such as Mason City, Iowa and Austin, Minnesota. The market extends further to the north/south due to the influence of I-35. Note that the proposed Franklin County casino would encroach on this market from the south.

Northwood Market Map



Property Characteristics

The Diamond Jo Casino opened in 2006 with approximately 550 slot machines and 16 table games. The property now features nearly double the positions with 902 slot machines and 32 table games. Regarding food and beverage, the facility features the Woodfire Grille and the Kitchen Buffet. The property also contains a Starbucks and Burger King. The development offers a 102-room Country Inn and Suites; a mid-range hotel. The hotel, located adjacent to the casino, has a business center and swimming pool.

Northwood Market Summary

Casino Name	Format/Type	Gaming Space (sqft)	Slot Machines	Table Games	Restaurants	Hotel Rooms
Diamond Jo	Land-Based	36,363	902	31	4	102

Source: IRGB; The Innovation Group

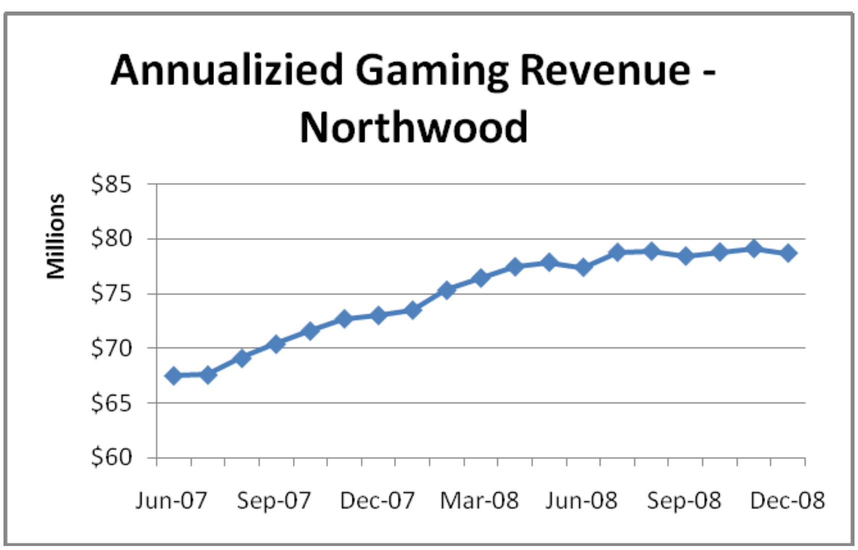
Statistical Summary

The Diamond Jo Casino posted gaming revenue of $78.7 million in 2008; its second full year of operation. Gaming revenue increased 7.8% over the prior year on flat patron volume and a higher win per admission; typical for a new casino. The facility posted a solid win per position of $197 in 2008.

Diamond Jo - Northwood Gaming Summary

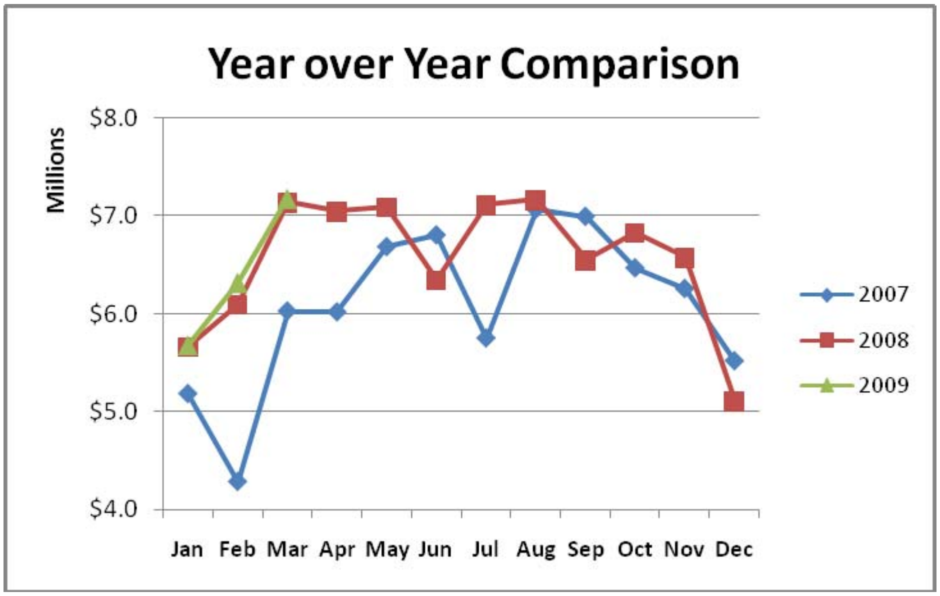
	Admissions	Gaming Revenue	Win / Admissions	Positions	Win / Position
2006	806,043	$49,403,839	$61	648	$280
2007	1,256,092	$73,029,818	$58	960	$208
2008	1,260,085	$78,720,814	$62	1,094	$197
1-yr AAG	0.3%	7.8%	7.5%	13.9%	-5.7%
2-yr AAG	25.0%	26.2%	1.0%	29.9%	-16.2%

Source: IRGC; The Innovation Group



Year over Year Comparison

The Northwood market showed decent growth during the first half of 2008 (+12.5%) before gaming revenue began to flatten out in the second half (+3.5%). Note that so far in 2009 gaming revenue totals area tracking closely with 2008, possibly a sign that the economy is stabilizing in the area.

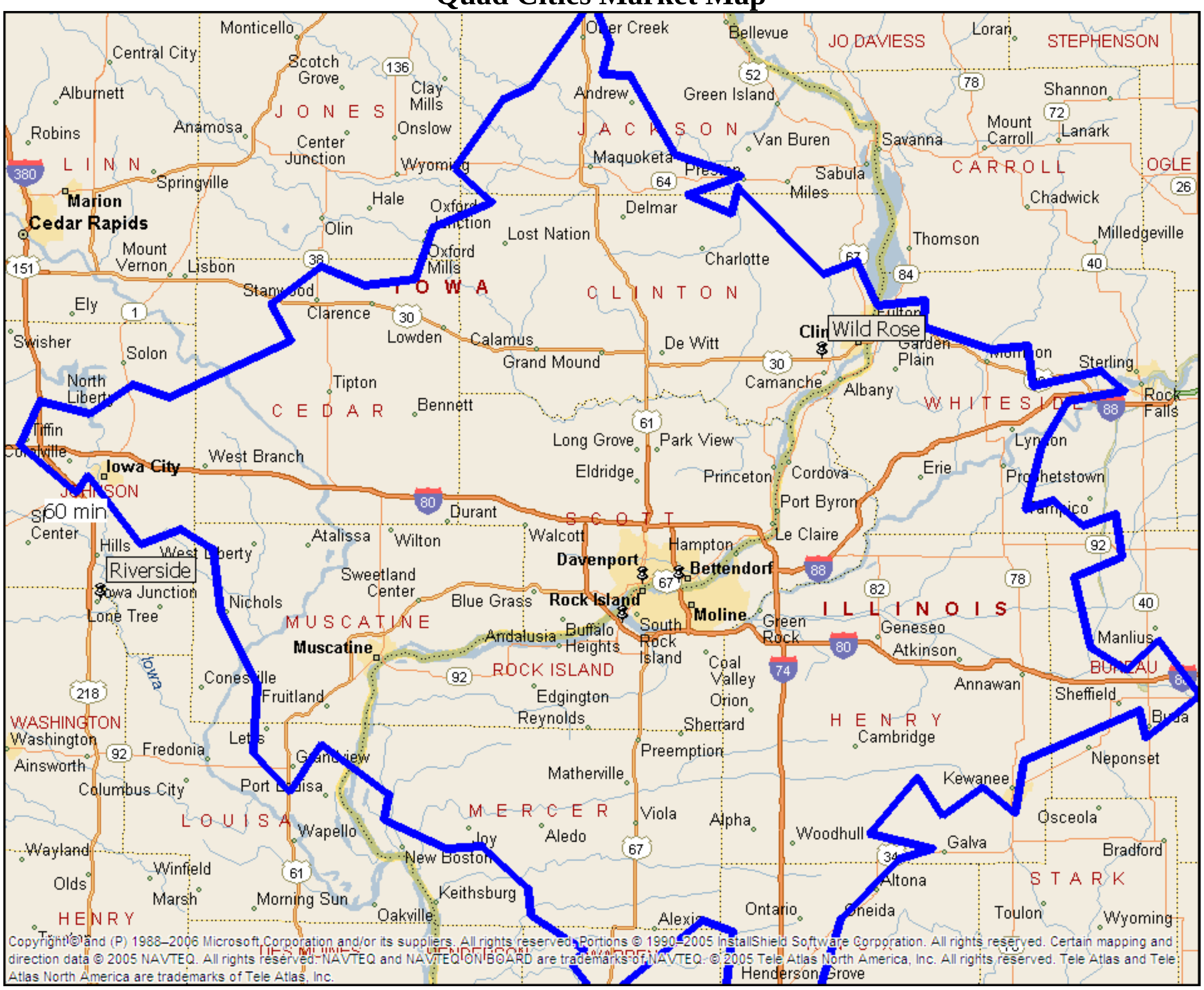


Quad Cities Market

The Quad Cities market, defined using a 60-minute drive-time ring emanating from the market center, contains 4 casinos including the Rhythm City, Isle of Capri, Jumer's Rock Island, and the Wild Rose - Clinton. The Rhythm City and Isle of Capri are both owned by Isle of Capri Casinos, Inc. These casinos are accessible from several major interstate highways and local highways, although ingress/egress is a little tricky for the Isle Bettendorf and Davenport properties. Also, the land-based properties (Wild Rose – Clinton and Jumer's Rock Island) offer better parking arrangements.

The following map displays the location of these casinos relative to the Quad Cities area as well as the area's highway system. The casinos in the immediate Quad Cities area are market by black pushpins: Rhythm City near Davenport, Isle of Capri near Bettendorf and Jumer's near Rock Island to the south.

Quad Cities Market Map



Property Characteristics

The Quad Cities market currently offers about 3,300 slot machines and just over 70 table games. The largest casino in the market is the Isle in Bettendorf with 1,022 slots and 32 tables; more the double the tables of the other casinos. The gaming positions are located on three levels, typical for a riverboat format. The Rhythm City casino, also on a riverboat, offers nearly 1,000 in a spacious and nicely themed environment. Jumer's Rock Island recently relocated to a site with better access from I-280. The expanded casino offers about 700 slots on a single-level casino floor. The newness and openness contributes to a good first impression. The Wild Rose - Clinton also recently moved to a land-based platform with 600 slot machines and 14 table games in an inviting setting.

Regarding amenities, the Isle leads the way with an extensive food and beverage offering and a 504-room hotel. The food and beverage offering features fine dining at Farradday's, a buffet, a deli, a coffee shop and several casino bars. The Isle also contains significant meet space measuring about 30,000 square feet. The amenities at Rhythm City are geared towards food and beverage and include a buffet and several quick-serve outlets. The expanded Jumer's property offers a buffet, steakhouse, café, nightclub, 205-room hotel and parking garage. Hotel amenities include a pool, fitness center and event center. The purported $35 million Wild Rose expansion now offers a sports bar, buffet and hotel with conference center.

Quad Cities Market Summary

Casino Name	Format	Gaming Space (sqft)	Slot Machines	Table Games	Restaurants	Hotel Rooms
Wild Rose – Clinton	Land-Based	28,000	600	14	2	66
Isle of Capri - Bettendorf	Riverboat	28,729	1,022	32	4	504
Rhythm City - Davenport	Riverboat	29,062	976	14	2	0
Jumer's Rock Island (IL)	Land-Based	17,200	702	12	4	205
Total		102,991	3,300	72	12	775

Source: IRGB; The Innovation Group

Statistical Summary

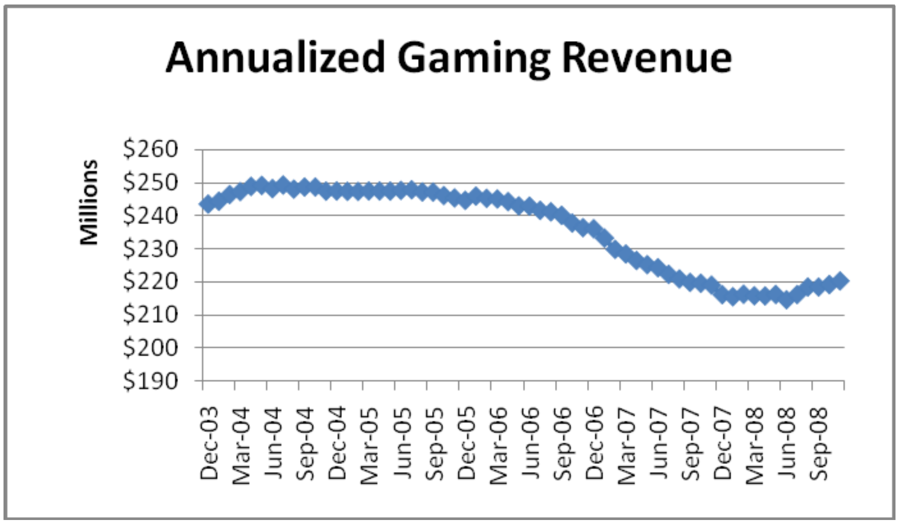
The Quad Cities market posted decent growth of 3.0% in 2008 following weak results in 2007. Gaming revenue increased $222.4 million in 2008, gaining on the market's near-term higher of $247.5 million in 2003. The market is no doubt responding to various expansions including the Wild Rose – Clinton expansion in July 2008 and the Jumer's expansion in late 2008. We expect the market to grow further in 2009, again on the backs of the expansions.

The market generated an average daily "win per position" of about $164 in 2008, up from $160 in 2007. Note that the figure is well below some of the other large markets in Iowa, including Council Bluffs and Des Moines.

Quad Cities Gaming Summary

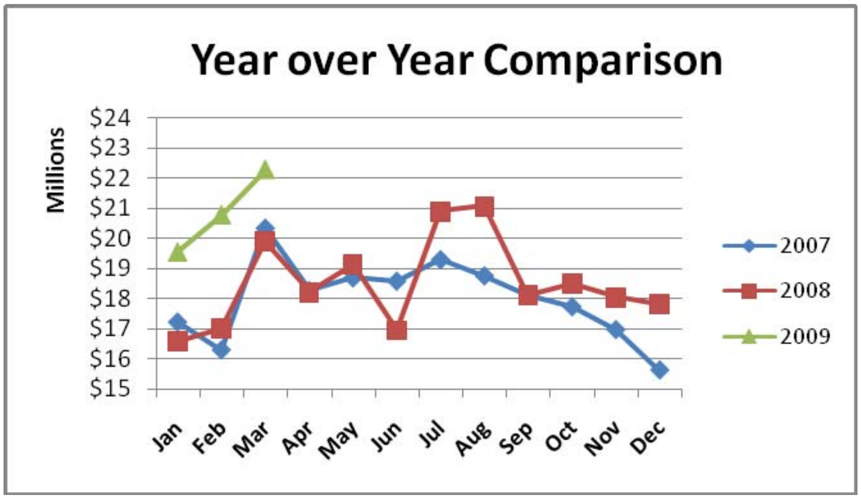
	Admissions	Gaming Revenue	Win / Admissions	Positions	Win / Position
2003	4,490,476	$243,538,297	$54	3,792	$176
2004	4,459,790	$247,518,764	$56	3,815	$178
2005	4,277,072	$244,667,183	$57	3,821	$175
2006	3,945,773	$236,052,210	$60	3,808	$170
2007	3,548,485	$215,998,428	$61	3,695	$160
2008	3,596,350	$222,377,590	$62	3,708	$164
1-yr AAG	1.3%	3.0%	1.6%	0.3%	2.6%
3-yr AAG	-5.6%	-3.1%	2.6%	-1.0%	-2.2%
5-yr AAG	-4.3%	-1.8%	2.7%	-0.4%	-1.4%

Source: IRGC; The Innovation Group



Year over Year Comparison

The following graph compares 2008 results to 2007 on a year over year basis by month. Note that beginning in July, results for 2008 significantly outperformed 2007 due to the Wild Rose expansion. Even towards the end of the year, when the recession took hold, 2008 outperformed 2007. As discussed, this trend is extending in 2009, as impact of the Jumer's expansion takes hold.



Market Share Analysis

Isle in Bettendorf continues to maintain the market leader position with gaming revenue of about $95.6 million (2008) or 43% of the total market. The leadership role primarily reflects the extensive scope of the development is property; highlighted by the large hotel. Rhythm City still holds the second place spot, but this ranking is in jeopardy following the Jumer’s expansion. Jumer’s gaming revenue has exceeded Rhythm City during the first 3 months of 2009.

Relative to gaming position market share, the Isle realizes a significant premium to fair share (position count market share). For instance, Isle - Bettendorf captures 43% of market revenue with only 33% of the gaming positions, resulting in a premium to fair share of 1.30 times. This fair share ratio suggests that the facility is superior in terms of quality, service and promotions; the attributes unrelated to size. While the Wild Rose property realizes roughly fair share, Rhythm City and Jumer’s exhibit a significant discount to fair share. Again, these ratios will look different for 2009 as Jumer’s realizes the benefits of the expansion.

Quad City Market Share Analysis

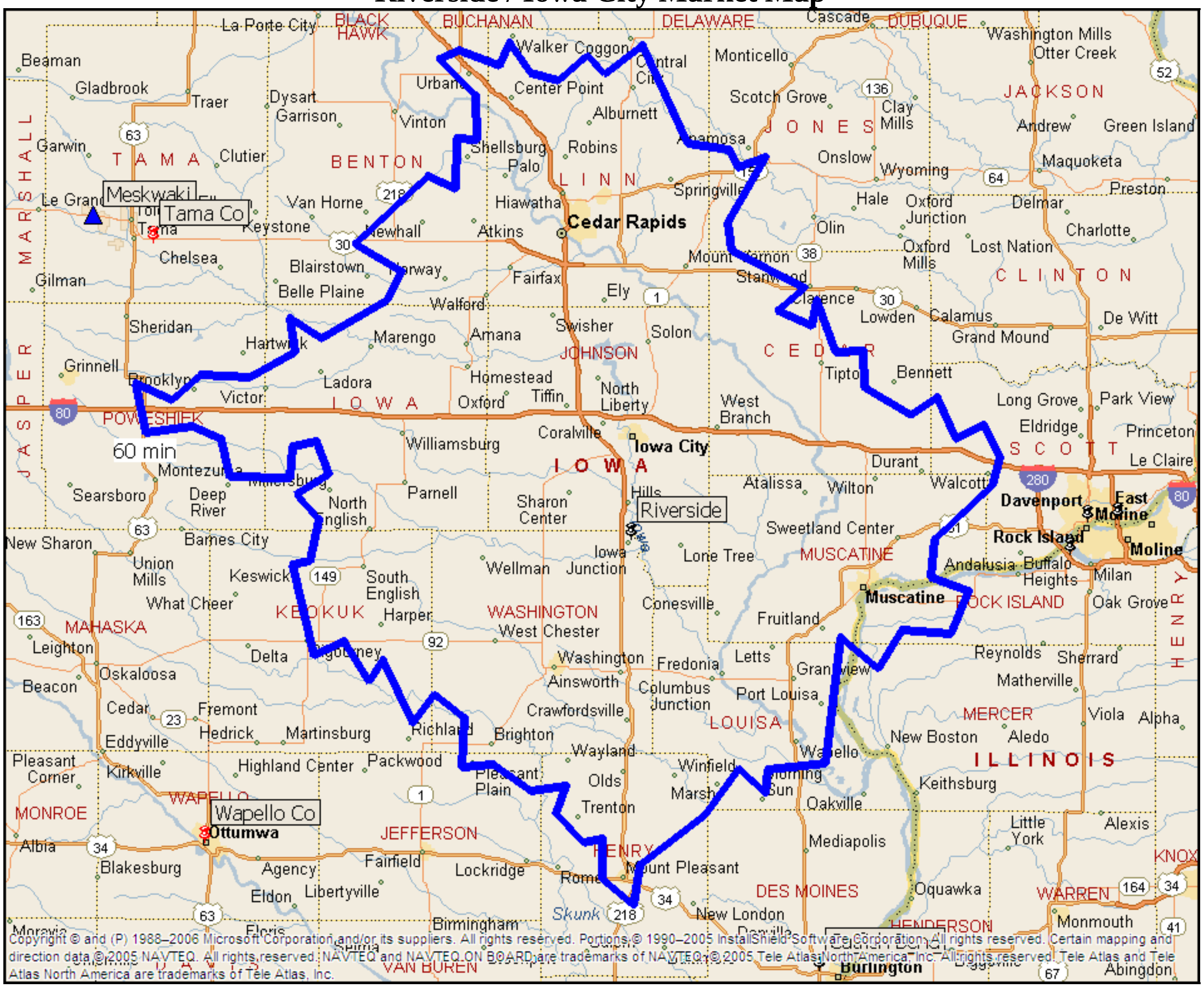
	Position Count	Position Market Share	Gaming Revenue	Revenue Market Share	Fair Share Ratio	Win / Position
Diamond Jo - Clinton	612	16.5%	$35,838,360	16.1%	0.98	$158
Isle of Capri-Bettendorf	1,226	33.1%	$95,634,454	43.0%	1.30	$214
Rhythm City	1,072	28.9%	$56,544,776	25.4%	0.88	$145
Jumer's Rock Island (IL)	798	21.5%	$34,360,000	15.5%	0.72	$113
Total	3,708	100.0%	$222,377,590	100.0%	1.00	$164

Source: IRGC; The Innovation Group

Iowa City / Riverside Market

The Iowa City / Riverside market center lies near the intersection of I-80 and Highway 218, about 20 miles south of Cedar Rapids. The market is truncated to the east by the Quad Cities market (as discussed). The market contains the Riverside Casino and Golf Resort, located about 10 miles south of Iowa City, just off of Highway 218. Note however, the Meskwaki Native American casino lies on the fringe of this market to the southwest. The market lies on one of the east/west corridors in Iowa, facilitated by Highway 20. The market is also easily accessible via Interstate 380, which connects Waterloo to Cedar Rapids.

Riverside / Iowa City Market Map



Property Characteristics

Riverside Casino and Golf Resort is one of the premier casino developments in Iowa. The property offers a 58,000 square foot casino with about 1,200 slot machines and 48 table games, including a poker room. The casino exhibits a Las Vegas feel utilizing a single-level format. The food and beverage offering is extensive with 4 venues including a steakhouse and buffet. The property features a 200-room resort-style hotel offering several suite options including golf villas. The rooms exude a contemporary feel with upgraded baths. Hotel amenities include a full-service spa and indoor and outdoor pools with whirlpools. Finally, the property contains a 1,140-seat event center that can double as meeting space. The event center primarily hosts headliner entertainment.

Riverside Market Summary

Casino Name	Format	Gaming Space (sqft)	Slot Machines	Table Games	Restaurants	Hotel Rooms
Riverside	Land-Based	58,000	1,226	48	4	201

Source: IRGB; The Innovation Group

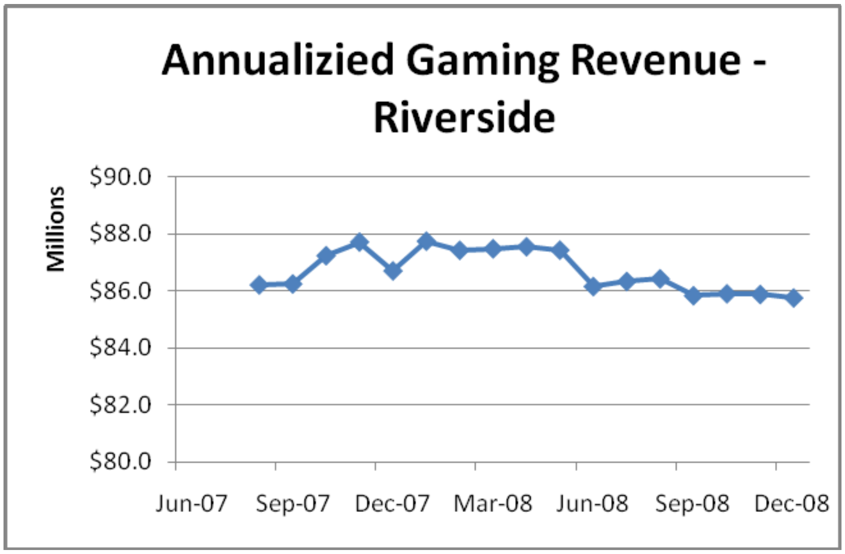
Statistical Summary

The Riverside casino generated $85.7 million in gaming revenue in 2008, down slightly from the prior year. Generally, annualized gaming revenue has fluctuated in the $86 to $88 million range. The property has not yet realized a period of strong growth typical for new developments. Note that the casino posted a low win per admission of $43 in 2008, likely due to the resort format. Due to the resort format, guests of the hotel visit the casino more frequently but spend less per visit. Win per position is also well below the statewide average.

Riverside Gaming Summary

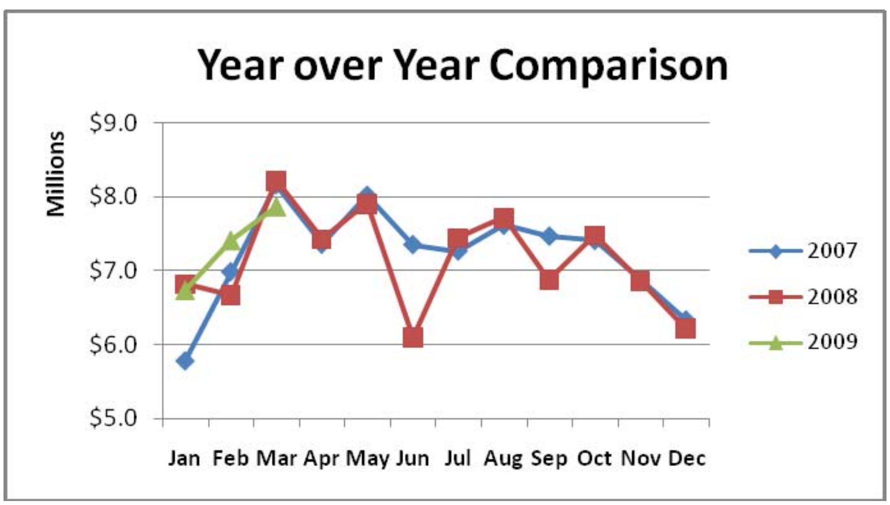
	Admissions	Gaming Revenue	Win / Admissions	Positions	Win / Position
2006	457,312	$27,795,265	$61	1,451	NM
2007	1,753,016	$86,686,991	$49	1,494	$159
2008	1,996,691	$85,744,094	$43	1,510	$156
1-yr AAG	13.9%	-1.1%	-13.2%	1.1%	-2.2%
2-yr AAG	109.0%	75.6%	-15.9%	2.0%	NM

Source: IRGC; The Innovation Group



Year over Year Comparison

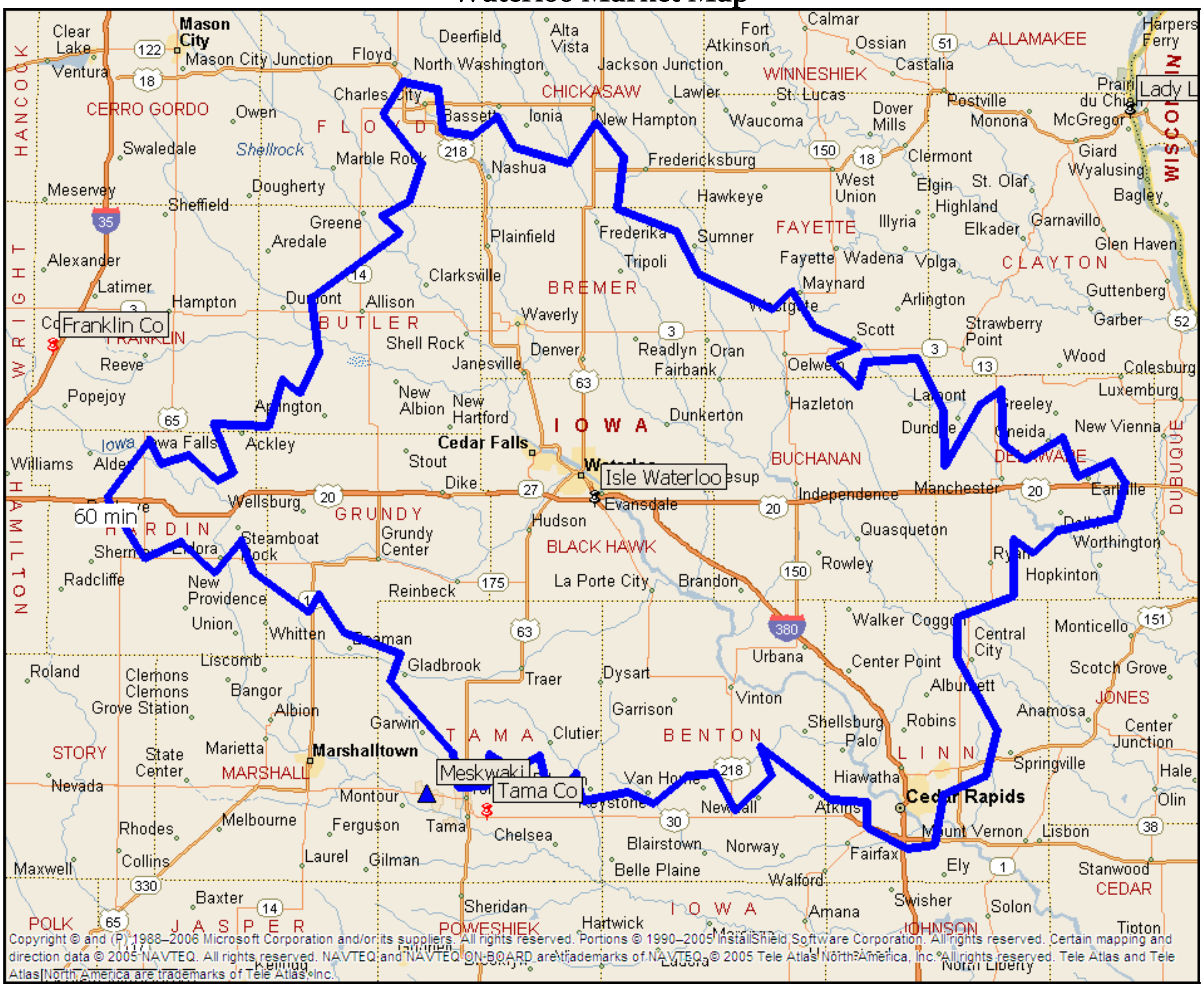
The following graph compares 2008 results to 2007 on a year over year basis by month. The 2008 results tracked closely with 2007 especially towards the end of the year. So far in 2009, revenue is up slightly.



Waterloo Market

The Waterloo market is also generally a single-casino market, hosting an Isle of Capri property. Note however, the Meskwaki Native American casino lies on the fringe of this market to the southwest. Regarding major population centers, the market contains Cedar Rapids, in additional to Waterloo / Cedar Falls. The market is situated on one of the east/west corridors in Iowa, facilitated by Highway 20. The market is also easily accessible via Interstate 380, which connects Waterloo to Cedar Rapids. Note that the proposed Tama County casino would be on the southern edge of the market area.

Waterloo Market Map



Property Characteristics

The Isle of Capri opened in June 2007 using a land-based format. The facility presents a nice sense of arrival with a large waterfall in the middle of the atrium. The facility appears spacious with high vaulted ceilings. The 43,000 square foot casino floor contains approximately 1,100 slot machines and 35 table games. The food and beverage venues include Farraddays' (fine dining), a buffet and Tradewinds marketplace. The latter offers various quick serve options such as Pizza Hut and Kentucky Fried Chicken. The development features a 195-room hotel with indoor pool and hot tub. To accommodate conventions and meetings the Isle has over 5,000 square feet of meeting space.

Waterloo Market Summary

Casino Name	Format	Gaming Space (sqft)	Slot Machines	Table Games	Restaurants	Hotel Rooms
Isle of Capri	Land-Based	43,142	1,102	35	7	195

Source: IRGB; The Innovation Group

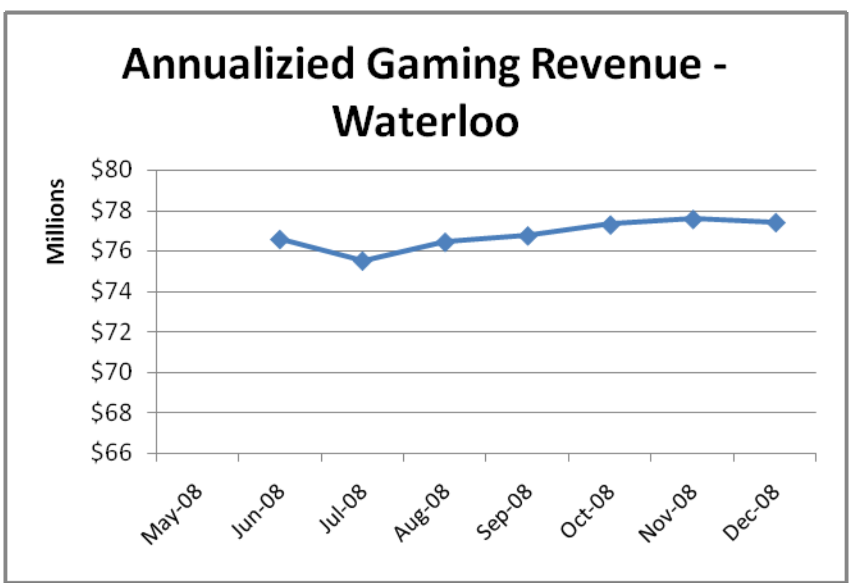
Statistical Summary

Gaming revenue totaled $77.4 million for the Isle property in 2008; the first full year of operations. Growth appears to be resuming in 2009, up about 10% for the first quarter. The casino realized a win per admission of $49, again at the low end of the Iowa range. The 2008 win per position figure of $162 is decent relative to other Iowa markets.

Waterloo Gaming Summary

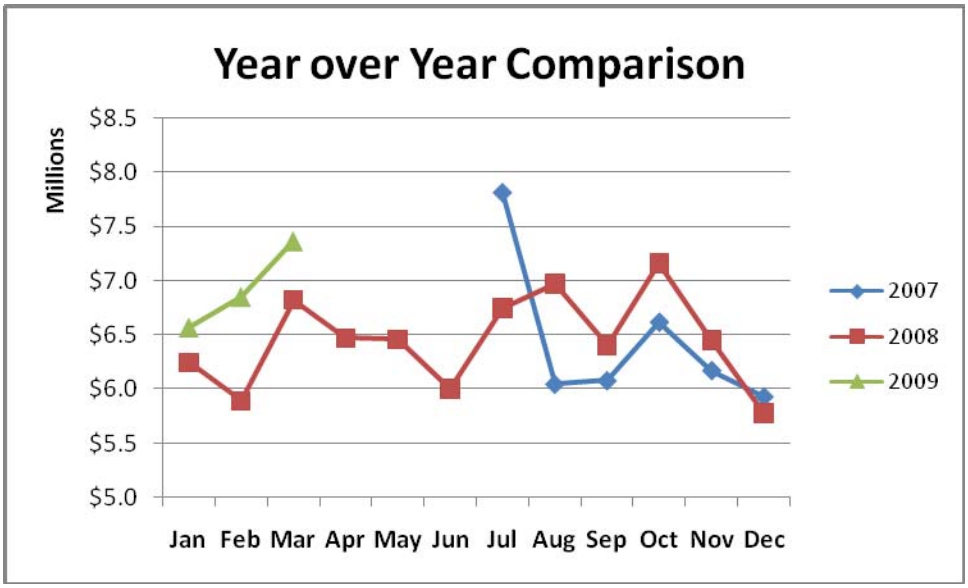
	Admissions	Gaming Revenue	Win / Admissions	Positions	Win / Position
2007	993,448	$38,978,168	$39	1,305	$164
2008	1,565,178	$77,414,479	$49	1,312	$162

Source: IRGC; The Innovation Group



Year over Year Comparison

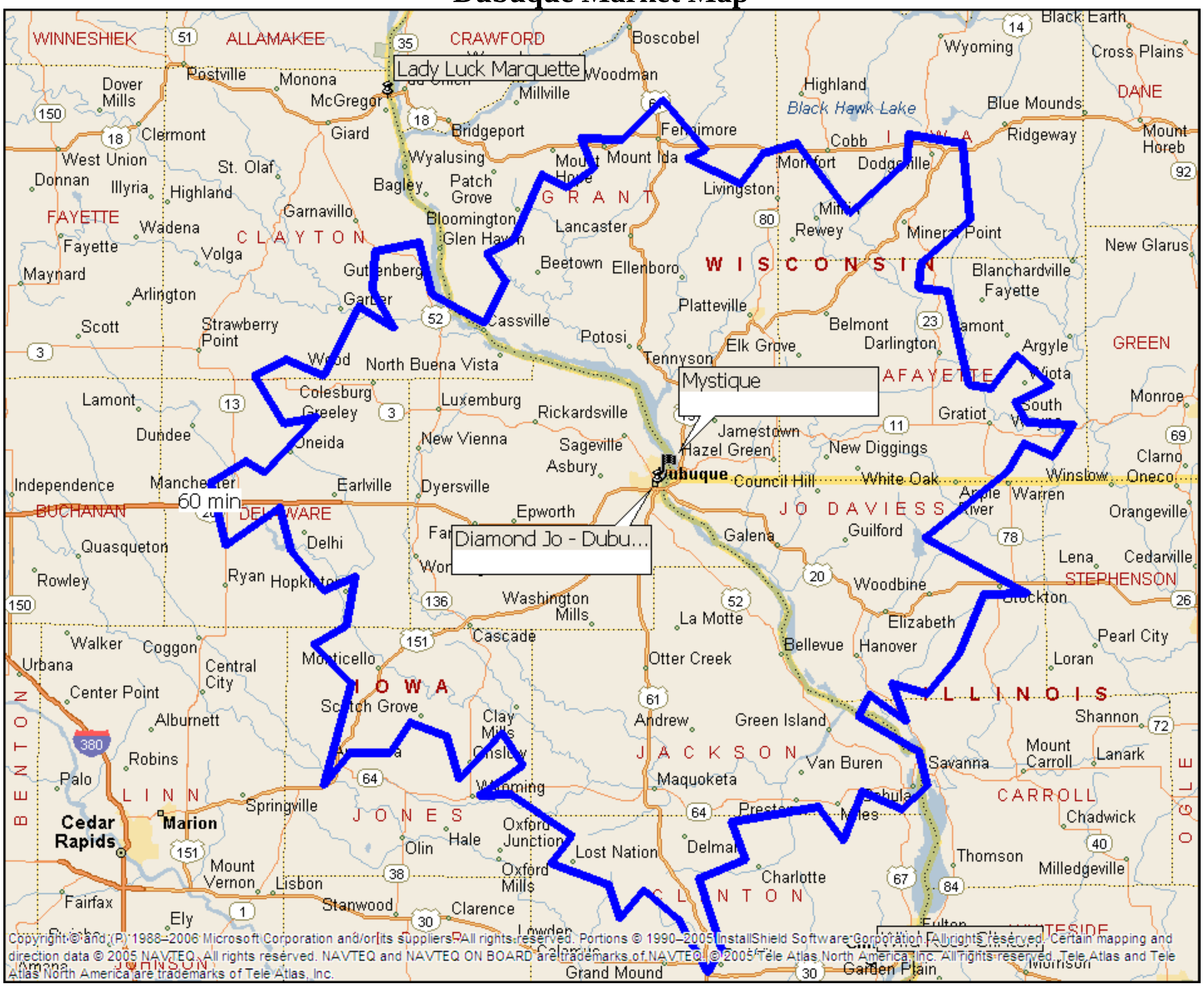
As discussed, 2009 is off to a strong start despite the weak economy. Gaming revenue for the first quarter of the year was $20.8 million, up about 9.7% over the prior year. The Innovation Group believes the gain reflects a renewed marketing effort as the operation becomes more familiar with its customer base.



