

# Presentation to the Pennsylvania Gaming Control Board

December 13, 2006



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# Agenda

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- I. Introduction - David LeVan, Crossroads Gaming
- II. Silver Point Capital - Edward Mulé, Silver Point Capital
- III. Project Management - William C. Wortman, Millennium Gaming
- IV. Project Design - Ian M. Cope, Cope-Linder Architects
- V. Financial Overview - Tom Lettero, Cannery Casino Resorts
- VI. Market Study - Peter Tyson, PKF Consulting
- VII. Investment Banking Expertise - Adam Rosenberg, Goldman Sachs
- VIII. Diversity and Responsible Gaming - Guy Hillyer, Millennium Gaming
- IX. The Right Decision for Adams County - Tom Weaver, Adams County
- X. Conclusion - David LeVan, Crossroads Gaming

# I. Introduction

David LeVan – Chairman and Chief Executive Officer



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## Project Description

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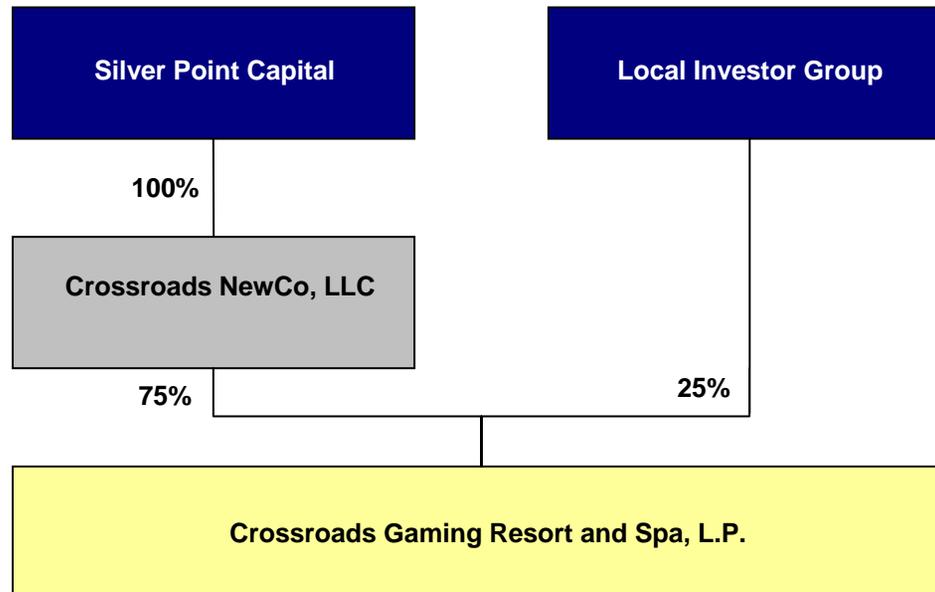
**We believe Crossroads Gaming Resort and Spa is the very best Category 2 project for the Commonwealth of Pennsylvania:**

- \$350 million budgeted world class entertainment project
- 240,000 square feet
- Includes a 225 room Four Star hotel, a luxury spa, four restaurants and 3,000 slots
- Financed by world-class companies and run by an experienced management team
- Extraordinary location which we believe offers the greatest opportunity for revenue
  - Existing tourism destination
  - Major highway intersection (plenty of capacity on US Route 15)
  - Only location to capture Washington, DC and Baltimore markets

**Our presentation today will clearly outline our qualifications, emphasize the broad commitment to our project and demonstrate the best-in-class nature of Crossroads Gaming Resort and Spa**

## Ownership Structure

Crossroads Gaming Resort and Spa (“Crossroads”) will receive \$80 million of equity capital from Silver Point Capital (“Silver Point”) in exchange for a 75% ownership interest, with the remaining 25% held by the local investor group



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## Strong Management Team with Local Leadership

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**Crossroads will be operated by a strong management team consisting of Adams County native David LeVan and Millennium Gaming, Inc. (“Millennium”), which has already been licensed in Pennsylvania**

- David LeVan is Chairman and CEO. His responsibilities include:
  - Working actively to maintain Crossroads’ relationship with Straban Township, the Borough of Gettysburg and Adams County
  - Focusing on diversity and achieving charitable goals (at least \$1 million annually)
  - Continuing strong relationship with labor organizations
  - Ensuring achievement of all goals for local employment and a strong relationship within the community
- Millennium will manage the day-to-day operations
  - World-class management company
  - Leverage operating experience from Meadows

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## Outstanding Location

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**Adams County is an existing tourism destination which will be expanded and enhanced through the success of our project**

- Optimal location for capturing Pennsylvania gamers who will otherwise spend in West Virginia and Delaware
- Currently over 2.5 million visitors to the local area annually

# Adams County Visitation Numbers

## Total Visitation of over 2.5 million visitors in 2006

### Adams County Local Area 2006 Actual & Estimated Visitation Numbers

Event	Dates	Attendance
History Meets the Arts	April 16-18	25,000
Apple Blossom Festival	May 1-2	25,000
G'Burg Bluegrass Festival	May 20-23	5,000
Outdoor Antique Show	May 22	25,000
Kustom Kemps Car Show	Jun 11-13	3,500
Eisenhower 50's Weekend	June 12-13	1,000
Lavender Festival	June 12-13	4,000
G'Burg Brass Band Festival	June 18-20	8,000
New Oxford Antique Show	June-19	30,000
G'Burg Civil War Heritage Days	June 25-July 4	350,000
Bike Week	July 8-11	30,000
Adams County Irish Festival	July -17	3,000
Littlestown Good-Ole Days	Aug 19&21	3,000
South Mountain Fair	Aug 17-21	12,500
Fall Bluegrass Festival	Aug 26-29	5,000
Music Muster	Aug 28	2,500
G'Burg Wine and Music Fest	Sept 10-11	30,000
Eisenhower WW-II Weekend	Sept 18-19	2,500
Pippenfest	Sept 25-26	25,000
Fall Outdoor Antique Show	Sept 25-26	25,000
Apple Harvest Festival	Oct 2-3, 9-10	100,000
International Gift Festival	Nov 4-6	4,500
Ann. Of Lincoln's G'burg Address	Nov 19	2,500
Remembrance Day	Nov 20	6,000
G'Burg Yuletide Festival	Nov 26 – Dec 31	10,000
Eisenhower NHS	2005 visitation #'s	69,134
G'Burg Nat'l Military Park	2005 visitation #'s	1,716,467
<b>Total</b>		<b>2,523,601</b>

Source: Gettysburg Convention and Visitor Bureau

## Outstanding Location

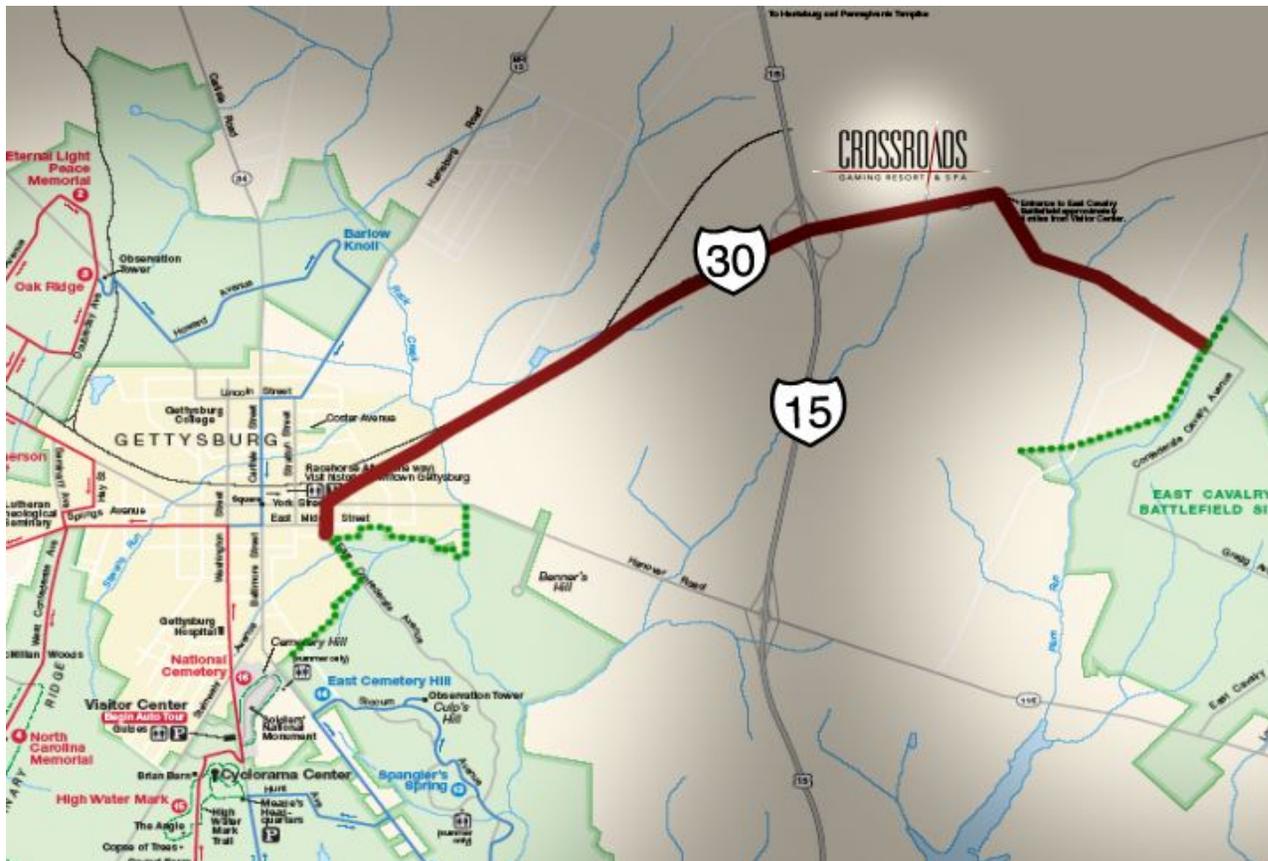
- Only location to compete for DC and Baltimore gamers
- Adjacent to the intersection of US Routes 15 and 30
  - Across the street from large-scale Gateway Gettysburg development project
  - Located in a commercial development corridor

**Map of Gateway Gettysburg and Crossroads**



## Outstanding Location

- Several miles from the main Battlefield and not visible from any point on the Battlefield
- Not designated as historical land



# Sights Along the Drive to the Main Battlefield Entrance



Wendy's and Wal-Mart



McDonalds



U-Haul and Dairy Queen



Hampton Inn

## Sights Along the Drive to the East Cavalry Field



New Hotel – Sleep Inn



Davidson Ford & Battlefield Harley Davidson



Commerce Park Entrance



View of Commerce Park

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## Traffic Improvements to Benefit Our Community

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**To alleviate any and all traffic concerns related to the project, Crossroads has pledged to do the following:**

- Dedicate \$4 million to improve the highway infrastructure
  - US Route 30 roadway will be widened
  - Access will be improved on all secondary roads
- Provide funding for shuttle bus service to / from attractions in Downtown Gettysburg
  - Alleviate traffic
  - Increase tourism dollars flowing to other businesses in the area
- Perform follow-up study post-opening for additional traffic improvements to optimize traffic flow
  - Dedicate additional funding for enhancements as needed

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## Strong Community Support

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**The Crossroads project has received strong community support from local residents signing petitions (majority are in favor of a casino) and numerous community groups showing their approval**

- Unanimous approval from Straban Township Zoning Board
- Straban Township has given preliminary land development approval
- Others have given their strong support for Crossroads
  - Gettysburg Battlefield Preservation Association (sole Battlefield preservation organization in local area)
  - Gettysburg Borough Council
  - Gettysburg Adams Chamber of Commerce
  - Numerous local businesses interested in enhancing local economic growth

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## Positive Economic Impact on Local Economy

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### During Construction

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- \$218 million added to the gross county product over the two year construction period
- \$57 million in new personal earnings during construction
- 1,448 new jobs created during construction

### Post Construction

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- Once open, \$224 million added to the Adams County economy annually
- \$148 million in new local spending annually
- \$62 million in increased personal earnings annually
- 3,000 additional jobs added to the Adams County economy
- Numerous external benefits (growth in surrounding businesses, increased real estate values, incremental tourism, etc.)
- \$171 million of tax revenue to Commonwealth in the first year

*Source: Local Impact Report; Dr. Steven S. Fuller, Ph.D., dated 20-December-2005*

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## Conclusion

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- By far, the best location of any at-large Category 2 applicant
- Strong management team with excellent financial backing
- Best choice for maximizing revenues to the Commonwealth
- Job creation and new sources of revenue will have a positive impact on local community
- Broad community support with thousands of Adams County residents who would benefit most from the project
- Optimal location to leverage existing tourism of over 2.5 million visitors annually to the local area

## **II. Silver Point Capital**

**Edward Mulé – Founding Partner**

SILVER POINT CAPITAL

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## Silver Point Capital Overview

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### **Sliver Point Capital is a highly respected multi-strategy private investment firm**

- Founded in 2002 by two experienced investment professionals with a proven track record
- Edward Mulé and Robert O’Shea served as partners of Goldman Sachs
  - Over a 17 year career with Goldman Sachs, Edward led the firm’s credit investing business, assisted 4 of the firm’s chairmen (Robert Rubin, Stephen Friedman, Jon Corzine and Hank Paulson) with strategy and implementation, and was a senior member of its M&A Department
  - One of the youngest partners in the history of Goldman Sachs, Robert built and led Goldman’s lending, fixed income underwriting and special situations businesses, and was the Global Head of the High Yield business unit, as well as a member of the firm’s Risk and Trading Committees
- Currently manage over \$6 billion of equity capital in investments across a broad range of products and industries for an institutional and blue chip investor base
- More than 200 employees and is headquartered in Greenwich, CT, with several regional US offices and European operations based in London
- The firm seeks to build enduring businesses and long-term relationships with its partners

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## Silver Point Capital

### Diversified Investment Expertise

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**Silver Point Capital is a firm with a broad investment platform and diversified investment expertise**

■ **Public Investments**

- The public investment team is organized around several key target industries and invests in a wide range of public securities
- Each industry-focused analyst team specializes by sector

■ **Private Debt and Equity Financings**

- Our private financing arm provides customized financing solutions for growth, buyouts, acquisitions, turnarounds and recapitalizations
- The firm selectively deploys private equity capital to businesses and opportunities that provide unique and compelling risk-adjusted returns to its investors

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## **Silver Point Capital**

### **Relevant Sector Expertise**

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#### **Silver Point has significant experience in the gaming and leisure sectors**

- Senior investment professionals with prior experience advising major gaming companies on over \$15 billion of financing and strategic transactions
- Dedicated gaming industry team focused on both public and private opportunities
- Silver Point has invested over \$600 million to date in the gaming and leisure sectors
  - Publicly-traded equity securities of major casino companies
  - High yield bonds and bank debt of casino operators and other gaming-related projects
  - Private equity investments in green field casino development opportunities