Dubuque Market

The Dubuque market contains two gaming establishments, the Diamond Jo – Dubuque and Mystique (formerly known as Dubuque Greyhound Park). These casinos are located in close proximity to each other in the city of Dubuque. Mystique is situated in northern Dubuque, just off Highway 61. The Diamond Jo property is located closer to downtown, again just off of Highway 61. Note that Dubuque lies at the intersection of Iowa, Wisconsin and Illinois, and is easily accessible as four state highways converge on the city.

Dubuque Market Map



Property Characteristics

The Dubuque market currently offers about 1,700 slot machines and 38 table games. Diamond Jo development recently opened its $84 million expansion featuring a land-based casino. The property offers 5 restaurants, various bars and night club. In addition, a 30-lane bowling center is available.

Mystique (formerly Dubuque Greyhound) exhibits a nice sense of arrival with a grand entryway featuring marble floors and vaulted ceilings. The casino floor is substantially larger than Diamond Jo, measuring over 30,000 square feet with about 960 slot machines and 18 table games. The facility features two restaurants, a fine dining steakhouse and a casual buffet. Currently the facility is undergoing major renovation to improve the overall quality of the facility, focusing on the pari-mutuel betting area, the steakhouse, the buffet, and adding additional meeting area.

Dubuque Market Summary

Casino Name	Format	Gaming Space (sqft)	Slot Machines	Table Games	Restaurants	Hotel Rooms
Diamond Jo	Land-Based	17,813	699	20	5	0
Mystique *	Racino	30,219	959	18	2	120
Total		48,032	1,658	38	8	120

* Formerly Dubuque Greyhound
Source: IRGB; The Innovation Group

Statistical Summary

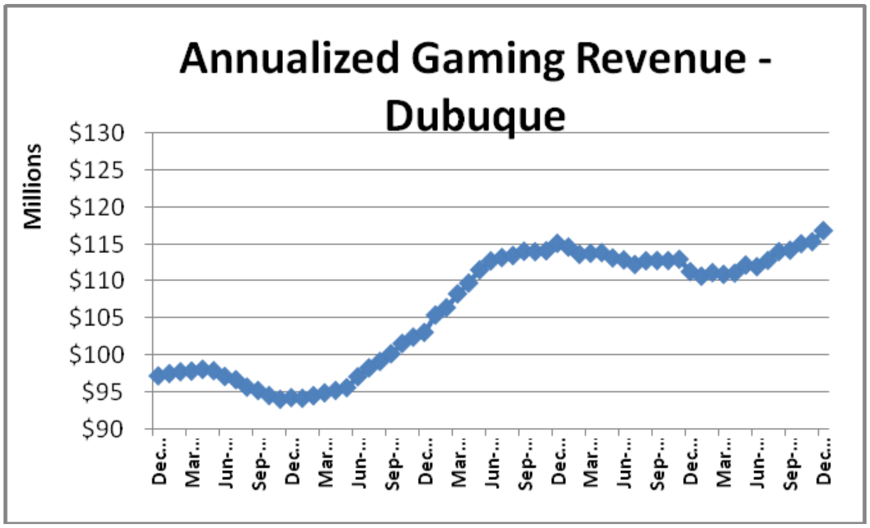
The Dubuque market posted gaming revenue of about $116.9 million in 2008; a 5.0% increase over the prior year. The gain reflects strong results at Mystique as slot revenue increased nearly 5% and table revenue was up about 7%. From a longer term perspective, over the last three and five years gaming revenue has increased at an average annual rate of 4.3% and 3.8%, respectively.

The market generates a modest average daily "win per position" in the $160 range. This figure is down from a near-term high of $186 in 2003. The decrease was due in part to more machines in the market via an expansion at Dubuque Greyhound in 2005.

Dubuque Gaming Summary

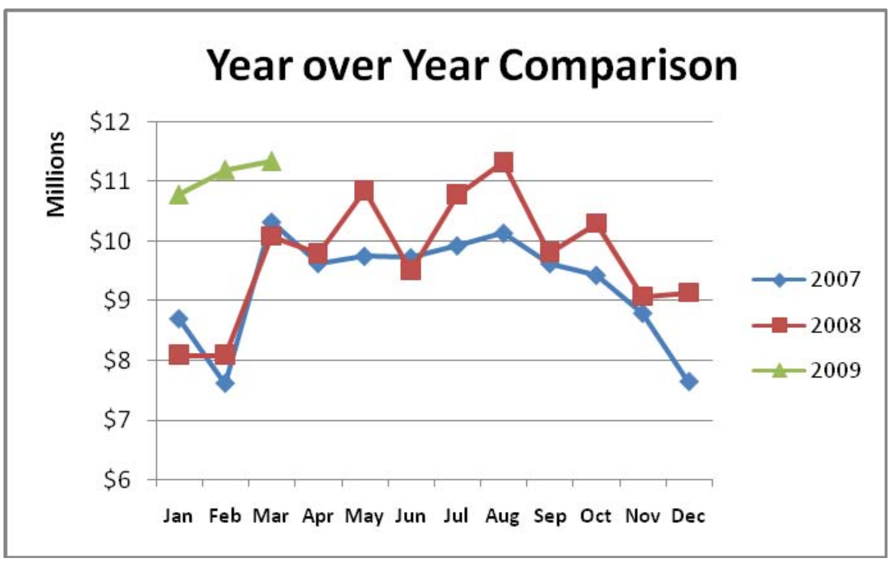
	Admissions	Gaming Revenue	Win / Admissions	Positions	Win / Position
2003	2,080,231	$97,185,931	$47	1,430	$186
2004	2,014,413	$94,232,387	$47	1,451	$178
2005	2,148,494	$103,075,151	$48	1,712	$165
2006	2,339,010	$115,168,315	$49	1,987	$159
2007	2,246,305	$111,322,803	$50	1,999	$153
2008	2,235,966	$116,880,820	$52	1,985	$161
1-yr AAG	-0.5%	5.0%	5.5%	-0.7%	5.7%
3-yr AAG	1.3%	4.3%	2.9%	5.1%	-0.7%
5-yr AAG	1.5%	3.8%	2.3%	6.8%	-2.8%

Source: IRGC; The Innovation Group



Year over Year Comparison

The Dubuque market continues to shun the affects of the recession as 2008 results exceeded 2007 in almost every month, especially towards the end of the year. The Innovation Group believes that the gains were due in part to enhanced marketing efforts at Mystique. For the first quarter of 2009, gaming revenue jumped about 26% reflecting the Diamond Jo expansion, which opened in December 2008.



Market Share Analysis

Mystique (formerly Dubuque Greyhound) was the preferred casino in the Dubuque market in 2008. Mystique captured 64% of market gaming revenue with only 56% of the gaming positions; yielding a premium to fair share of 1.13 times. In contrast, Diamond Jo realizes a discount to fair share of 0.84 times. This disparity also shows up in win per position, as Dubuque Greyhound shows a win per position of $182 compared to $135 for Diamond Jo. However, The Innovation Group anticipates the playing field to level in 2009 due to the Diamond Jo expansion. As a matter of fact, the Diamond Jo outpaced Mystique by about 35% for the first quarter of 2009.

Dubuque Market Share Analysis (2008)

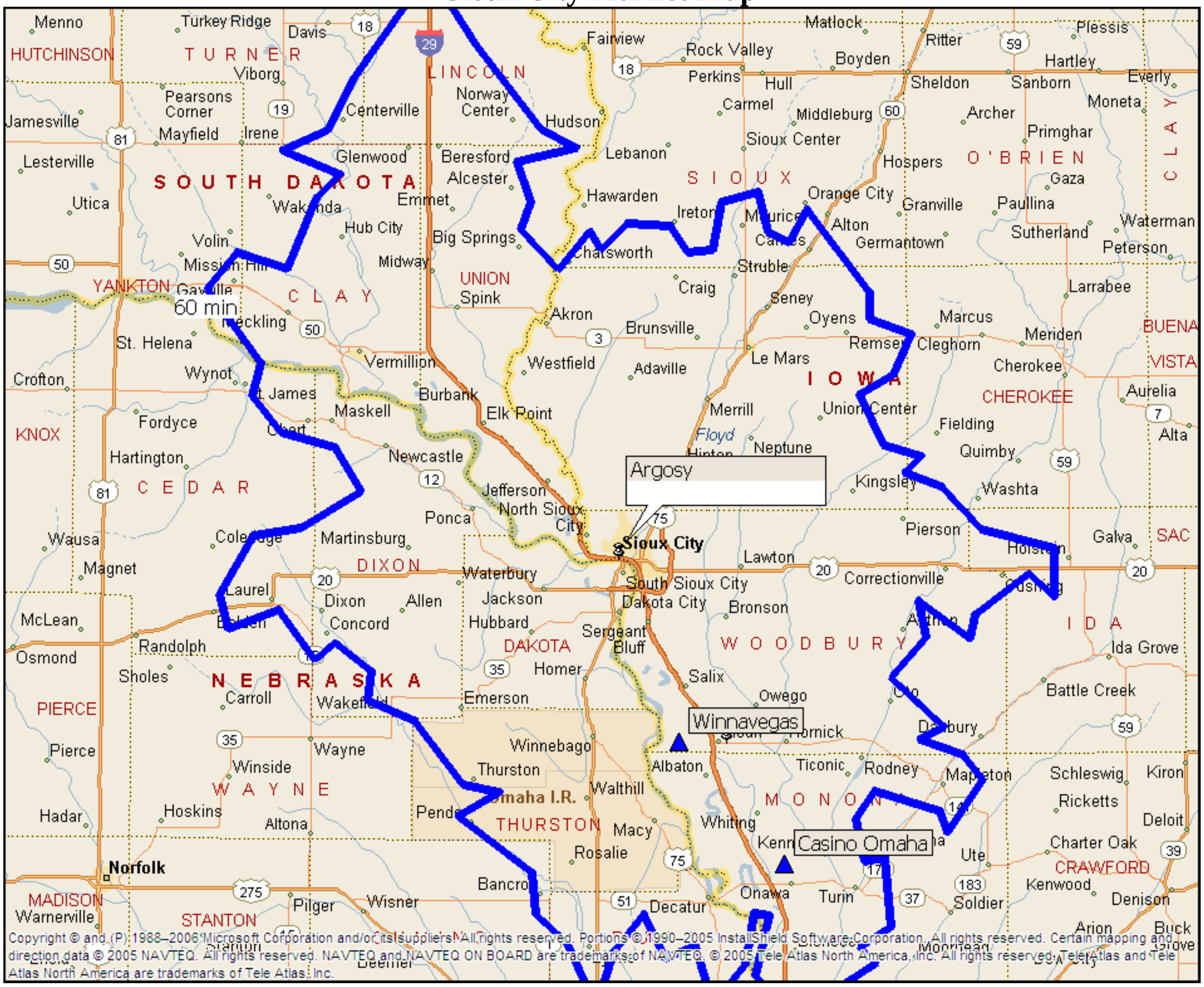
	Position Count	Position Market Share	Gaming Revenue	Revenue Market Share	Fair Share Ratio	Win / Position
Diamond Jo	865	43.6%	$42,599,303	36.4%	0.84	$135
Mystique	1,120	56.4%	$74,281,517	63.6%	1.13	$182
Total	1,985	100.0%	$116,880,820	100.0%	1.00	$161

Source: IRGC; The Innovation Group

Sioux City Market

The Sioux City market contains one full-service commercial casino called Argosy Sioux City and two Native American casinos. The commercial casino is regulated by the IRGC. The two Native American casinos, called WinnaVegas and Casino Omaha, are located about 20 miles and 35 miles south of Sioux City, respectively. All these casinos are accessible from I-29, although we found the ingress/egress characteristics from the highway to the Native American facilities to be poor. The following map displays the location of these casinos relative to Sioux City and I-29.

Sioux City Market Map



Property Characteristics

The Argosy Sioux City is a 36,000 square foot riverboat casino located with excellent access from I-29, just south of downtown Sioux City. This casino has a large surface parking lot with shuttle service to the front door. The riverboat (three-level) casino contains about 700 slot machines and 23 tables, including a poker room. This facility generally exhibits an underwater theme, with fixtures and lighting resembling underwater life. The food and beverage operation features a 200-seat casual restaurant, called the Outfitters Grille. Argosy exhibits live regional entertainment on weekends utilizing a small performance stage.

Casino Omaha is a modest facility that offers a 30,000 square foot casino with 450 slot machines and 8 table games. The gaming area is very open, but exhibits little in the way of themeing. The facility contains only dining establishment; a prime rib buffet.

The WinnaVegas Casino is owned and operated by the Winnebago Tribe of Nebraska. The casino has about 670 slot machines and 20 table games including blackjack, craps, roulette, poker, Pai Gow, Spanish Blackjack. This casino has two dining options, a 250-seat buffet and snack bar.

Sioux City Market Summary

Casino Name	Format	Gaming Space (sqft)	Slot Machines	Table Games	Restaurants	Hotel Rooms
Argosy	Riverboat	20,498	700	23	1	0
Casino Omaha	Land-Based/ Native American	30,000	450	8	1	0
Winna Vegas	Land-Based/ Native American	24,353	668	20	2	52
Total		74,851	1,818	51	4	52

Source: IRGB; The Innovation Group

Statistical Summary

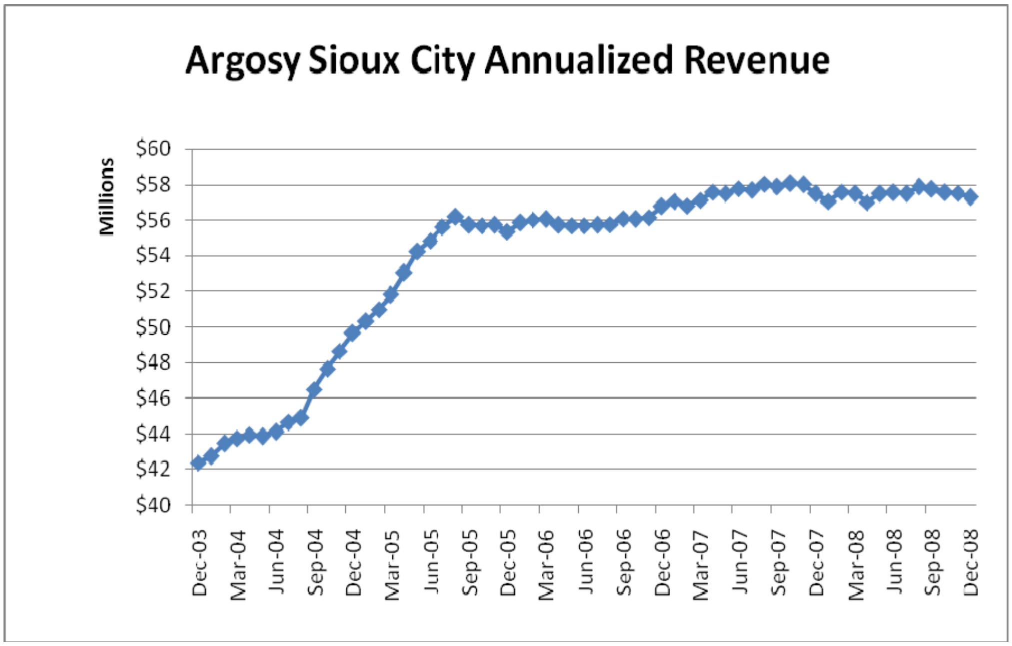
The statistical analysis only incorporates Argosy Sioux City as the Native American casinos do not report data. The Argosy casino reported gaming revenue of about $57.5 million in 2008; generally flat relative to the prior year. The results reflect higher win per admission offset by a decline in patron volume. In general, the win per admission growth likely reflects higher average annual household income (“AAHI”) levels and a marketing approach that targets the more avid gamers at the expense of the retail customer. The operation has been in a slow growth mode since mid 2005, following strong growth associated with an expansion project which added gaming positions.

The market generates an average daily “win per position” of about $187. This figure has been declining over the last 4 years, from a high of $219 in 2004 to $187 in 2008. In contrast, the positions count has increased from about 557 in 2003 to 844 in 2008; a growth of 8.7% per year. The following table displays the Argosy Sioux City gaming statistics over the last six years.

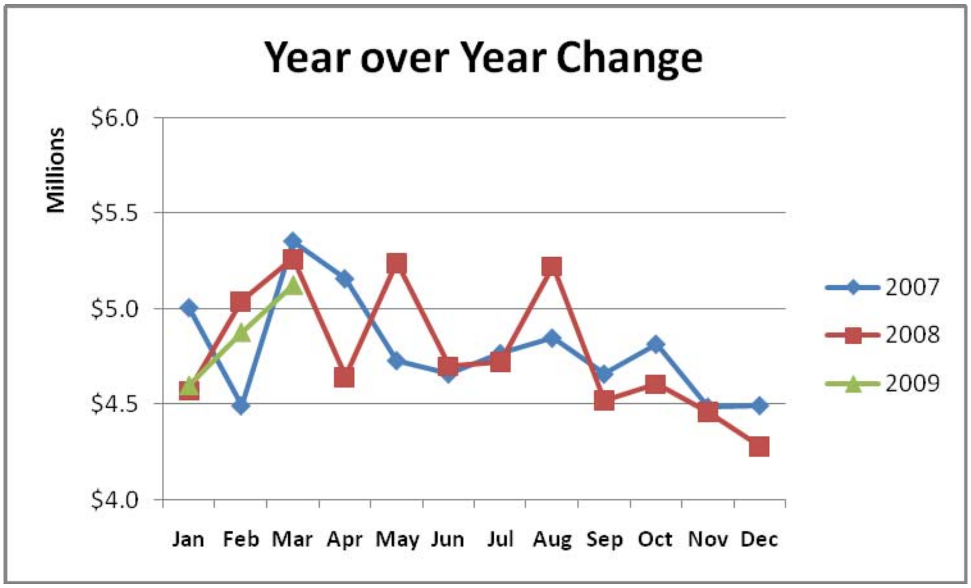
Argosy Gaming Summary

	Admissions	Gaming Revenue	Win / Admissions	Positions	Win / Position
2003	839,226	$42,391,802	$51	557	$208
2004	972,887	$49,669,613	$51	622	$219
2005	1,138,551	$55,355,273	$49	769	$197
2006	1,220,620	$56,756,813	$46	810	$192
2007	1,185,898	$57,473,632	$48	840	$188
2008	1,078,981	$57,292,918	$53	844	$186
1-yr AAG	-9.0%	-0.3%	9.6%	0.5%	-0.8%
3-yr AAG	-1.8%	1.2%	3.0%	3.1%	-1.9%
5-yr AAG	5.2%	6.2%	1.0%	8.6%	-2.2%

Source: IRGC; The Innovation Group



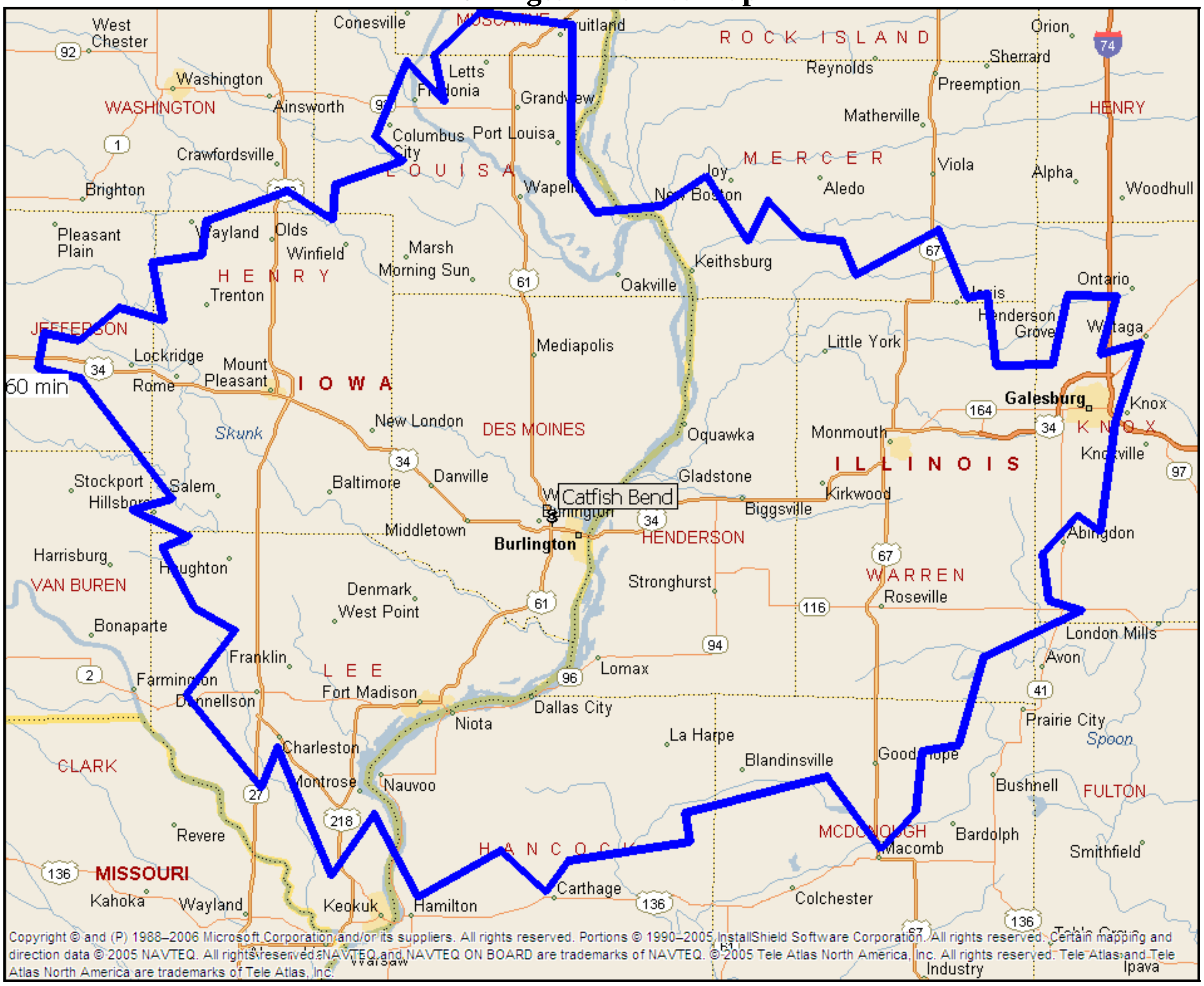
To highlight the impact of the current recession, The Innovation Group compared gaming revenue by month on a year over year basis. Through August, 2008 YTD revenue was slightly ahead of 2007. However, from September through December, 2008 lagged 2007 by about 3%.


Year over Year Change
Millions
$6.0
$5.5
$5.0
$4.5
$4.0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2007
2008
2009

Burlington Market

The Burlington market, in southeast Iowa, contains one casino: Catfish Bend. In addition to Burlington, the market contains a couple of nice-sized cities such as Fort Madison, Iowa and Galesburg, Illinois. The Catfish Bend casino is easily accessible via several state highways converging on the area. The market has little in the way of competition and none of the proposed casinos intrude to a great extent on the market.

Burlington Market Map



Property Characteristics

The Catfish Bend Casino upgraded to a $35 million land-based casino in June 2007. The new facility offers 700 slot machines and 24 tables, including a 6-table poker room. The casino is supported by an upgraded food and beverage operation featuring a sports bar, buffet, diner and an Asian specialty restaurant.

Burlington Market Summary

Casino Name	Format	Casino Sqft	Slot Machines	Table Games	Restaurants	Hotel Rooms
Catfish Bend	Land-Based	23,000	664	24	4	

Source: IRGB; The Innovation Group

Statistical Summary

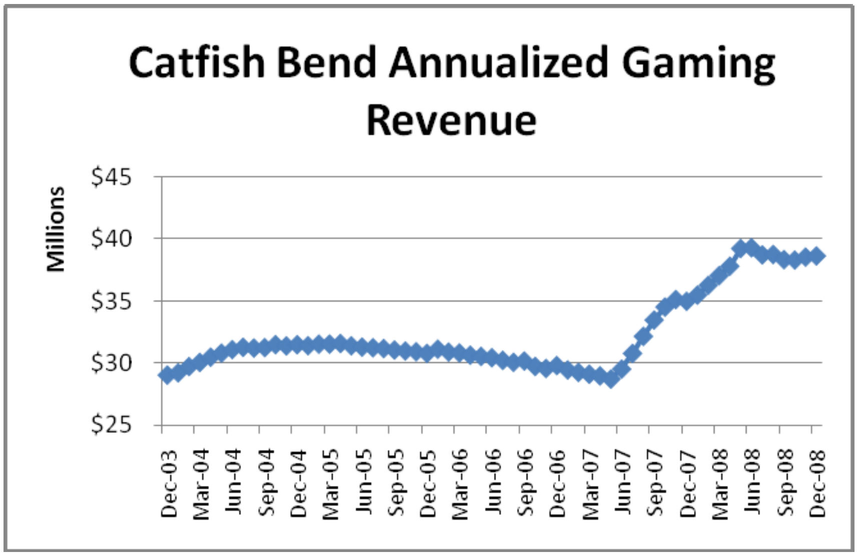
The Catfish Bend Casino capitalized on the 2007 expansion, which lifted gaming revenue from about the $30 million level to near $40 million; a 33% gain. Since the expansion annualized, the gaming revenue trend has stabilized. Gaming revenue reached $38.6 million in 2008 reflecting about 800,000 admissions and a win per admission of $48.

Catfish Bend Gaming Summary

	Admissions	Gaming Revenue	Win / Admissions	Positions	Win / Position
2003	536,779	$29,047,542	$54	648	$123
2004	567,822	$31,490,525	$55	646	$134
2005	567,531	$30,789,449	$54	650	$130
2006	552,782	$29,814,193	$54	629	$130
2007	958,386	$34,977,389	$36	968	$99
2008	807,385	$38,629,686	$48	809	$131
1-yr AAG	-15.8%	10.4%	31.1%	-16.4%	32.1%
3-yr AAG	12.5%	7.9%	-4.1%	7.6%	0.3%
5-yr AAG	8.5%	5.9%	-2.4%	4.5%	1.3%

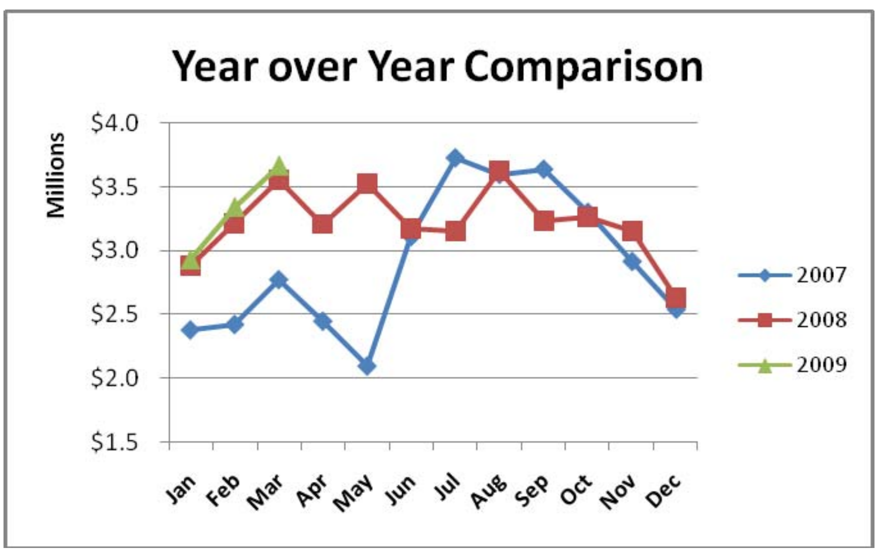
Source: IRGC; The Innovation Group

Catfish Bend elevated gaming revenue to a new level following the expansion discussed earlier. In summary, gaming revenue increased from the $30 million level to nearly $40 million or about 30%, as displayed in the graph below.



Year over Year Comparison

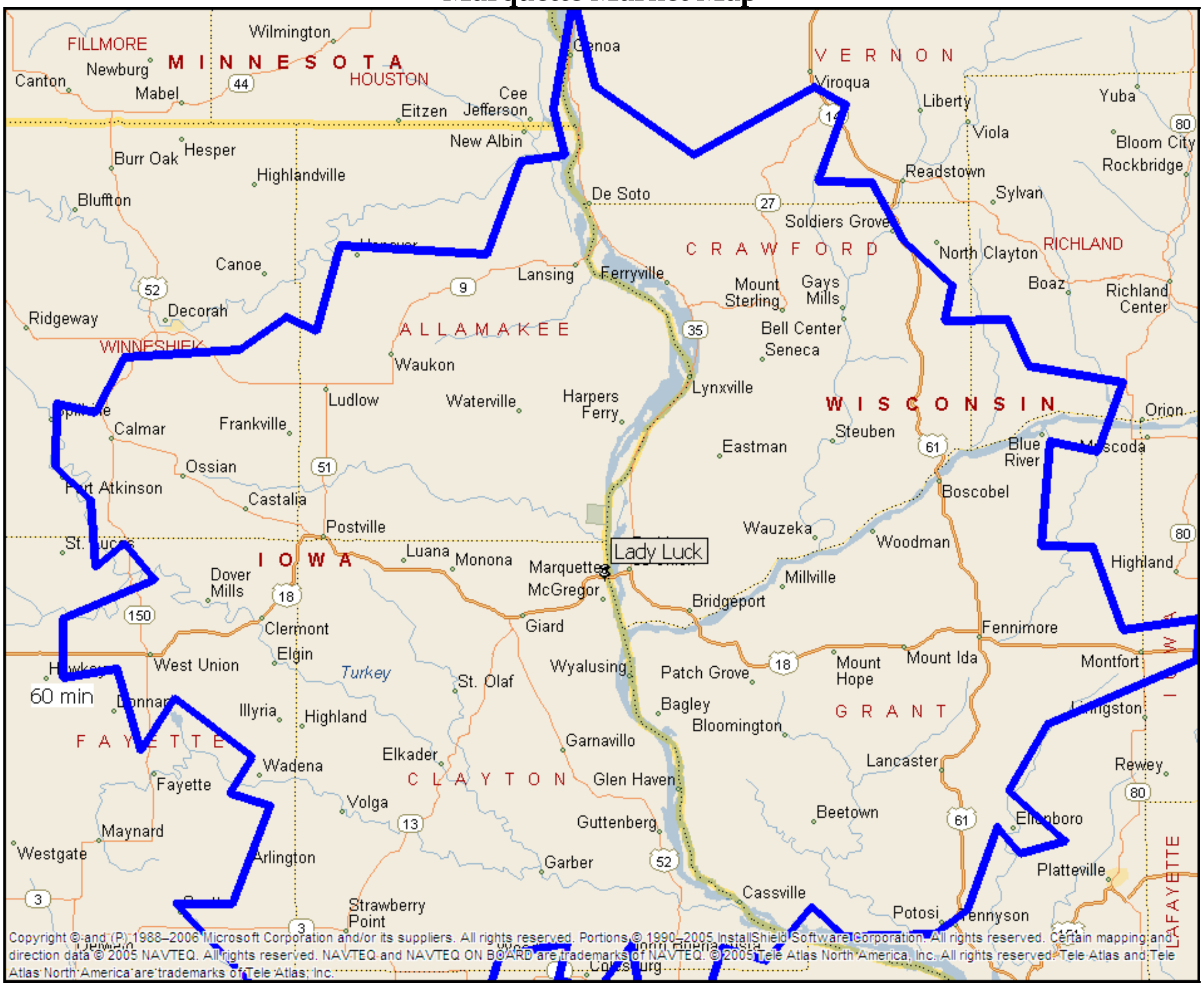
The following graph compares 2008 results to 2007 on a year over year basis by month. Note that beginning in July, results for 2008 began tracking closely with 2007 as the expansion annualized. Through the first quarter of 2009, gaming revenue was flat compared to the same period in 2008.



Marquette Market

The Marquette market is a single-casino market, hosting a Lady Luck branded property; one of the Isle of Capri brands. The market lies on the Wisconsin border, while access is facility by Highway 18. The market contains no major cities, but numerous small towns in rural Wisconsin and Iowa.

Marquette Market Map



Property Characteristics

The Lady Luck property is an old-style riverboat casino with gaming on three levels. The gaming space contains about 600 slot machines and 13 table games. As with most riverboats, navigation is difficult and feel is cramped. The food and beverage offering consists of a buffet and deli. A modest 25-room hotel is also available. The casino is primarily accessible via a pedestrian bridge which links the casino and its terminal/hotel which also hosts the property's main food and beverage venues.

Marquette Market Summary

Casino Name	Format	Gaming Space (sqft)	Slot Machines	Table Games	Restaurants	Hotel Rooms
Lady Luck	Riverboat	18,750	606	13	2	25

Source: IRGB; The Innovation Group

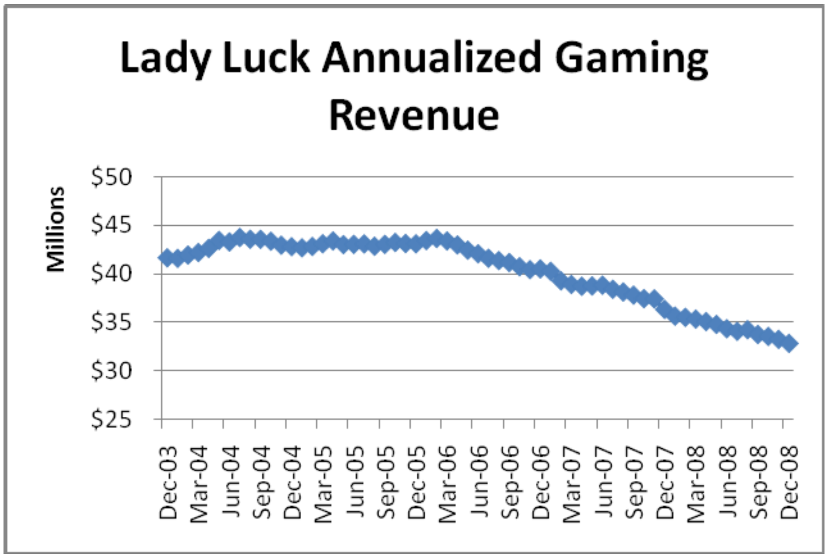
Statistical Summary

The Lady Luck Casino continues to post weak results as gaming revenue fell 9.7% in 2008 to $32.8 million. Over the last three and five years, gaming revenue declined an average 8.7% and 4.7% per year, respectively. The operation is suffering from the riverboat format and a lack of capital investment, while competition, such as the Dubuque market and Isle – Waterloo, continue to expand and upgrade.