# Silver Point Capital

## Selected Gaming and Leisure Investments

### Public Companies



### Private Companies



# Silver Point Capital

## Investments Across Numerous Industries

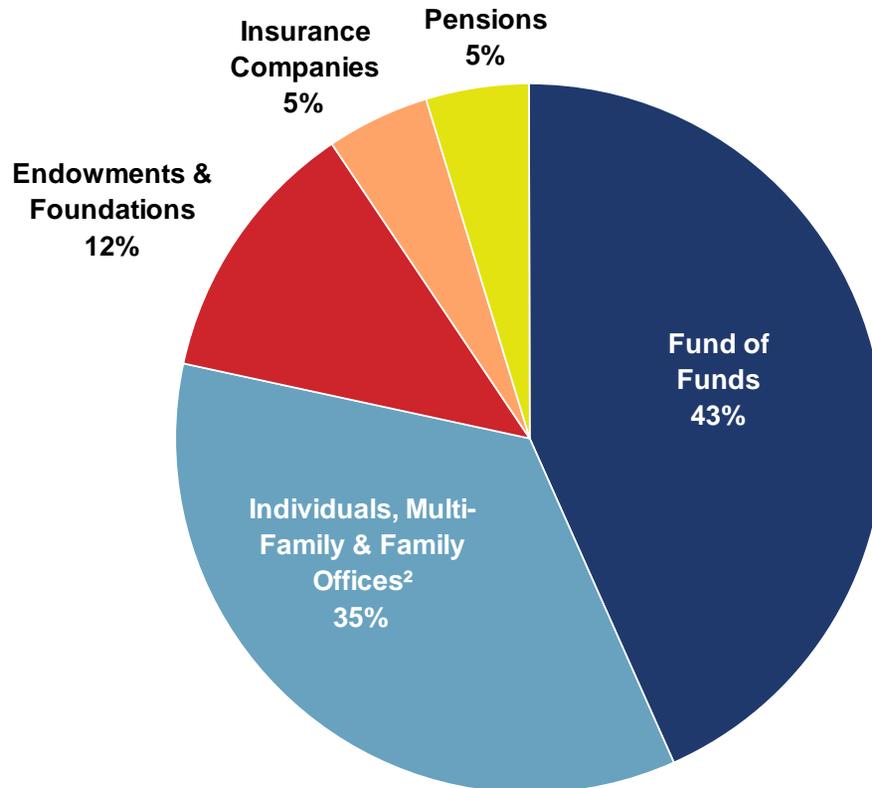


<sup>1</sup>. Companies based in or have significant operations in the Commonwealth of Pennsylvania

# Silver Point Capital

## Institutional and Sophisticated Investor Base

### Silver Point Capital Investor Base<sup>1</sup>



<sup>1</sup> As of 31-October-2006

<sup>2</sup> Includes Silver Point Employees

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## Silver Point Capital Conclusion

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### **Crossroads Gaming Resort & Spa will be an extremely successful casino resort that will benefit all its investors, as well as the Commonwealth of Pennsylvania**

- Excellent demographics driven by its proximity to major feeder cities in addition to the existing tourism market
- Strong management team in David LeVan and Millennium Gaming
  - Knowledge of the local market and an established presence in the community
  - Significant experience managing regional-market gaming assets of this type and developing them into successful facilities
- Beneficial for both Adams County as well as the Commonwealth of Pennsylvania
  - Will significantly increase tax revenue
  - Provide additional jobs
  - Enhance real estate values
  - Drive additional tourism revenue

## **III. Project Management**

**William C. Wortman – Chief Executive Officer**

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# Millennium Gaming

## Overview

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**Millennium Gaming has a long history of experience managing casinos in a diverse array of markets**

- Founded in 1997
  
- Equally owned by William J. Paulos and William C. Wortman
  
- Management team with extensive experience operating properties for some of the world's most successful hospitality companies
  - Caesars Palace, Luxor, MGM Grand and Mirage
  
- Well-earned reputation for honesty and integrity
  
- Licensed in numerous jurisdictions, both domestically and abroad
  
- Well-established formula for success in all markets
  
- Over \$2 billion in construction management expertise

# Millennium Gaming

## Ownership and Property Portfolio

- Millennium Gaming, Inc. owns 58% of Cannery Casino Resorts (CCR)
- CCR currently owns / leases and operates three Las Vegas casinos, as well as owns and will operate The Meadows Racetrack & Casino in Washington County, Pennsylvania (Scheduled to open May 2007)



**Meadows Racetrack & Casino**  
Washington County, PA



**Cannery Casino Resort**  
North Las Vegas, NV



**Rampart Casino**  
Summerlin, NV



**Nevada Palace**  
Las Vegas, NV

# Millennium Gaming Financial Highlights

(\$ in millions)

Our company has outperformed in the Nevada market

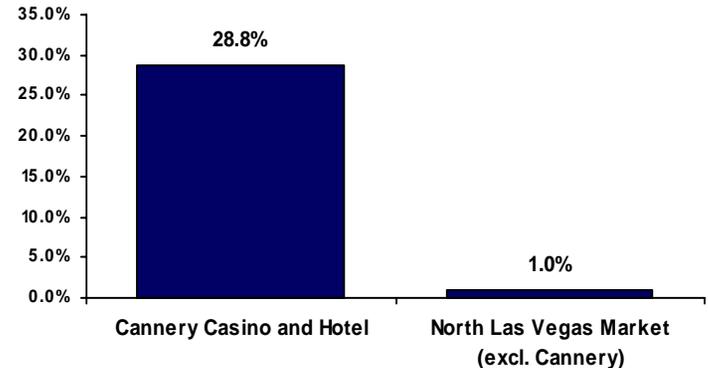
## CCR Historical Financial Performance

	2003	2004 <sup>1</sup>	2005 <sup>1</sup>	LTM <sup>1</sup> 30-Jun-2006
Net Revenue	\$125.9	\$155.5	\$191.2	\$210.1
EBITDAR	17.0	40.5	56.9	62.7
Margin	13.5%	26.0%	29.8%	29.8%

### Cannery Casino Resort Gaming Revenue



### Compound Annual Growth Rate (Gaming Revenue 1Q 2004 to 2Q 2006)



<sup>1</sup>. Pro forma for the acquisition of Nevada Palace

Source: CCR and Nevada Gaming Commission

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## Crossroads Will Benefit the Local Economy

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- Increase local hotel and motel tourism
  
- Will not be an isolated all-encompassing resort
  
- Will develop our *Neighborhood Partners* program
  - Local restaurants
  
  - Tour operators
  
  - Local retailers
  
  - Local automotive services
  
- Shuttle bus to downtown Gettysburg
  
- Will partner with Gateway Gettysburg

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## **Local Employment: Improving the Quality of Life in Adams County**

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- Established Greektown College in Detroit with Wayne County Community College
- Agreed to develop courses and training programs with Harrisburg Area Community College
- Agreement with the Teamsters Union
- Agreement with the Central Pennsylvania Trades Council

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## **Millennium Gaming**

### **Conclusion**

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**Millennium is committed to the future of Pennsylvania gaming, and believes the Crossroads project is the best location of all at-large Category 2 applicants**

- Long history of experience managing casinos in both destination and convenience markets
- Proven track record of employment diversity
- Agreements with Teamsters Union and Central Pennsylvania Trade Council
- Focused on managing Crossroads in a way that benefits the local community
- Millennium is well positioned to successfully manage the property and maximize revenue for the Commonwealth of Pennsylvania

## **IV. Project Design**

**Ian M. Cope, AIA – Partner**



**Cope Linder Architects**

# Site Plan



# Site Plan



Main Service Route

New PenDOT Approved Intersection

Signalized Entrance

Right In  
Right Out

Main Signalized Entrance

Right In  
Right Out

**LEGEND**  
 LAWN OPEN SPACE  
 WETLAND/WETLAND M  
 POND FEATURE

TOTAL CASINO: 3000 SLO  
 HOTEL AND HEALTH SPA: 225 ROOMS  
 TOTAL PARKING CAPACITY: +/- 4000 SPACES

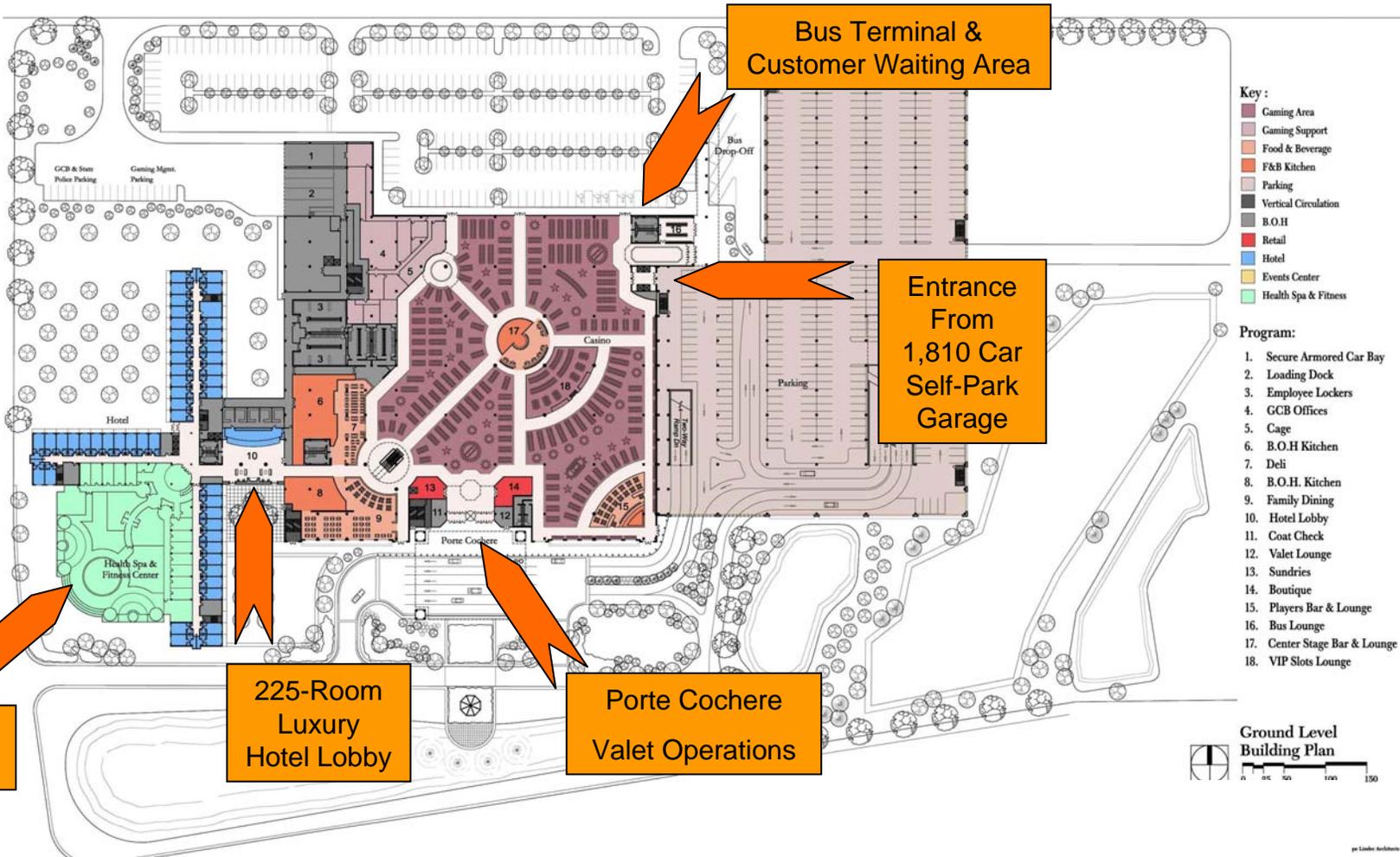