Lady Luck - Marquette Gaming Market Summary

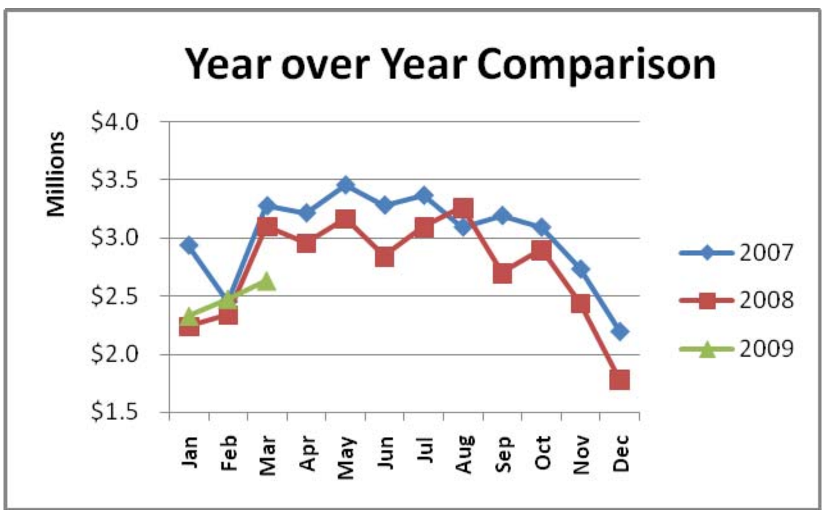
	Admissions	Gaming Revenue	Win / Admissions	Positions	Win / Position
2003	649,203	$41,697,764	$64	834	$137
2004	635,946	$42,851,564	$67	875	$134
2005	611,381	$43,153,234	$71	838	$141
2006	572,314	$40,536,889	$71	802	$139
2007	474,078	$36,331,735	$77	767	$130
2008	394,895	$32,802,331	$83	694	$130
1-yr AAG	-16.7%	-9.7%	8.4%	-9.6%	-0.1%
3-yr AAG	-13.6%	-8.7%	5.6%	-6.1%	-2.8%
5-yr AAG	-9.5%	-4.7%	5.3%	-3.6%	-1.1%

Source: IRGC; The Innovation Group



Year over Year Comparison

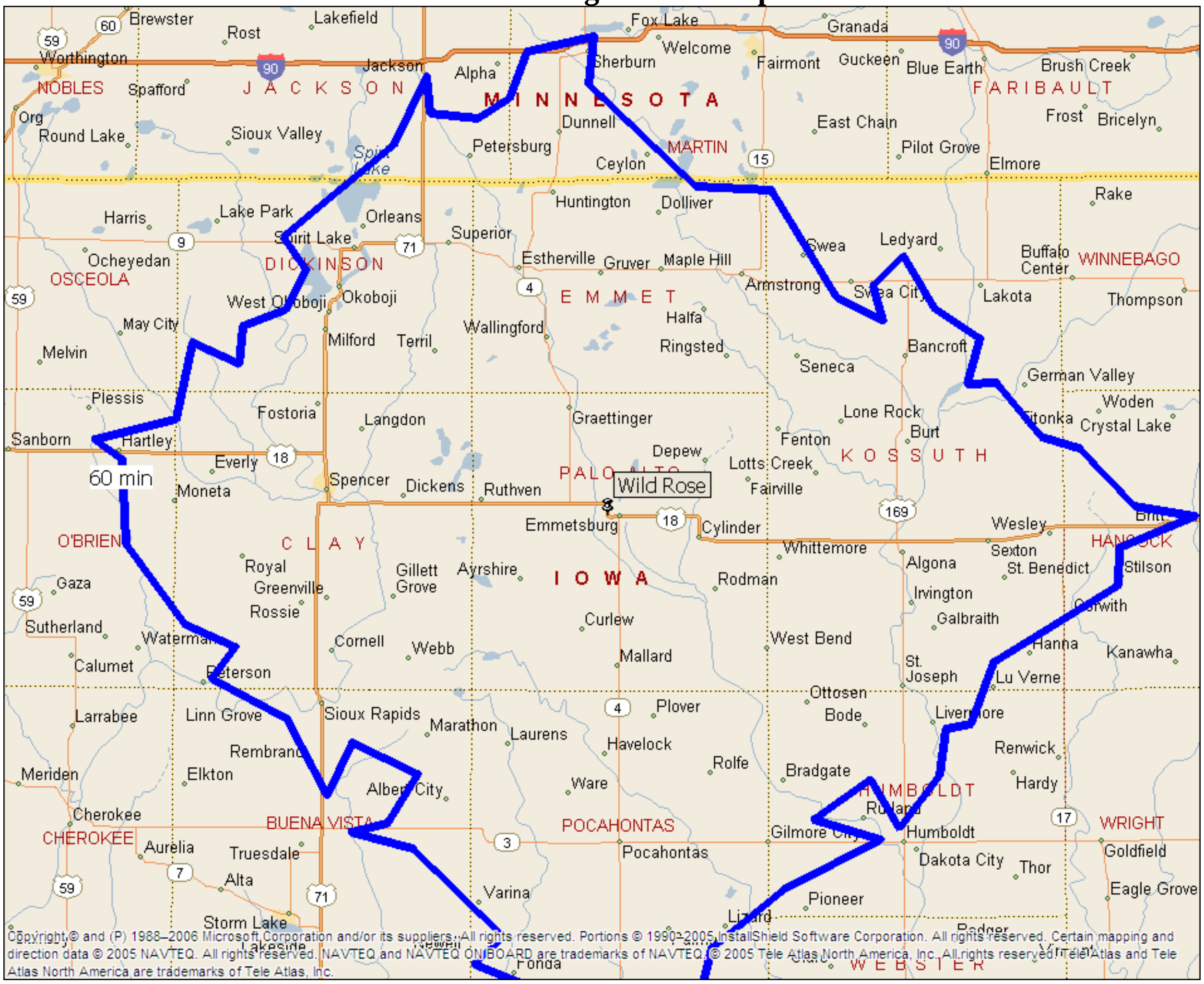
The following graph compares 2008 results to 2007 on a year over year basis by month. Note that 2008 lagged 2007 for 11 out of the twelve months. So far in 2009, gaming revenue is down 3.2% on a year over year basis. In summary, weak results continue at Marquette, likely until a major expansion is enacted.



Emmetsburg Market

The Emmetsburg market contains only one casino (Wild Rose). The market area contains numerous small towns, but no major cities. The market does extend into Minnesota. The casino is easily accessible via Highway 18.

Emmetsburg Market Map



Property Characteristics

The Wild Rose Casino opened in mid 2006 with approximately 530 slot machines and 16 table games. The casino continues to feature over 500 slot machines and has increased the number of tables to 17.

Emmetsburg Market Summary

Casino Name	Format	Gaming Space (sqft)	Slot Machines	Table Games	Restaurants	Hotel Rooms
Wild Rose	Riverboat	16,270	515	17	3	70

Source: IRGB; The Innovation Group

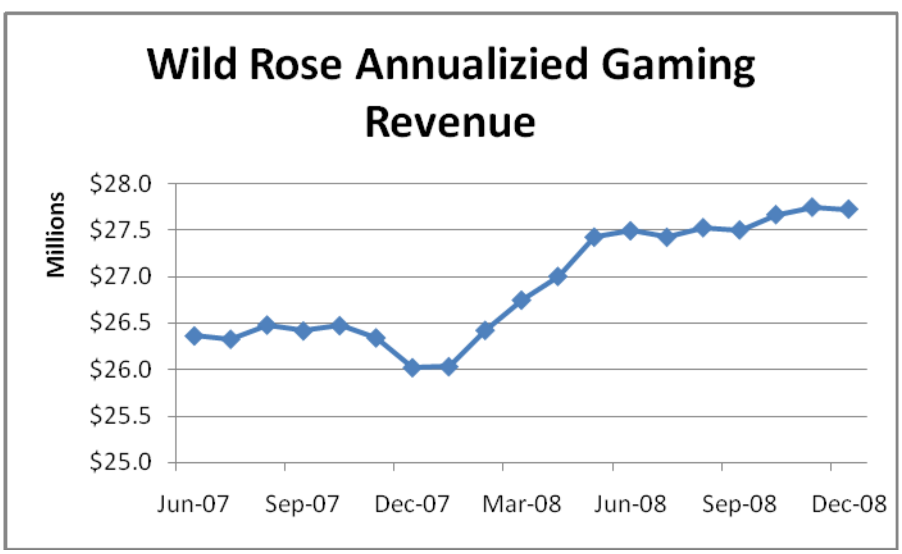
Statistical Summary

The Wild Rose casino posted gaming revenue of $27.7 million in 2008; its second full year of operation. The growth reflects the maturing of the market as management hones advertising and marketing strategies. Gaming revenue increased 6.5% over the prior year on a notably higher win per admission. Nonetheless, the casino's win per admission of $49 is well below most markets in Iowa. The casino also posts a low win per position relative to the other markets.

Wild Rose Gaming Summary

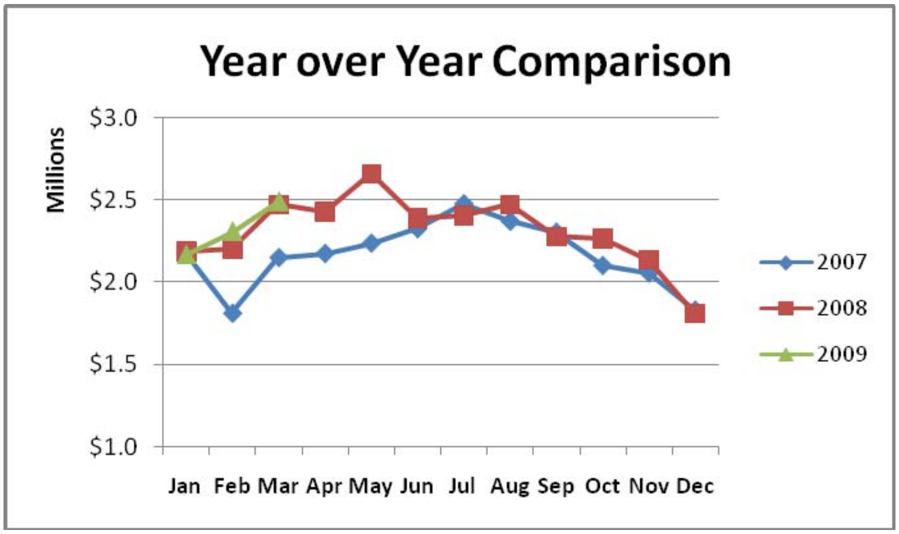
	Admissions	Gaming Revenue	Win / Admissions	Positions	Win / Position
2006	416,840	$16,252,589	$39	627	$119
2007	587,908	$26,020,306	$44	644	$111
2008	561,211	$27,721,703	$49	623	$121
1-yr AAG	-4.5%	6.5%	11.6%	-3.2%	9.8%
2-yr AAG	16.0%	30.6%	12.6%	-0.3%	1.1%

Source: IRGC; The Innovation Group



Year over Year Comparison

The following graph compares 2008 results to 2007 on a year over year basis by month. For the first half of the year, 2008 exceeded 2007 by about 11%. Results weakened in the second half as 2008 only beat 2007 by 1.7%. For the first quarter of 2009, gaming revenue increased 1.5% on a year over year basis.



GAMING MARKET ASSESSMENT

The Innovation Group conducted a Gaming Market Assessment for the State of Iowa, focusing on the Counties of Webster, Wapello, Franklin, Tama and Lyon. We also assessed the potential of an additional casino in the Des Moines market and a casino southwest Iowa. The revenue potential of the latter was judge by us to be immaterial and therefore, was not included in the report. In total, we ran 6 major scenarios. Within each major scenario, we ran sensitivities assuming different capital investment thresholds, generally defined as Low-End (generally in the $50 million range), Mid-Range (generally in the $65 million range) and High-End (generally in the $100 million range). We altered concept and strategy at the different investment levels. At the low-end, we assumed an adequate, but simple casino with minimal amenities, generally focusing on food and beverage offering that caters to local residents. At the high-end, we assumed a destination strategy, with a higher quality casino, and much more in the way of amenities, especially amenities catering to the overnight guest.

The assessment assumes that each proposed gaming facility would offer the quantity of gaming devices that maximizes the potential profitability (relative to investment) of the facility. The assessment was conducted in 3 phases. The first phase calibrates the forecasting models to the 2008 actual results for the existing casinos in Iowa and the surrounding region. The second phase forecasts the market through 2012 assuming a fairly static competitive set. Finally, the third phase factors in the impact of the proposed casinos, as defined.

Forecast Methodology

The Innovation Group utilized a unique forecasting model for each potential source of gaming revenue, including the local market, overnight gamer, transient tourist and traffic intercept. The following discussion presents the forecasting methodology for each market component.

Local Market

A complex gravity model was developed for the purpose of forecasting local market gamer visits and gaming revenue for the proposed casinos in Iowa. Gravity models are commonly used in location studies for commercial developments, public facilities and residential developments. First formulated in 1929 and later refined in the 1940s, the gravity model is an analytical tool that defines the behavior of a population relative to travel distance and the availability of goods or services at various locations. The general form of the equation is that attraction is directly related to a measure of availability such as square feet (or for casinos, gaming positions) and inversely related to the square of the travel distance. Thus, the gravity model quantifies the effect of distance on the behavior of potential patrons, while considering size, quality and scope of competing venues.

The first step in the process was to divide the market area into numerous market segments. The market segments were generally established based on drive-time rings around the existing casinos. For this study, a total of about 50 market segments were needed. The market segments were assigned a unique propensity and frequency factor. These factors were generally estimated based upon actual gaming revenue results using player database information as a guide. The data was provided by the casino companies in Iowa. In addition, primary research in other gaming markets as well as proprietary information obtained from third-party sources was used to calibrate the gravity model. The gamer visits were then distributed among the competitors again based on player database information. The model was constructed to include only casinos that are considered to be within a reasonable travel time of the market segments. These include competing out-of-state casinos that have the potential to attract patrons. Travel distance and time were based on GIS system software. The following discussion defines the gaming factors used in the model.

Propensity - Propensity refers to the percentage of the adult population within a market that is likely to participate in gaming. Generally, propensity decreases as the distance from the market center increases. In fully developed casino markets, such as the local Las Vegas market, propensity can reach 60%, while in single venue or slots-only markets it can be as low as 20%. This measure is type dependent in that it refers to the propensity of individuals likely to participate in a specific form of gaming.

Frequency - Frequency is a measure of the average number of times per year that individuals with a propensity to participate in gaming within a market will actually do so. Like propensity, frequency tends to decline as the distance from the market center increases. In markets with multiple casino operators, frequency generally ranges from 12 to 24 times per year, although the figure is considerably higher for the major gaming markets in Nevada.

Win Per Visit ("WPV") - WPV reflects the casino's average gaming win for each customer visit for a given market segment. Win per visit tends to increase in proportion to distance traveled as the gamers make fewer trips per year with a higher budget. Win per visit also varies based on income and the specific facility characteristics such as the degree of overcrowding and the gaming product.

Attraction Factors - Attraction factors measure the attraction of one gaming venue relative to the competition. Attraction factors are applied to the size of the gaming venue as measured by the number of positions. The market average attraction factor would be one. A value of less than one adjusts the size of the gaming venue downwards and conversely a value greater than one indicates that the gaming venue has characteristics that make it more attractive. Attraction factors are based on a number of attributes including branding, selection of games, service level, the level of marketing, and the quality and scope of the amenity package.

Overnight Gamer

The overnight gamer segment reflects patrons of the casino that elect to spend the night at the casino hotel (if available) out of convenience or for a short gaming vacation. The basis for the gaming revenue forecast is the estimated annual room night demand. Room night demand was estimated based on occupancy rate data provided by the casino companies in Iowa with hotels. The Innovation Group applied gaming factors such as the gamer capture rate and "win per gamer" to room night demand in order to forecast the revenue associated with this customer component. The basic formula for forecasting overnight gaming revenue is as follows.

Available Room Nights x Occupancy Rate = Room Night ("RN") Demand
Room Night Demand x Capture Rate x Win per Gamer = Overnight Gaming Revenue

Note that The Innovation Group was not hired to, and therefore did not, conduct a full hotel market assessment for these proposed projects, but utilized a Rough Order of Magnitude ("ROM") approach when estimating room night demand and resulting gaming revenue. The ROM approach utilized summary level hotel capture rates and win factors to estimated gaming revenue for this segment, generally based on current operating results in Iowa.

Transient Tourist

The transient tourist component reflects tourists to the area that patronize the area casinos as a secondary attraction. The tourists include business traveler, pass-through travelers and leisure tourists. The Innovation Group analyzed the tourism statistics and current non-casino hotel room inventory as the basis for projecting tourist gaming revenue. The first step was to estimate current room night demand associated with the non-casino hotels. The room night demand is a function of the total available rooms multiplied by the prevailing occupancy rate in the market. The Innovation Group also estimated the gaming factors associated with the transient tourist segment, including the capture rate and win per room. The basic formula for forecasting tourist gaming revenue is as follows.

Available Room Nights x Occupancy Rate = Room Night ("RN") Demand
Room Night Demand x Capture Rate x Win per Gamer = Tourist Gaming Revenue

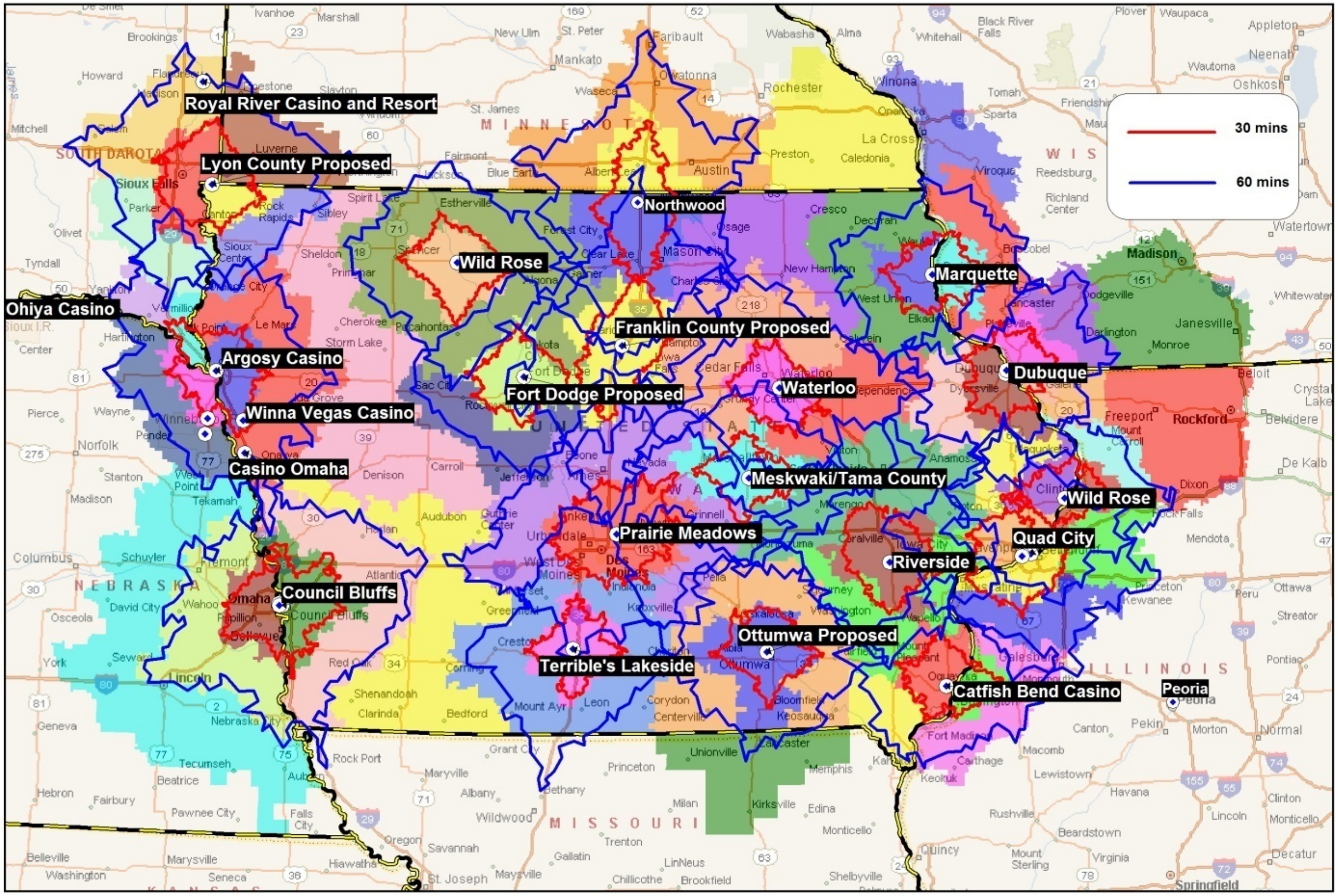
Traffic Intercept

The traffic intercept segment reflects potential customers that are passing through Iowa in close proximity to the proposed Iowa casinos on major area highways. The key variable in assessing this customer segment is the pass-through vehicle count on the relevant highways. The vehicle count estimates were based on information obtained from the Iowa Department of Transportation ("IDOT"). We first estimated the pass-through percentage, so as not to double count in relation to the local market analysis. Then we applied an appropriate set of gaming factors to the pass-though count in order to calculate the gaming revenue associated with this segment.

Local Market Segmentation

As mentioned above, the Iowa market (Iowa and surrounding region) was carved into 67 distinct market segments. Again, these market segments were defined generally to reflect various drive-times rings around the existing and proposed casinos. Due to the vast dispersion of gaming facilities, the market area spills into all the border states including South Dakota, Nebraska, Missouri, Illinois, Wisconsin and Minnesota. For each market segment, the gamer population and average household income statistics were obtained and analyzed. To these population segments, gaming factors were applied in order to estimate gamer visits and gaming revenue by market segment. The following map exhibits a general view of our market segmentation strategy.

Iowa Gaming Market Regions with Competitive Sites



Gamer Population

The gamer population (21+) for all the segments totaled 4.56 million in 2008. The gamer population is expected to reach 4.71 million by 2013, reflecting an average annual growth rate of 0.6%. The growth rate is moderately below the national average of 1.0%. The State of Iowa accounts for about 47% of the total with 2.15 million gamer adults. The market area spilling over into Nebraska contains about 793,500 gamer adults, mainly related to the Omaha metro area. This population center is expected to growth at a rate of 0.9% per year; in line with the market average. Illinois and Wisconsin both contribute nearly 600,000 gamer adults, as these market areas contain several decent sized cities. The South Dakota market area contains about 177,600 gamer adults (2008), primarily reflecting the Sioux Falls area. This market segment is expected to grow at a rate of 1.7% per year; the highest growth rate by far.

Market Gamer Population Summary

State	2008	2013	AAG (2008-2013)
Iowa	2,145,761	2,195,410	0.5%
South Dakota	177,600	193,347	1.7%
Nebraska	793,528	831,856	0.9%
Minnesota	227,998	230,560	0.2%
Illinois	598,708	612,109	0.4%
Wisconsin	588,093	616,154	0.9%
Missouri	25,802	25,711	-0.1%
Total	4,557,490	4,705,147	0.6%

Source: Claritas, MapInfo, The Innovation Group

AAHI

In total, AAHI for the market area was estimated at $60,800 in 2008. The figure is expected to reach $68,000 by 2013, reflecting an average annual increase of 2.2%. The area AAHI level is well below the national average of $67,900, while the expected growth rate is slightly higher than the national average of 2.0%. The area exhibited a wide range of income levels, ranging from a high of $66,500 (2008) for South Dakota market area to a low of $44,500 for Missouri. The Nebraska and Wisconsin market areas fall into the high end of the range, containing some significant sized cities. Note that the Missouri market area is very rural in northern Missouri. Iowa’s income level was estimated at $58,900, generally in line with the market average. The income level for this market is expected to grow faster than the market average, reaching $65,900 by 2013.

AAHI Summary

State	2008	2013	AAG (2008-2013)
Iowa	$58,944	$65,883	2.3%
South Dakota	$66,504	$75,915	2.7%
Nebraska	$66,343	$74,553	2.4%
Minnesota	$58,403	$65,959	2.5%
Illinois	$57,779	$62,738	1.7%
Wisconsin	$65,346	$72,775	2.2%
Missouri	$44,492	$49,624	2.2%
Total	$60,839	$67,965	2.2%

Source: Claritas, MapInfo, The Innovation Group

2008 Calibration

Again, the first step in the forecasting process was to calibrate the models to the 2008 actual gaming revenue for the existing area casinos. The gaming revenue figures were primarily based on information obtained from various gaming commissions including the Iowa Racing and Gaming Commission ("IRGC"), Missouri Gaming Commission ("MGC") and Illinois Gaming Board ("IGB"). These gaming commissions report gaming revenue and admissions for all commercial (non-tribal) casinos operating in their respective states. In addition, numerous gaming studies conducted by us and independent third parties have provided valuable insight into the expected propensity, frequency and win per visit factors; the factors needed to forecast gaming revenue. The market calibration provides the starting point from which to forecast future growth and the impact of the proposed casinos.

Local Market

The Innovation Group estimated that the entire local market (4.56 million gamer adults) generated roughly 21.9 million gamer visits in 2008. The weighted average propensity and frequency factor calculated to 34.2% and 14.0 times, respectively. We also estimated win per visit by market segment, again based on income levels and drive time. The weighted average win per visit was $61, resulting in local market gaming revenue of approximately $1.34 billion, as displayed below.

Local Market Summary - 2008 Calibration

	Gamer Population	Propensity	Market Gamers	Frequency	Gamer Visits	Win / Visit	Gaming Revenue
2008 Calibration	4,557,490	34.2%	1,560,415	14.0	21,880,588	$61	$1,337,470,147

Source: The Innovation Group

Based on data obtained from the IRGC and from the casino companies operating in Iowa, we estimated that the 17 commercial casinos in Iowa captured about 92% of the total local market or $1.23 billion in 2008. The high capture rate reflects the minimal external competition in the area, primarily consisting of the 3 Native American casinos in Iowa, Jumer's Rock Island and the Terrible's casino in La Grange, Missouri.

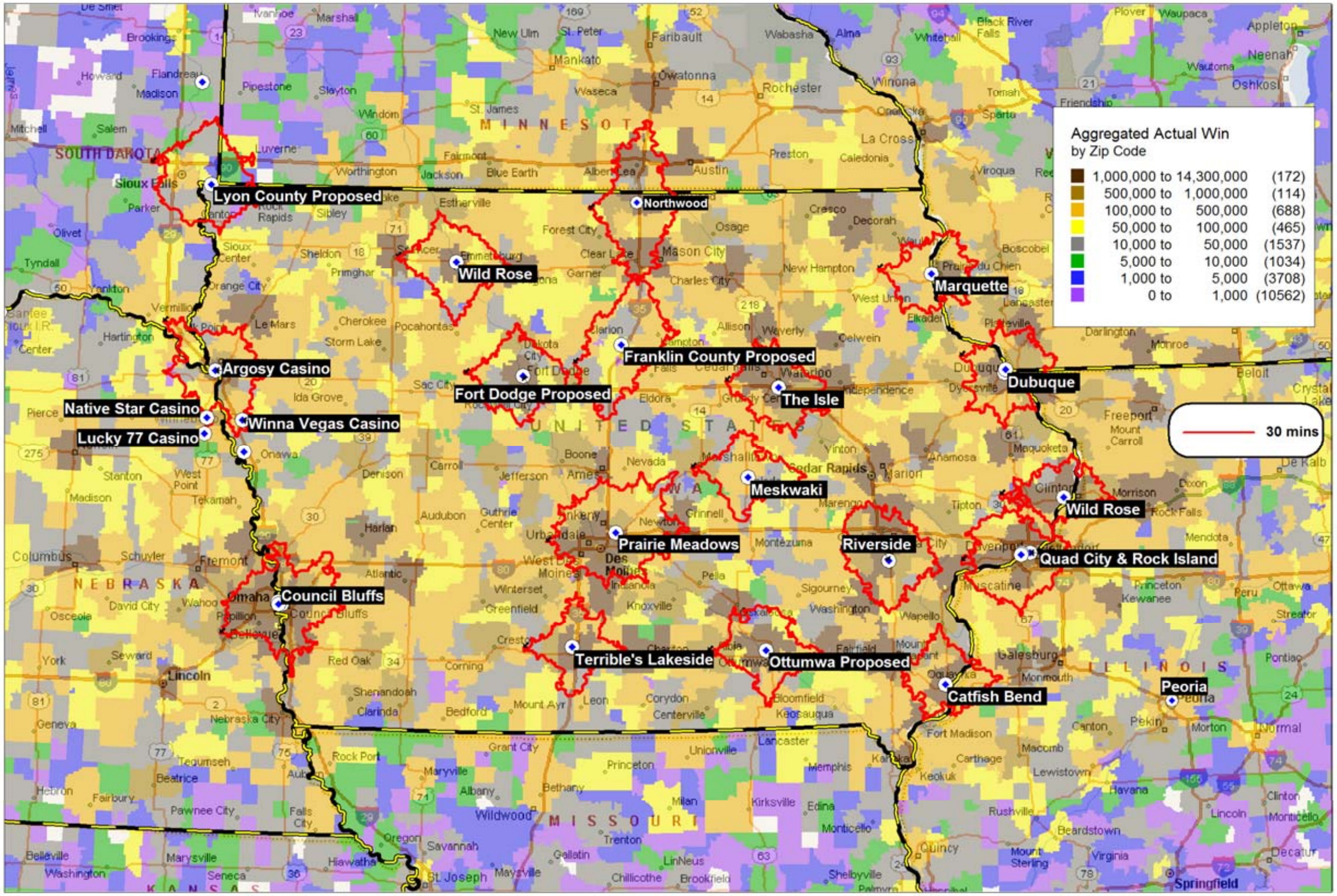
Iowa Local Market Capture (2008)

Total Local Market	Iowa Capture Rate	Iowa Local Market
$1,337,470,147	92.2%	$1,233,612,207

Source: The Innovation Group

The following page illustrates the aggregated actual win from the Iowa Casinos' player databases.

Iowa Casinos' Rated Play Actual Win by Zip Code



Overnight Gamer

Again, the overnight gamer segment reflects patrons of the casino that elect to spend the night at the casino hotel out of convenience or for a short gaming vacation. Out of the 17 commercial casinos in Iowa, 9 offer hotels. The casino hotel room count summed to 1,536 rooms. Isle of Capri – Bettendorf offers the largest hotel with 514 rooms, while Lady Luck – Marquette exhibits the smallest with 25 rooms. Other casinos that rely heavily on its hotel include Harrah's Council Bluffs, Riverside and Isle of Capri – Waterloo. The following table the displays casino hotel room counts for the Iowa commercial casinos.

Iowa Casino Hotel Summary

Property Name	Casino Hotel Room Count	% of Total
Argosy Sioux City	0	0%
Lady Luck – Marquette	25	2%
Wild Rose – Clinton	60	4%
Catfish Bend – Burlington	0	0%
Terrible's Lakeside – Osceola	60	4%
Wild Rose – Emmetsburg	70	5%
Isle – Waterloo	195	13%
Diamond Jo – Worth	0	0%
Riverside	201	13%
Prairie Meadows - Des Moines	0	0%
Diamond Jo – Dubuque	0	0%
Dubuque Greyhound	0	0%
Ameristar - Council Bluffs	160	10%
Harrah's - Council Bluffs	251	16%
Horseshoe - Bluffs Run	0	0%
Rhythm City – Davenport	0	0%
Isle – Bettendorf	514	33%
Total	1,536	100%

Source: IRGC; The Innovation Group

On average, we estimated that these hotels achieved an occupancy rate of 78.3% in 2008, resulting in about 438,800 room nights of demand. The estimated occupancy rate was based on data provided by most of the casino hotel operators in Iowa. We estimated win per room night at $187 in 2008, again based on data provided by the casino operators in Iowa. In summary, we estimated that the casino hotels in Iowa generated about $81.9 million in gaming revenue in 2008 or 5.8% of total Iowa gaming revenue, as displayed below.

Overnight Gamer Summary – 2008 Calibration

	Room Inventory	Occupancy	Room Night Demand	Win / Room Night	Gaming Revenue
Overnight Gamer	1,536	78.3%	438,788	$187	$81,915,406

Source: The Innovation Group

Transient Tourist

The transient tourist component reflects tourists to the market areas that patronize the area casinos as a secondary attraction. The tourists include business traveler, pass-through travelers and leisure tourists. The casinos operating in major metro areas like Council Bluffs, Des Moines, Quad Cities and Iowa City realize significant gaming revenue from the transient tourist customer segment. We identified a total of 34,500 non-casino hotel rooms in close proximity to the Iowa casinos. The Council Bluffs and Des Moines market area combined to account for over 55% of these non-casino hotel rooms. The following table displays the non-casino hotel room count for the Iowa market.

Non-Casino Hotel Summary

Market Area	Room Count	% of Total
Sioux City	2,234	6.5%
Marquette	475	1.4%
Clinton	742	2.2%
Burlington	546	1.6%
Osceola	219	0.6%
Emmetsburg	74	0.2%
Waterloo	1,999	5.8%
Northwood	102	0.3%
Iowa City	2,285	6.6%
Des Moines	8,877	25.8%
Dubuque	1,653	4.8%
Council Bluffs	10,405	30.2%
Quad Cities	4,856	14.1%
Total	34,467	100.0%

Source: Smith Travel Research; The Innovation Group

We estimated that these hotels achieve an average occupancy rate of about 65.5%, resulting in approximately 8.24 million room nights of demand or 12.35 million guests. We estimated that 9.3% of these hotel guests would visit an area casino as a secondary attraction, spending an average of $74 per visit on gaming. After compiling these factors, we estimated transient tourist gaming revenue at $85.6 million in 2008, as displayed in the table below

Transient Tourist Summary – 2008 Calibration

	Room Inventory	Occupancy	Room Night Demand	Adults / Room	Tourist Count	Capture Rate	Gamer Visits	Win / Visit	Gaming Revenue
Transient Tourist	34,467	65.5%	8,236,408	1.5	12,354,611	9.3%	1,152,573	$74	$85,618,447

Source: The Innovation Group

Traffic Intercept

As discussed, the traffic intercept segment reflects potential customers that are passing in close proximity to the casinos on major area highways. The key variable in assessing this customer segment is the pass-through vehicle count on the relevant highways. These vehicles often relate to truckers. Note that several of the Iowa casinos are located along major interstate highways. For instance, Argosy Sioux City and the Council Bluffs casinos are immediately adjacent to Interstate 29. Prairie Meadows and the Quad Cities area casinos are located right off of Interstate 80. Further, Diamond Jo – Northwood and Terrible's Lakeside in Osceola are easily accessible from Interstate 35.

Based on information obtained from the Iowa Department of Transportation, we estimated the Average Annual Daily Traffic ("AADT") near the casinos at about 259,000 in 2008. We further estimated the pass-through percentage at about 29% and that each vehicle contains roughly 1.5 adults. Based on a capture rate of 1.0% and win per visit of $44, gaming revenue associated with this segment calculated to $18.4 million, as displayed below.

Traffic Intercept Gaming Revenue – 2008 Calibration

Highway	AADT	Pass-through %	Adults / Vehicle	Capture %	Gamer Visits	Win per Visit	Gaming Revenue
Traffic Intercept	259,000	28.8%	1.5	1.0%	422,046	$44	$18,399,088

Source: Iowa Department of Transportation, The Innovation Group

Summary

Combining revenues from all sources, total Iowa gaming revenue summed to $1.42 billion in 2008. We estimated that the local market component accounted for about 86.9% of the total, typical for metro area casino operations. As Iowa offers a decent amount of casino hotel rooms, revenue from the overnight gamer segment contributed $81.9 million or 5.8% of the total. The other tourist segments, transient tourist and traffic intercept, added $85.6 million and $18.4 million, respectively. The following table summarizes Iowa gaming revenue by customer component for 2008:

Total Iowa Gaming Revenue (2008)

Customer Component	Gaming Revenue	% of Total
Local Market	$1,233,612,207	86.9%
Overnight Gamer	$81,915,406	5.8%
Transient Tourist	$85,618,447	6.0%
Traffic Intercept	$18,399,088	1.3%
Total	**$1,419,545,148**	**100.0%**

Source: The Innovation Group

Summary by Property

The following table displays total gaming revenue itemized by the 17 casino properties in Iowa for 2008. Gaming revenue ranged from a low of $27.7 million (Wild Rose – Emmetsburg) to a high of $197.2 million (Horseshoe – Bluffs Run). The average for the 17 casinos calculated to about $83.5 million. Note that there is a sizeable gap between the Isle – Bettendorf at $95.6 million to Ameristar Council Bluffs at $175.8 million.

The state's casinos also showed a wide range of win per visit factors, ranging from a low of $43 at Riverside to a high of $83 at Lady Luck – Marquette; averaging $62 in 2008. Win per visit can often be distorted due to the operating characteristics of the property. For example, the low figure at Riverside likely reflects numerous overnight guests that visit the casino multiple times during the stay. In contrast, the high figure at Marquette likely reflects the riverboat layout in that gaming patrons often stay on the vessel during the entire gaming trip. The Iowa win per visit figure is slightly below the Missouri average of $68 and well below the Illinois average of $107.

Win per position ranged from a low of $116 at Lady Luck Marquette to a high of $268 at Ameristar Council Bluffs; averaging $190 in 2008. A win per position factor at the lower end of this range likely reflects a casino that is not operating at optimal efficiency. While a win per position factor at the high end of the range might suggest some overcrowding during peak times. Like win per visit, the Iowa win per position figure is slightly below the Missouri average of $200 and well below the Illinois average of $381. The following table summarizes the Iowa gaming statistics by property for 2008

Total Gaming Revenue Summary (2008 Calibration)

	Adms	Gaming Rev	Win / Visit	Positions	Win / Position
Argosy Sioux City	1,078,981	$57,292,918	$53	844	$186
Lady Luck - Marquette	394,895	$32,802,331	$83	772	$116
Wild Rose - Clinton	641,294	$35,838,360	$56	590	$166
Catfish Bend - Burlington	807,385	$38,629,686	$48	809	$131
Terrible's Lakeside - Osceola	867,014	$52,372,412	$60	1,183	$121
Wild Rose - Emmetsburg	561,211	$27,721,703	$49	623	$122
Isle - Waterloo	1,565,178	$77,414,479	$49	1,312	$162
Diamond Jo - Worth	1,260,085	$78,710,814	$62	1,094	$197
Riverside	1,996,691	$85,744,094	$43	1,510	$156
Prairie Meadows - Des Moines	2,488,222	$195,436,075	$79	2,185	$245
Diamond Jo - Dubuque	722,857	$42,599,303	$59	865	$135
Dubuque Greyhound	1,513,109	$74,281,517	$49	1,105	$184
Ameristar - Council Bluffs	2,538,840	$175,789,037	$69	1,795	$268
Harrah's - Council Bluffs	1,492,310	$95,518,977	$64	1,207	$217
Horseshoe - Bluffs Run	2,654,230	$197,214,212	$74	2,245	$241
Rhythm City - Davenport	914,652	$56,544,776	$62	1,072	$145
Isle - Bettendorf	1,371,411	$95,634,454	$70	1,226	$214
Total	22,868,365	$1,419,545,148	$62	20,438	$190

Source: IRGC; The Innovation Group

2012 Baseline

Next, we forecasted the gaming revenue associated with the Iowa gaming market through 2012; the baseline year of the assessment. Note that the forecast does not yet consider the proposed new casinos in Iowa. It does however consider any announced expansions at existing casinos in the region, such as the proposed hotel expansions at the Horseshoe and Prairie Meadows facilities. We assumed that each of these properties would open a 150-room full-service hotel by 2012. The 2012 baseline forecast represents the baseline from which we will assess the impact of the proposed casinos.

Local Market

The Innovation Group estimated that local market gamer visits would remain flat over the next four years as the expected increase in the gamer population base (discussed earlier) was offset by lower propensity and frequency factors. The weighted average propensity and frequency calculated to 33.6% and 13.9 times, respectively. Assuming the average win per visit increases to $64, up from $61, local market gaming revenue was estimated at $1.41 billion in 2012, as displayed below. The increase in win per visit reflects the expected increase in income levels combined with a more promotional environment. On average, we estimated that local market gaming revenue would increase by 1.3% per year over the four year period.

Local Market Summary - 2012 Baseline

	Gamer Population	Propensity	Market Gamers	Frequency	Gamer Visits	Win / Visit	Gaming Revenue
2012 Baseline	4,673,813	33.6%	1,570,912	13.9	21,840,518	$64	$1,406,385,007
AAG (2008 Calibration)	*0.6%*	*-0.5%*	*0.2%*	*-0.2%*	*0.0%*	*1.3%*	*1.3%*

Source: The Innovation Group

On a year to year basis, we forecasted that local market gaming revenue would decline 2.9% in 2009. We further estimated that 2010 would begin weak and rebound to near the 2009 level. Finally, we assumed that more normative growth of 3.0% and 5.3% would take over in 2011 and 2012, respectively. While 2009 and 2010 are expected to be negatively impacted by the weak economy, the growth in the out years was based on the expected growth in population counts and income levels, and to some extent, pent up demand. The following table and graph displays our local market forecast over the next four years.

Local Market Gaming Revenue Trend

	Gaming Revenue	% Change
2008	$1,337,470,147	
2009	$1,298,683,513	-2.9%
2010	$1,296,086,146	-0.2%
2011	$1,334,968,730	3.0%
2012	$1,406,385,007	5.3%

Source: The Innovation Group

We estimated that the 17 Iowa casinos would capture about 92.6% of the local market or $1.30 billion. The capture rate is roughly in line with the 2008 estimate.

Iowa Local Market Capture - 2012 Baseline

	Total Local Market	Iowa Capture Rate	Iowa Local Market
Local Market Component	$1,406,385,007	92.6%	$1,302,808,099

Source: The Innovation Group

Overnight Gamer

We estimated that the overnight gamer segment would grow significantly over the next four years as we assumed that two new casino hotels would be added to the market. As discussed, we assumed that Horseshoe Council Bluffs and Prairie Meadows would both open a 150-room full-service casino hotel by 2012. We estimated that these hotels would achieve a high occupancy rate between 70% and 80% and realize a win per room of $220 per night. In addition, we expect win per room night to increase generally at the existing casino hotels in the market as income levels trend higher in Iowa and around the country. In summary, we forecasted gaming revenue associated with overnight gamer segment at $103.0 million in 2012; an increase of 26% relative to 2008. The following table summarizes the overnight gamer segment.

Overnight Gamer Summary (2012)

	Room Inventory	Occupancy	Room Night Demand	Win / Room Night	Gaming Revenue
Overnight Gamer	1,836	79.2%	530,567	$194	$103,040,808

Source: The Innovation Group

Transient Tourist

We estimated that the transient tourist segment would increase somewhat over the next four years as non-casino hotels are added to the market. Further, we estimated that traditional tourist volume would rebound as the economy improves over the next few years. In summary, we estimated that this component would increase by about 0.8% per year, reaching $88.4 million by 2012.

Transient Tourist Summary (2012)

	Room Inventory	Occupancy	Room Night Demand	Adults / Room	Tourist Count	Capture Rate	Gamer Visits	Win / Visit	Gaming Revenue
Transient Tourist	35,866	65.0%	8,509,327	1.5	12,763,990	9.1%	1,167,127	$76	$88,446,630

Source: The Innovation Group

Traffic Intercept

We estimated that the traffic intercept segment would also increase somewhat over the next four years as traffic counts trend higher. We also assumed that the win per visit associated with this customer segment would increase modestly over the next four years. In summary, we estimated that this component would increase by about 0.9% per year, reaching $19.1 million by 2012.

Traffic Intercept Gaming Revenue (2012)

Highway	AADT	Pass-through %	Adults / Vehicle	Capture %	Gamer Visits	Win per Visit	Gaming Revenue
Traffic Intercept	264,219	28.8%	1.5	1.0%	430,550	$44	$19,071,963

Source: Iowa Department of Transportation, The Innovation Group

Summary

We estimated that total Iowa gaming revenue would sum to $1.51 billion in 2012. We estimated that the local market would increase an average of 1.4% per year over the four year period (2008-2012). Recall, the forecast assumes weak results during the first half of the period followed by decent growth. Due to the expected casino hotel expansions, we estimated that the overnight segment would grow the most; increasing an average of 5.9% per year. The other tourists segments are expected display modest grow over the period. In summary, we do not expect the makeup of the market to change much, as displayed below.

Total Iowa Gaming Revenue (2012)

Customer Component	Gaming Revenue	AAG (2008 Baseline)	% of Total
Local Market	$1,302,808,099	1.4%	86.1%
Overnight Gamer	$103,040,808	5.9%	6.8%
Transient Tourist	$88,446,630	0.8%	5.8%
Traffic Intercept	$19,071,963	0.9%	1.3%
Total	$1,513,367,500	1.6%	100.0%

Source: The Innovation Group

Summary by Property

With a few exceptions, we expect growth over the next several years to be modest at the existing Iowa casinos. In contrast, we expect Wild Rose – Clinton and Diamond Jo – Dubuque to show strong growth as these properties continue to benefit from recent expansions. We also expect the newer properties to beat the market average as they mature. Finally, we expect gaming revenue to decline at Isle – Bettendorf as it competes with the expanded Jumer's Rock Island casino.

Gaming Revenue Summary - 2012 Baseline

Iowa Casino Property	Admissions	Win / Visit	Total	AAG (2008 Baseline)
Argosy Sioux City	1,178,800	$52.00	$61,300,000	1.7%
Lady Luck - Marquette	405,800	$86.00	34,900,000	1.6%
Wild Rose - Clinton	803,600	$55.00	44,200,000	5.4%
Catfish Bend - Burlington	679,400	$63.00	42,800,000	2.6%
Terrible's Lakeside - Osceola	880,000	$62.16	54,700,000	1.1%
Wild Rose - Emmetsburg	560,000	$55.71	31,200,000	3.0%
Isle - Waterloo	1,405,600	$62.75	88,200,000	3.3%
Diamond Jo - Worth	1,215,000	$68.15	82,800,000	1.3%
Riverside	1,980,000	$46.46	92,000,000	1.8%
Prairie Meadows - Des Moines	2,671,400	$80.35	214,636,000	2.4%
Diamond Jo - Dubuque	1,243,700	$57.25	71,200,000	13.7%
Dubuque Greyhound	1,410,000	$49.72	70,100,000	-1.4%
Ameristar - Council Bluffs	2,200,900	$79.29	174,500,000	-0.2%
Harrah's - Council Bluffs	1,470,000	$65.03	95,600,000	0.0%
Horseshoe - Bluffs Run	2,744,975	$75.90	208,331,500	1.4%
Rhythm City - Davenport	910,000	$64.29	58,500,000	0.9%
Isle - Bettendorf	1,205,000	$73.36	88,400,000	-1.9%
Total	22,964,175	$65.90	$1,513,367,500	1.6%

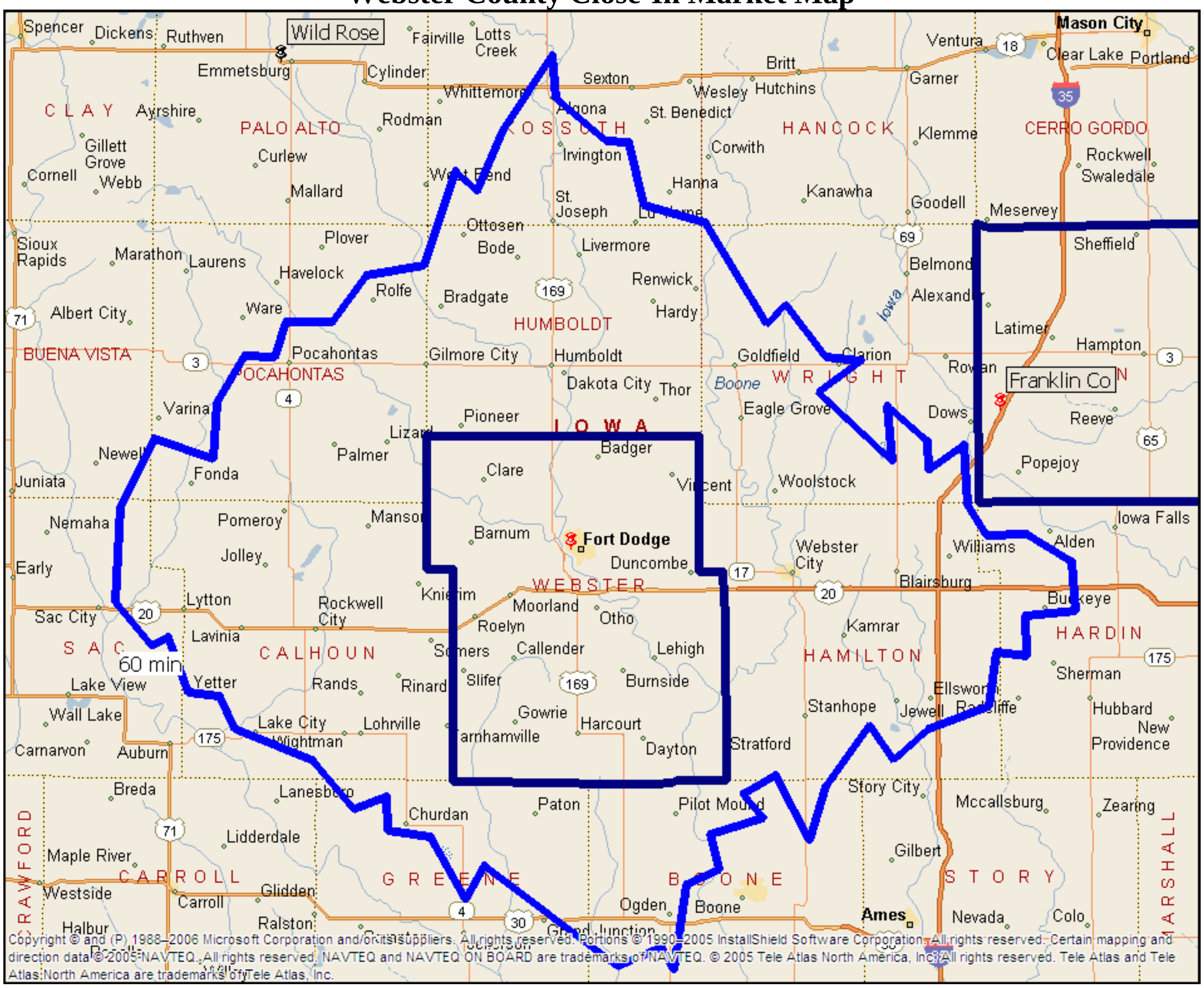
Source: The Innovation Group

WEBSTER COUNTY FORECAST

This scenario isolates the impact of the proposed Webster County casino. We assumed that the development site would be located on the Des Moines River near downtown Fort Dodge, and easily accessible via Highway 169 (Lainson Avenue). The major population center in the region is Ford Dodge itself. Other decent sized towns include Humboldt, Ames and Webster City.

The existing gaming competition in the region includes the Wild Rose - Emmetsburg, located about 50 miles to the northwest of the development site, and the Prairie Meadows racetrack casino, about 70 miles to the southeast. Note that the proposed Franklin County casino is also in the vicinity, about 40 miles to the east. Although no existing or proposed casinos are located in the 60-minute market displayed in the map below.

Webster County Close-In Market Map



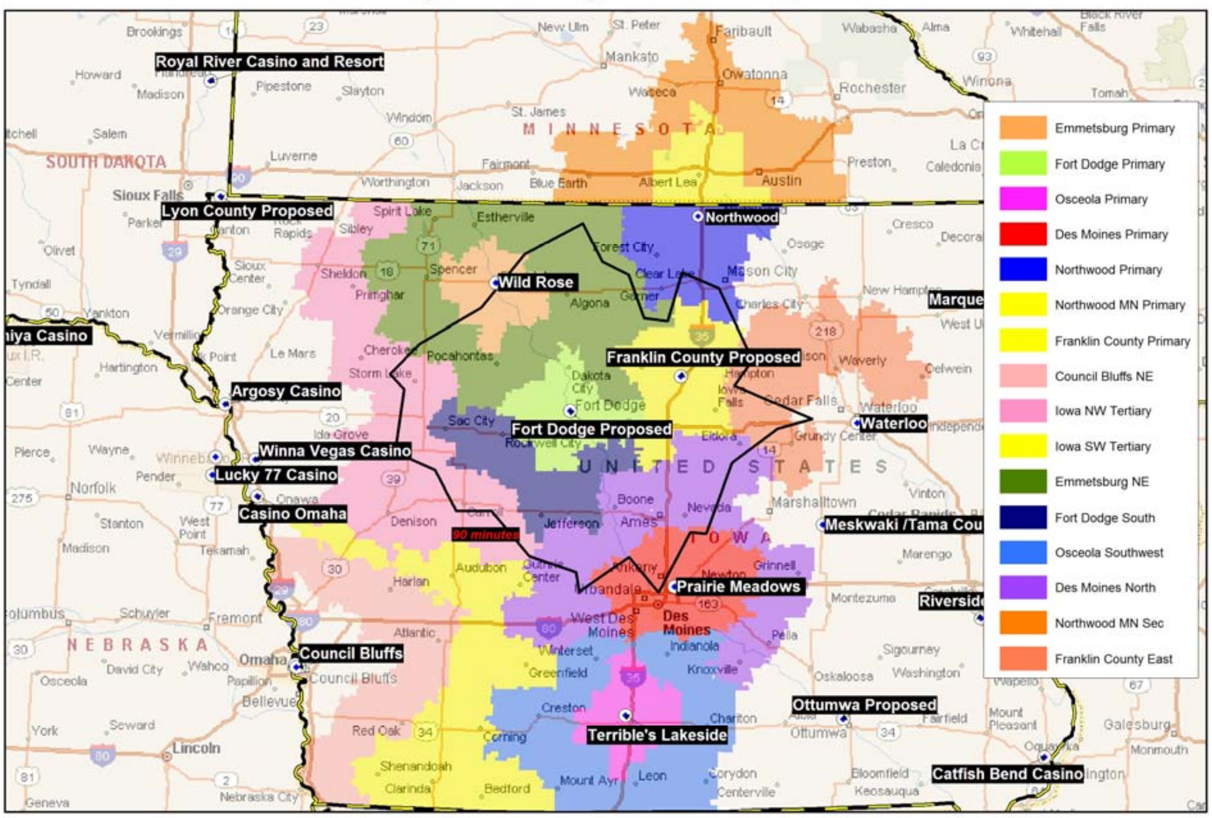
The Innovation Group determined that the proposed Webster County casino would realize gaming revenue from primarily three sources including the local market, overnight gamer and transient tourist. Note that the traffic intercept segment is excluded as there are no interstate highways in the area.

Local Market

The local market gravity model, discussed earlier, was updated to include the proposed Webster County casino. Per the RFP, we forecasted the gaming revenue potential of this facility assuming three investment levels: Low-End, Mid-Range and High-End. We assumed that the quality and scope of the facility would increase as investment increases. We assigned an attraction factor to the casino based on the assumed investment level. Again, the gravity model utilizes the attraction factor as it allocates gamer visits between the area casinos. The size of the casino, in terms of gaming positions, was primarily based on the potential of the local market area, but also, to some extent, the investment level.

We determined that the proposed Webster County casino would realize material gaming revenue from 16 markets segments, displayed on the map below. These market segments are within roughly a 120-minute drive of the property. We estimated that these segments would contain just over 1.12 million gamer adults (21+) by 2012. Currently, gamers in these market segments view Prairie Meadows and Wild Rose Emmetsburg as the primary gaming alternatives.

Webster County Market Regions with Competitive Sites



We estimated that a Webster County casino would increase the gaming factors (propensity and frequency) and thus gamer visits for only a few of the market segments, including Fort Dodge Primary and Fort Dodge South as the subject facility would make gaming more convenient for these market segments. For example, residents of the Fort Dodge Primary segment currently drive about 90 minutes to the nearest gaming alternative (Wild Rose Emmetsburg). The proposed facility would lower the average drive time to about 17 minutes for this segment. Nonetheless, due to existing competition in the region, impact on more market segments was not evident. As discussed, the extent of the increase and the capture rate realized by the subject would depend in part on the investment level.

Low-End Investment Level

Assuming a Low-End investment level, we estimated that local market gamer visits would sum to about 5.62 million, reflecting a weighted average propensity and frequency factor of 36.8% and 13.6 times, respectively. Based on a casino floor with 650 gaming positions, The Innovation Group estimated that the Webster County casino would capture 10.3% of the local market or about 577,300 gamer visits. We further estimated the average win per visit at $61, resulting in local market gaming revenue of $35.5 million for the subject.

The key submarket for the subject is the Fort Dodge Primary market, accounting for over 52% of total local market gaming revenue. We also believe that this facility would capture a significant share of the Fort Dodge South market; although it would be competing head-to-head with Prairie Meadows. Note that the subject would have a hard time penetrating the outer market segments to a significant extent due to existing competition. The following table details our local market gaming revenue forecast, by market segment, for the proposed Webster County casino, assuming a Low-End capital investment.

Local Market Gaming Revenue - Webster County - Low-End Facility

Market Segments	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Emmetsburg Primary	8,509	62.6%	22.1	117,858	3.7%	4,348	$53	$232,064
Fort Dodge Primary	39,702	51.8%	18.4	378,520	86.8%	328,655	$57	$18,650,407
Prairie Meadows Primary	379,242	39.9%	14.2	2,153,041	1.3%	28,255	$64	$1,819,471
Osceola Primary	11,609	51.0%	18.3	108,260	0.7%	714	$57	$40,500
Northwood Primary	48,420	45.9%	16.4	363,994	3.0%	10,760	$62	$670,207
Northwood MN Primary	24,577	50.6%	18.0	224,438	1.7%	3,747	$57	$212,568
Franklin City	22,538	33.5%	12.4	93,243	15.4%	14,385	$70	$1,007,883
CB Northeast	38,766	39.3%	14.1	214,304	2.6%	5,567	$67	$373,067
Iowa NW Tertiary	70,164	28.3%	9.8	193,581	14.7%	28,362	$80	$2,277,035
Iowa SW Tertiary	37,825	31.1%	10.6	124,533	4.7%	5,826	$79	$459,057
Emmet Northeast	64,188	37.6%	13.5	325,507	17.2%	56,076	$65	$3,617,292
Ft. Dodge South	19,230	32.5%	11.7	73,192	41.3%	30,195	$68	$2,042,243
Osceola Southwest	57,846	37.7%	13.6	295,848	2.2%	6,604	$65	$430,175
Des Moines North	140,608	27.9%	10.0	390,916	8.9%	34,927	$68	$2,360,080
Northwood Sec MN	107,795	27.6%	9.9	293,748	4.7%	13,769	$70	$967,306
Franklin City East	50,906	38.1%	13.8	266,452	1.9%	5,116	$64	$326,499
Total / Average	1,121,928	36.8%	13.6	5,617,435	10.3%	577,305	$61	$35,485,853

Source: The Innovation Group

Mid-Range Investment Level

At the Mid-Range investment level, several assumptions would change. First, we increased the size of the casino by about 160 positions. Second, we increased the gaming factors associated with the key Webster County market segments as gamers would be more attracted to a nicer facility, and would likely stay longer per visit. Finally, we increased the overall attraction factor for the facility, as the higher development budget would enhance quality and scope proportionately.

From a quantitative perspective, the increased gamer factors drove market gamer visits higher by 0.9% to 5.67 million, relative to the Low-End facility. The larger casino and enhanced quality and scope would increase the draw from the outer markets as gamers would be willing to drive farther to visit the subject. These factors pushed the subject capture rate to 12.3%, resulting in 697,100 local market gamer visits for the subject. In summary, the increase in investment increased our local market gaming revenue estimate from $35.5 million to $44.1 million or about 24%, as displayed in the table below.

Local Market Gaming Revenue - Webster County - Mid-Range Facility

Market Segments	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Emmetsburg Primary	8,509	62.8%	22.2	118,565	5.1%	6,061	$54	$329,995
Fort Dodge Primary	39,702	53.4%	19.0	402,288	89.8%	361,365	$58	$20,916,761
Prairie Meadows Primary	379,242	39.9%	14.2	2,157,349	1.9%	40,388	$66	$2,652,835
Osceola Primary	11,609	51.0%	18.3	108,476	0.9%	1,024	$58	$59,236
Northwood Primary	48,420	45.9%	16.4	365,450	4.2%	15,291	$64	$971,473
Northwood MN Primary	24,577	50.7%	18.0	224,886	2.4%	5,351	$58	$309,667
Franklin City	22,538	33.8%	12.5	94,919	20.4%	19,367	$71	$1,384,082
CB Northeast	38,766	39.4%	14.1	215,161	3.7%	7,910	$68	$540,645
Iowa NW Tertiary	70,164	28.5%	9.8	196,673	19.4%	38,107	$82	$3,120,587
Iowa SW Tertiary	37,825	31.2%	10.6	125,280	6.5%	8,184	$80	$657,775
Emmet Northeast	64,188	37.9%	13.6	331,352	21.8%	72,073	$66	$4,742,148
Ft. Dodge South	19,230	33.2%	11.9	76,099	49.8%	37,902	$69	$2,614,762
Osceola Southwest	57,846	37.7%	13.6	296,439	3.2%	9,406	$66	$625,008
Des Moines North	140,608	28.1%	10.0	394,819	12.1%	47,939	$69	$3,304,156
Northwood Sec MN	107,795	27.6%	9.9	295,509	6.6%	19,443	$72	$1,393,249
Franklin City East	50,906	38.1%	13.8	266,984	2.7%	7,281	$65	$473,910
Total / Average	1,121,928	36.9%	13.7	5,670,251	12.3%	697,092	$63	$44,096,290
% Change (Low-End)	*0.0%*	*0.4%*	*0.5%*	*0.9%*	*19.6%*	*20.7%*	*2.9%*	*24.3%*

Source: The Innovation Group

High-End Investment Level

The same logic applies as the investment level jumps from Mid-Range to High-End. At this investment level, we determined that the proposed facility would be comparable to the top casinos in Iowa in terms of quality. Again, The Innovation Group increased the gaming position count, the gaming factors for the market area and the attraction factor for the proposed Webster County facility. The assumed size of the casino (in terms of gaming positions) increased from 810 to 945 positions. The size adjustment in combination with the higher attraction factor increased the capture rate from 12.3% to 15.1%. In summary, local market gaming revenue increased 15% to about $50.8 million, as displayed below.

Local Market Gaming Revenue - Webster County - High-End Facility

Market Segments	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Emmetsburg Primary	8,509	62.9%	22.2	118,801	6.2%	7,406	$56	$411,115
Fort Dodge Primary	39,702	54.3%	19.3	415,975	91.5%	380,439	$59	$22,452,591
Prairie Meadows Primary	379,242	40.0%	14.3	2,161,662	2.3%	50,500	$67	$3,382,039
Osceola Primary	11,609	51.0%	18.3	108,476	1.2%	1,281	$59	$75,562
Northwood Primary	48,420	46.0%	16.4	366,179	5.2%	18,998	$65	$1,230,601
Northwood MN Primary	24,577	50.7%	18.0	224,886	3.0%	6,673	$59	$393,722
Franklin City	22,538	33.9%	12.5	95,668	24.1%	23,013	$73	$1,676,931
CB Northeast	38,766	39.4%	14.1	215,161	4.6%	9,805	$70	$683,372
Iowa NW Tertiary	70,164	28.6%	9.9	198,227	22.8%	45,295	$83	$3,781,908
Iowa SW Tertiary	37,825	31.2%	10.6	125,529	8.0%	10,060	$82	$824,440
Emmet Northeast	64,188	38.1%	13.7	334,621	25.0%	83,646	$67	$5,611,526
Ft. Dodge South	19,230	33.5%	12.0	77,574	55.2%	42,840	$70	$3,013,412
Osceola Southwest	57,846	37.8%	13.6	297,031	3.9%	11,727	$68	$794,515
Des Moines North	140,608	28.1%	10.0	397,170	14.6%	57,964	$70	$4,073,449
Northwood Sec MN	107,795	27.7%	9.9	296,098	8.1%	23,996	$73	$1,753,224
Franklin City East	50,906	38.1%	13.8	267,518	3.4%	9,071	$66	$601,979
Total / Average	1,121,928	37.0%	13.7	5,700,579	13.7%	782,713	$65	$50,760,386
% Change (Mid-Range)	*0.0%*	*0.2%*	*0.3%*	*0.5%*	*11.7%*	*12.3%*	*2.5%*	*15.1%*

Source: The Innovation Group

Webster County Local Market Summary

In summary, we estimated that a Webster County facility would generate between $35.5 million and $50.8 million in local market gaming revenue, depending on the level of investment.

Local Market Summary - Webster County

	Low-End	Mid-Range	High-End
Gaming Positions	652	810	944
Market Gamer Visits	5,617,435	5,670,251	5,700,579
Subject Capture Rate	10.3%	12.3%	13.7%
Subject Gamer Visits	577,305	697,092	782,713
Win per Visit	$61	$63	$65
Subject Gaming Revenue	$35,485,853	$44,096,290	$50,760,386
Daily Win per Position	$149	$149	$147

Source: The Innovation Group

Transient Tourist Segment

The Innovation Group forecasted incremental gaming revenue associated with the transient tourist component for the proposed Webster County casino. Again, the transient tourist component reflects tourists to the area that patronize the casino as a secondary attraction. The tourists include business travelers, pass-through travelers and leisure tourists. We generally assessed the tourist volume using the hotel room inventory in close proximity to the proposed casino.

The Innovation Group compiled a hotel summary for the Fort Dodge area. Based on information obtained from Smith Travel Research, the Fort Dodge market contains 11 hotels offering roughly 700 rooms. The hotels are relatively small ranging from 24 to 108 rooms; averaging 64 rooms per hotel. About half the rooms fall into the mid-range category and there are no upscale hotels. The newest hotel in the market is the 57-room AmericInn Fort Dodge, which opened in January 2007.

Fort Dodge Hotel Market Summary

	Hotel Count	Room Count	% of Total
Independent	4	197	27.8%
Economy	2	153	21.6%
Mid-Range	5	359	50.6%
Upscale	0	0	0.0%
Total	11	709	100.0%

Source: Smith Travel Research; The Innovation Group

We estimated that the tourists patronizing these hotels would yield between $1.6 million and $2.0 million in gaming revenue for the proposed Webster County casino, depending on the investment level. We estimated that these hotels are realizing an average occupancy rate of 65%, based on research in comparable markets, resulting in about 168,000 room nights of demand. We further estimated the gamer capture rate in the 8.3% to 9.2% range, again depending on the level of investment. The capture rate range reflects the fact that the hotels are in close proximity to the proposed facility and considers the lack of alternative entertainment options in the area. The win per visit factor generally reflects the win per visit for the local market, adjusted somewhat based on the investment level. The following table details the calculation for the transient tourist component.

Transient Tourist Gaming Revenue - Webster County

Investment Level	Room Inventory	Occupancy	Room Night Demand	Gamer Capture Rate	Gamer Room Nights	Adults / Room	Gamer Visits	Win per Visit	Gaming Revenue
Low-End	709	65.0%	168,210	8.3%	13,877	1.5	20,816	$76	$1,590,722
Mid-Range	709	65.0%	168,210	8.9%	14,988	1.5	22,481	$80	$1,803,879
High-End	709	65.0%	168,210	9.2%	15,543	1.5	23,314	$84	$1,959,770

Source: The Innovation Group

Overnight Gamer

The overnight gamer component reflects patrons of the proposed casino hotel. The casino hotel would be specifically designed to accommodate the gaming customer. The assumed hotel size varies with investment level, but also considers the volume of local market gamer visits, with the goal of generating a 75% occupancy rate. We estimated room night demand based on a capture rate applied to the local market gamer visit forecast. The capture rates were estimated based on the performance of the existing casino hotels in Iowa and assumes that the casino operation will apply a portion of its marketing budget to fill hotel rooms.

We set the room counts at 50, 85 and 115 for the three investment levels of Low-End, Mid-Range and High-End, respectively. The resulting room night demand ranged from 13,700 for the 50-room hotel to 31,500 115-room hotel; resulting in 20,500 and 47,200 gamer visits, respectively, based on an occupancy factor of 1.5 adults per room. Further, we assumed a win per visit factor of $122 for the hotel associated with the Low-End investment increasing to $146 for the High-End investment level. In general, the win per visit factor was based on what the existing casino hotels in Iowa are realizing. After compiling these factors, gaming revenue associated with the overnight gamer component calculated to $2.5 million for the proposed 50-room hotel, $4.5 million for an 85-room hotel and $6.9 million for the 115-room hotel, as displayed in the table below.

Overnight Gamer Gaming Revenue - Webster County

Investment Level	Room Inventory	Occupancy	Room Night Demand	Adults / Room	Gamer Visits	Win per Visit	Gaming Revenue
Low-End	50	75.0%	13,688	1.5	20,531	$122	$2,505,979
Mid-Range	85	75.0%	23,269	1.5	34,903	$134	$4,686,180
High-End	115	75.0%	31,481	1.5	47,222	$146	$6,916,502

Source: The Innovation Group

Total Revenue – Webster County Casino

After combining revenue from all sources, we estimated that the Webster County casino would generate between $39.6 million and $59.6 million in gaming revenue. The proportion associated with the local market was 90% for the low-end investment level falling to 85% for the High-End property as the influence of the casino hotel increases. The daily win per position peaked at $173 for the high-end scenario. The following table summarizes our gaming revenue forecast for the proposed Webster County for 2012, assuming three investment levels.

Total Gaming Revenue - Webster County

	Low-End	Mid-Range	High-End
Local Market	$35,485,853	$44,096,290	$50,760,386
Overnight Gamer	2,505,979	4,686,180	6,916,502
Transient Tourist	1,590,722	1,803,879	1,959,770
Traffic Intercept	0	0	0
Total	$39,582,554	$50,586,349	$59,636,657
Gaming Positions	652	810	944
Win / Position / Day	$166	$171	$173

Source: The Innovation Group

We estimated that about 57% of total gaming revenue would be incremental to Iowa with the balance being cannibalized from the existing Iowa commercial casinos. As displayed in the table below, we estimated that a Webster County casino would generate between $22.4 million and $34.2 million in incremental gaming revenue, depending on the investment level.

Incremental Gaming Revenue Analysis - Webster

	Low-End	Mid-Range	High-End
Total Gaming Revenue	$39,582,554	$50,586,349	$59,636,657
Cannibalization	-$17,207,747	-$21,736,091	-$25,469,539
Incremental Gaming Revenue	$22,374,807	$28,850,259	$34,167,118
Incremental %	*56.5%*	*57.0%*	*57.3%*

Source: The Innovation Group

Impact on Existing Iowa Casinos

The proposed Webster County casino is expected to impact a number of existing casinos, most notably Wild Rose – Emmetsburg, and to some extent, Diamond Jo – Northwood and Prairie Meadows. These casinos are located in relative close proximity to the subject. On a percentage basis, we estimated that the Wild Rose facility would be most impacted, with gaming revenue falling between 16% and 21% (depending on the investment level).

Cannibalization Impact Summary - Webster County

	Low-End	Mid-Range	High-End
Argosy Sioux City	-$219,584	-$336,670	-$440,950
Lady Luck - Marquette	-$17,861	-$24,137	-$28,945
Wild Rose - Clinton	$0	$0	$0
Catfish Bend - Burlington	$0	$0	$0
Terrible's Lakeside - Osceola	-$1,120,195	-$1,454,072	-$1,729,711
Wild Rose - Emmetsburg	-$4,845,757	-$5,796,170	-$6,541,537
Isle - Waterloo	-$289,067	-$410,386	-$511,305
Diamond Jo - Worth	-$3,235,195	-$4,123,412	-$4,932,099
Riverside	-$4,132	-$5,615	-$6,761
Prairie Meadows - Des Moines	-$6,221,504	-$7,892,316	-$9,152,044
Diamond Jo - Dubuque	$0	$0	$0
Dubuque Greyhound	$0	$0	$0
Ameristar - Council Bluffs	-$441,737	-$596,275	-$748,705
Harrah's - Council Bluffs	-$297,453	-$401,515	-$504,157
Horseshoe - Bluffs Run	-$515,262	-$695,523	-$873,324
Rhythm City - Davenport	$0	$0	$0
Isle - Bettendorf	$0	$0	$0
Total	-$17,207,747	-$21,736,091	-$25,469,539

Source: The Innovation Group

Cannibalization Impact Summary - Webster County

	Low-End	Mid-Range	High-End
Argosy Sioux City	-0.4%	-0.5%	-0.7%
Lady Luck - Marquette	-0.1%	-0.1%	-0.1%
Wild Rose - Clinton	0.0%	0.0%	0.0%
Catfish Bend - Burlington	0.0%	0.0%	0.0%
Terrible's Lakeside - Osceola	-2.0%	-2.7%	-3.2%
Wild Rose - Emmetsburg	-15.5%	-18.6%	-21.0%
Isle - Waterloo	-0.3%	-0.5%	-0.6%
Diamond Jo - Worth	-3.9%	-5.0%	-6.0%
Riverside	0.0%	0.0%	0.0%
Prairie Meadows - Des Moines	-2.9%	-3.6%	-4.2%
Diamond Jo - Dubuque	0.0%	0.0%	0.0%
Dubuque Greyhound	0.0%	0.0%	0.0%
Ameristar - Council Bluffs	-0.3%	-0.3%	-0.4%
Harrah's - Council Bluffs	-0.3%	-0.4%	-0.5%
Horseshoe - Bluffs Run	-0.2%	-0.3%	-0.4%
Rhythm City - Davenport	0.0%	0.0%	0.0%
Isle - Bettendorf	0.0%	0.0%	0.0%
Total	-1.1%	-1.4%	-1.7%

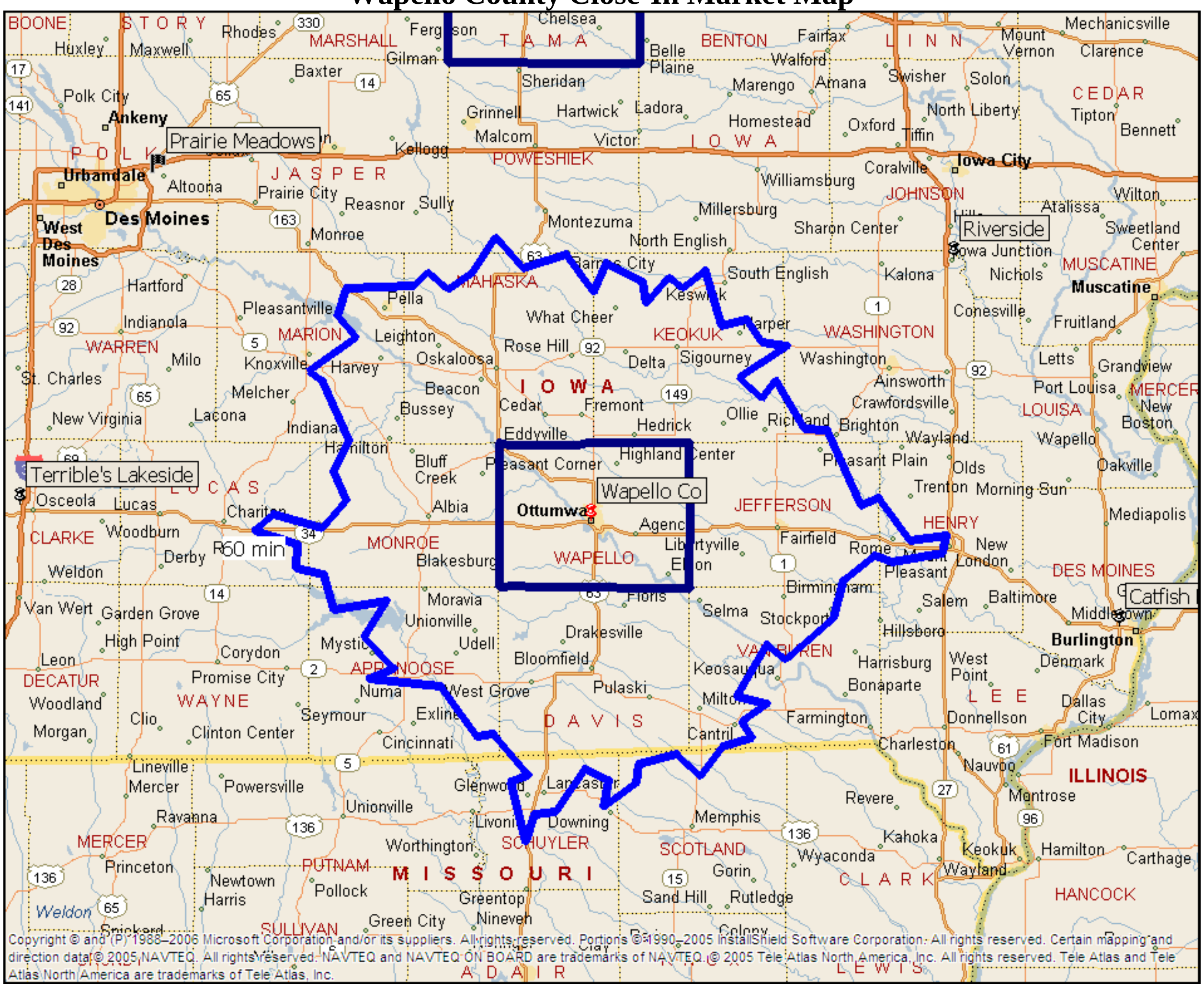
Source: The Innovation Group

WAPELLO COUNTY FORECAST

This scenario isolates the impact of a Wapello County casino located near downtown Ottumwa. The site would be easily accessible from Highway 34 for patrons traveling from the east / west and from Highway 63 for patrons traveling from the north / south. The major population center in the region is Ottumwa itself.

The greater Ottumwa market is surrounded by several existing Iowa casinos including Terrible's Lakeside to the west, Prairie Meadows to the northwest, Riverside to the northeast and Catfish Bend to the east. In addition, about 80 miles to the southeast is a Missouri casino called Terrible's Mark Twain Casino.

Wapello County Close-In Market Map



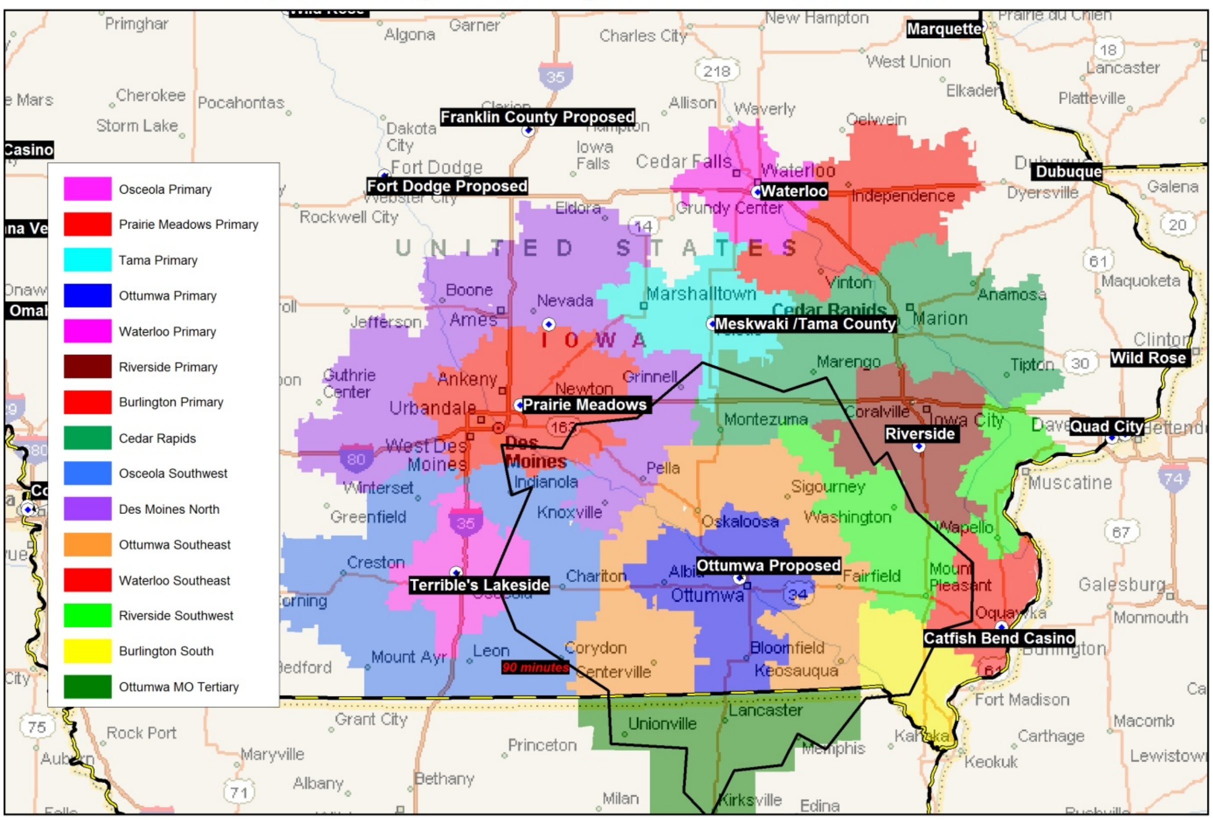
The Innovation Group determined that the proposed Wapello County casino would realize gaming revenue from primarily three sources including the local market, overnight gamer and transient tourist.