04 December 2006

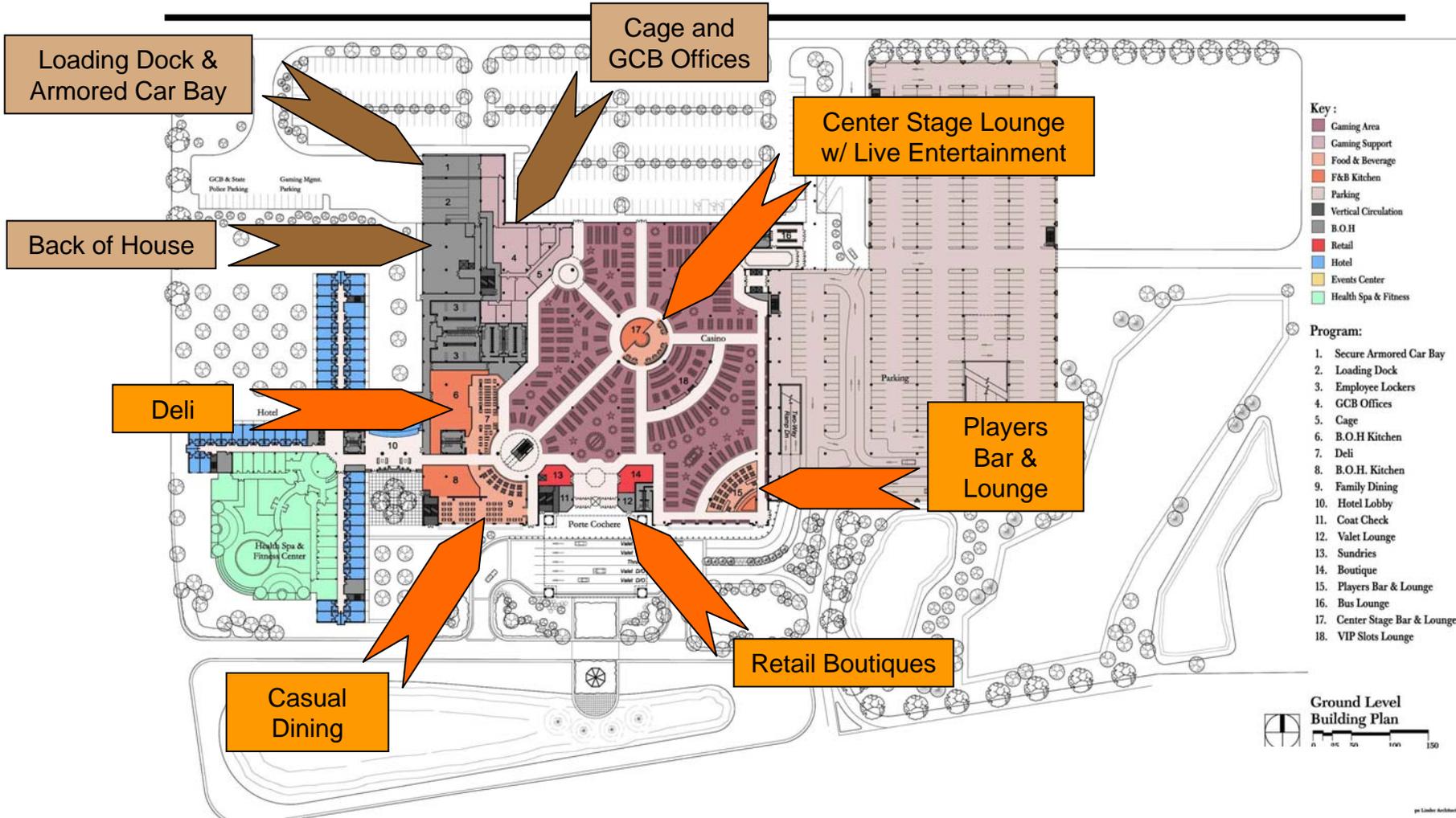
# Perspective 1 – Main Entrance



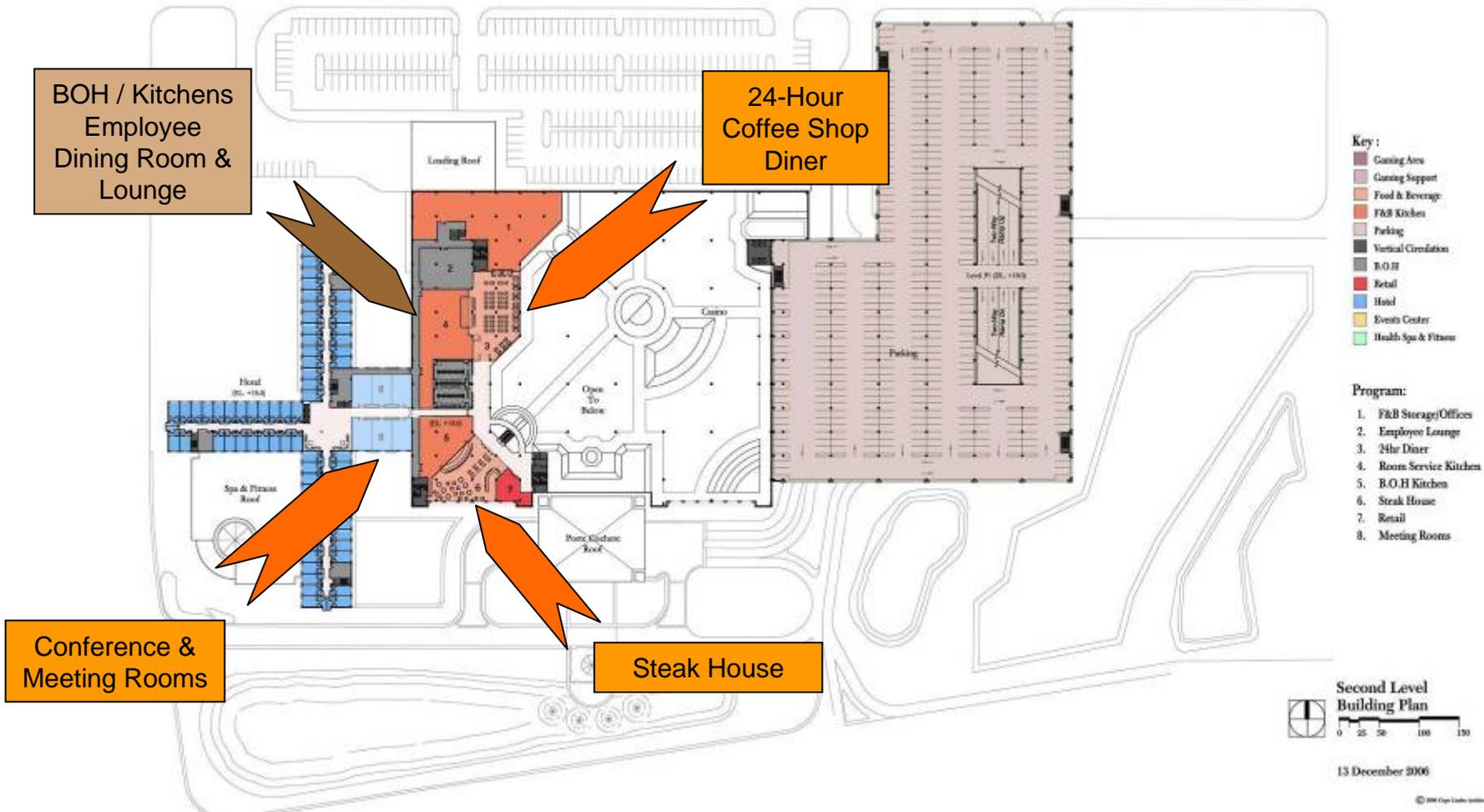
# Casino Level



# Casino Level



# Second Level



# Casino Lobby



Yates-Silverman, Inc.

# Casino Floor



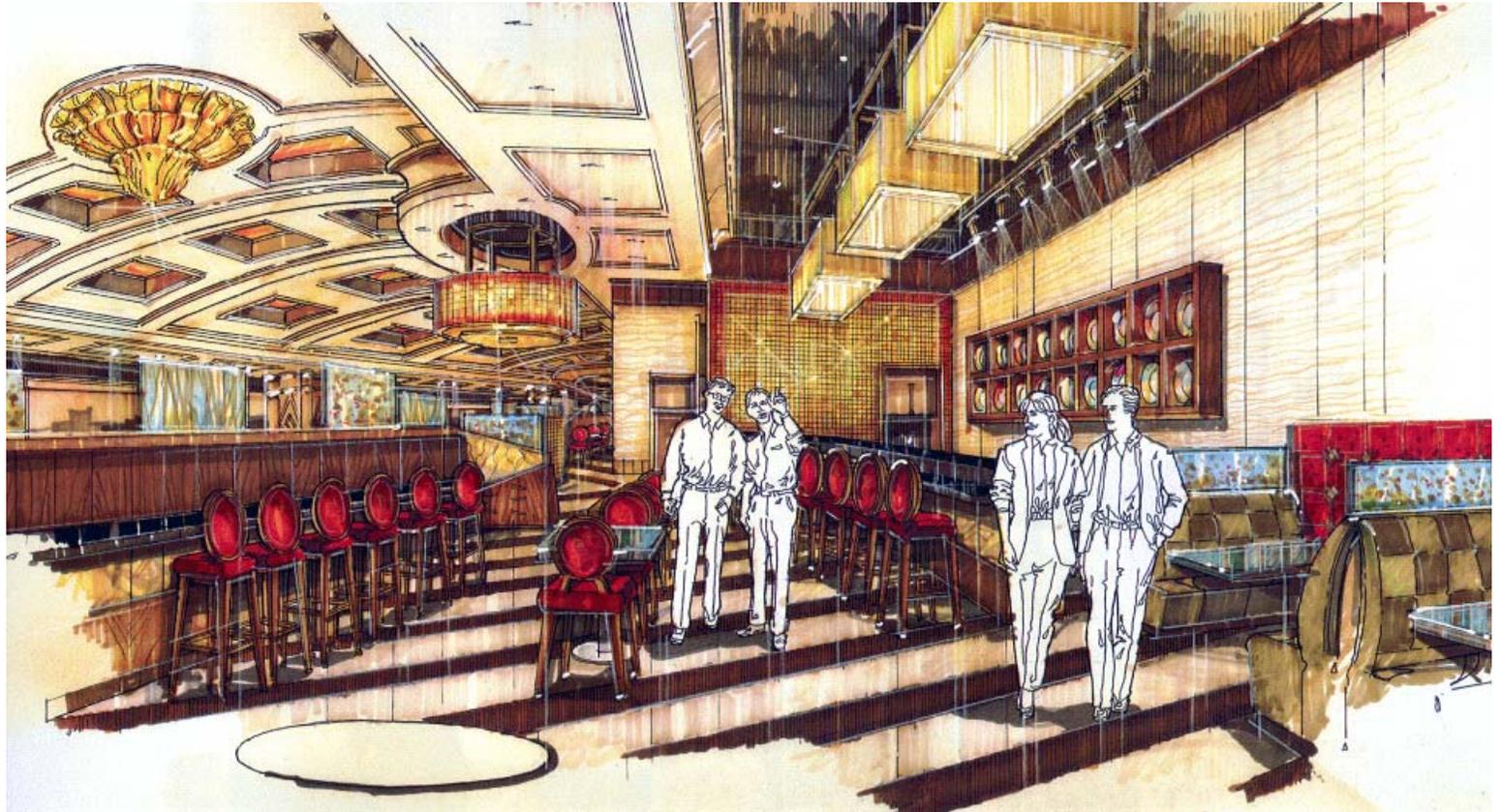
Yates-Silverman, Inc.

# Casino Lounge



Yates-Silverman, Inc.

# Casino Restaurant



Yates-Silverman, Inc.

## Hotel Lobby



Yates-Silverman, Inc.

# US Route 30 & Route 15 Elevations



West Elevation



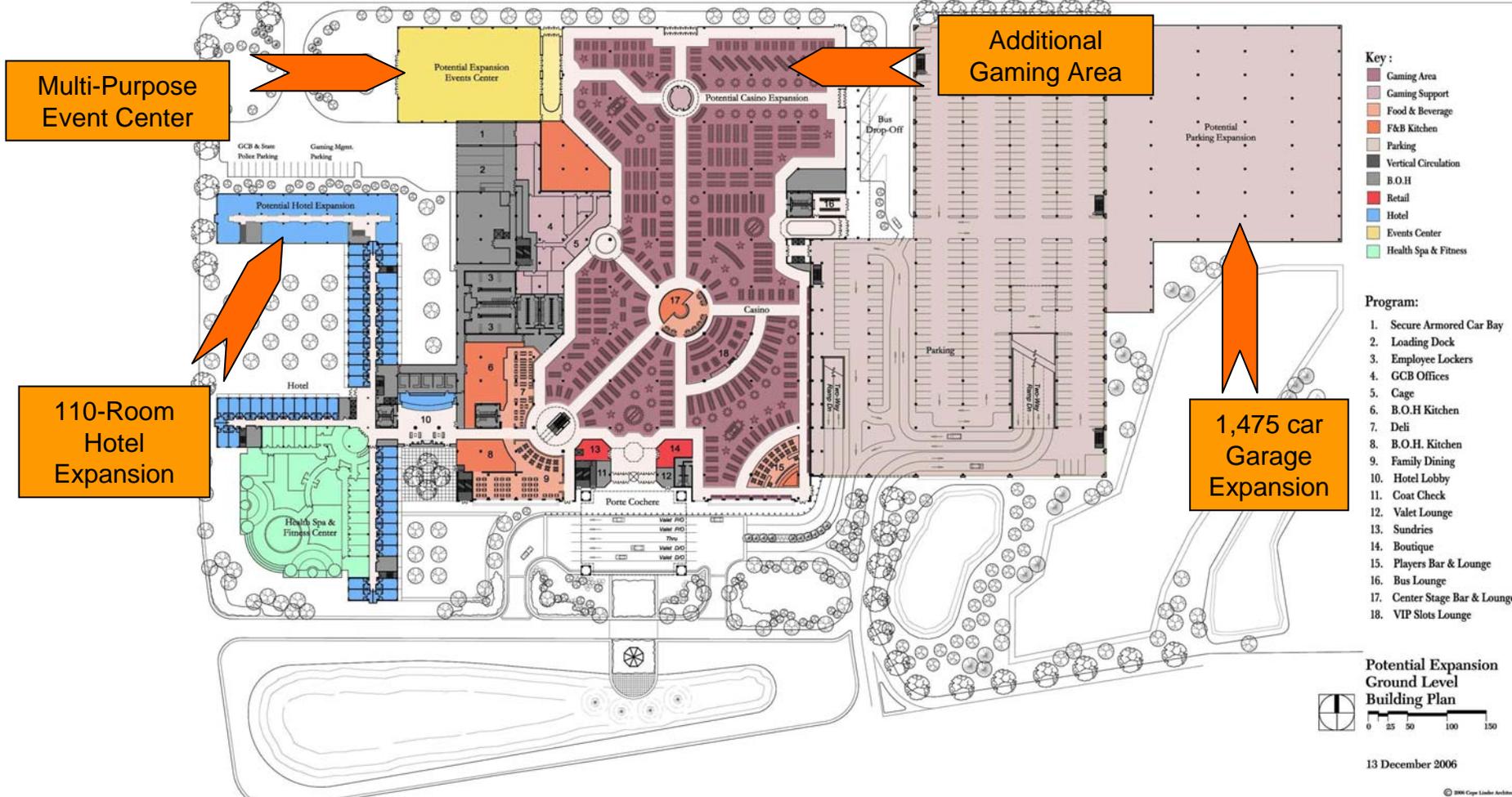
Main Entrance & Porte Cochere Elevation

Bulki

# Potential Expansion – Site Plan



# Potential Expansion – Casino Level



# Cope Linder Architects

## Conclusion

- Remote from Battlefield Monuments
- Proximity to US Routes 15 / 30 Interchange
- Extraordinary Site Access
- Attractive Building & Grounds
- Diverse Mixed-Use Gaming, Dining & Hospitality Program
- Simple & Fast Construction
- Seamless Expansion Capability
- Incomparable Locale



# **V. Financial Overview**

**Tom Lettero – Chief Financial Officer**

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## Financial Overview

### Transaction Overview

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**Upon receipt of a gaming license, Crossroads will receive \$80 million of additional cash equity from Silver Point and \$275 million from senior credit facilities committed by Goldman Sachs Credit Partners, L.P.**

- The senior credit facilities will be comprised of the following:
  - \$25 million senior secured revolver
  - \$125 million funded term loan
  - \$125 million delayed draw term loan
  
- The anticipated capitalization will provide adequate liquidity for the project with excess cash of \$67 million upon closing:
  - Excess of \$15 million in cash available for operations upon opening
  - An additional \$8.5 million available under the revolver
  - An \$18.6 million interest reserve covering the construction period
  - Construction budget includes a contingency of approximately \$25 million
  
- Capital structure designed to provide conservative leverage levels:
  - 3.5x leverage
  - \$83.6 million of sponsor equity represents 23.9% of capital structure

# Financial Overview

## Sources and Uses of Funds

(\$ in millions)

Sources	Amount	% of Total	Uses	Amount
<b>Debt</b>			PA License Fee	\$50.0
Revolver (\$25 million) <sup>1</sup>	\$16.4	4.7%	Land Purchase	13.0
Term Loan B	125.0	35.7%	Pre-Opening Expenses	15.0
Delayed Draw	125.0	35.7%	PA Restricted Cash Account	5.0
<b>SUBTOTAL</b>	<b>266.4</b>	<b>76.1%</b>	Cash on Hand	15.2
<b>Equity</b>			Transaction Costs	8.0
Local Investor Group	3.6	1.0%	Interest Reserve	18.6
Silver Point Capital	80.0	22.9%	Construction <sup>2</sup>	177.2
<b>SUBTOTAL</b>	<b>83.6</b>	<b>23.9%</b>	Slots and Systems	48.0
<b>TOTAL SOURCES</b>	<b>\$350.0</b>	<b>100.0%</b>	<b>TOTAL USES</b>	<b>\$350.0</b>

<sup>1</sup> Approximately \$8.6 million of unused capacity under the revolver

<sup>2</sup> Includes \$25 million of contingency

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## Financial Overview

### Revenue and Expense Assumptions

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**Revenue projections are primarily driven by the size of the adult population, income levels and propensity to gamble in the targeted market areas**

- Approximately 95% of total revenue is attributable to the gaming operation
- Opening the permanent facility is expected in January 2009. There is no temporary facility
- Number of slots is held constant at 3,000 units and no incremental benefit from additional slots is included in current projections
- Assumes that revenue grows at 3% per annum
- Key competitors includes Charles Town in West Virginia, the proposed Penn National Race Course in Grantville, Pennsylvania, and Dover Downs in Delaware

**The projected expenses are consistent with Millennium's operating experience in Las Vegas, Detroit and other local market properties**

- Gaming taxes equal to approximately 56% - 57% of gaming revenues
- EBITDAM margins are expected to remain consistent within the range of 24% - 25%

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## Financial Overview

### Other Key Assumptions

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- Maintenance capital expenditures are expected to range from approximately \$3.0 - \$5.0 million in the first two years, then growing to \$7.0 - \$10.0 million upon stabilization
- Management fees will be equal to 2% of net gaming revenues and will be subordinate to the senior credit facilities
- Model projections assume that 100% of excess cash flow is used to prepay the senior credit facility, which results in significant de-levering of the company in the first 5 years of operations
- A corporate tax rate of 35% is assumed

# Financial Overview

## Independent Market Studies

**Crossroads utilized feasibility and market studies from two independent consultants to develop its revenue projections for the facility:**

- PKF Consulting – one of the nations largest hospitality consulting firms
- Christiansen Capital Advisors – one of the world’s leading analysts of casino gaming economics
- Each has utilized proven, well-developed models to accurately forecast property performance

**The Crossroads projections are in-line with the gross gaming revenues estimated by the independent consultants**

### Projected Gross Gaming Revenue Comparison

(\$ in millions)	2009	2010	2011
PKF Consulting <sup>1</sup>	\$305.8	\$324.9	\$341.5
Christiansen Capital Advisors <sup>2</sup>	N/A	NA	321.0
<b>Crossroads Projections</b>	<b>\$301.1</b>	<b>\$310.2</b>	<b>\$319.5</b>

<sup>1</sup> Revenue projections taking into account inflationary adjustments at 3%

<sup>2</sup> CCA provided a stabilized gross gaming revenue projection for \$321 million in year three