Local Market

The local market gravity model, discussed earlier, was updated to include the proposed Wapello County casino. Per the RFP, we forecasted the gaming revenue potential of this facility assuming three investment levels: Low-End, Mid-Range and High-End. We assumed that the quality and scope of the facility would increase as investment increases. We assigned an attraction factor to the casino based on the assumed investment level. Again, the gravity model utilizes the attraction factor as it allocates gamer visits between the area casinos. The size of the casino, in terms of gaming positions, was primarily based on the potential of the local market area, but also, to some extent, the investment level.

We determined that the proposed Wapello County casino would realize material gaming revenue from 16 markets segments, displayed on the map below. These market segments are within roughly 120 minutes of the property. We estimated that these segments would contain approximately 1.29 million gamer adults (21+) by 2012. Note that this market area contains the primary markets of various existing Iowa casinos. This means the proposed Wapello County casino would have a difficult time capturing significant market share from these market segments.

Wapello County Market Regions with Competitive Sites



We estimated that a Wapello County casino would increase the gaming factors (propensity and frequency) and thus gamer visits for several of market segments, including Ottumwa Primary, Ottumwa Southeast and Ottumwa/MO Tertiary, as gaming becomes more convenient for these segments. For example, gamers living near Ottumwa currently drive about 75 minutes to the nearest gaming alternative (Terrible's Osceola). The proposed facility would lower the average drive time to about 15 minutes for this segment. Nonetheless, due to existing competition in the region, impact on more market segments was not evident. As discussed, the growth in the market and the capture rate for the subject would depend in part on the investment level.

Low-End Investment Level

Assuming a Low-End investment level, we estimated that local market gamer visits would sum to about 7.66 million, reflecting a weighted average propensity and frequency factor of 40.5% and 14.7 times, respectively. Based on a casino floor with 615 gaming positions, The Innovation Group estimated that the Wapello County casino would capture 7.2% of the local market or about 551,100 gamer visits. We further estimated the average win per visit at $58, resulting in local market gaming revenue of $31.9 million for the subject.

As one might expect, the key submarket for the subject is the Ottumwa Primary market, accounting for about 59% of total local market gaming revenue. We also believe that this facility would capture a significant share of the Ottumwa Southeast and Ottumwa/MO Tertiary markets. Note that the subject would have a hard time penetrating the outer market segments to a significant extent due to existing competition. The following table details our local market gaming revenue forecast, by market segment, for the proposed Wapello County casino, assuming a Low-End capital investment.

Local Market Gaming Revenue - Wapello County - Low-End Facility

Market Segments	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Prairie Meadows Primary	379,242	39.9%	14.2	2,153,041	0.8%	17,125	$64	$1,102,734
Osceola Primary	11,609	51.0%	18.3	108,260	0.8%	824	$57	$46,746
Tama Primary	37,062	41.7%	12.8	197,820	1.6%	3,122	$55	$172,276
Ottumwa Primary	38,548	54.2%	19.3	403,412	85.3%	344,296	$54	$18,726,759
Waterloo Primary	95,797	51.6%	18.5	914,094	0.4%	3,357	$57	$192,338
Riverside Primary	100,472	48.4%	14.9	723,346	1.0%	7,380	$62	$458,034
Burlington Primary	33,769	56.0%	19.6	370,831	0.3%	1,174	$54	$63,941
Burlington Illinois Primary	5,832	44.8%	16.0	41,898	0.8%	332	$57	$18,998
Cedar Rapids	193,868	36.4%	13.0	919,074	2.8%	26,083	$65	$1,700,398
Osceola Southwest	57,846	37.7%	13.6	295,848	2.9%	8,480	$65	$552,429
Des Moines North	140,608	27.9%	9.9	389,360	3.8%	14,779	$68	$998,640
Ottumwa Southeast	48,119	38.6%	14.0	260,475	32.9%	85,778	$62	$5,330,935
Waterloo Southeast	34,651	39.6%	14.2	195,045	2.1%	4,129	$68	$280,342
Riverside Southwest	55,609	48.6%	17.3	467,891	3.3%	15,647	$64	$994,411
Burlington South	27,721	41.2%	14.9	169,690	4.4%	7,541	$62	$467,881
OttumwaMOTert	25,729	23.3%	8.1	48,388	22.9%	11,095	$72	$800,030
Total / Average	1,286,483	40.5%	14.7	7,658,473	7.2%	551,142	$58	$31,906,891

Source: The Innovation Group

Mid-Range Investment Level

At the Mid-Range investment level, several assumptions would change. First, we increased the size of the casino by about 155 positions or 25%. Second, we increased the gaming factors associated with the key Wapello County market segments as gamers would be more attracted to a nicer facility, and would likely stay longer per visit. Finally, we increased the overall attraction factor for the facility, as the higher development budget would enhance quality and scope proportionately.

From a quantitative perspective, the increased gamer factors drove market gamer visits higher by 0.3% to 7.68 million, relative to the Low-End facility. The larger casino and enhanced quality and scope would increase the draw from the outer markets as gamers would be willing to drive farther to visit the subject. These factors pushed the subject capture rate to 8.5%, resulting in about 650,000 gamer visits. In summary, the increase in investment increased our local market gaming revenue estimate to $38.8 million or 22%, as displayed in the table below.

Local Market Gaming Revenue - Wapello County - Mid-Range Facility

Market Segments	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Prairie Meadows Primary	379,242	39.9%	14.2	2,157,349	1.2%	25,175	$66	$1,653,596
Osceola Primary	11,609	51.0%	18.3	108,476	1.1%	1,211	$58	$70,071
Tama Primary	37,062	41.7%	12.8	197,820	2.3%	4,566	$56	$257,022
Ottumwa Primary	38,548	54.8%	19.5	411,185	88.6%	364,255	$55	$20,208,608
Waterloo Primary	95,797	51.6%	18.5	914,094	0.5%	4,948	$58	$289,142
Riverside Primary	100,472	48.4%	14.9	723,346	1.5%	10,827	$63	$685,414
Burlington Primary	33,769	56.0%	19.6	370,831	0.5%	1,726	$56	$95,862
Burlington Illinois Primary	5,832	44.9%	16.1	41,982	1.2%	490	$58	$28,585
Cedar Rapids	193,868	36.4%	13.0	920,911	4.1%	37,990	$66	$2,526,138
Osceola Southwest	57,846	37.8%	13.6	297,031	4.2%	12,329	$66	$819,187
Des Moines North	140,608	27.9%	10.0	390,916	5.4%	21,226	$69	$1,462,964
Ottumwa Southeast	48,119	39.0%	14.1	265,110	41.7%	110,653	$63	$7,014,366
Waterloo Southeast	34,651	39.6%	14.2	195,435	3.1%	6,053	$69	$419,239
Riverside Southwest	55,609	48.6%	17.3	468,826	4.8%	22,533	$65	$1,460,666
Burlington South	27,721	41.2%	14.9	170,368	6.4%	10,841	$63	$686,094
OttumwaMOTert	25,729	23.4%	8.1	49,061	30.4%	14,932	$74	$1,098,207
Total / Average	1,286,483	40.6%	14.7	7,682,741	8.5%	649,755	$60	$38,775,162
% Change (Low-End)	*0.0%*	*0.2%*	*0.2%*	*0.3%*	*17.5%*	*17.9%*	*3.1%*	*21.5%*

Source: The Innovation Group

High-End Investment Level

The same logic applies as the investment level jumps from Mid-Range to High-End. At this investment level, we determined that the proposed facility would be comparable to the top casinos in Iowa in terms of quality. Again, The Innovation Group increased the gaming position count, the gaming factors for the market area and the attraction factor for the proposed Wapello County facility. The assumed size of the casino (in terms of gaming positions) increased from roughly 770 to 900 positions. The size adjustment in combination with the higher attraction factor increased the capture rate from 8.5% to 9.3%. In summary, local market gaming revenue increased 13% to approximately $43.9 million, as displayed below.

Local Market Gaming Revenue - Wapello County - High-End Facility

Market Segments	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Prairie Meadows Primary	379,242	39.9%	14.2	2,157,349	1.5%	31,312	$67	$2,097,005
Osceola Primary	11,609	51.0%	18.3	108,476	1.4%	1,506	$59	$88,832
Tama Primary	37,062	41.7%	12.8	198,215	2.9%	5,677	$57	$325,819
Ottumwa Primary	38,548	55.2%	19.6	418,244	90.2%	377,411	$57	$21,349,086
Waterloo Primary	95,797	51.6%	18.5	914,094	0.7%	6,176	$60	$367,926
Riverside Primary	100,472	48.4%	14.9	723,346	1.9%	13,466	$65	$869,160
Burlington Primary	33,769	56.0%	19.6	370,831	0.6%	2,150	$57	$121,728
Burlington Illinois Primary	5,832	44.9%	16.1	41,982	1.5%	611	$59	$36,343
Cedar Rapids	193,868	36.4%	13.1	922,750	5.1%	47,016	$68	$3,187,661
Osceola Southwest	57,846	37.8%	13.6	297,031	5.1%	15,185	$68	$1,028,724
Des Moines North	140,608	27.9%	10.0	390,916	6.6%	25,921	$70	$1,821,580
Ottumwa Southeast	48,119	39.1%	14.2	267,183	47.1%	125,761	$65	$8,128,389
Waterloo Southeast	34,651	39.6%	14.2	195,435	3.8%	7,513	$71	$530,522
Riverside Southwest	55,609	48.6%	17.3	468,826	5.9%	27,604	$66	$1,824,530
Burlington South	27,721	41.2%	14.9	170,368	7.8%	13,248	$65	$854,828
OttumwaMOTert	25,729	23.5%	8.2	49,350	35.3%	17,420	$75	$1,306,302
Total / Average	1,286,483	40.6%	14.7	7,694,397	9.3%	717,975	$61	$43,938,434
% Change (Mid-Range)	*0.0%*	*0.1%*	*0.1%*	*0.2%*	*10.3%*	*10.5%*	*2.5%*	*13.3%*

Source: The Innovation Group

Wapello County Local Market Summary

In total, we estimated that a Wapello County facility would generate between $31.9 million and $43.9 million in local market gaming revenue, depending on the level of investment.

Local Market Summary - Wapello County

	Low-End	Mid-Range	High-End
Gaming Positions	615	770	899
Market Gamer Visits	7,658,473	7,682,741	7,694,397
Subject Capture Rate	7.2%	8.5%	9.3%
Subject Gamer Visits	551,142	649,755	717,975
Win per Visit	$58	$60	$61
Subject Gaming Revenue	$31,906,891	$38,775,162	$43,938,434
Daily Win per Position	$142	$138	$134

Source: The Innovation Group

Transient Tourist Segment

The Innovation Group forecasted incremental gaming revenue associated with the transient tourist component for the proposed Wapello County casino. Again, the transient tourist component reflects tourists to the area that patronize the casino as a secondary attraction. The tourists include business travelers, pass-through travelers and leisure tourists. We generally assessed the tourist volume using the hotel room inventory in close proximity to the proposed casino.

The Innovation Group compiled a hotel summary for the Ottumwa area. Based on information obtained from Smith Travel Research, the Ottumwa market contains 9 hotels offering roughly 440 rooms. These hotels are relatively small ranging from 26 to 84 rooms; averaging 49 rooms per hotel. About half the rooms fall into the mid-range category and there are no upscale hotels. The newest hotel in the market is the 53-room AmericInn Ottumwa, which opened in March 2003.

Ottumwa County Hotel Market Summary

	Hotel Count	Room Count	% of Total
Independent	4	138	31.2%
Economy	2	106	24.0%
Mid-Range	3	198	44.8%
Upscale	0	0	0.0%
Total	9	442	100.0%

Source: Smith Travel Research; The Innovation Group

We estimated that the tourists patronizing these hotels would yield between $900,000 and $1.1 million in gaming revenue for the proposed Wapello County casino, depending on the investment level. We estimated that these hotels are realizing an average occupancy rate of 65%, based on research in comparable markets, resulting in 104,900 room nights of demand. Market supply and pricing generally fluctuate to yield an occupancy rate in this range. We further estimated the gamer capture rate in the 7.9% to 8.8% range, again depending on the level of investment. The aggressive capture rates reflect the proximity of these hotels and the lack of alternative entertainment options in the area. The following table details the calculation for the transient tourist component.

Transient Tourist Gaming Revenue - Wapello County

Investment Level	Room Inventory	Occupancy	Room Night Demand	Gamer Capture Rate	Gamer Room Nights	Adults / Room	Gamer Visits	Win per Visit	Gaming Revenue
Low-End	442	65.0%	104,865	7.9%	8,258	1.5	12,387	$72	$894,012
Mid-Range	442	65.0%	104,865	8.5%	8,919	1.5	13,378	$76	$1,013,810
High-End	442	65.0%	104,865	8.8%	9,249	1.5	13,874	$79	$1,101,423

Source: The Innovation Group

Overnight Gamer

The overnight gamer component reflects patrons of the proposed casino hotel. The casino hotel would be specifically designed to accommodate the gaming customer. The assumed hotel size varies with investment level, but also considers the volume of local market gamer visits, with the goal of achieving a 75% occupancy rate. We estimated room night demand based on a capture rate applied to the local market gamer visit forecast. The capture rate structure was based on the performance of the existing casino hotels in Iowa and assumes that the casino operation would apply a portion of its marketing budget to fill hotel rooms.

Further, we assumed a win per visit factor of $122 for overnight gamer increasing to $146 for the High-End investment level. In general, the win per visit factor was again based on what the existing casino hotels in Iowa are realizing. After compiling these factors, gaming revenue associated with the overnight gamer component calculated to $2.3 million for the proposed 45-room hotel, $4.4 million for an 80-room hotel and $6.6 million for the a 110-room hotel, as displayed in the table below.

Overnight Gamer Gaming Revenue - Wapello County

Investment Level	Room Inventory	Occupancy	Room Night Demand	Adults / Room	Gamer Visits	Win per Visit	Gaming Revenue
Low-End	45	75.0%	12,319	1.5	18,478	$122	$2,255,381
Mid-Range	80	75.0%	21,900	1.5	32,850	$134	$4,410,523
High-End	110	75.0%	30,113	1.5	45,169	$146	$6,615,784

Source: The Innovation Group

Total Revenue – Wapello County Casino

After combining revenue from all sources, we estimated that a Wapello County casino would generate between $35.1 million and $51.7 million in gaming revenue. Note that the proportion associated with the local market decreases as the investment budget increases. This correlation reflects a stronger tourist component due to the larger hotel. The local market portion was about 91% for the Low-End property down to 86% for the High-End property. The daily win per position calculated to $158 (high-end scenario), moderately below the Iowa state average. The following table summarizes our gaming revenue forecast for the proposed Wapello County for 2012, assuming three investment levels.

Total Gaming Revenue - Wapello County

	Low-End	Mid-Range	High-End
Local Market	$31,906,891	$38,775,162	$43,938,434
Overnight Gamer	$2,255,381	$4,410,523	$6,615,784
Transient Tourist	$894,012	$1,013,810	$1,101,423
Traffic Intercept	$0	$0	$0
Total	$35,056,284	$44,199,495	$51,655,642
Gaming Positions	615	770	899
Win / Position / Day	$156	$157	$158

Source: The Innovation Group

The incremental rate for the proposed Wapello County casino was similar to Webster as these properties would operate in markets with similar characteristics. As displayed in the table below, we estimated that a Wapello County casino would generate between $19.3 million and $29.4 million in incremental gaming revenue, depending on the investment level.

Incremental Gaming Revenue Analysis - Wapello

	Low-End	Mid-Range	High-End
Total Gaming Revenue	$35,056,284	$44,199,495	$51,655,642
Cannibalization	-$15,791,581	-$19,371,058	-$22,210,323
Incremental Gaming Revenue	$19,264,703	$24,828,437	$29,445,318
Incremental %	*55.0%*	*56.2%*	*57.0%*

Source: The Innovation Group

Impact on Existing Iowa Casinos

The Innovation Group estimated that about $15.8 million of the Wapello County casino gaming revenue would be cannibalized from other Iowa casinos (Low-End Scenario). Note numerous Iowa casinos would be impacted to some extent as Wapello County is surrounded by gaming alternatives. On a percentage basis, Terrible's Lakeside would be most impacted; losing about 12% to 14% of gaming revenue. Nonetheless, the impact on the other Iowa casinos was judged to be nominal, again on a percentage basis.

Cannibalization Summary - Wapello County

	Low-End	Mid-Range	High-End
Argosy Sioux City	$0	$0	$0
Lady Luck - Marquette	-$22,622	-$32,160	-$39,991
Wild Rose - Clinton	-$14,706	-$20,965	-$25,710
Catfish Bend - Burlington	-$1,214,650	-$1,564,969	-$1,822,028
Terrible's Lakeside - Osceola	-$6,327,866	-$7,206,228	-$7,798,963
Wild Rose - Emmetsburg	-$3,427	-$4,683	-$5,997
Isle - Waterloo	-$531,995	-$761,128	-$942,170
Diamond Jo - Worth	-$12,873	-$17,976	-$22,672
Riverside	-$2,886,890	-$3,832,616	-$4,509,812
Prairie Meadows - Des Moines	-$4,387,400	-$5,373,141	-$6,348,155
Diamond Jo - Dubuque	-$82,133	-$116,417	-$143,126
Dubuque Greyhound	-$80,864	-$114,618	-$140,915
Ameristar - Council Bluffs	$0	$0	$0
Harrah's - Council Bluffs	$0	$0	$0
Horseshoe - Bluffs Run	$0	$0	$0
Rhythm City - Davenport	-$76,347	-$110,107	-$138,676
Isle - Bettendorf	-$149,808	-$216,050	-$272,108
Total	-$15,791,581	-$19,371,058	-$22,210,323

Source: The Innovation Group

Cannibalization Summary - Wapello County

	Low-End	Mid-Range	High-End
Argosy Sioux City	0.0%	0.0%	0.0%
Lady Luck - Marquette	-0.1%	-0.1%	-0.1%
Wild Rose - Clinton	0.0%	0.0%	-0.1%
Catfish Bend - Burlington	-2.8%	-3.7%	-4.3%
Terrible's Lakeside - Osceola	-11.6%	-13.2%	-14.3%
Wild Rose - Emmetsburg	0.0%	0.0%	0.0%
Isle - Waterloo	-0.6%	-0.9%	-1.1%
Diamond Jo - Worth	0.0%	0.0%	0.0%
Riverside	-3.1%	-4.2%	-4.9%
Prairie Meadows - Des Moines	-2.0%	-2.5%	-2.9%
Diamond Jo - Dubuque	-0.1%	-0.2%	-0.2%
Dubuque Greyhound	-0.1%	-0.2%	-0.2%
Ameristar - Council Bluffs	0.0%	0.0%	0.0%
Harrah's - Council Bluffs	0.0%	0.0%	0.0%
Horseshoe - Bluffs Run	0.0%	0.0%	0.0%
Rhythm City - Davenport	-0.1%	-0.2%	-0.2%
Isle - Bettendorf	-0.2%	-0.2%	-0.3%
Total	-1.0%	-1.3%	-1.5%

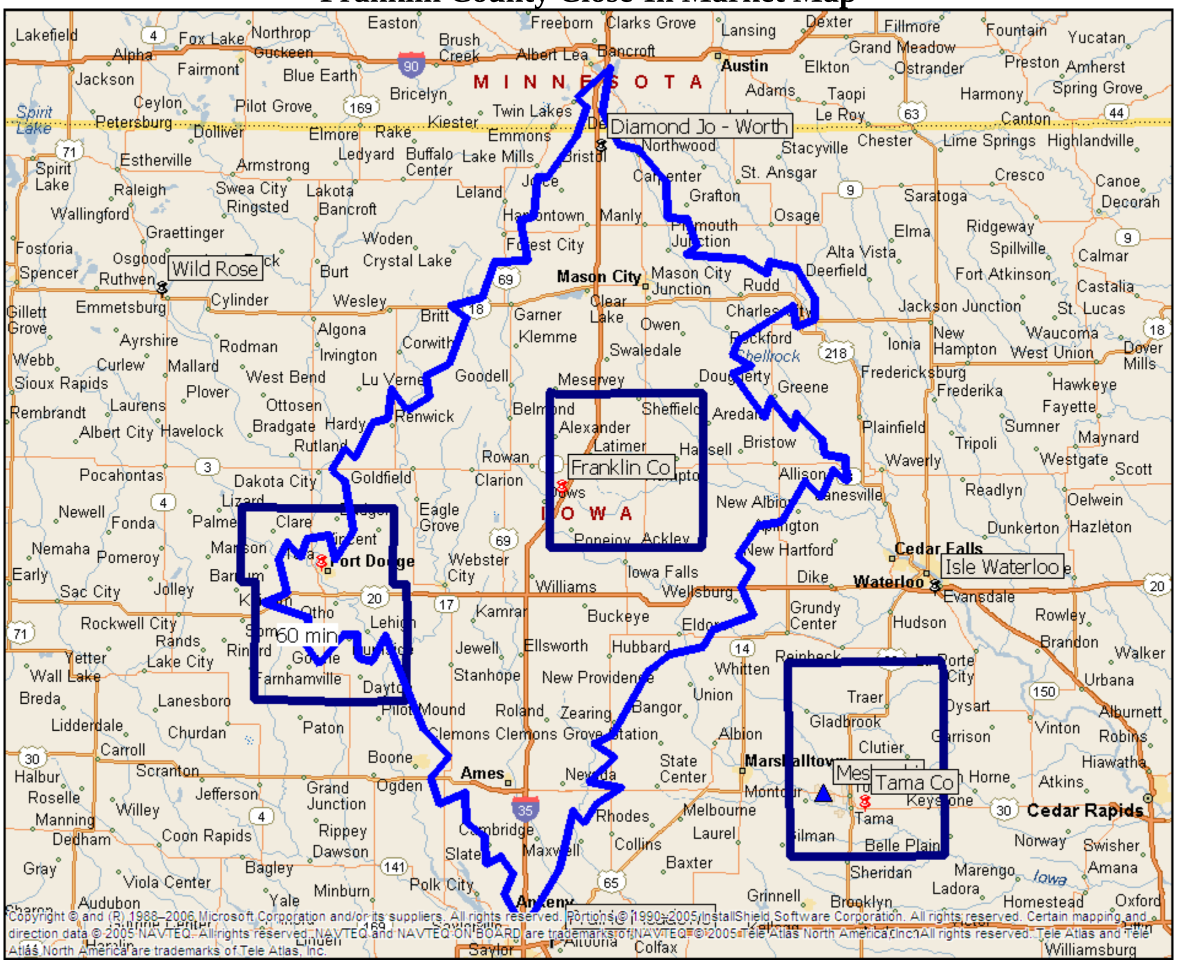
Source: The Innovation Group

FRANKLIN COUNTY FORECAST

This scenario estimates the impact of a Franklin County casino on a mutually exclusive basis. We assumed that the development site would be located in western Franklin County. We further assumed that the site would be easily accessible from I-35, as displayed below. Within a roughly 60-minute drive-time ring around the propose site are several notable cities such as Mason City, Ford Dodge, Cedar Falls, Ames and Marshalltown.

Regarding existing casinos, the Diamond Jo – Worth is about 55 miles to the north and the Isle Waterloo is roughly 60 miles to the east. The proposed Franklin County casino would also compete with the Meskwaki Native American casino located near Marshalltown. In addition, the market area contains the proposed Fort Dodge and Tama County projects.

Franklin County Close-In Market Map

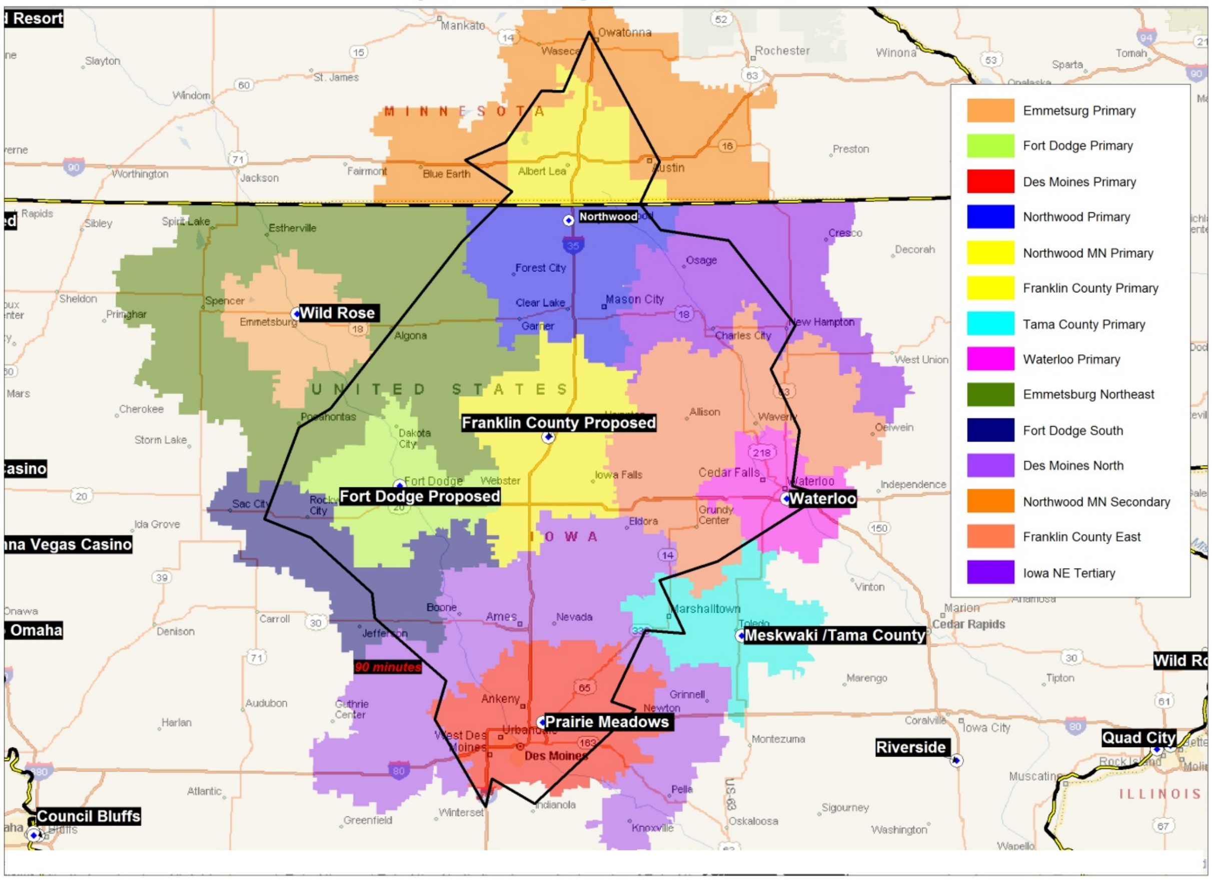


The Innovation Group determined that the proposed Franklin County casino would realize gaming revenue from primarily four sources including the local market, overnight gamer, transient tourist and traffic intercept segment. The proposed Franklin County casino is expected to realize revenue from the traffic intercept segment, unlike most of the other proposed casinos.

Local Market

We determined that the proposed Franklin County casino would realize material gaming revenue from 14 markets segments, displayed on the map below. We estimated that these segments would contain approximately 1.07 million gamer adults (21+) by 2012. Note that the greater Franklin County market contains the primary market of various existing Iowa casinos. This means the proposed Franklin County casino will have a difficult time capturing significant market share from these market segments.

Franklin County Market Regions with Competitive Sites



We estimated that a Franklin County casino would increase the gaming factors (propensity and frequency) and thus gamer visits for several market segments, most notably Franklin City, Fort

Dodge Primary and Fort Dodge South. The subject facility would make gaming more convenient for these market segments. For example, residents of Franklin City market would now have a casino within about 30 minutes of home, on average, compared to about 70 minutes now.

Low-End Investment Level

Assuming a Low-End investment level, we estimated that local market gamer visits would sum to about 5.79 million, reflecting a weighted average propensity and frequency factor of 38.2% and 14.1 times, respectively. Based on a casino floor with about 500 gaming positions, The Innovation Group estimated that the Franklin County casino would capture 5.9% of the local market or about 340,100 gamer visits. We further estimated the average win per visit at $64, resulting in local market gaming revenue of $21.7 million for the subject.

As one might expect, the key submarket for the subject is the Franklin City market, accounting for about 29% of total local market gaming revenue. We expect the subject to realize a high capture rate of about 58% for this market segment. We also believe that this facility would capture a significant share of the Fort Dodge Primary market, resulting in $2.5 million in gaming revenue. Recall that this capture rate assumes that no Fort Dodge casino is developed. Note that the subject would have a hard time penetrating the outer market segments to a significant extent due to existing competition. The following table details our local market gaming revenue forecast, by market segment, for the proposed Franklin County casino, assuming a Low-End capital investment.

Local Market Gaming Revenue - Franklin County - Low-End Facility

Market Segment	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Emmetsburg Primary	8,509	62.6%	22.1	117,858	1.1%	1,311	$53	$69,998
Fort Dodge Primary	39,702	30.5%	11.2	135,511	28.1%	38,145	$67	$2,549,239
Prairie Meadows Primary	379,242	39.9%	14.2	2,157,349	1.1%	22,906	$64	$1,475,016
Northwood Primary	48,420	46.1%	16.5	367,640	9.5%	34,892	$62	$2,173,247
Northwood MN Primary	24,577	50.7%	18.0	224,886	2.9%	6,588	$57	$373,785
Franklin City	22,538	47.1%	17.1	181,253	57.8%	104,725	$60	$6,297,810
Tama Primary	37,062	41.7%	12.8	197,820	1.8%	3,564	$55	$196,686
Waterloo Primary	95,797	51.6%	18.5	914,094	0.7%	5,972	$57	$342,111
Emmet Northeast	64,188	37.5%	13.5	324,861	10.3%	33,465	$65	$2,158,715
Ft. Dodge South	19,230	27.7%	9.6	50,944	12.4%	6,342	$77	$487,138
Des Moines North	140,608	27.9%	10.0	390,916	7.5%	29,280	$68	$1,978,544
Northwood Sec MN	107,795	27.6%	9.9	294,922	6.6%	19,435	$70	$1,365,370
Franklin City East	50,906	38.2%	13.8	268,051	6.4%	17,023	$64	$1,086,263
Iowa NE	33,780	36.4%	13.1	161,571	10.2%	16,496	$69	$1,135,791
Total / Average	1,072,356	38.2%	14.1	5,787,675	5.9%	340,145	$64	$21,689,713

Source: The Innovation Group

Mid-Range Investment Level

At the Mid-Range investment level, several assumptions would change. First, we increased the size of the casino by about 125 positions. Second, we increased the gaming factors associated with the key Franklin County market segments as gamers would be more attracted to a nicer facility, and would likely stay longer per visit. Finally, we increased the overall attraction factor for the facility, as the higher development budget would enhance quality and scope proportionately.

From a quantitative perspective, the increased gamer factors drove market gamer visits higher by 0.3% to 5.80 million, relative to the Low-End facility. The larger casino and enhanced quality and scope would increase the draw from the outer markets as gamers would be willing to drive farther to visit the subject. These factors pushed the subject capture rate to 7.6%, resulting in subject gamer visits of about 443,000 visits. In summary, the increase in investment increased our local market gaming revenue estimate to $28.7 million or 33%, as displayed in the table below.

Local Market Gaming Revenue - Franklin County - Mid-Range Facility

Market Segments	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Emmetsburg Primary	8,509	62.6%	22.1	117,858	1.6%	1,879	$54	$101,808
Fort Dodge Primary	39,702	30.7%	11.3	137,114	35.8%	49,040	$68	$3,326,515
Prairie Meadows Primary	379,242	39.9%	14.2	2,157,349	1.5%	32,950	$65	$2,153,626
Northwood Primary	48,420	46.2%	16.5	369,103	13.1%	48,193	$63	$3,046,713
Northwood MN Primary	24,577	50.8%	18.1	225,336	4.2%	9,404	$58	$541,550
Franklin City	22,538	47.5%	17.2	184,066	65.9%	121,261	$61	$7,401,616
Tama Primary	37,062	41.7%	12.8	198,215	2.6%	5,122	$56	$286,908
Waterloo Primary	95,797	51.7%	18.5	915,923	0.9%	8,616	$58	$500,993
Emmet Northeast	64,188	37.7%	13.5	326,802	13.3%	43,542	$65	$2,850,884
Ft. Dodge South	19,230	27.8%	9.6	51,349	17.0%	8,711	$78	$679,100
Des Moines North	140,608	28.0%	10.0	393,255	10.3%	40,693	$69	$2,790,970
Northwood Sec MN	107,795	27.7%	9.9	296,098	9.3%	27,390	$71	$1,953,127
Franklin City East	50,906	38.2%	13.8	269,120	8.7%	23,295	$65	$1,508,820
Iowa NE	33,780	36.5%	13.2	162,536	14.1%	22,877	$70	$1,598,746
Total / Average	1,072,356	38.2%	14.2	5,804,124	7.6%	442,973	$65	$28,741,376
% Change (Low-End)	*0.0%*	*0.2%*	*0.1%*	*0.3%*	*29.9%*	*30.2%*	*1.8%*	*32.5%*

Source: The Innovation Group

High-End Investment Level

The same logic applies as the investment level jumps from Mid-Range to High-End. At this investment level, we determined that the proposed facility would be comparable to the top casinos in Iowa in terms of quality. Again, The Innovation Group increased the gaming position count, the gaming factors for the key market area and the attraction factor for the proposed facility. The assumed size of the casino (in terms of gaming positions) increased from 630 to 730 positions. The size adjustment in combination with the higher attraction factor increased the capture rate from 7.6% to 9.0%. In summary, local market gaming revenue increased 19% topping out at $34.8 million, as displayed below.

Local Market Gaming Revenue - Franklin County - High-End Facility

Market Segment	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Emmetsburg Primary	8,509	62.6%	22.1	117,858	2.0%	2,361	$56	$131,067
Fort Dodge Primary	39,702	30.9%	11.3	138,727	41.1%	56,996	$70	$3,961,365
Prairie Meadows Primary	379,242	39.9%	14.2	2,157,349	1.9%	41,536	$67	$2,781,688
Northwood Primary	48,420	46.3%	16.6	371,303	15.9%	58,949	$65	$3,818,493
Northwood MN Primary	24,577	50.8%	18.1	225,785	5.2%	11,782	$59	$695,196
Franklin City	22,538	47.7%	17.3	186,190	70.7%	131,637	$63	$8,232,867
Tama Primary	37,062	41.7%	12.8	198,215	3.2%	6,440	$57	$369,651
Waterloo Primary	95,797	51.7%	18.5	915,923	1.2%	10,870	$60	$647,637
Emmet Northeast	64,188	37.7%	13.5	328,099	15.6%	51,112	$67	$3,428,943
Ft. Dodge South	19,230	27.9%	9.6	51,654	20.5%	10,578	$80	$844,927
Des Moines North	140,608	28.1%	10.0	394,819	12.6%	49,874	$70	$3,504,933
Northwood Sec MN	107,795	27.7%	9.9	297,276	11.4%	33,967	$73	$2,481,762
Franklin City East	50,906	38.3%	13.8	269,656	10.5%	28,237	$66	$1,873,957
Iowa NE	33,780	36.6%	13.2	163,504	17.1%	28,022	$72	$2,006,515
Total / Average	1,072,356	38.3%	14.2	5,816,358	9.0%	522,361	$67	$34,779,001
% Change (Mid-Range)	*0.0%*	*0.1%*	*0.1%*	*0.2%*	*17.7%*	*17.9%*	*2.6%*	*21.0%*

Source: The Innovation Group

Franklin County Local Market Summary

In summary, we estimated that a Franklin County facility could generate between $21.7 million and $34.8 million in local market gaming revenue, depending on the level of investment. Note that the subject capture rate increase 29% and 18% as investment increase to Mid-Range and High-End, respectively.

Local Market Summary - Franklin County

	Low-End	Mid-Range	High-End
Gaming Positions	502	628	730
Market Gamer Visits	5,787,675	5,804,124	5,816,358
Subject Capture Rate	5.9%	7.6%	9.0%
Subject Gamer Visits	340,145	442,973	522,361
Win per Visit	$64	$65	$67
Subject Gaming Revenue	$21,689,713	$28,741,376	$34,779,001
Daily Win per Position	$118	$125	$131

Source: The Innovation Group

Transient Tourist Segment

The Innovation Group forecasted incremental gaming revenue associated with the transient tourist component for the proposed Franklin County casino. Again, the transient tourist component reflects tourists to the area that might patronize the casino as a secondary attraction. The tourists include business travelers, pass-through travelers and leisure tourists. We generally assessed the tourist volume using the hotel room inventory in close proximity to the proposed casino.

The Innovation Group determined that there is minimal tourism in the area based on the inventory of hotels. Using information obtained from Smith Travel Research, the Franklin County market contains only 5 hotels offering roughly 180 rooms. The hotels are relatively small and generally cater to pass-through travelers as they are mainly situated along the interstate.