## Financial Overview

### Projected Income Statement

(\$ in millions)	Operating Period				
	2009	2010	2011	2012	2013
Gross Revenues	\$317.6	\$327.2	\$337.0	\$348.0	\$357.5
PA Gaming Taxes	(170.6)	(175.4)	(180.3)	(185.9)	(190.6)
Net Revenues	147.0	151.8	156.7	162.2	166.9
Operating Expenses	(34.7)	(35.7)	(36.8)	(38.0)	(39.0)
SG&A	(35.8)	(36.4)	(37.0)	(37.6)	(38.2)
<b>EBITDAM</b>	<b>\$76.6</b>	<b>\$79.7</b>	<b>\$82.9</b>	<b>\$86.6</b>	<b>\$89.6</b>
<i>EBITDAM Margin</i>	24.1%	24.4%	24.6%	24.9%	25.1%
Management Fees	(4.6)	(4.8)	(4.9)	(5.1)	(5.2)
<b>EBITDA</b>	<b>\$71.9</b>	<b>\$74.9</b>	<b>\$78.0</b>	<b>\$81.5</b>	<b>\$84.4</b>
<i>EBITDA Margin</i>	22.6%	22.9%	23.1%	23.4%	23.6%
Depreciation	(17.0)	(17.3)	(17.6)	(18.0)	(18.6)
Amortization	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)
<b>EBIT</b>	<b>\$52.7</b>	<b>\$55.5</b>	<b>\$58.2</b>	<b>\$61.3</b>	<b>\$63.6</b>
Interest Expense	(22.1)	(16.6)	(13.3)	(9.9)	(6.2)
Interest Income	1.1	0.7	0.8	0.8	0.8
<b>EBT</b>	<b>\$31.8</b>	<b>\$39.6</b>	<b>\$45.7</b>	<b>\$52.2</b>	<b>\$58.3</b>
Tax Expense	(4.1)	(13.9)	(16.0)	(18.3)	(20.4)
<b>Net Income</b>	<b>\$27.7</b>	<b>\$25.7</b>	<b>\$29.7</b>	<b>\$33.9</b>	<b>\$37.9</b>

# Financial Overview

## Projected Cash Flows

(\$ in millions)	Operating Period				
	2009	2010	2011	2012	2013
<b>EBITDAM</b>	<b>\$76.6</b>	<b>\$79.7</b>	<b>\$82.9</b>	<b>\$86.6</b>	<b>\$89.6</b>
Interest Expenses	(22.1)	(16.6)	(13.3)	(9.9)	(6.2)
Management Fee	(4.6)	(4.8)	(4.9)	(5.1)	(5.2)
Tax Expenses	(4.1)	(13.9)	(16.0)	(18.3)	(20.4)
Capital Expenditures	(3.7)	(4.6)	(6.9)	(8.7)	(9.2)
<b>Free Cash Flow</b>	<b>\$42.1</b>	<b>\$39.9</b>	<b>\$41.8</b>	<b>\$44.7</b>	<b>\$48.7</b>

# Financial Overview

## Projected Balance Sheet

(\$ in millions)	Operating Period				
	2009	2010	2011	2012	2013
<b>Assets</b>					
Cash & Cash Equivalents	\$19.9	\$20.7	\$21.4	\$22.2	\$23.1
PA Restricted Cash	5.0	5.0	5.0	5.0	5.0
Total Current Assets	24.9	25.7	26.4	27.2	28.1
PA Gaming License	51.0	51.0	51.0	51.0	51.0
Land	13.0	13.0	13.0	13.0	13.0
Net PP&E	183.4	170.8	160.1	150.8	141.4
Transaction Costs	18.2	16.0	13.8	11.6	9.4
<b>Total Assets</b>	<b>\$290.6</b>	<b>\$276.5</b>	<b>\$264.4</b>	<b>\$253.7</b>	<b>\$242.9</b>
<b>Liabilities</b>					
Revolver	–	–	–	–	–
Term Facilities	199.4	159.5	117.8	73.1	24.4
<b>Total Debt</b>	<b>199.4</b>	<b>159.5</b>	<b>117.8</b>	<b>73.1</b>	<b>24.4</b>
<b>Equity</b>					
Retained Earnings	7.6	33.3	63.0	97.0	134.8
Common Equity	83.6	83.6	83.6	83.6	83.6
<b>Total Members' Equity</b>	<b>91.2</b>	<b>116.9</b>	<b>146.6</b>	<b>180.6</b>	<b>218.4</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$290.6</b>	<b>\$276.5</b>	<b>\$264.4</b>	<b>\$253.7</b>	<b>\$242.9</b>

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## Financial Overview

### Conclusion

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**The project is financially viable, generating strong revenues with stable financial support from both Silver Point and Goldman Sachs, providing for an excellent return to both its investors as well as the Commonwealth of Pennsylvania**

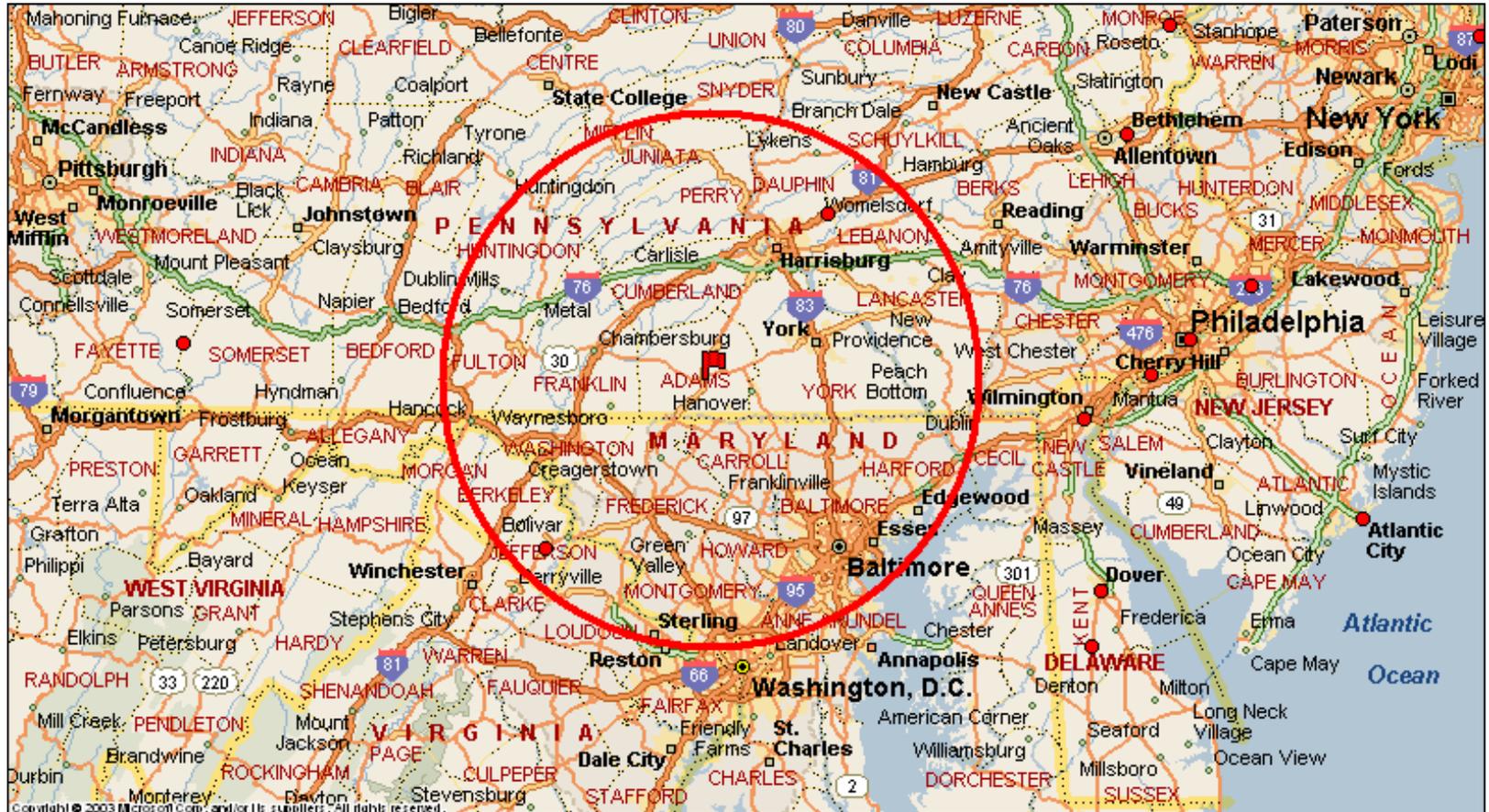
- Strong revenue profile with over 60% of the revenues being generated from neighboring states, providing for a diversified revenue source, which will result in significant tax revenues for the Commonwealth of Pennsylvania
- Conservative capital structure upon the funding of the debt facility and equity, providing the project with adequate liquidity
- Strong free cash flow profile, which results in substantial cash availability to repay debt and to decrease leverage