Franklin County Hotel Market Summary

	Hotel Count	Room Count	% of Total
Independent	2	42	23.2%
Economy	1	47	26.0%
Mid-Range	2	92	50.8%
Upscale	0	0	0.0%
Total	5	181	100.0%

Source: Smith Travel Research; The Innovation Group

We estimated that the tourists patronizing these hotels would yield only between $380,000 and $473,000 in gaming revenue for the proposed Franklin County casino, depending on the investment level. We estimated the gamer capture rate in the 8.3% to 9.2% range, again depending on the level of investment. The capture rate range reflects the fact that the hotels are in close proximity to the proposed facility. The capture rates also consider the level of alternative entertainment options in the area, which is minimal. The win per visit factor generally reflects the win per visit for the local market, again adjusted somewhat based on the investment level. The following table details the calculation for the transient tourist component.

Transient Tourist Gaming Revenue - Franklin County

Investment Level	Room Inventory	Occupancy	Room Night Demand	Gamer Capture Rate	Gamer Room Nights	Adults / Room	Gamer Visits	Win per Visit	Gaming Revenue
Low-End	181	65.0%	42,942	8.3%	3,543	1.5	5,314	$72	$383,533
Mid-Range	181	65.0%	42,942	8.9%	3,826	1.5	5,739	$76	$434,927
High-End	181	65.0%	42,942	9.2%	3,968	1.5	5,952	$79	$472,513

Source: The Innovation Group

Overnight Gamer

The overnight gamer component reflects patrons of the proposed casino hotel. The assumed hotel size varies with investment level, but also considers the volume of local market gamer visits. We estimated room night demand based on a capture rate applied to the local market gamer visit forecast. The capture rates were projected based on the performance of the existing casino hotels in Iowa and assumes that the casino operation will apply a portion of the marketing budget to fill hotel rooms.

For the Low-End investment level scenario, we determined a hotel would not be feasible, as the hotel operation would not realize a sufficient occupancy rate based on the estimated visitor volume. For the Mid-Range and High-End investment level, we assumed a hotel size of 55 rooms and 75 rooms, respectively. Further, we assumed a win per visit factor of $122 for the Mid-Range investment scenario increasing to $146 for the High-End investment level. In general, the win per visit factor was again based on what the existing casino hotels in Iowa are realizing. After compiling these factors, gaming revenue associated with the overnight gamer component calculated to $3.0 million for the 55-room hotel and $4.8 million for the 80-room hotel, as displayed in the table below.

Overnight Gamer Gaming Revenue - Franklin County

Investment Level	Room Inventory	Occupancy	Room Night Demand	Adults / Room	Gamer Visits	Win per Visit	Gaming Revenue
Low-End	0	75.0%	0	1.5	0	$122	$0
Mid-Range	55	75.0%	15,056	1.5	22,584	$134	$3,032,234
High-End	80	75.0%	21,900	1.5	32,850	$146	$4,811,479

Source: The Innovation Group

Traffic Intercept

Again, the traffic intercept segment reflects truck drivers and other travelers that are passing through the area on Interstate 35 that decide to stop and patronize the proposed casino. We estimated the traffic counts (based on information obtained from the Iowa Department of Transportation) at about 24,200 vehicles daily. We estimated the pass-through percentage at a high 55% due to the remote nature of the area. We further estimated that 1.5% of the vehicles would stop and patronize the casino resulting in about 94,600 gamer visits. Using a conservative win per visit factor of $43, incremental gaming revenue associated with the traffic intercept segment calculated to $4.1 million, as displayed below.

Traffic Intercept Gaming Revenue - Franklin County

Highway	AADT	Pass-through %	Adults / Vehicle	Capture %	Gamer Visits	Win per Visit	Gaming Revenue
Interstate 35	24,173	55%	1.3	1.5%	94,629	$43	$4,069,053

Source: Iowa Department of Transportation, The Innovation Group

Total Revenue – Franklin County Casino

After combining revenue from all sources, we estimated that a Franklin County casino would generate between $26.1 million and $44.1 million in gaming revenue. Note that the proportion associated with the local market is low relative to the other proposed casinos due to the high impact of the traffic intercept segment. For example, for the High-End investment, the local market is expected to account for only 79% of revenue.

The daily win per position was estimated in the $143 to $166 range as investment increases. These figures are at the bottom of the range established by the existing casinos in Iowa and would suggest the casino operation would not operate at peak efficiency. Nonetheless, The Innovation Group determined that the quantity of gaming positions displayed below would be necessary to remain competitive. The following table summarizes our gaming revenue forecast for the proposed Franklin County for 2012, assuming three investment levels.

Total Gaming Revenue - Franklin County

	Low-End	Mid-Range	High-End
Local Market	$21,689,713	$28,741,376	$34,779,001
Overnight Gamer	$0	$3,032,234	$4,811,479
Transient Tourist	$383,533	$434,927	$472,513
Traffic Intercept	$4,069,053	$4,069,053	$4,069,053
Total	$26,142,299	$36,277,590	$44,132,046
Gaming Positions	502	628	730
Win / Position / Day	$143	$158	$166

Source: The Innovation Group

The Innovation Group estimated that the Franklin County casino would cannibalize between $17.3 million and $26.1 million from other Iowa casinos for the low-end and high-end investment levels, respectively. Therefore, between $8.9 million and $18.0 million would be incremental to Iowa, reflecting a low incremental rate of about 34% and 41%, respectively, relative to the other proposed casinos.

Incremental Gaming Revenue Analysis – Franklin

	Low-End	Mid-Range	High-End
Total Gaming Revenue	$26,142,299	$36,277,590	$44,132,046
Cannibalization	-$17,275,503	-$21,991,911	-$26,123,163
Incremental Gaming Revenue	$8,866,796	$14,285,679	$18,008,883
Incremental %	*33.9%*	*39.4%*	*40.8%*

Source: The Innovation Group

Impact on Existing Iowa Casinos

The impact is mostly spread over about 5 existing casinos. On a percentage basis, we estimated that Diamond Jo – Northwood would be most impacted; losing between 7% and 11% of gaming revenue. We further estimated that Terrible's Lakeside would lose about 5% to 6% of gaming revenue, as displayed in the table below.

Cannibalization Impact Summary - Franklin County

	Low-End	Mid-Range	High-End
Argosy Sioux City	$0	$0	$0
Lady Luck – Marquette	-$551,532	-$244,581	-$298,537
Wild Rose – Clinton	$0	$0	$0
Catfish Bend – Burlington	-$437,513	-$437,513	-$437,513
Terrible's Lakeside – Osceola	-$2,991,056	-$3,203,275	-$3,378,922
Wild Rose – Emmetsburg	-$1,313,799	-$1,997,234	-$2,517,189
Isle – Waterloo	-$1,297,641	-$1,777,472	-$2,216,530
Diamond Jo – Worth	-$5,426,059	-$7,304,108	-$8,835,543
Riverside	-$700,887	-$709,393	-$718,173
Prairie Meadows - Des Moines	-$4,546,597	-$6,305,038	-$7,703,554
Diamond Jo – Dubuque	-$5,250	-$6,700	-$8,668
Dubuque Greyhound	-$5,169	-$6,596	-$8,534
Ameristar - Council Bluffs	$0	$0	$0
Harrah's - Council Bluffs	$0	$0	$0
Horseshoe - Bluffs Run	$0	$0	$0
Rhythm City – Davenport	$0	$0	$0
Isle – Bettendorf	$0	$0	$0
Total	-$17,275,503	-$21,991,911	-$26,123,163

Source: The Innovation Group

Cannibalization Impact Summary - Franklin County

	Low-End	Mid-Range	High-End
Argosy Sioux City	0.0%	0.0%	0.0%
Lady Luck – Marquette	-1.6%	-0.7%	-0.9%
Wild Rose – Clinton	0.0%	0.0%	0.0%
Catfish Bend – Burlington	-1.0%	-1.0%	-1.0%
Terrible's Lakeside – Osceola	-5.5%	-5.9%	-6.2%
Wild Rose – Emmetsburg	-4.2%	-6.4%	-8.1%
Isle – Waterloo	-1.5%	-2.0%	-2.5%
Diamond Jo – Worth	-6.6%	-8.8%	-10.7%
Riverside	-0.8%	-0.8%	-0.8%
Prairie Meadows - Des Moines	-2.1%	-2.9%	-3.5%
Diamond Jo – Dubuque	0.0%	0.0%	0.0%
Dubuque Greyhound	0.0%	0.0%	0.0%
Ameristar - Council Bluffs	0.0%	0.0%	0.0%
Harrah's - Council Bluffs	0.0%	0.0%	0.0%
Horseshoe - Bluffs Run	0.0%	0.0%	0.0%
Rhythm City – Davenport	0.0%	0.0%	0.0%
Isle – Bettendorf	0.0%	0.0%	0.0%
Total	-1.1%	-1.4%	-1.7%

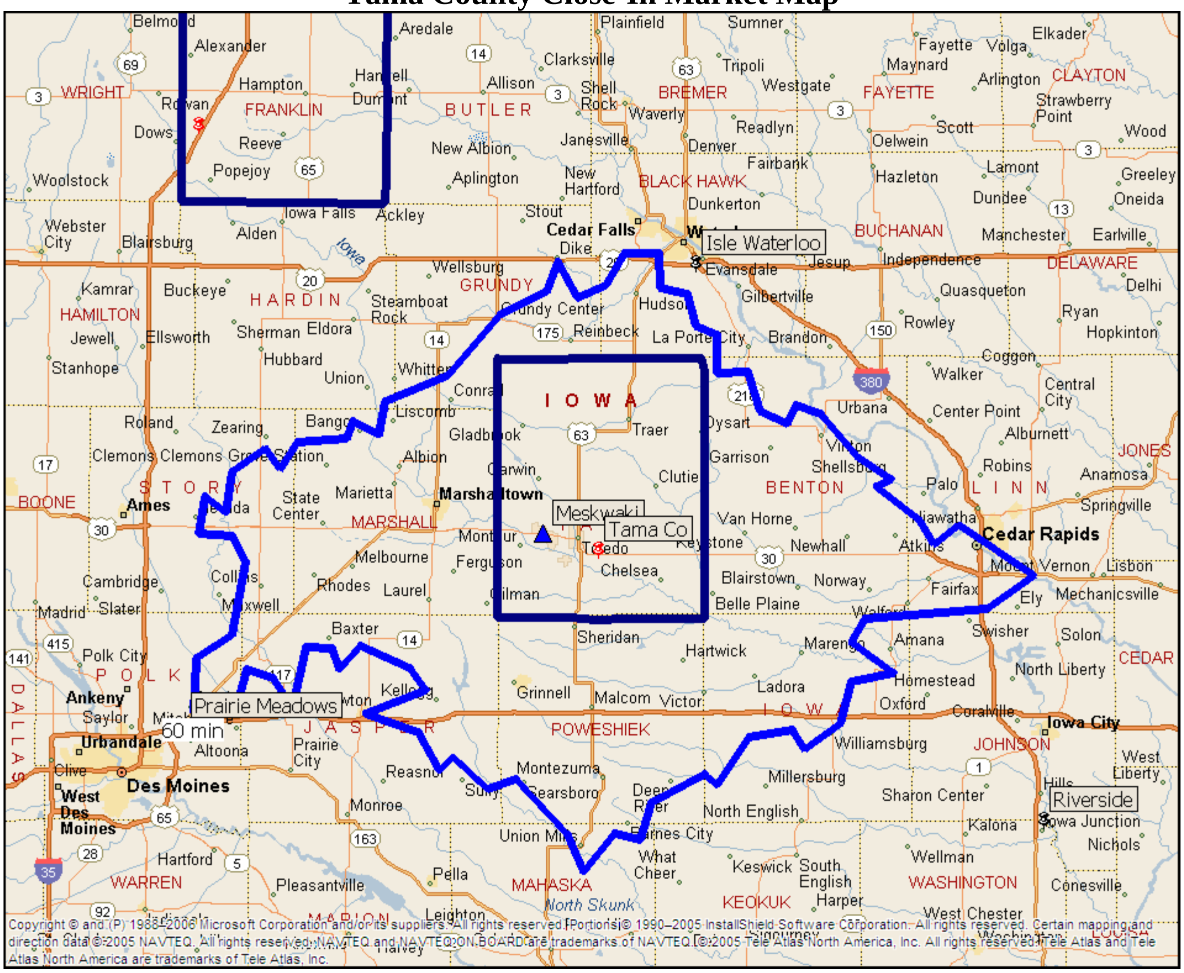
Source: The Innovation Group

Tama County Forecast

This scenario estimates the impact of the proposed Tama County casino on a mutually exclusive basis. Tama County is located in central Iowa, triangulated by the cities of Des Moines, Iowa City and Cedar Falls / Waterloo. Note that each of these cities contains an existing casino in close proximity. Highway 63 cuts through the center of the county running north/south. This highway connects Tama County to Cedar Falls / Waterloo. We assumed that the development site would be located near the City of Tama. We further assumed that the site would be easily accessible from Highway 63 and Highway 30, as displayed below.

Regarding existing casinos, the Meskwaki Casino is just a few miles to the west, off of Highway 30. Just outside the market area is the Isle of Capri - Waterloo to the north, Prairie Meadows to the southwest and Riverside to the southeast. Therefore, like other markets, the level of competition is significant.

Tama County Close-In Market Map

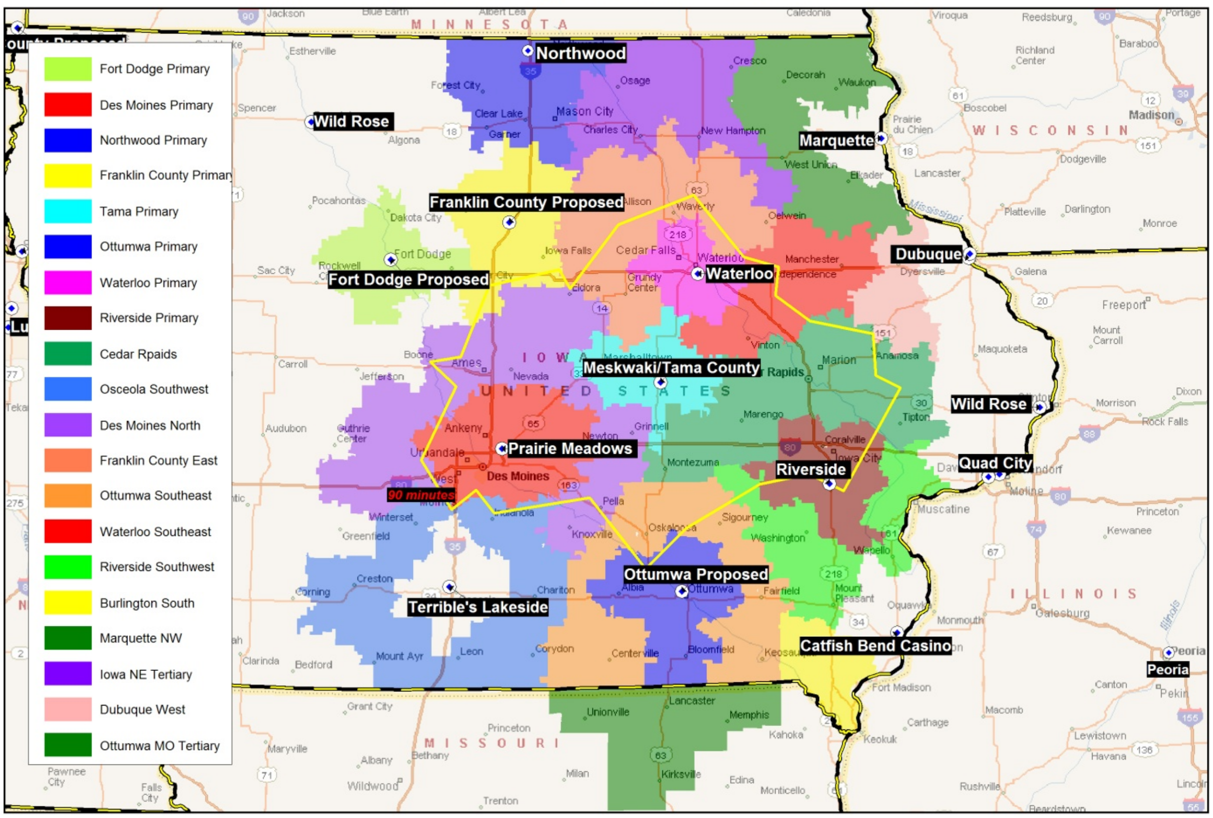


The Innovation Group determined that the proposed Tama County casino would realize gaming revenue from primarily three sources including the local market, overnight gamer and transient tourist segment.

Local Market

We determined that the proposed Tama County casino would realize material gaming revenue from 21 markets segments, displayed on the map below. These market segments are within roughly 120 minutes of the property. We estimated that these segments would contain approximately 1.49 million gamer adults (21+) by 2012. Note that the greater Tama County market contains the primary market of various existing Iowa casinos. This means the proposed Tama County casino will have a difficult time capturing significant market share from these market segments.

Tama County Market Regions with Competitive Sites



We estimated that a Tama County casino would increase the gaming factors (propensity and frequency) and thus gamer visits for only a few market segments due level of competition in the area. Nonetheless, with an additional gaming alternative, we determined that gamers living in the Tama Primary and Ottumwa Primary markets would increase gaming budgets. With additional competition, the level of promotion would increase and the casinos would have more capacity during peak times.

Low-End Investment Level

Assuming a Low-End investment level, we estimated that local market gamer visits would sum to about 8.16 million, reflecting a weighted average propensity and frequency factor of 38.8% and 14.1 times, respectively. Based on a casino floor with about 380 gaming positions, The Innovation Group estimated that the Tama County casino would capture 3.3% of the local market or about 268,000 gamer visits. Relative to the other proposed casinos, this is the lowest capture rate, thanks to the nearby Meskwaki Casino and the other market competition. Based on an average win per visit at $65, local market gaming revenue calculated to $17.3 million.

We estimated that the subject would capture 18% and 10% of the Tama Primary and Ottumwa Primary markets, respectively. The capture rates associated with the other market segments are all in the single digits, but contribute materially due to the size of the markets. For example, although we projected the capture rate for the Cedar Rapids market at only 5%, it contributes $2.9 million in gaming revenue, as displayed below.

Local Market Gaming Revenue - Tama County - Low-End Facility

Market Segments	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Fort Dodge Primary	39,702	25.3%	9.0	90,363	5.4%	4,896	$77	$376,572
Prairie Meadows Primary	379,242	39.9%	14.2	2,153,041	1.1%	22,664	$64	$1,459,479
Northwood Primary	48,420	45.9%	16.4	363,994	1.3%	4,792	$62	$298,469
Franklin City	22,538	31.8%	11.5	81,952	5.8%	4,713	$71	$332,912
Tama Primary	37,062	45.3%	14.4	242,160	18.2%	44,160	$55	$2,437,075
Ottumwa Primary	38,548	35.7%	12.5	172,488	10.3%	17,761	$76	$1,347,533
Waterloo Primary	95,797	51.7%	18.5	915,923	1.9%	17,698	$57	$1,013,831
Riverside Primary	100,472	48.4%	14.9	721,902	0.9%	6,318	$62	$392,142
Cedar Rapids	193,868	36.4%	13.0	920,911	4.9%	45,086	$65	$2,939,204
Osceola Southwest	57,846	37.7%	13.6	295,848	1.7%	5,102	$65	$332,363
Des Moines North	140,608	27.9%	9.9	389,360	5.6%	21,647	$68	$1,462,747
Franklin City East	50,906	38.1%	13.8	266,984	6.0%	15,999	$64	$1,020,929
Ottumwa Southeast	48,119	34.2%	12.4	204,321	8.8%	18,035	$70	$1,264,670
Waterloo Southeast	34,651	39.6%	14.2	195,435	5.6%	10,952	$68	$743,589
Riverside Southwest	55,609	48.5%	17.3	466,958	1.6%	7,274	$64	$462,300
Burlington South	27,721	41.1%	14.9	169,352	1.3%	2,154	$62	$133,670
Marquette Wisconsin Primary	10,764	45.3%	13.9	67,861	0.4%	280	$56	$15,571
Marquette Northwest	36,366	31.6%	11.4	130,654	3.9%	5,088	$69	$349,083
Iowa NE	33,780	36.3%	13.1	160,609	6.7%	10,699	$69	$736,656
Dubuque West	16,877	45.8%	16.5	127,885	1.5%	1,951	$65	$126,142
OttumwaMOTert	25,729	15.6%	5.1	20,571	4.7%	966	$87	$83,899
Total / Average	1,494,626	38.8%	14.1	8,158,571	3.3%	268,235	$65	$17,328,835

Source: The Innovation Group

Mid-Range Investment Level

At the Mid-Range investment level, several assumptions would change. First, we increased the size of the casino by about 100 positions. Second, we increased the gaming factors associated with the key Tama County market segments as gamers would be more attracted to a nicer facility, and would likely stay longer per visit. Finally, we increased the overall attraction factor for the facility, as the higher development budget would enhance quality and scope proportionately.

From a quantitative perspective, the increased gamer factors drove market gamer visits higher by 0.3% to 8.18 million, relative to the Low-End facility. The larger casino and enhanced quality and scope would increase the draw from the outer markets as gamers would be willing to drive farther to visit the subject. These factors pushed the subject capture rate to 4.5%, resulting in subject gamer visits of about 364,500 visits. In summary, the increase in investment increased our local market gaming revenue estimate to $24.0 million or 39%, as displayed in the table below.

Local Market Gaming Revenue - Tama County - Mid-Range Facility

Market Segments	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Fort Dodge Primary	39,702	25.3%	9.0	90,724	7.4%	6,755	$78	$529,946
Prairie Meadows Primary	379,242	39.9%	14.2	2,157,349	1.5%	31,485	$66	$2,068,027
Northwood Primary	48,420	45.9%	16.4	363,994	1.8%	6,693	$64	$425,216
Franklin City	22,538	31.8%	11.5	82,443	7.9%	6,505	$72	$468,617
Tama Primary	37,062	45.6%	14.5	245,538	23.0%	56,532	$56	$3,182,256
Ottumwa Primary	38,548	35.9%	12.6	173,865	13.9%	24,142	$77	$1,868,258
Waterloo Primary	95,797	51.7%	18.5	917,754	2.7%	24,574	$58	$1,435,909
Riverside Primary	100,472	48.4%	14.9	723,346	1.2%	8,848	$63	$560,132
Cedar Rapids	193,868	36.5%	13.1	924,591	6.7%	61,493	$66	$4,089,012
Osceola Southwest	57,846	37.7%	13.6	295,848	2.4%	7,111	$66	$472,508
Des Moines North	140,608	28.0%	10.0	391,695	7.5%	29,512	$69	$2,034,091
Franklin City East	50,906	38.2%	13.8	268,586	8.2%	21,998	$65	$1,431,816
Ottumwa Southeast	48,119	34.3%	12.4	205,544	11.9%	24,453	$72	$1,749,034
Waterloo Southeast	34,651	39.8%	14.3	196,607	7.7%	15,083	$69	$1,044,612
Riverside Southwest	55,609	48.5%	17.3	466,958	2.2%	10,093	$65	$654,267
Burlington South	27,721	41.1%	14.9	169,352	1.8%	3,008	$63	$190,376
Marquette Wisconsin Primary	10,764	45.3%	13.9	67,861	0.6%	392	$57	$22,257
Marquette Northwest	36,366	31.6%	11.4	130,915	5.4%	7,032	$70	$492,118
Iowa NE	33,780	36.4%	13.1	161,250	9.1%	14,688	$70	$1,031,502
Dubuque West	16,877	45.8%	16.5	127,885	2.1%	2,723	$66	$179,576
OttumwaMOTert	25,729	15.6%	5.1	20,653	6.5%	1,338	$89	$118,484
Total / Average	1,494,626	38.8%	14.1	8,182,758	4.5%	364,457	$66	$24,048,013
% Change (Low-End)	*0.0%*	*0.2%*	*0.1%*	*0.3%*	*35.5%*	*35.9%*	*2.1%*	*38.8%*

Source: The Innovation Group

High-End Investment Level

The same logic applies as the investment level jumps from Mid-Range to High-End. At this investment level, we determined that the proposed facility would be comparable to the top casinos in Iowa in terms of quality. Again, The Innovation Group increased the gaming position count, the gaming factors for the key market area and the attraction factor for the proposed facility. The assumed size of the casino (in terms of gaming positions) increased from 480 to 560 positions. The size adjustment in combination with the higher attraction factor increased the capture rate from 4.5% to 5.5%. In summary, local market gaming revenue increased 25% topping out at $30.1 million, as displayed in the table on the following page.

Local Market Gaming Revenue - Tama County - High-End Facility

Market Segments	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Fort Dodge Primary	39,702	25.4%	9.0	91,267	9.2%	8,407	$80	$672,448
Prairie Meadows Primary	379,242	39.9%	14.2	2,157,349	1.8%	39,263	$67	$2,629,506
Northwood Primary	48,420	45.9%	16.4	364,722	2.3%	8,416	$65	$545,182
Franklin City	22,538	31.9%	11.5	82,772	9.7%	8,067	$73	$592,551
Tama Primary	37,062	45.9%	14.6	248,452	26.7%	66,390	$57	$3,810,459
Ottumwa Primary	38,548	36.0%	12.6	175,594	16.9%	29,679	$79	$2,341,803
Waterloo Primary	95,797	51.8%	18.5	919,587	3.3%	30,688	$60	$1,828,308
Riverside Primary	100,472	48.4%	14.9	723,346	1.5%	11,111	$65	$717,154
Cedar Rapids	193,868	36.6%	13.1	928,279	8.2%	75,742	$68	$5,135,265
Osceola Southwest	57,846	37.7%	13.6	296,439	3.0%	8,925	$68	$604,685
Des Moines North	140,608	28.0%	10.0	393,255	9.2%	36,249	$70	$2,547,393
Franklin City East	50,906	38.3%	13.8	269,656	10.1%	27,197	$66	$1,804,968
Ottumwa Southeast	48,119	34.4%	12.5	206,770	14.5%	29,942	$73	$2,183,612
Waterloo Southeast	34,651	39.8%	14.3	197,391	9.5%	18,676	$71	$1,318,777
Riverside Southwest	55,609	48.6%	17.3	467,891	2.7%	12,620	$66	$834,152
Burlington South	27,721	41.1%	14.9	169,352	2.2%	3,774	$65	$243,536
Marquette Wisconsin Primary	10,764	45.3%	13.9	67,861	0.7%	493	$58	$28,563
Marquette Northwest	36,366	31.7%	11.4	131,437	6.7%	8,762	$71	$625,263
Iowa NE	33,780	36.5%	13.2	162,214	11.2%	18,200	$72	$1,303,191
Dubuque West	16,877	45.8%	16.6	128,141	2.7%	3,421	$67	$230,088
OttumwaMOTert	25,729	15.7%	5.1	20,735	8.0%	1,666	$90	$150,500
Total / Average	1,494,626	38.9%	14.1	8,202,510	5.5%	447,690	$67	$30,147,404
% Change (Mid-Range)	*0.0%*	*0.1%*	*0.1%*	*0.2%*	*22.5%*	*22.8%*	*2.1%*	*25.4%*

Source: The Innovation Group

Tama County Local Market Summary

In summary, we estimated that a Tama County facility would generate between $17.3 million and $30.1 million in local market gaming revenue, depending on the level of investment. Note that the subject capture rate increase 36% on a 22% increase in gaming positions as the investment level increased from Low-End to Mid-Range.

Local Market Summary - Tama County

	Low-End	Mid-Range	High-End
Gaming Positions	380	478	559
Market Gamer Visits	8,158,571	8,182,758	8,202,510
Subject Capture Rate	3.3%	4.5%	5.5%
Subject Gamer Visits	268,235	364,457	447,690
Win per Visit	$65	$66	$67
Subject Gaming Revenue	$17,328,835	$24,048,013	$30,147,404
Daily Win per Position	$125	$138	$148

Source: The Innovation Group

Transient Tourist Segment

The Innovation Group forecasted incremental gaming revenue associated with the transient tourist component for the proposed Tama County casino. We generally assessed the tourist volume using the hotel room inventory in close proximity to the proposed casino. Like the Franklin County market, the Tama County market contains only a few small hotels. Using information obtained from Smith Travel Research, the Tama County market contains only 8 hotels offering roughly 350 rooms. The hotels are relatively small and generally cater to friends and relatives visiting residents of the area.

Tama County Hotel Market Summary

	Hotel Count	Room Count	% of Total
Independent	3	92	26.1%
Economy	1	47	13.3%
Mid-Range	4	214	60.6%
Upscale	0	0	0.0%
Total	8	353	100.0%

Source: Smith Travel Research; The Innovation Group

We estimated that the tourists patronizing these hotels would yield only between $750,000 and $925,000 in gaming revenue for the proposed Tama County casino, depending on the investment level. We estimated the gamer capture rate in the 7.5% to 8.4% range. The capture rate considers the level of alternative entertainment options in the area, which is minimal. The win per visit factor generally reflects the win per visit for the local market, again adjusted somewhat based on the investment level. The following table details the calculation for the transient tourist component.

Transient Tourist Gaming Revenue - Tama County

Investment Level	Room Inventory	Occupancy	Room Night Demand	Gamer Capture Rate	Gamer Room Nights	Adults / Room	Gamer Visits	Win per Visit	Gaming Revenue
Low-End	353	65.0%	83,749	7.5%	6,281	1.5	9,422	$80	$749,996
Mid-Range	353	65.0%	83,749	8.1%	6,784	1.5	10,176	$84	$850,495
High-End	353	65.0%	83,749	8.4%	7,035	1.5	10,552	$88	$923,995

Source: The Innovation Group

Overnight Gamer

The overnight gamer component reflects patrons of the proposed casino hotel. We estimated room night demand based on a capture rate applied to the local market gamer visit forecast. The capture rates were projected based on the performance of the existing casino hotels in Iowa and assumes that the casino operation will apply a portion of the marketing budget to fill hotel rooms.

For the Low-End investment level scenario, we determined a hotel would not be feasible, as the hotel operation would not realize a sufficient occupancy rate based on the projected visitor volume. For the Mid-Range and High-End investment level, we assumed a hotel size of 45 rooms and 70 rooms, respectively. Further, we assumed a win per visit factor of $122 for the hotel associated with the Mid-Range investment increasing to $146 for the High-End investment level. In general, the win per visit factor was again based on what the existing casino hotels in Iowa are realizing. After compiling these factors, gaming revenue associated with the overnight gamer component calculated to $2.5 million for the 45-room hotel and $4.2 million for the 70-room hotel, as displayed in the table below.

Overnight Gamer Gaming Revenue - Tama County

Investment Level	Room Inventory	Occupancy	Room Night Demand	Adults / Room	Gamer Visits	Win per Visit	Gaming Revenue
Low-End	0	75.0%	0	1.5	0	$122	$0
Mid-Range	45	75.0%	12,319	1.5	18,478	$134	$2,480,919
High-End	70	75.0%	19,163	1.5	28,744	$146	$4,210,044

Source: The Innovation Group

Total Revenue – Tama County Casino

After combining revenue from all sources, we estimated that a Tama County casino would generate between $18.1 million and $35.3 million in gaming revenue. Note that the proportion associated with the local market is high relative to the other proposed casinos due to the lack of tourism in the area.

The daily win per position came in at $130 increasing to $173 as investment increases. The impact of additional investment is more profound for this casino due to the nearby direct competition (Meskwaki). The following table summarizes our gaming revenue forecast for the proposed Tama County for 2012, assuming three investment levels.

Total Gaming Revenue - Tama County

	Low-End	Mid-Range	High-End
Local Market	$17,328,835	$24,048,013	$30,147,404
Overnight Gamer	$0	$2,480,919	$4,210,044
Transient Tourist	$749,996	$850,495	$923,995
Traffic Intercept	$0	$0	$0
Total	$18,078,831	$27,379,427	$35,281,444
Gaming Positions	380	478	559
Win / Position / Day	$130	$157	$173

Source: The Innovation Group

The Innovation Group estimated that the proposed Tama County casino would generate between $8.4 million and $19.1 million in incremental gaming revenue for Iowa, depending on the investment level. As the facility improves, it would compete more effectively with the Meskwaki casino.

Incremental Gaming Revenue Analysis - Tama

	Low-End	Mid-Range	High-End
Total Gaming Revenue	$18,078,831	$27,379,427	$35,281,444
Cannibalization	-$9,667,813	-$13,076,342	-$16,218,621
Incremental Gaming Revenue	$8,411,019	$14,303,085	$19,062,823
Incremental %	*46.5%*	*52.2%*	*54.0%*

Source: The Innovation Group

Impact on Existing Iowa Casinos

The Innovation Group estimated that about $9.7 million and $16.2 million of the Tama County casino gaming revenue would be cannibalized from other Iowa casinos. Our analysis concluded that none of the existing casino would be materially impact. On a percentage basis, the Isle – Waterloo would be most impacted; losing only between 3% and 4% of gaming revenue.

Cannibalization Impact Summary - Tama County

	Low-End	Mid-Range	High-End
Argosy Sioux City	$0	$0	$0
Lady Luck - Marquette	-$426,710	-$574,380	-$688,131
Wild Rose - Clinton	-$20,987	-$27,697	-$33,183
Catfish Bend - Burlington	-$136,046	-$241,662	-$325,786
Terrible's Lakeside - Osceola	-$839,373	-$1,288,542	-$1,674,707
Wild Rose - Emmetsburg	-$215,896	-$267,035	-$304,750
Isle - Waterloo	-$2,238,373	-$2,996,591	-$3,653,860
Diamond Jo - Worth	-$708,603	-$967,689	-$1,153,610
Riverside	-$1,760,359	-$2,384,900	-$2,942,339
Prairie Meadows - Des Moines	-$2,703,457	-$3,499,175	-$4,451,056
Diamond Jo - Dubuque	-$203,711	-$272,138	-$326,535
Dubuque Greyhound	-$200,564	-$267,934	-$321,490
Ameristar - Council Bluffs	$0	$0	$0
Harrah's - Council Bluffs	$0	$0	$0
Horseshoe - Bluffs Run	$0	$0	$0
Rhythm City - Davenport	-$72,153	-$97,427	-$115,852
Isle - Bettendorf	-$141,578	-$191,170	-$227,324
Total	-$9,667,813	-$13,076,342	-$16,218,621

Source: The Innovation Group

Cannibalization Impact Summary - Tama County

	Low-End	Mid-Range	High-End
Argosy Sioux City	0.0%	0.0%	0.0%
Lady Luck - Marquette	-1.2%	-1.6%	-2.0%
Wild Rose - Clinton	0.0%	-0.1%	-0.1%
Catfish Bend - Burlington	0.0%	0.0%	0.0%
Terrible's Lakeside - Osceola	0.0%	0.0%	0.0%
Wild Rose - Emmetsburg	-0.7%	-0.9%	-1.0%
Isle - Waterloo	-2.5%	-3.4%	-4.1%
Diamond Jo - Worth	-0.9%	-1.2%	-1.4%
Riverside	-1.9%	-2.6%	-3.2%
Prairie Meadows - Des Moines	-1.2%	-1.6%	-2.0%
Diamond Jo - Dubuque	-0.3%	-0.4%	-0.5%
Dubuque Greyhound	-0.3%	-0.4%	-0.5%
Ameristar - Council Bluffs	0.0%	0.0%	0.0%
Harrah's - Council Bluffs	0.0%	0.0%	0.0%
Horseshoe - Bluffs Run	0.0%	0.0%	0.0%
Rhythm City - Davenport	-0.1%	-0.2%	-0.2%
Isle - Bettendorf	-0.2%	-0.2%	-0.3%
Total	-0.6%	-0.9%	-1.1%

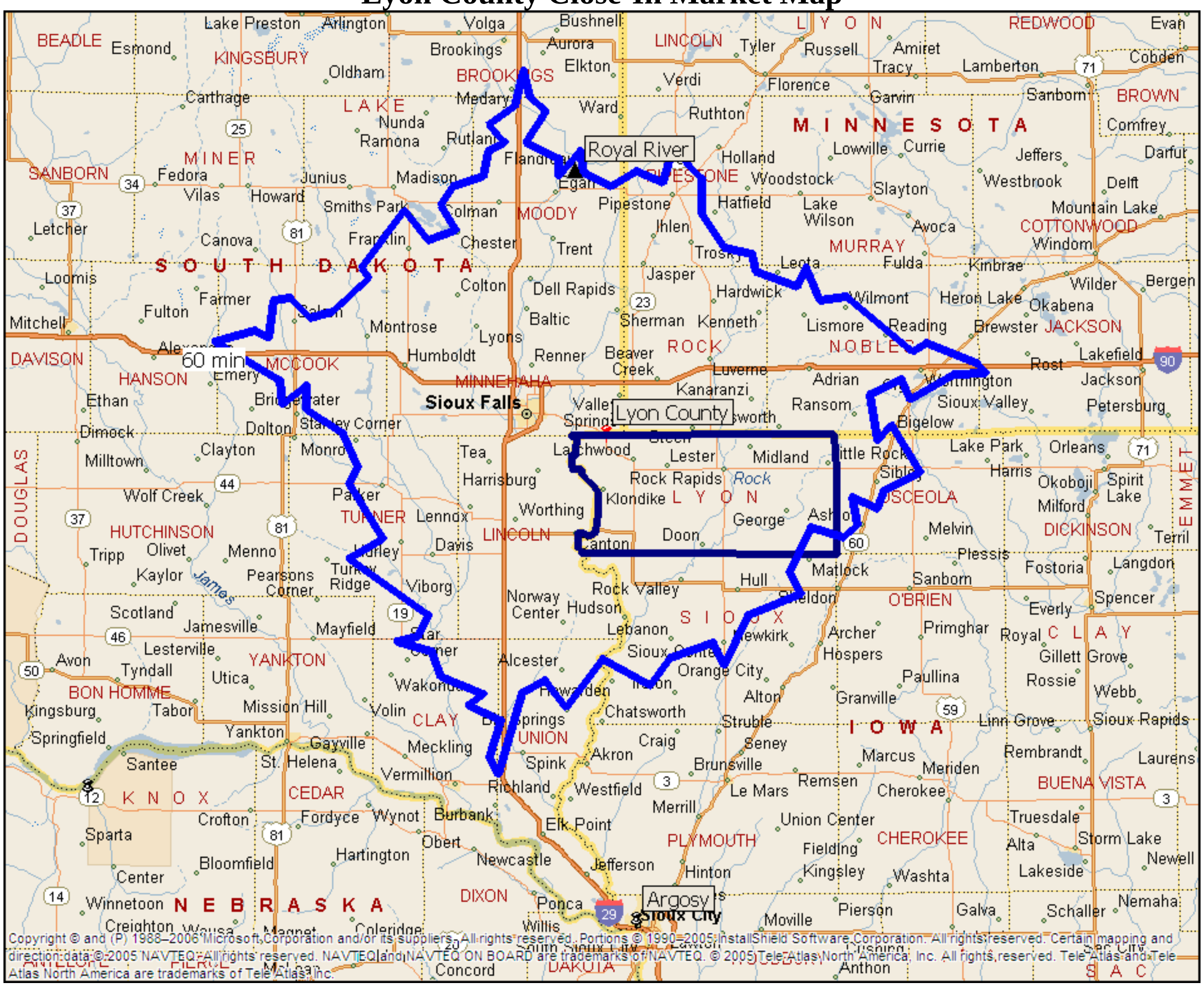
Source: The Innovation Group

LYON COUNTY FORECAST

The Innovation Group forecasted the gaming revenue potential of the proposed Lyon County casino on a mutually exclusive basis. We assumed that the development site would be located in extreme northwest Iowa, just off Highway 42. This highway would provide easy access from Sioux Falls, South Dakota; the largest population center in the region by far.

The closest existing gaming competition to the development site is the Royal River Casino in Flandreau, South Dakota, about 40 miles to the north. Royal River is a modest casino with only about 280 slot machines and 11 table games (poker and Blackjack). This casino also contains one full-service restaurant and a 120-room mid-range hotel. Other existing gaming competition includes the Argosy Sioux City property, located about 70 miles to the south, just off I-29; although outside of the map area below.

Lyon County Close-In Market Map



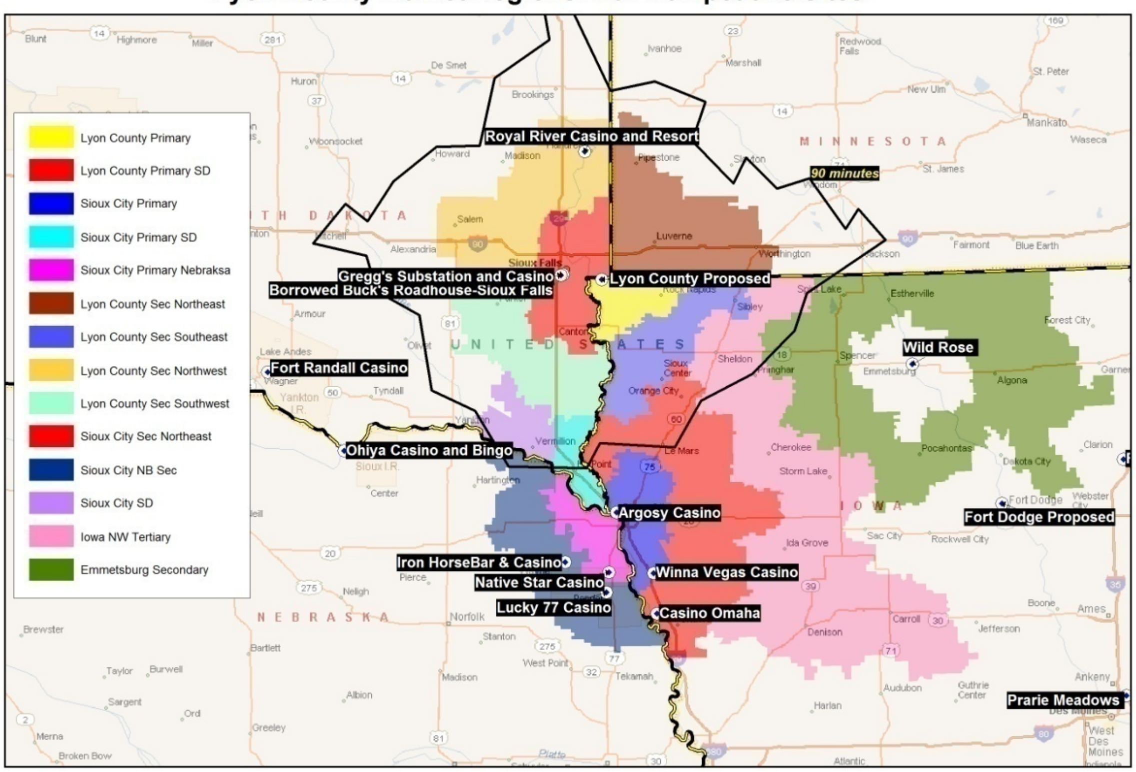
The Innovation Group determined that the proposed Lyon County casino would realize gaming revenue from primarily three sources including the local market, overnight gamer and transient tourist.

Local Market

The local market gravity model, discussed earlier, was updated to include the proposed Lyon County casino. Per the RFP, we forecasted the gaming revenue potential of this facility assuming three investment levels: Low-End, Mid-Range and High-End. We assumed that the quality and scope of the facility would increase as investment increases. We assigned an attraction factor to the casino based on the assumed investment level. Again, the gravity model utilizes the attraction factor as it allocates gamer visits between the area casinos. The size of the casino, in terms of gaming positions, was primarily based on the potential of the local market area, but also, to some extent, the investment level.

We determined that the proposed Lyon County casino would realize material gaming revenue from 14 markets segments, displayed on the map below. These market segments are within roughly a 120-minute drive of the property. We estimated that these segments would contain just over 500,000 gamer adults (21+) by 2012. Currently, these market segments view Argosy Sioux City, Royal River and to some extent the Council Bluffs casinos as the primary gaming alternatives.

Lyon County Market Regions with Competitive Sites



We estimated that a Lyon County casino would increase the gaming factors (propensity and frequency) and thus gamer visits for the market segments in close proximity to the facility. The increase reflects the additional gaming location which enhances the convenience of gaming for these market segments. For example, residents of the Lyon County Primary segment currently drive over 70 minutes to the nearest gaming alternative (Royal River). The proposed facility would lower the average drive time to about 20 minutes for this segment. In addition, with more gaming competition, the general level of marketing would increase for the region, supporting a higher frequency and win per visit factor. As discussed, the extent of the increase and the capture rate realized by the subject would depend in part on the investment level.

Low-End Investment Level

Assuming a Low-End investment level, we estimated that local market gamer visits would sum to about 2.35 million, reflecting a weighted average propensity and frequency factor of 34.9% and 13.4 times, respectively. Based on a casino floor with about 890 gaming positions, The Innovation Group estimated that the Lyon County casino would capture 31.1% of the local market or about 731,100 gamer visits. We further estimated the average win per visit at $65, resulting in local market gaming revenue of approximately $47.3 million for the proposed Lyon County casino.

The key submarket for the subject, as one might expect, is Lyon County Primary SD, which includes Sioux Falls. We estimated that this market segment would account for about 71% of the total gaming revenue. We also believe that this facility would capture a significant share of the various secondary market segments. Note that the subject would have a hard time penetrating the market segments near Sioux City, as these markets have easy access to Argosy Sioux City. The following table details our local market gaming revenue forecast, by market segment, for the proposed Lyon County casino, assuming a Low-End capital investment.

Local Market Gaming Revenue - Lyon County - Low-End Facility

	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Lyon County Primary	5,603	40.6%	14.4	32,746	92.2%	30,190	$59	$1,776,041
Lyon County Primary SD	145,826	31.9%	12.3	573,275	91.9%	527,083	$64	$33,606,554
Sioux City Primary	67,589	49.9%	17.9	601,649	0.2%	1,088	$55	$60,184
Sioux City Primary SD	7,320	41.7%	14.9	45,395	1.7%	781	$71	$55,418
Sioux City Primary Nebraska	15,777	49.6%	17.8	139,101	0.3%	462	$54	$24,910
Lyon Co Sec Northeast	24,762	29.6%	10.5	76,802	62.3%	47,810	$69	$3,281,332
Lyon Co Sec Southeast	19,418	28.5%	10.8	59,608	56.5%	33,703	$70	$2,358,159
Lyon Co Sec Northwest	17,800	19.8%	7.1	25,081	51.9%	13,012	$73	$949,083
Lyon Co Sec Southwest	11,732	21.4%	8.2	20,546	69.3%	14,236	$65	$928,378
Sioux City Sec Northeast	34,807	35.9%	12.8	159,746	13.4%	21,328	$60	$1,269,401
Sioux City NB Sec	11,089	41.9%	15.0	69,432	6.9%	4,756	$57	$272,235
Sioux City SD	7,320	41.7%	14.9	45,485	5.3%	2,421	$71	$171,785
Iowa NW Tertiary	70,164	27.5%	9.4	180,950	10.4%	18,878	$80	$1,515,574
Emmet Northeast	64,188	37.4%	13.4	321,640	4.8%	15,372	$65	$991,615
Total / Average	503,395	34.9%	13.4	2,351,455	31.1%	731,120	$65	$47,260,671

Source: The Innovation Group

Mid-Range Investment Level

At the Mid-Range investment level, several assumptions would change. First, we increased the size of the casino by about 220 positions. Second, we increased the gaming factors associated with the key Lyon County market segments as gamers would be more attracted to a nicer facility, and would likely stay longer per visit. Finally, we increased the overall attraction factor for the facility, as the higher development budget would enhance quality and scope proportionately.

From a quantitative perspective, the increased gamer factors drove market gamer visits higher by 3.8% to 2.44 million, relative to the Low-End facility. The larger casino and enhanced quality and scope would increase the draw from the outer markets as gamers would be willing to drive farther to visit the subject. These factors also pushed the subject capture rate to 35%, resulting in subject gamer visits of about 848,000 visits. In summary, the increase in investment increased our local market gaming revenue estimate from $47.3 million to $56.0 million or about 19%, as displayed in the table below.

Local Market Gaming Revenue - Lyon County - Mid-Range Facility

Market Segments	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Lyon County Primary	5,603	42.7%	15.1	36,143	94.3%	34,067	$60	$2,044,205
Lyon County Primary SD	145,826	33.5%	13.0	632,739	94.1%	595,337	$65	$38,717,547
Sioux City Primary	67,589	49.9%	17.9	601,649	0.3%	1,522	$56	$85,867
Sioux City Primary SD	7,320	41.7%	14.9	45,485	2.4%	1,082	$72	$78,298
Sioux City Primary Nebraska	15,777	49.6%	17.8	139,101	0.5%	645	$55	$35,431
Lyon Co Sec Northeast	24,762	30.7%	10.9	82,950	69.1%	57,303	$70	$4,011,513
Lyon Co Sec Southeast	19,418	29.5%	11.2	64,146	64.3%	41,239	$71	$2,943,179
Lyon Co Sec Northwest	17,800	20.5%	7.3	26,736	57.8%	15,446	$74	$1,149,151
Lyon Co Sec Southwest	11,732	22.4%	8.5	22,355	75.9%	16,973	$67	$1,129,031
Sioux City Sec Northeast	34,807	36.3%	12.9	163,265	17.4%	28,359	$61	$1,721,652
Sioux City NB Sec	11,089	42.1%	15.0	70,266	9.2%	6,494	$58	$379,151
Sioux City SD	7,320	41.9%	15.0	45,849	7.1%	3,277	$72	$237,164
Iowa NW Tertiary	70,164	27.8%	9.5	184,212	13.8%	25,354	$82	$2,076,253
Emmet Northeast	64,188	37.5%	13.5	324,861	6.5%	21,142	$66	$1,391,088
Total / Average	503,395	35.6%	13.6	2,439,757	34.8%	848,240	$66	$55,999,532
% Change (Low-End)	*0.0%*	*2.1%*	*1.6%*	*3.8%*	*11.8%*	*16.0%*	*2.1%*	*18.5%*

Source: The Innovation Group

High-End Investment Level

The same logic applies as the investment level jumps from Mid-Range to High-End. At this investment level, we determined that the proposed facility would be comparable to the top casinos in Iowa in terms of quality. Again, The Innovation Group increased the gaming position count, the gaming factors for the market area and the attraction factor for the proposed Lyon County facility. The assumed size of the casino (in terms of gaming positions) increased from about 1,100 to 1300 positions. The size adjustment in combination with the higher attraction factor increased the capture rate from 35% to near 37%. In summary, local market gaming revenue increased 12% topping out at $62.7 million, as displayed below.

Local Market Gaming Revenue - Lyon County - High-End Facility

Market Segments	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Lyon County Primary	5,603	43.8%	15.5	38,179	95.5%	36,445	$61	$2,229,737
Lyon County Primary SD	145,826	34.4%	13.3	668,379	95.3%	637,180	$66	$42,251,367
Sioux City Primary	67,589	49.9%	17.9	601,649	0.3%	1,953	$58	$112,387
Sioux City Primary SD	7,320	41.8%	14.9	45,576	3.0%	1,376	$74	$101,506
Sioux City Primary Nebraska	15,777	49.7%	17.8	139,380	0.6%	827	$56	$46,326
Lyon Co Sec Northeast	24,762	31.5%	11.2	87,073	73.8%	64,240	$71	$4,585,365
Lyon Co Sec Southeast	19,418	30.2%	11.4	67,222	69.7%	46,830	$73	$3,407,737
Lyon Co Sec Northwest	17,800	20.9%	7.5	27,869	61.8%	17,217	$76	$1,306,009
Lyon Co Sec Southwest	11,732	22.9%	8.7	23,503	80.2%	18,850	$68	$1,278,458
Sioux City Sec Northeast	34,807	36.6%	13.0	166,173	20.9%	34,716	$62	$2,148,884
Sioux City NB Sec	11,089	42.3%	15.1	70,965	11.5%	8,140	$60	$484,539
Sioux City SD	7,320	42.1%	15.0	46,215	8.8%	4,079	$74	$301,026
Iowa NW Tertiary	70,164	28.0%	9.5	186,769	16.8%	31,304	$83	$2,613,758
Emmet Northeast	64,188	37.7%	13.5	326,802	8.1%	26,620	$67	$1,785,841
Total / Average	**503,395**	**36.1%**	**13.7**	**2,495,752**	**37.3%**	**929,777**	**$67**	**$62,652,940**
% Change (Mid-Range)	*0.0%*	*1.3%*	*1.0%*	*2.3%*	*7.2%*	*9.6%*	*2.1%*	*11.9%*

Source: The Innovation Group

Lyon County Local Market Summary

In summary, we estimated that a Lyon County facility would generate between $47.3 million and $62.7 million in local market gaming revenue, depending on the level of investment.

Local Market Summary - Lyon County

	Low-End	Mid-Range	High-End
Gaming Positions	887	1,107	1,289
Market Gamer Visits	2,351,455	2,439,757	2,495,752
Subject Capture Rate	31.1%	34.8%	37.3%
Subject Gamer Visits	731,120	848,240	929,777
Win per Visit	$65	$66	$67
Subject Gaming Revenue	$47,260,671	$55,999,532	$62,652,940
Daily Win per Position	$146	$139	$133

Source: The Innovation Group

Transient Tourist Segment

The Innovation Group forecasted incremental gaming revenue associated with the transient tourist component for the proposed Lyon County casino. Again, the transient tourist component reflects tourists to the area that might patronize the casino as a secondary attraction. The tourists include business travelers, pass-through travelers and leisure tourists. We generally assessed the tourist volume based on the hotel room inventory in close proximity to the proposed casino.

The Innovation Group compiled a hotel summary for the Lyon County market based on the hotel inventory within about 12 miles of the subject property. The inventory is primarily centered on Sioux Falls, South Dakota. Using information obtained from Smith Travel Research, this market contains 50 hotels offering roughly 4,360 rooms. About 43% of the room inventory falls into the mid-range class. The market also contains 6 upscale hotels yielding about 680 rooms. The market features the 243-room Sheraton (upscale) and the 299-room Holiday Inn (mid-range). The market added 3 hotels in 2008 offering a total of 310 rooms. The following table summarizes the Sioux Falls hotel market.

Sioux Falls Hotel Market Summary

	Hotel Count	Room Count	% of Total
Independent	13	811	18.6%
Economy	12	1,007	23.1%
Mid-Range	19	1,861	42.7%
Upscale	6	680	15.6%
Total	50	4,359	100.0%

Source: Smith Travel Research; The Innovation Group

We estimated that the tourists patronizing these hotels would yield between $6.6 million and $8.1 million in gaming revenue for the proposed Lyon County casino, depending on the investment level. We estimated that these hotels would realize an average occupancy rate of 65%, based on research in comparable markets, resulting in 1.03 million room nights of demand. Market supply and pricing generally fluctuate to yield an occupancy rate in this range. We further estimated the gamer capture rate in 5.3% to 5.9% range, again depending on the level of investment. The capture rate range reflects the fact that the hotels are about 15 to 20 minutes from the proposed casino. The capture rates also consider the level of alternative entertainment options in the area. The win per visit factor generally reflects the win per visit for the local market, again adjusted somewhat based on the investment level. The following table details the gaming revenue calculation for the transient tourist component.

Transient Tourist Gaming Revenue - Lyon County

Investment Level	Room Inventory	Occupancy	Room Night Demand	Gamer Capture Rate	Gamer Room Nights	Adults / Room	Gamer Visits	Win per Visit	Gaming Revenue
Low-End	4,359	65.0%	1,034,173	5.3%	54,294	1.5	81,441	$81	$6,569,335
Mid-Range	4,359	65.0%	1,034,173	5.7%	58,638	1.5	87,956	$85	$7,449,626
High-End	4,359	65.0%	1,034,173	5.9%	60,809	1.5	91,214	$89	$8,093,421

Source: The Innovation Group

Overnight Gamer

The overnight gamer component reflects patrons of the proposed casino hotel. The casino hotel would be specifically designed to accommodate the gaming customer. The assumed hotel size varies with investment level, but also considers the volume of local market gamer visits. We estimated room night demand based on a capture rate applied to the local market gamer visit forecast. The capture rates were projected based on the performance of the existing casino hotels in Iowa and assumes that the casino operation will apply a portion of the marketing budget to fill hotel rooms.

Further, we assumed a win per visit factor of $127 for the hotel associated with the Low-End investment increasing to $153 for the High-End investment level. In general, the win per visit factor was again based on what the existing casino hotels in Iowa are realizing. After compiling these factors, gaming revenue associated with the overnight gamer component calculated to $3.4 million for a 65-room hotel, $6.0 million for a 105-room hotel and $8.5 million for the 135-room hotel, as displayed in the table below.

Overnight Gamer Gaming Revenue - Lyon County

Investment Level	Room Inventory	Occupancy	Room Night Demand	Adults / Room	Gamer Visits	Win per Visit	Gaming Revenue
Low-End	65	75.0%	17,794	1.5	26,691	$127	$3,399,415
Mid-Range	105	75.0%	28,744	1.5	43,116	$140	$6,040,499
High-End	135	75.0%	36,956	1.5	55,434	$153	$8,472,388

Source: The Innovation Group

Total Revenue – Lyon County Casino

After combining revenue from all sources, we estimated that a Lyon County casino would generate between $57.2 million and $79.2 million in gaming revenue. Note that the local market accounts for about 83% of gaming revenue for the Low-End property, falling to 79% for the High-End property as the casino hotel and tourism becomes more of a factor. The daily win per position was in the $177 to $168 range for all three scenarios as the increase in gaming revenue was leveraged over the higher position count. The following table summarizes our gaming revenue forecast for the proposed Lyon County for 2012, assuming three investment levels.

Total Gaming Revenue - Lyon County

	Low-End	Mid-Range	High-End
Local Market	$47,260,671	$55,999,532	$62,652,940
Overnight Gamer	$3,399,415	$6,040,499	$8,472,388
Transient Tourist	$6,569,335	$7,449,626	$8,093,421
Traffic Intercept	$0	$0	$0
Total	$57,229,421	$69,489,656	$79,218,748
Gaming Positions	887	1,107	1,289
Win / Position / Day	$177	$172	$168

Source: The Innovation Group

The proposed Lyon County showed the highest incremental rate by far of about 92% as this development is isolated in northwest Iowa. Therefore, incremental gaming revenue was estimated at $53.1 million and $72.8 million for the low-end and high-end development scenarios, respectively.

Incremental Gaming Revenue Analysis - Lyon County

	Low-End	Mid-Range	High-End
Total Gaming Revenue	$57,229,421	$69,489,656	$79,218,748
Cannibalization	-$4,155,578	-$5,281,514	-$6,368,814
Incremental Gaming Revenue	$53,073,843	$64,208,143	$72,849,935
Incremental %	*92.7%*	*92.4%*	*92.0%*

Source: The Innovation Group

Impact on Existing Iowa Casinos

For this proposed casino, cannibalization would be minimal at between $4.2 and 6.7 million. We estimated that the Argosy Sioux City casino would be most impacted, with gaming revenue falling between 4% and 6% (depending on the investment level). Wild Rose – Emmetsburg would also be somewhat impacted with gaming revenue falling between 2% and 5%.

Cannibalization Impact Summary - Lyon County

	Low-End	Mid-Range	High-End
Argosy Sioux City	-$2,272,687	-$2,892,115	-$3,432,262
Lady Luck - Marquette	$0	$0	$0
Wild Rose - Clinton	$0	$0	$0
Catfish Bend - Burlington	$0	$0	$0
Terrible's Lakeside - Osceola	-$19,455	-$22,474	-$26,342
Wild Rose - Emmetsburg	-$721,710	-$1,009,763	-$1,334,237
Isle - Waterloo	$0	$0	$0
Diamond Jo - Northwood	-$127,113	-$139,906	-$166,340
Riverside	$0	$0	$0
Prairie Meadows - Des Moines	$0	$0	$0
Diamond Jo - Dubuque	$0	$0	$0
Dubuque Greyhound	$0	$0	$0
Ameristar - Council Bluffs	-$357,281	-$428,639	-$496,381
Harrah's - Council Bluffs	-$240,583	-$288,633	-$334,249
Horseshoe - Bluffs Run	-$416,749	-$499,984	-$579,002
Rhythm City - Davenport	$0	$0	$0
Isle - Bettendorf	$0	$0	$0
Total	-$4,155,578	-$5,281,514	-$6,368,814

Source: The Innovation Group

Cannibalization Impact Summary - Lyon County

	Low-End	Mid-Range	High-End
Argosy Sioux City	-3.7%	-4.7%	-5.6%
Lady Luck - Marquette	0.0%	0.0%	0.0%
Wild Rose - Clinton	0.0%	0.0%	0.0%
Catfish Bend - Burlington	0.0%	0.0%	0.0%
Terrible's Lakeside - Osceola	0.0%	0.0%	0.0%
Wild Rose - Emmetsburg	-2.3%	-3.2%	-4.3%
Isle - Waterloo	0.0%	0.0%	0.0%
Diamond Jo - Northwood	-0.2%	-0.2%	-0.2%
Riverside	0.0%	0.0%	0.0%
Prairie Meadows - Des Moines	0.0%	0.0%	0.0%
Diamond Jo - Dubuque	0.0%	0.0%	0.0%
Dubuque Greyhound	0.0%	0.0%	0.0%
Ameristar - Council Bluffs	-0.2%	-0.2%	-0.3%
Harrah's - Council Bluffs	-0.3%	-0.3%	-0.3%
Horseshoe - Bluffs Run	-0.2%	-0.2%	-0.3%
Rhythm City - Davenport	0.0%	0.0%	0.0%
Isle - Bettendorf	0.0%	0.0%	0.0%
Total	-0.3%	-0.3%	-0.4%

Source: The Innovation Group

COMBINED COUNTIES FORECAST

Next, we estimated the gaming revenue potential of all the county casinos, assuming a simultaneous opening date in early 2012. The forecast consolidates the estimates and assumptions from the individual forecasts. Despite the additional cannibalization, we assumed gaming position counts would remain consistent with the stand alone forecasts. The following map displays the location of each proposed county relative to each other and the existing Iowa casinos.

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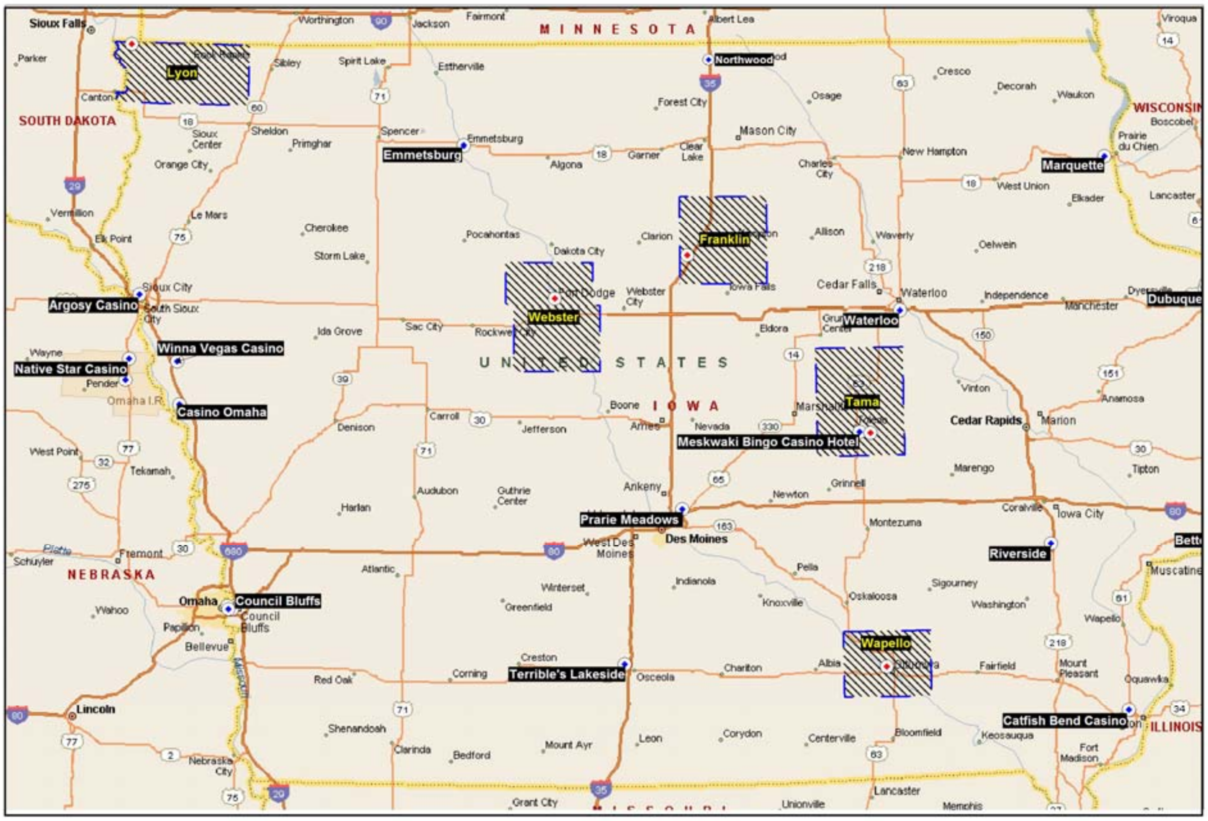
Proposed County Casino Market Map



The Innovation Group determined that the proposed casinos would realize gaming revenue from primarily four sources including the local market, overnight gamer, transient tourist and traffic intercept.

Local Market

The Innovation Group generated a local market gravity model that considers all 5 proposed casinos per the RFP. As discussed, we forecasted the gaming revenue potential assuming three investment levels: Low-End, Mid-Range and High-End.

Low-End Investment Level

Local market gaming revenue fell relative to the stand-alone forecasts as cannibalization increased. The impact was slight for the Lyon County facility as this development site is isolated from the other proposed casinos in northwest Iowa. In contrast, we estimated that local market gaming revenue for the Franklin County would decline 14.1% relative to the stand-alone forecast. As the map above shows, this facility would compete with Webster County to the west and Tama County to the south. Also, Franklin County does not have a large home market from which to draw. For Webster County and Wapello County the impact was mitigated due to a decent home market related to Ford Dodge and Ottumwa, respectively.

Local Market Summary - Combined Counties - Low-End Facilities

	Webster	Wapello	Franklin	Tama	Lyon
Gamer Visits	551,427	536,376	297,518	241,420	728,127
Win per Visit	$61	$58	$63	$62	$65
Gaming Revenue	$33,670,901	$30,972,662	$18,626,407	$15,061,629	$47,057,078
% Change - Stand Alone	*-5.1%*	*-2.9%*	*-14.1%*	*-13.1%*	*-0.4%*

Source: The Innovation Group

Mid-Range Investment Level

The impact, on a percentage basis, increased slightly for the Mid-Range scenario, as displayed below.

Local Market Summary - Combined Counties - Mid-Range Facilities

	Webster	Wapello	Franklin	Tama	Lyon
Gamer Visits	659,165	632,338	379,063	319,070	843,138
Win per Visit	$63	$59	$64	$64	$66
Gaming Revenue	$41,380,730	$37,621,002	$24,269,768	$20,339,658	$55,640,941
% Change - Stand-Alone	*-6.2%*	*-3.0%*	*-15.6%*	*-15.4%*	*-0.6%*

Source: The Innovation Group

High-End Investment Level

The following table displays the local market forecasts assuming a High-End investment level.

Local Market Summary - Combined Counties - High-End

	Webster	Wapello	Franklin	Tama	Lyon
Gamer Visits	734,753	696,975	443,784	383,962	922,125
Win per Visit	$64	$61	$65	$65	$67
Gaming Revenue	$47,241,816	$42,489,808	$29,019,622	$24,983,216	$62,101,180
% Change - Stand-Alone	*-6.9%*	*-3.3%*	*-16.6%*	*-17.1%*	*-0.9%*

Source: The Innovation Group

Total Revenue – Combined Counties

The following tables summarize our gaming revenue forecast under the combined counties scenario. The overnight gamer component was impacted somewhat as we assumed a smaller hotel commensurate with the decline in local market gamer visits. Further, we assumed that the gaming revenue forecast for the transient tourist and traffic intercept components would remain unchanged relative to the stand-alone scenarios.

Total Gaming Revenue - Combined Counties - Low-End

	Webster	Wapello	Franklin	Tama	Lyon	Total
Local Market	$33,670,901	$30,972,662	$18,626,407	$15,061,629	$47,057,078	$145,388,677
Overnight Gamer	2,355,690	2,291,391	1,270,994	1,031,342	3,110,548	$10,059,964
Transient Tourist	1,590,722	894,012	383,533	749,996	6,569,335	$10,187,599
Traffic Intercept	0	0	4,069,053	0	0	$4,069,053
Total	$37,617,313	$34,158,065	$24,349,987	$16,842,967	$56,736,960	$169,705,293
% Change (Stand-Alone)	*-5.0%*	*-2.6%*	*-6.9%*	*-6.8%*	*-0.9%*	
Gaming Positions	652	615	502	380	887	3,036
Win / Position / Day	$158	$152	$133	$121	$175	$153
Hotel Room Count	47	46	0	0	62	155

Source: The Innovation Group

Total Gaming Revenue - Combined Counties - Mid-Range

	Webster	Wapello	Franklin	Tama	Lyon	Total
Local Market	$41,380,730	$37,621,002	$24,269,768	$20,339,658	$55,640,941	$179,252,100
Overnight Gamer	4,425,056	4,244,961	2,544,696	2,141,954	5,660,088	$19,016,756
Transient Tourist	1,803,879	1,013,810	434,927	850,495	7,449,626	$11,552,737
Traffic Intercept	0	0	4,069,053	0	0	$4,069,053
Total	$47,609,665	$42,879,773	$31,318,444	$23,332,107	$68,750,656	$213,890,645
% Change (Stand-Alone)	*-5.9%*	*-3.0%*	*-13.7%*	*-14.8%*	*-1.1%*	
Gaming Positions	810	770	628	478	1,107	3,793
Win / Position / Day	$161	$153	$137	$134	$170	$154
Hotel Room Count	80	77	46	0	103	306

Source: The Innovation Group

Total Gaming Revenue - Combined Counties - High-End

	Webster	Wapello	Franklin	Tama	Lyon	Total
Local Market	$47,241,816	$42,489,808	$29,019,622	$24,983,216	$62,101,180	$205,835,642
Overnight Gamer	6,457,073	6,125,078	3,900,011	3,374,289	8,103,719	$27,960,171
Transient Tourist	1,959,770	1,101,423	472,513	923,995	8,093,421	$12,551,121
Traffic Intercept	0	0	4,069,053	0	0	$4,069,053
Total	$55,658,658	$49,716,309	$37,461,199	$29,281,500	$78,298,321	$250,415,987
% Change (Stand-Alone)	*-6.7%*	*-3.8%*	*-15.1%*	*-17.0%*	*-1.2%*	
Gaming Positions	944	899	730	559	1,289	4,421
Win / Position / Day	$162	$152	$141	$144	$166	$155
Hotel Room Count	107	102	65	56	135	465

Source: The Innovation Group

Under the combined counties scenario, we estimated that about 68% of gaming revenue would be incremental to Iowa, resulting in incremental gaming revenue of $115.0 million and $171.1 million for the low-end and high-end investment levels, respectively. As discussed, the high incremental rate is due in a large part to the proposed Lyon County facility.

Incremental Gaming Revenue Analysis - Combined Counties

	Low-End	Mid-Range	High-End
Total Gaming Revenue	$169,705,293	$213,890,645	$250,415,987
Cannibalization	-$54,669,474	-$68,034,483	-$79,354,276
Incremental Gaming Revenue	$115,035,819	$145,856,162	$171,061,711
Incremental %	*67.8%*	*68.2%*	*68.3%*

Source: The Innovation Group

Impact on Existing Iowa Casinos

The following table displays the combined impact of the 5 proposed county casinos on the gaming revenue of the existing Iowa casinos.

Cannibalization Summary - Combined Counties

	Low-End	Mid-Range	High-End
Argosy Sioux City	-$2,443,377	-$3,142,807	-$3,747,517
Lady Luck - Marquette	-$615,573	-$819,225	-$971,412
Wild Rose - Clinton	-$34,448	-$46,321	-$55,484
Catfish Bend - Burlington	-$1,410,014	-$1,744,439	-$2,022,673
Terrible's Lakeside - Osceola	-$8,447,214	-$9,775,814	-$10,786,584
Wild Rose - Emmetsburg	-$6,126,067	-$7,314,584	-$8,390,816
Isle - Waterloo	-$4,084,178	-$5,387,308	-$6,464,187
Diamond Jo - Worth	-$8,263,920	-$10,697,060	-$12,623,754
Riverside	-$4,639,604	-$5,952,449	-$7,013,985
Prairie Meadows - Des Moines	-$15,431,337	-$19,038,316	-$22,315,679
Diamond Jo - Dubuque	-$283,190	-$380,308	-$456,299
Dubuque Greyhound	-$278,815	-$374,432	-$449,249
Ameristar - Council Bluffs	-$769,410	-$976,029	-$1,175,886
Harrah's - Council Bluffs	-$518,099	-$657,230	-$791,809
Horseshoe - Bluffs Run	-$897,475	-$1,138,485	-$1,371,608
Rhythm City - Davenport	-$144,067	-$199,068	-$242,163
Isle - Bettendorf	-$282,685	-$390,609	-$475,169
Total	-$54,669,474	-$68,034,483	-$79,354,276

Source: The Innovation Group

On a property by property basis, it is important to analyze cannibalization from percent decline perspective. We found that the Wild Rose – Emmetsburg facility would be most impacted. We estimated that gaming revenue at Wild Rose would decline from 20% to 27% depending on the investment level, due mainly to the proposed Webster County facility. Terrible's Lakeside – Osceola would also be significantly impacted, mainly due to the proposed Wapello County facility. We estimated that gaming revenue at Terrible's would decline from 15% to 20%, again depending on the investment level. Lastly, the Diamond Jo – Worth casino would be materially impacted, mainly due to the proposed Franklin County facility. We estimated that gaming revenue at Diamond Jo - Worth would decline from 10% to 15%. We estimated that the balance of the Iowa casinos would realize decline of less than 10%, even at the high-end investment level. Note that for the casinos on the eastern border of Iowa, the declines are minimal. We judged that the Council Bluffs market would also be minimally impacted. Argosy Sioux City would realize modest declines mainly due to the proposed Lyon County facility. The following table displays estimated cannibalization on a percent decline basis under the combined counties scenario.

Cannibalization Summary - Combined Counties

	Low-End	Mid-Range	High-End
Argosy Sioux City	-4.0%	-5.1%	-6.1%
Lady Luck - Marquette	-1.8%	-2.3%	-2.8%
Wild Rose - Clinton	-0.1%	-0.1%	-0.1%
Catfish Bend - Burlington	-3.3%	-4.1%	-4.7%
Terrible's Lakeside - Osceola	-15.4%	-17.9%	-19.7%
Wild Rose - Emmetsburg	-19.6%	-23.4%	-26.9%
Isle - Waterloo	-4.6%	-6.1%	-7.3%
Diamond Jo - Worth	-10.0%	-12.9%	-15.2%
Riverside	-5.0%	-6.5%	-7.6%
Prairie Meadows - Des Moines	-7.1%	-8.7%	-10.2%
Diamond Jo - Dubuque	-0.4%	-0.5%	-0.6%
Dubuque Greyhound	-0.4%	-0.5%	-0.6%
Ameristar - Council Bluffs	-0.4%	-0.6%	-0.7%
Harrah's - Council Bluffs	-0.5%	-0.7%	-0.8%
Horseshoe - Bluffs Run	-0.4%	-0.5%	-0.7%
Rhythm City - Davenport	-0.2%	-0.3%	-0.4%
Isle - Bettendorf	-0.3%	-0.4%	-0.5%
Total	-3.6%	-4.5%	-5.2%

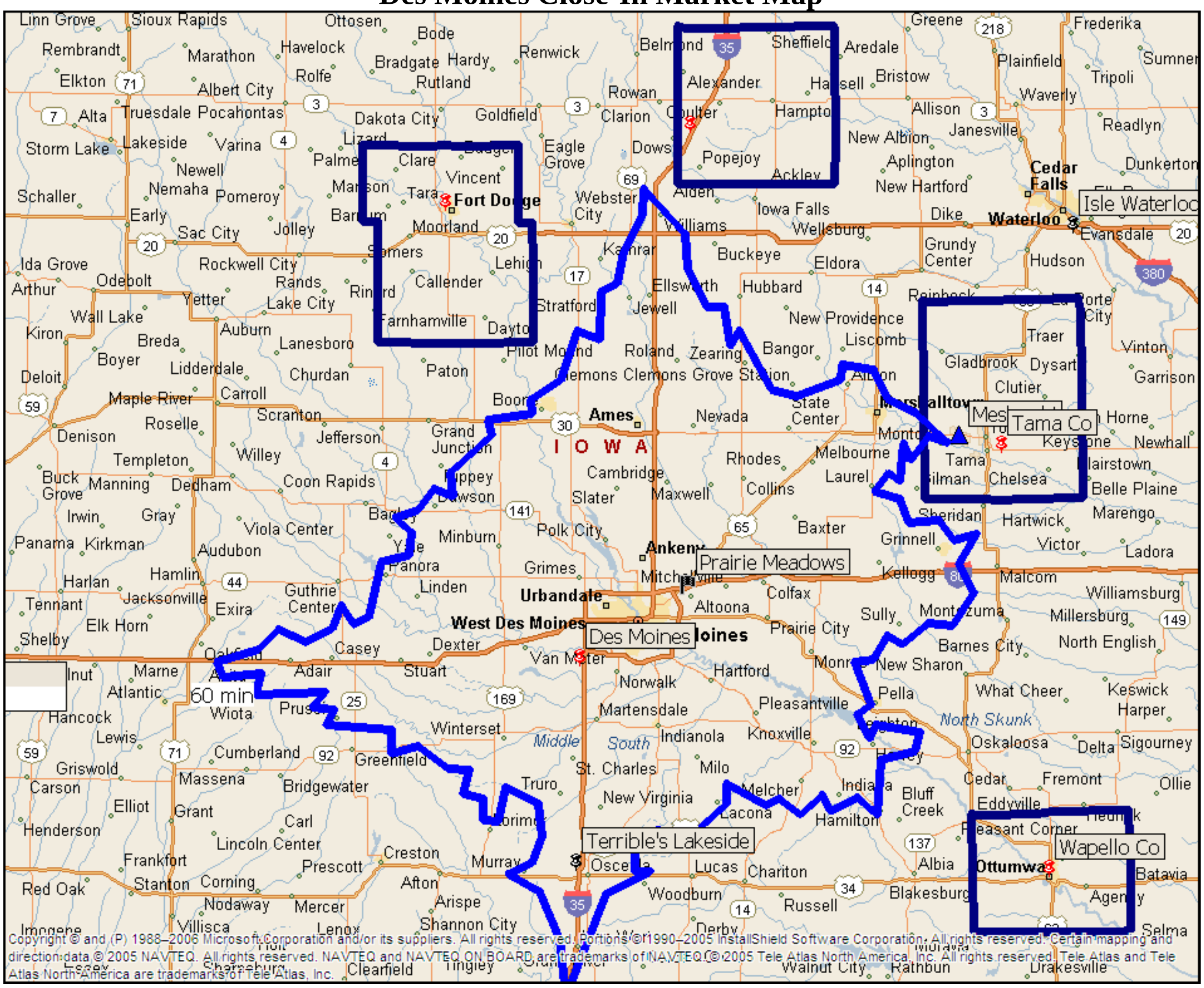
Source: The Innovation Group

DES MOINES FORECAST

The Innovation Group believes that the Des Moines market is underserved. Based on the size of the market, we determined that this market could support an additional casino. An additional casino would increase the level of competition in the market which would naturally benefit the gaming public in terms of pricing and promotions. An additional location would also make gaming more convenient for area residents.

We assumed that the development site would be located in the southwest portion of the Des Moines metro area in order to maximize the buffer zone relative to the existing Prairie Meadows facility. The Prairie Meadows casino is located just off of I-80 in northwest Des Moines. The only other casino in the 60-mintue drive-time market is Terrible's Lakeside about 35 miles south of Des Moines. In addition, the Meskwaki Casino is situated about 60 miles to the northeast of Des Moines. Finally, note that several of the proposed casinos are located just outside the primary market.

Des Moines Close-In Market Map



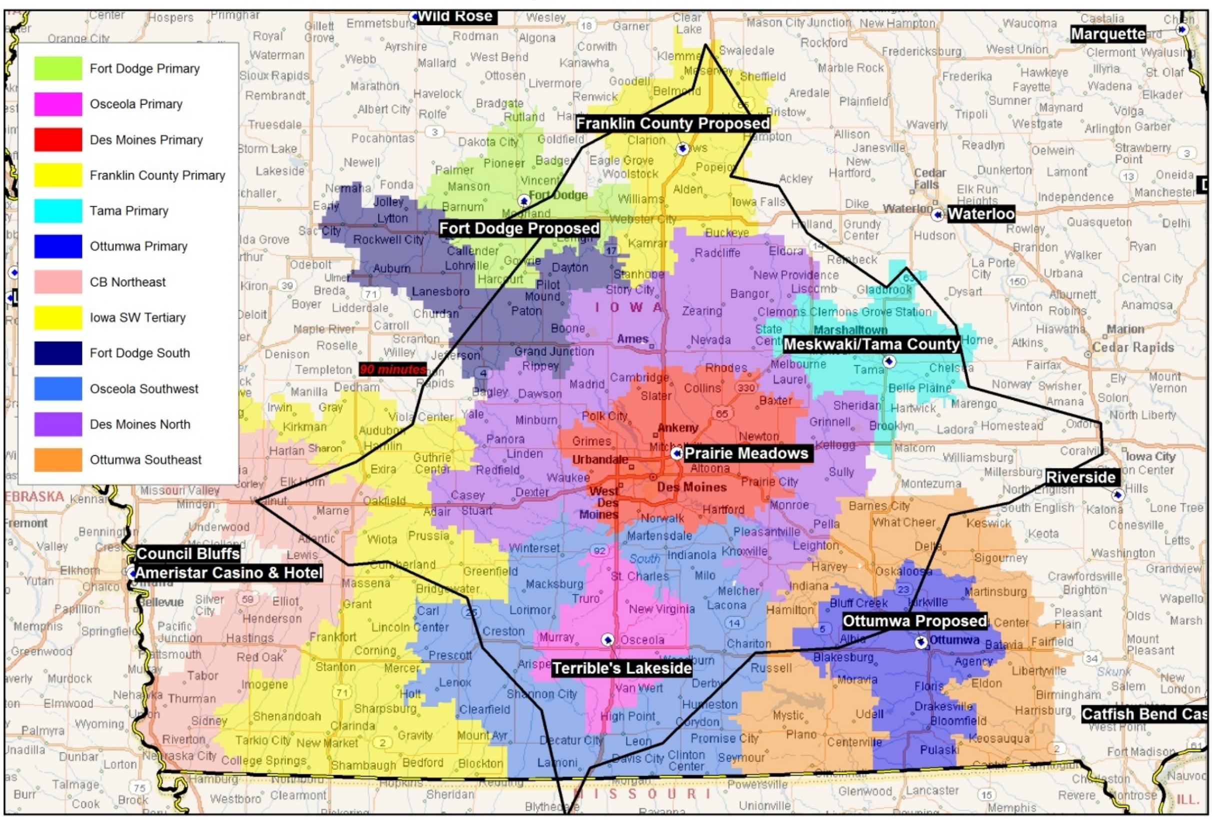
The Innovation Group determined that an additional Des Moines casino would realize gaming revenue from primarily four sources including the local market, overnight gamer, transient tourist and traffic intercept segment.

Local Market

The local market gravity model, discussed earlier, was updated to include the proposed Des Moines casino on a stand-alone basis. Per the RFP, we forecasted the gaming revenue potential of this facility assuming three investment levels: Low-End, Mid-Range and High-End. We assumed that the quality and scope of the facility would increase as investment increases. We assigned an attraction factor to the casino based on the assumed investment level. Again, the gravity model utilizes the attraction factor as it allocates gamer visits between the area casinos. The size of the casino, in terms of gaming positions, was primarily based on the potential of the local market area, but also, to some extent, the investment level.

We determined that the proposed Des Moines casino would realize material gaming revenue from 12 markets segments, displayed on the map below. These market segments are expected to contain just over 871,000 gamer adults (21+) by 2012. Currently, these market segments view Prairie Meadows and Terrible's Lakeside, as the primary gaming alternatives.

Des Moines Market Regions with Competitive Sites



We estimated that a Des Moines casino would increase the gaming factors (propensity and frequency) and thus gamer visits for the market area described above. The additional location would enhance the convenience of gaming and thus the propensity and frequency factors for the market segments, particularly the ones in close proximity to the proposed casino. Also, with more positions generally, gaming revenue would likely increase as more capacity is available during peak times. In addition, with more competitors, the level of marketing would generally increase, again supporting a higher frequency and win per visit factor. As discussed, the extent of the increase and the capture rate realized by the subject would depend in part on the investment level.

Low-End Investment Level

Assuming a Low-End investment level, we estimated that local market gamer visits would sum to about 4.78 million, reflecting a weighted average propensity and frequency factor of 37.7% and 14.6 times, respectively. Based on a casino floor with about 1,410 gaming positions, The Innovation Group estimated that the proposed Des Moines casino would capture 26.9% of the local market or about 1.29 million gamer visits. We further estimated the average win per visit at $65, resulting in local market gaming revenue of approximately $84.1 million for the proposed Des Moines casino; by far the most gaming revenue relative to other proposed casinos.

As one might expect, the key submarket for the subject is Prairie Meadows Primary segment, represented by the Des Moines metro area. With a capture rate of approximately 36%, we estimated that this market segment would account for about 73% of the total local market gaming revenue or $61.7 million. The subject casino would primarily share this segment with Prairie Meadows and to a lesser extent, Terrible's Lakeside. Other key market segments include Des Moines North and Osceola Southwest. The following table details our local market gaming revenue forecast, by market segment, for the proposed Des Moines casino, assuming a Low-End capital investment.

Local Market Gaming Revenue - Des Moines - Low-End Facility

Market Segments	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Fort Dodge Primary	39,702	26.4%	9.9	103,899	22.2%	23,062	$77	$1,773,751
Prairie Meadows Primary	379,242	42.7%	16.6	2,681,363	35.7%	958,308	$64	$61,710,292
Osceola Primary	11,609	52.5%	19.6	119,260	13.8%	16,416	$57	$931,245
Franklin City	22,538	32.3%	12.0	87,107	9.9%	8,619	$71	$608,754
Tama Primary	37,062	41.9%	12.9	200,696	2.2%	4,434	$55	$244,700
Ottumwa Primary	38,548	35.4%	12.6	171,715	9.9%	17,063	$76	$1,294,531
CB Northeast	38,766	39.7%	14.4	220,996	4.7%	10,279	$67	$688,842
Iowa SW Tertiary	37,825	31.8%	11.2	134,494	11.4%	15,365	$79	$1,210,755
Ft. Dodge South	19,230	27.6%	10.0	52,805	24.7%	13,046	$80	$1,046,898
Osceola Southwest	57,846	39.7%	15.3	351,457	26.3%	92,605	$65	$6,032,486
Des Moines North	140,608	29.2%	11.1	454,626	24.2%	109,967	$68	$7,430,750
Ottumwa Southeast	48,119	33.8%	12.3	200,164	8.4%	16,762	$70	$1,175,421
Total / Average	871,096	37.7%	14.6	4,778,582	26.9%	1,285,925	$65	$84,148,423

Source: The Innovation Group

Mid-Range Investment Level

At the Mid-Range investment level, several assumptions would change. First, we increased the size of the casino by about 350 positions. Second, we increased the gaming factors associated with the key Des Moines market segments as gamers would be more attracted to a nicer facility, and would likely stay longer per visit. Finally, we increased the overall attraction factor for the facility, as the higher development budget would enhance quality and scope proportionately, and better compete with the existing casino in the market.

From a quantitative perspective, the increased gamer factors drove market gamer visits higher by 2.7% to 4.91 million, relative to the Low-End facility. The larger casino and enhanced quality and scope would increase the draw from the outer markets as gamers would be willing to drive farther to visit the subject. These factors also pushed the subject capture rate to 33%, resulting in subject gamer visits of about 1.60 million visits. In summary, the increase in investment increased our local market gaming revenue estimate from $84 million to $109 million or about 30%, as displayed in the table below.

Local Market Gaming Revenue - Des Moines - Mid-Range

	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Fort Dodge Primary	39,702	26.7%	10.0	106,594	29.5%	31,460	$80	$2,516,403
Prairie Meadows Primary	379,242	43.4%	16.8	2,772,024	42.1%	1,165,982	$67	$78,086,831
Osceola Primary	11,609	52.9%	19.7	120,926	17.6%	21,240	$59	$1,253,162
Franklin City	22,538	32.5%	12.0	88,151	13.8%	12,191	$73	$895,524
Tama Primary	37,062	41.9%	12.9	201,097	3.2%	6,462	$57	$370,867
Ottumwa Primary	38,548	35.6%	12.7	173,773	14.0%	24,271	$79	$1,915,078
CB Northeast	38,766	39.8%	14.4	222,321	6.6%	14,734	$70	$1,026,837
Iowa SW Tertiary	37,825	32.0%	11.2	136,105	15.6%	21,284	$82	$1,744,289
Ft. Dodge South	19,230	27.9%	10.1	54,279	32.3%	17,545	$83	$1,464,234
Osceola Southwest	57,846	40.3%	15.5	361,259	33.7%	121,717	$68	$8,246,078
Des Moines North	140,608	29.6%	11.2	466,404	30.8%	143,460	$70	$10,081,720
Ottumwa Southeast	48,119	34.0%	12.4	202,566	11.8%	23,843	$73	$1,738,790
Total / Average	871,096	38.1%	14.8	4,905,499	32.7%	1,604,188	$68	$109,339,813
% Change (Low-End)	*0.0%*	*1.3%*	*1.4%*	*2.7%*	*21.5%*	*24.7%*	*4.2%*	*29.9%*

Source: The Innovation Group

High-End Investment Level

The same logic applies as the investment level jumps from Mid-Range to High-End. At this investment level, we determined that the proposed facility would be comparable to the top casinos in Iowa in terms of quality and superior to the Prairie Meadows facility. Again, The Innovation Group increased the gaming position count, the gaming factors for the market area and the attraction factor for the proposed Lyon County facility. The assumed size of the casino (in terms of gaming positions) increased from about 1,760 to 2,050 positions. The size adjustment in combination with the higher attraction factor increased the capture rate from 33% to 37%. In summary, local market gaming revenue increased 19%, topping out at $130.2 million, as displayed below.

Local Market Gaming Revenue - Des Moines - High-End Facility

Market Segments	Gamer Population	Propensity	Frequency	Market Gamer Visits	Subject Capture %	Subject Gamer Visits	Win per Visit	Subject Gaming Revenue
Fort Dodge Primary	39,702	27.0%	10.2	109,112	35.7%	39,001	$82	$3,179,604
Prairie Meadows Primary	379,242	44.0%	17.1	2,847,818	46.9%	1,334,422	$68	$91,085,985
Osceola Primary	11,609	53.2%	19.8	122,603	20.7%	25,429	$60	$1,529,137
Franklin City	22,538	32.7%	12.1	89,377	17.5%	15,657	$75	$1,172,230
Tama Primary	37,062	42.0%	13.0	201,901	4.2%	8,535	$58	$499,265
Ottumwa Primary	38,548	35.9%	12.7	176,191	17.8%	31,315	$80	$2,518,416
CB Northeast	38,766	39.9%	14.5	223,651	8.5%	19,116	$71	$1,357,866
Iowa SW Tertiary	37,825	32.2%	11.3	137,996	19.5%	26,851	$84	$2,242,886
Ft. Dodge South	19,230	28.3%	10.2	55,666	38.7%	21,518	$85	$1,830,313
Osceola Southwest	57,846	40.8%	15.7	370,480	39.7%	147,045	$69	$10,153,564
Des Moines North	140,608	29.9%	11.3	476,489	36.2%	172,367	$72	$12,346,139
Ottumwa Southeast	48,119	34.1%	12.5	204,578	15.0%	30,654	$74	$2,278,496
Total / Average	871,096	38.5%	14.9	5,015,861	37.3%	1,871,910	$70	$130,193,900
% Change (Mid-Range)	*0.0%*	*1.1%*	*1.2%*	*2.2%*	*14.1%*	*16.7%*	*2.0%*	*19.1%*

Source: The Innovation Group

Des Moines County Local Market Summary

In summary, we estimated that a Des Moines facility would generate between $84.1 million and $130.2 million in local market gaming revenue, depending on the level of investment. We estimated that gaming revenue would increase 31% and 19% as investment increased to Mid-Range and High-End, respectively. Note that these gains were high relative to the other proposed casinos. This is due to the direct competition in the area which makes the quality and scope of the facility more relevant.

Local Market Summary - Des Moines

	Low-End	Mid-Range	High-End
Gaming Positions	1,410	1,758	2,050
Market Gamer Visits	4,778,582	4,905,499	5,015,861
Subject Capture Rate	26.9%	32.7%	37.3%
Subject Gamer Visits	1,285,925	1,604,188	1,871,910
Win per Visit	$65	$68	$70
Subject Gaming Revenue	$84,148,423	$109,339,813	$130,193,900
Daily Win per Position	$164	$170	$174

Source: The Innovation Group

Transient Tourist Segment

The Innovation Group forecasted incremental gaming revenue associated with the transient tourist component for the proposed Des Moines casino. Again, the transient tourist component reflects tourists to the area that might patronize the casino as a secondary attraction. The tourists include business travelers, pass-through travelers and leisure tourists. We generally assessed the tourist volume based on the hotel room inventory in close proximity to the proposed casino.

The tourist market for Des Moines is extensive as measured by the number of non-casino hotel rooms in the market. The Innovation Group compiled a hotel summary for the Des Moines market based on the hotel inventory within about 15 miles of the subject property. Using information obtained from Smith Travel Research, this market contains 80 hotels offering roughly 8,900 rooms. About 39% of the room inventory falls into the mid-range class. The market also contains 15 upscale hotels yielding about 2,500 rooms. The market features the 415-room Marriott and the 285-room Sheraton. The market has added several hotels in recent years. The following table summarizes the Des Moines hotel market.

Des Moines Hotel Market Summary

	Hotel Count	Room Count	% of Total
Independent	18	1,434	16.2%
Economy	17	1,458	16.4%
Mid-Range	30	3,481	39.2%
Upscale	15	2,504	28.2%
Total	80	8,877	100.0%

Source: Smith Travel Research; The Innovation Group

We estimated that the tourists patronizing these hotels would yield between $7.8 million and $9.7 million in gaming revenue for the proposed Des Moines casino, depending on the investment level. We estimated that these hotels would realize an average occupancy rate of 65%, resulting in 2.1 million room nights of demand. We further estimated the gamer capture rate in 2.9% to 3.3% range for the subject. Note that the capture rates are low relative to the other proposed casinos due to the direct competition in the market. In other words, the proposed Des Moines casino would be sharing transient tourist gaming revenue with the Prairie Meadows facility. The following table details the gaming revenue calculation for the transient tourist component.

Transient Tourist Gaming Revenue - Des Moines

Investment Level	Room Inventory	Occupancy	Room Night Demand	Gamer Capture Rate	Gamer Room Nights	Adults / Room	Gamer Visits	Win per Visit	Gaming Revenue
Low-End	8,877	65.0%	2,106,068	2.9%	61,602	1.5	92,404	$85	$7,845,917
Mid-Range	8,877	65.0%	2,106,068	3.2%	66,531	1.5	99,796	$89	$8,897,270
High-End	8,877	65.0%	2,106,068	3.3%	68,995	1.5	103,492	$93	$9,666,170

Source: The Innovation Group

Overnight Gamer

The overnight gamer component reflects patrons of the proposed casino hotel. The casino hotel would be specifically designed to accommodate the gaming customer. The assumed hotel size varies with investment level, but also considers the volume of local market gamer visits. We estimated room night demand based on a capture rate applied to the local market gamer visit forecast. The capture rates were projected based on the performance of the existing casino hotels in Iowa and assumes that the casino operation will apply a portion of the marketing budget to fill hotel rooms.

We determined that the Des Moines facility could take three different approaches to a hotel offering. Based on a Low-End investment, we assumed a modest 110-room hotel, generally structure to accommodate gamers looking to utilize a hotel out of convenience. At the top investment level, we modeled a 275-room high-end hotel that would be a feature of the property. The intention with this hotel would be to draw tourist from a significant distance, offering many tourists type amenities such as a resort-style pool and spa. After compiling these factors, gaming revenue associated with the overnight gamer component calculated to $5.5 million for a 110-room hotel, increasing to $16.5 million for the 275-room hotel, as displayed in the table below.

Overnight Gamer Gaming Revenue - Des Moines

Investment Level	Room Inventory	Occupancy	Room Night Demand	Adults / Room	Gamer Visits	Win per Visit	Gaming Revenue
Low-End	110	75.0%	30,113	1.5	45,169	$122	$5,513,153
Mid-Range	200	75.0%	54,750	1.5	82,125	$134	$11,026,307
High-End	275	75.0%	75,281	1.5	112,922	$146	$16,539,460

Source: The Innovation Group

Traffic Intercept

The traffic intercept segment reflects truck drivers and other travelers that are passing through the area on Interstate 35 that decide to stop and patronize the casino. We estimated the traffic counts (based on information obtained from the Iowa Department of Transportation) at about 26,170 vehicles daily near the proposed development site. We estimated the pass-through percentage at 35%, typical for metro areas. We further estimated that 1.7% of the vehicles would stop and patronize the casino resulting in about 73,900 gamer visits. Using a conservative win per visits of $43, incremental gaming revenue associated with the traffic intercept segment calculated to $3.2 million, as displayed below.

Traffic Intercept Gaming Revenue - Des Moines

Highway	AADT	Pass-through %	Adults / Vehicle	Capture %	Gamer Visits	Win per Visit	Gaming Revenue
Interstate 35	26,170	35%	1.3	1.7%	73,886	$43	$3,177,078

Source: Iowa Department of Transportation, The Innovation Group

Total Revenue – Des Moines Casino

After combining revenue from all sources, we estimated that an additional Des Moines casino would generate between $101 million and $160 million in gaming revenue. Again, the disparity in gaming revenue reflects the difference in the building program strategies. Like Tama County, where direct competition exists, the disparity in gaming revenue between investment levels is great. On the low end, we assumed a modest casino offering with standard hotel. On the high end, we assumed a destination casino with resort-style hotel. The following table summarizes our gaming revenue forecast for the proposed Des Moines casino 2012, assuming three investment levels.

Total Gaming Revenue - Des Moines

	Low-End	Mid-Range	High-End
Local Market	$84,148,423	$109,339,813	$130,193,900
Overnight Gamer	5,513,153	11,026,307	16,539,460
Transient Tourist	7,845,917	8,897,270	9,666,170
Traffic Intercept	3,177,078	3,177,078	3,177,078
Total	**$100,684,572**	**$132,440,468**	**$159,576,609**
Gaming Positions	1,410	1,758	2,050
Win / Position / Day	$196	$206	$213
Hotel Room Count	110	200	275

Source: The Innovation Group

The incremental rate for the proposed Des Moines casino calculated to about 57%, resulting in $57.7 million and $90.4 million in incremental gaming revenue to Iowa for the Low-End and High-End scenarios, respectively.

Incremental Gaming Revenue Analysis - Des Moines

	Low-End	Mid-Range	High-End
Total Gaming Revenue	$100,684,572	$132,440,468	$159,576,609
Cannibalization	-$43,015,689	-$57,400,140	-$69,167,858
Incremental Gaming Revenue	**$57,668,883**	**$75,040,327**	**$90,408,751**
Incremental %	*57.3%*	*56.7%*	*56.7%*

Source: The Innovation Group

Impact on Existing Iowa Casinos

As a key component of the study, we estimated the impact of the proposed Des Moines casino on the existing casinos in Iowa. On a percentage basis, we estimated that Terrible's Lakeside would be most impacted as Terrible's is located just 30 miles south of the assumed development site, off the same highway. Depending on the investment level, we estimated that Terrible's Lakeside would lose between 19% and 28% of gaming revenue. Also, we determined that Prairie Meadows would materially impact, losing between 14% and 23% of gaming revenue.

Cannibalization Impact Summary - Des Moines

	Low-End	Mid-Range	High-End
Argosy Sioux City	-$988	-$1,795	-$2,578
Lady Luck – Marquette	$0	$0	$0
Wild Rose – Clinton	$0	$0	$0
Catfish Bend – Burlington	-$59,855	-$113,547	-$167,006
Terrible's Lakeside – Osceola	-$10,591,078	-$13,326,488	-$15,474,896
Wild Rose – Emmetsburg	-$403,229	-$678,180	-$921,744
Isle – Waterloo	-$280,286	-$406,201	-$513,018
Diamond Jo – Worth	-$199,168	-$345,106	-$473,714
Riverside	-$89,375	-$172,374	-$253,927
Prairie Meadows - Des Moines	-$30,997,234	-$41,503,173	-$50,086,359
Diamond Jo – Dubuque	$0	$0	$0
Dubuque Greyhound	$0	$0	$0
Ameristar - Council Bluffs	-$138,909	-$300,469	-$448,837
Harrah's - Council Bluffs	-$93,537	-$202,327	-$302,234
Horseshoe - Bluffs Run	-$162,030	-$350,481	-$523,544
Rhythm City – Davenport	$0	$0	$0
Isle – Bettendorf	$0	$0	$0
Total	-$43,015,689	-$57,400,140	-$69,167,858

Source: The Innovation Group

Cannibalization Impact Summary - Des Moines

	Low-End	Mid-Range	High-End
Argosy Sioux City	0.0%	0.0%	0.0%
Lady Luck – Marquette	0.0%	0.0%	0.0%
Wild Rose – Clinton	0.0%	0.0%	0.0%
Catfish Bend – Burlington	-0.1%	-0.3%	-0.4%
Terrible's Lakeside – Osceola	-19.4%	-24.4%	-28.3%
Wild Rose – Emmetsburg	-1.3%	-2.2%	-3.0%
Isle – Waterloo	-0.3%	-0.5%	-0.6%
Diamond Jo – Worth	-0.2%	-0.4%	-0.6%
Riverside	-0.1%	-0.2%	-0.3%
Prairie Meadows - Des Moines	-14.4%	-19.3%	-23.3%
Diamond Jo – Dubuque	0.0%	0.0%	0.0%
Dubuque Greyhound	0.0%	0.0%	0.0%
Ameristar - Council Bluffs	-0.1%	-0.2%	-0.3%
Harrah's - Council Bluffs	-0.1%	-0.2%	-0.3%
Horseshoe - Bluffs Run	-0.1%	-0.2%	-0.3%
Rhythm City - Davenport	0.0%	0.0%	0.0%
Isle - Bettendorf	0.0%	0.0%	0.0%
Total	-2.8%	-3.8%	-4.6%

Source: The Innovation Group

TOURISM IMPACT

This section of the report examines the impact of the proposed casinos on Iowa tourism. We first quantified the number of incremental out-of-state gamer visits generated by the proposed casinos. Next, from a qualitative perspective, we demonstrated the potential impact of tourism gamer visits on the Iowa economy.

Tourism Gamer Visits

Tourism gamer visits are defined as gamer visits associated with out-of-state residents. We segregated tourism gamer visits into the four market components including the local market, overnight gamer, transient tourist and traffic intercept. The local market component reflects out-of-state residents that come to Iowa for a gaming visit and leave the same day. The overnight gamer reflects out-of-state guests of a casino hotel in Iowa. By definition, the primary purpose of the trip to Iowa is gaming. Recall that the transient tourist segment relates to traditional tourists to Iowa that patronize a casino as a secondary attraction. These traditional tourists include business travelers, pass-through travelers and leisure tourists. Finally, the traffic intercept segment relates to travelers that are passing through Iowa, generally on major highways, in close proximity to an Iowa casino.

Webster County

We estimated that the proposed Webster County facility would generate about 27,500 tourism gamer visits assuming the low-end development scenario; representing 4.5% of the total gamer visit forecast. This percentage is low relative to many of the other casino developments in Iowa due to the location of Webster County. Webster County is located in central Iowa about 60 miles from the Minnesota border; the nearest state border. The transient tourist component accounts for about 68% of total tourism gamer visits compared to 26% associated with the overnight gamer component. Recall, that we assumed a 50-room casino hotel for this scenario.

For the high-end scenario, tourism gamer visits increased by 52% to 41,900 gamer visits or 4.9% of the total. As the quality and scope of the facility increases, it draws customers from a greater distance, hence the substantial increase in the local market component. The overnight gamer segment also becomes much more relevant as we assumed the facility would offer a casino hotel with 115 rooms. The overnight component now accounts for 39% of tourism gamer visits. We also assumed the facility would offer more amenities that attract tourists, possibly including a spa, various pools and a golf course. The following table summarizes tourism gamer visits for the proposed Webster County casino under the three development scenarios.

Webster County Tourism Gamer Visits

Market Component	Low-End	Mid-Range	High-End
Local Market	1,620	3,830	4,418
Overnight Gamer	7,186	12,216	16,528
Transient Tourist	18,734	20,233	20,983
Traffic Intercept	0	0	0
Total	**27,540**	**36,279**	**41,929**
Total Gamer Visits	618,652	754,476	853,249
% of Total	*4.5%*	*4.8%*	*4.9%*

Source: The Innovation Group

Wapello County

We estimated that the proposed Wapello County facility would generate about 47,400 tourism gamer visits for the low-end development scenario; representing 8.1% of total gamer visits. This percentage is about double the percentage for Webster County as Wapello County is only 20 miles from the Missouri border; the nearest state border. For Wapello County, the local market component accounts for about 59% of total tourism gamer visits compared to 18% and 24% for the overnight gamer and transient tourist components, respectively.

For the high-end scenario, tourism gamer visits increased by 30% to 61,800 visits, mainly due to the overnight gamer component. We assumed that the hotel would increase from 45 to 110 rooms as investment increases. The following table summarizes tourism gamer visits for the proposed Wapello County casino under the three development scenarios.

Wapello County Tourism Gamer Visits

Market Component	Low-End	Mid-Range	High-End
Local Market	27,900	28,656	28,945
Overnight Gamer	8,315	14,783	20,326
Transient Tourist	11,148	12,040	12,486
Traffic Intercept	0	0	0
Total	**47,363**	**55,479**	**61,758**
Total Gamer Visits	582,008	695,983	777,017
% of Total	*8.1%*	*8.0%*	*7.9%*

Source: The Innovation Group

Franklin County

We estimated that the proposed Franklin County facility would generate about 103,400 tourism gamer visits for the low-end development scenario; representing 23.5% of total gamer visits. Roughly 90% of these visits relate to the traffic intercept segment due to the proposed location of the facility, just off of I-35.

For the high-end scenario, tourism gamer visits increased by 20% to 124,500 gamer visits, reflecting the impact of a casino hotel. We determined that the high-end facility could support an 80-room casino hotel, whereas we did not have a hotel in the low-end scenario based on visitor volume. The following table summarizes tourism gamer visits for the proposed Franklin County casino under the three development scenarios.

Franklin County Tourism Gamer Visits

Market Component	Low-End	Mid-Range	High-End
Local Market	4,008	4,867	6,495
Overnight Gamer	0	12,421	18,068
Transient Tourist	4,783	5,165	5,357
Traffic Intercept	94,629	94,629	94,629
Total	**103,420**	**117,083**	**124,549**
Total Gamer Visits	440,088	565,926	655,792
% of Total	*23.5%*	*20.7%*	*19.0%*

Source: The Innovation Group

Tama County

We estimated that the proposed Tama County facility would generate only about 9,100 tourism gamer visits for the low-end development scenario; representing 3.3% of total gamer visits. This facility would be least impacted by tourism due its proposed location in central Iowa; over 80 from the nearest state border (more than a two hour drive). The total almost entirely reflects the transient tourist component.

For the high-end scenario, tourism gamer visits more than doubled to 21,100 visits. Like Franklin County, we determined that only the high-end facility could support a casino hotel. For this scenario, the overnight gamer component accounts for about half of tourism gamer visits. The following table summarizes tourism gamer visits for the proposed Tama County casino under the three development scenarios.

Tama County Tourism Gamer Visits

Market Component	Low-End	Mid-Range	High-End
Local Market	603	946	1,551
Overnight Gamer	0	6,467	10,060
Transient Tourist	8,480	9,158	9,497
Traffic Intercept	0	0	0
Total	**9,083**	**16,572**	**21,109**
Total Gamer Visits	277,657	393,111	486,986
% of Total	*3.3%*	*4.2%*	*4.3%*

Source: The Innovation Group

Lyon County

The proposed Lyon County facility has a significant tourism impact; by far the most relative to the other proposed casinos. We estimated that this casino would generate about 708,300 tourism gamer visits for the low-end development scenario; representing 84% of total gamer visits. The proposed Lyon County facility is located just a few miles from both the South Dakota and Minnesota borders. The local market component accounts for about 86% of total tourism gamer visits as the casino would realize most of its visits from residents of Sioux Falls taking day-trips to the facility.

For the high-end scenario, tourism gamer visits increased to about 868,500 visits or 15%. Under this scenario, the casino hotel generates about 54,300 tourist gamer visits or 6.4% of the total. We assumed the facility would offer a casino hotel with 135 rooms. We also assumed the facility would also offer more amenities that attract tourists, possibly including a spa, various pools and a golf course. The following table summarizes tourism gamer visits for the proposed Lyon County casino under the three development scenarios.

Lyon County Tourism Gamer Visits

Market Component	Low-End	Mid-Range	High-End
Local Market	610,935	681,300	724,778
Overnight Gamer	24,022	40,960	54,326
Transient Tourist	73,297	83,559	89,390
Traffic Intercept	0	0	0
Total	708,254	805,818	868,493
Total Gamer Visits	839,252	979,312	1,076,425
% of Total	*84.4%*	*82.3%*	*80.7%*

Source: The Innovation Group

Combined Counties

If all the proposed county casinos were developed simultaneously, we estimated tourism gamer visits at between 893,000 and 1.1 million, depending on the development scenario. Therefore, about a third of gamer visits would be coming from out-of-state. Recall, the majority of the out-of-state gamer visits is due to the Lyon County facility.

Combined Counties Tourism Gamer Visits

Market Component	Low-End	Mid-Range	High-End
Local Market	644,415	719,842	766,555
Overnight Gamer	37,436	82,584	118,161
Transient Tourist	116,442	130,155	137,712
Traffic Intercept	94,629	94,629	94,629
Total	892,922	1,027,210	1,117,058
Total Gamer Visits	2,688,032	3,228,708	3,666,099
% of Total	*33.2%*	*31.8%*	*30.5%*

Source: The Innovation Group

Economic Impact

From a qualitative perspective, this section demonstrates the potential impact of tourism gamer visits on the Iowa economy. The economic benefits generally include: 1) expenditures on goods and service in the local community; 2) the increase in earnings to area residents; and 3) the fiscal benefits to state and local government in the form of tax revenue. The earnings increase then translates into an incremental job count. The analysis considers the direct, indirect and induced impact. The direct impact relates to the spending by the casino operation or casino patrons, while the indirect impact reflects the ripple effect in the economy. The induced impact relates to direct spending by patrons of the casino elsewhere in the local economy, such as other hotels, restaurants or entertainment venues.

The economic impact can generally be segregated into three broad categories, including the **construction phase,** the **ongoing operation** and **tax revenue**. The construction of the casino complex would represent an immediate stimulus to the local economy. These expenditures would directly impact the local economy, necessitating the immediate employment of many regional workers. The ongoing operation of the facility would provide steady employment to local and regional workers, both at the casino and externally, via the service industries and the wholesale and retail outlets that provide goods and services to the casino. Finally, the State of Iowa and local municipalities would benefit from an increase in tax revenue. We identified four categories of tax revenue that would be supported, including the gaming tax, sales tax, hotel occupancy tax and property tax. In summary, when assessing the economic impact of a major development, it is important to view the cumulative impact.

Construction Impact

The construction impact relates to the initial spending associated with building the physical facility. The construction impact is quantified in the form of salaries and wages to designers, managers and construction workers, and spending on the materials, often acquired from local vendors, such as concrete, steel and aggregate. The construction impact also includes an indirect component or multiplier effect (ripple effect) as local businesses hire more people, build new facilities and buy additional equipment and supplies to accommodate the increase in demand related to the construction project. For example, the concrete company may need to hire more drivers or buy additional trucks to handle the increase in business. This ripple effect continues as the seller and manufacturer of the trucks realizes increased spending power to purchase other goods and services in the region. Again, the benefits associated with the construction impact are one-time in nature as they cease when the construction project is complete. The impact of the construction phase would be felt immediately as a large portion relates to direct earnings to local workers. The following discussion analyzes the direct and indirect impact.

Ongoing Economic Impact

The ongoing economic impact relates to the operation of the finished project. First, the operation itself would expend monies in the local community to acquire goods and services needed to operate the facilities, pay staffing and pay several kinds of taxes. The goods and service would include such things as food, napkins, cleaning supplies, office supplies and equipment rental and repair. As discussed, a casino operation is labor intensive. Most of the jobs come with training and do not require special education or previous experience, and therefore are well suited for local hire. Regarding taxes, the operation would pay gaming, sales, property and income taxes. Second, direct spending by the patrons of the facility also represents an economic benefit to the area. These funds would be channeled into the economy via wages to employees and direct spending to suppliers.

The ongoing impact also has a multiplier effect, or indirect impact, as the local vendors hire more people and buy additional materials to accommodate the increase in business. In addition, customers visiting the new project from outside the area would likely spend money in the area aside from the project. These expenditures are called induced spending. Induced spending includes spending on hotel rooms (other area hotels), food, gas, retail and local entertainment. These expenditures are important because they support other businesses in addition to the subject. The primary beneficiaries would be the other businesses in the area of the development such as hotels, convenience store, restaurants. These expenditures would again result in more jobs in the local area. Unlike the construction phase, economic benefits resulting from the ongoing operation of the complex would continue in perpetuity, resulting in a constant stimulus to the economy.

Tax and Other Fiscal Benefit

The state and local economy would also benefit from the casino complex due to the expansion of various tax bases. The Innovation Group identified several tax bases that would be impacted by the subject development, including the gaming tax, sales tax, occupancy tax and property tax. The gaming tax structure was set by legislation and reflects a graduated schedule with a top rate of 22% (24% under some circumstances). Further, the state, relevant counties and various cities would benefit from an increase in sales tax. As property taxes are primarily based on the appraised value of real and personal property, any new developments would contribute to the property tax base. Often local municipalities impose a hotel occupancy tax. This tax would be geared towards tourist as a large percentage of hotel guest are from out-of-state.

Tourist Impact Summary

Under the combined counties scenario, we estimated that about one third of total gamer visits would relate to out-of-state residents. Therefore, over one third of the economic benefits resulting from these gaming developments could be attributed to tourism. Note that tourists are going to have a proportionally higher impact on the economy because tourist generally spend more per trip due to longer stays, especially for the overnight guests.

Also, by definition, tourists would not be transferring expenditures from other businesses in the community. For example, if a local resident patronizes a casino restaurant, the restaurant visit may be a substitute for another restaurant visit in the community. In this event, it would not count as incremental economic benefit. But all tourists spending would be new to community and thus produce economic benefit. Therefore, we believe that tourism would be responsible for more than a third of the economic benefit associated with these proposed developments.

DISCLAIMER

Certain information included in this report contains forward-looking estimates, projections and/or statements. The Innovation Group has based these projections, estimates and/or statements on our current expectations about future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans.

Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," “project,” or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, The Innovation Group accepts no liability in relation to the estimates provided herein.