## **VI . Market Study**

**Peter Tyson – Vice President**



# PKF Consulting 60 Mile Radius Map





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## **PKF Consulting**

### **Competition**

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**The proposed Crossroads Casino would focus on the affluent Baltimore-Washington Market and is in an excellent position to compete with the following existing gaming venues in the region**

- **Charles Town Race & Slots – West Virginia**
  - Revenue of \$437 million for fiscal year ended June 30, 2006
  - Average of 4,110 slots
  
- **Dover Downs – Delaware**
  - Revenue of \$203 million for fiscal year ended June 30, 2006
  - 60% of revenue comes from Maryland, Virginia and Washington DC

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## PKF Consulting

### Actual Drive Times

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**Crossroads is the strongest contender based on geographic positioning with proximity to two large out-of-state metropolitan areas**

- Crossroads is 18 minutes closer to Baltimore County than Charles Town
- Almost exactly the same drive time from Baltimore and Washington DC
  - Huge markets with nearly 4.9 million adults that no other Category 2 applicant is marketing towards
  - Opportunity to “import” casino revenues from out of state
- Frederick County, Maryland
  - A bill has been passed prohibiting gaming in Frederick County if gaming is approved in the state of Maryland

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## **PKF Consulting**

### **Charles Town Casino**

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- Located in Charles Town, West Virginia and is owned by Penn National Gaming
  
- One of the most profitable regional casinos in the US
  - Generated approximately \$441 million in revenue and \$130 million in EBITDA (29.5% EBITDA margin) in 2005
  
  - Win / unit / day of \$293 in 2005 with an average of 4,119 slots
  
- Plans to add an additional 800 slot machines during 2006

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## **PKF Consulting**

### **Adult Populations – Potential Gaming Saturation**

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- Three Licensees could potentially compete for a population of 7 million
  - Poconos / A-B targets a population of 7 million between Northeastern and East Central PA, Northwestern and West Central NJ
  - Without Crossroads a population of 4.9 million adults within the Baltimore / Washington market will be virtually untapped by PA gaming venues
  
- Without Crossroads, South Central PA will continue to lose gamers to Charles Town

# PKF Consulting

## Market Zone Map

### Crossroads, Penn National and Poconos / A-B Casinos / Racinos Market Zone Household Income Averages

Zones / Areas	Weighted Median Household Incomes			Percentage Variance Crossroads Vs. Other	
	Crossroads	Penn National	Poconos / A-B	Penn National	Poconos / A-B
"Zone 1" Counties	\$50,511	\$51,388	\$45,976	(1.7)%	9.0%
"Zone 2" Counties	58,534	49,241	56,355	15.9	3.7
"Zone 3" Counties	34,382	34,382	36,458	0.0	(6.0)
<b>Grand Totals</b>	<b>\$56,459</b>	<b>\$50,057</b>	<b>\$45,642</b>	<b>11.3%</b>	<b>19.2%</b>

Source: U.S. Census Bureau; numbers of households from 2000 - 2003 median household incomes

# PKF Consulting

## Crossroads — The Best Choice for the Commonwealth

**Awarding Crossroads a Category 2 license would result in over \$228 million of additional casino revenue, resulting in nearly \$128 million of incremental gaming tax revenue<sup>1</sup>**

**Comparative Total Casino Revenue / Win Estimates Crossroads & Poconos / A-B Corridor Stabilized Year in 2006 Dollars**

License	Estimated Stabilized Revenue (000)			
	Scenario 1	Scenario 2	\$ Difference	Percent Change
Crossroads – Category 2	\$303,405	N.A.		
<b>Poconos / Allentown-Bethlehem</b>				
Category 1 – Pocono Downs	\$106,101	\$79,100	\$27,001	34.1%
Category 2 – Two licenses				
Poconos	N.A.	\$212,633		
Allentown-Bethlehem	N.A.	\$244,321		
Category 2 – One license (Poconos or A-B)	\$354,607	N.A.		
Sub-Total Category 2	\$354,607	\$456,954	(\$102,347)	(22.4)
Hotel Visitors (all Categories)	35,725	35,725	—	—
Total Poconos / Allentown-Bethlehem	\$496,433	\$571,779	(\$73,346)	(13.2)
<b>Grand Total</b>	<b>\$799,838</b>	<b>\$571,779</b>	<b>(\$228,059)</b>	<b>(39.9%)</b>
<b>Gaming Tax to Pennsylvania<sup>1</sup></b>	<b>\$447,909</b>	<b>\$320,196</b>	<b>(\$127,713)</b>	<b>(39.9%)</b>

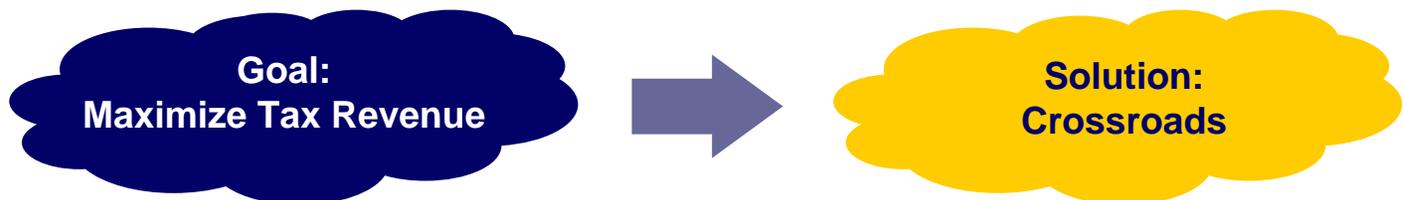
<sup>1</sup> Assumes 56% Gaming Tax rate

## **PKF Consulting**

### **Conclusion**

**When compared to all other Category 2 applicants, Crossroads is best aligned with the Commonwealth's goals of generating the greatest gaming tax revenue and drawing in the largest number of out-of-state tourists**

- Crossroads would be the only PA license to primarily target and penetrate the lucrative Baltimore-Washington market with 4.9 million adults
- Based on our drive-time analyses (only one hour from the Baltimore-Washington market), we estimate a healthy and reasonable stabilized win of \$303 million for the Crossroads casino
- As a primary objective of the Gaming Act is to maximize the amount of gaming tax revenue to the Commonwealth, a Category 2 casino at Crossroads drawing from the Baltimore-Washington market coupled with one Category 2 casino in either the A-B or Poconos area would, in our opinion, clearly better meet that objective



## **VII. Investment Banking Expertise**

**Adam Rosenberg – Managing Director and Co-Head of Gaming Group**

The Goldman Sachs logo is displayed in white text on a dark grey square background. The text is arranged in two lines: "Goldman" on the top line and "Sachs" on the bottom line, both in a serif font.

**Goldman  
Sachs**

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# Goldman Sachs

## Introduction

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**Goldman Sachs will bring its gaming expertise and significant firm-wide resources to support Crossroads and the success of gaming in the Commonwealth of Pennsylvania**

- Founded in 1869, one of oldest firms on Wall Street
- Premier global investment banking firm with over 40 offices worldwide
- Franchise built upon long-term client relationships
- Recognized leader in providing strategic advice and capital solutions
- Diversified client base includes the world's leading companies, financial institutions and government entities
- Market capitalization of \$91 billion and assets totaling \$798 billion

# Goldman Sachs Global Franchise

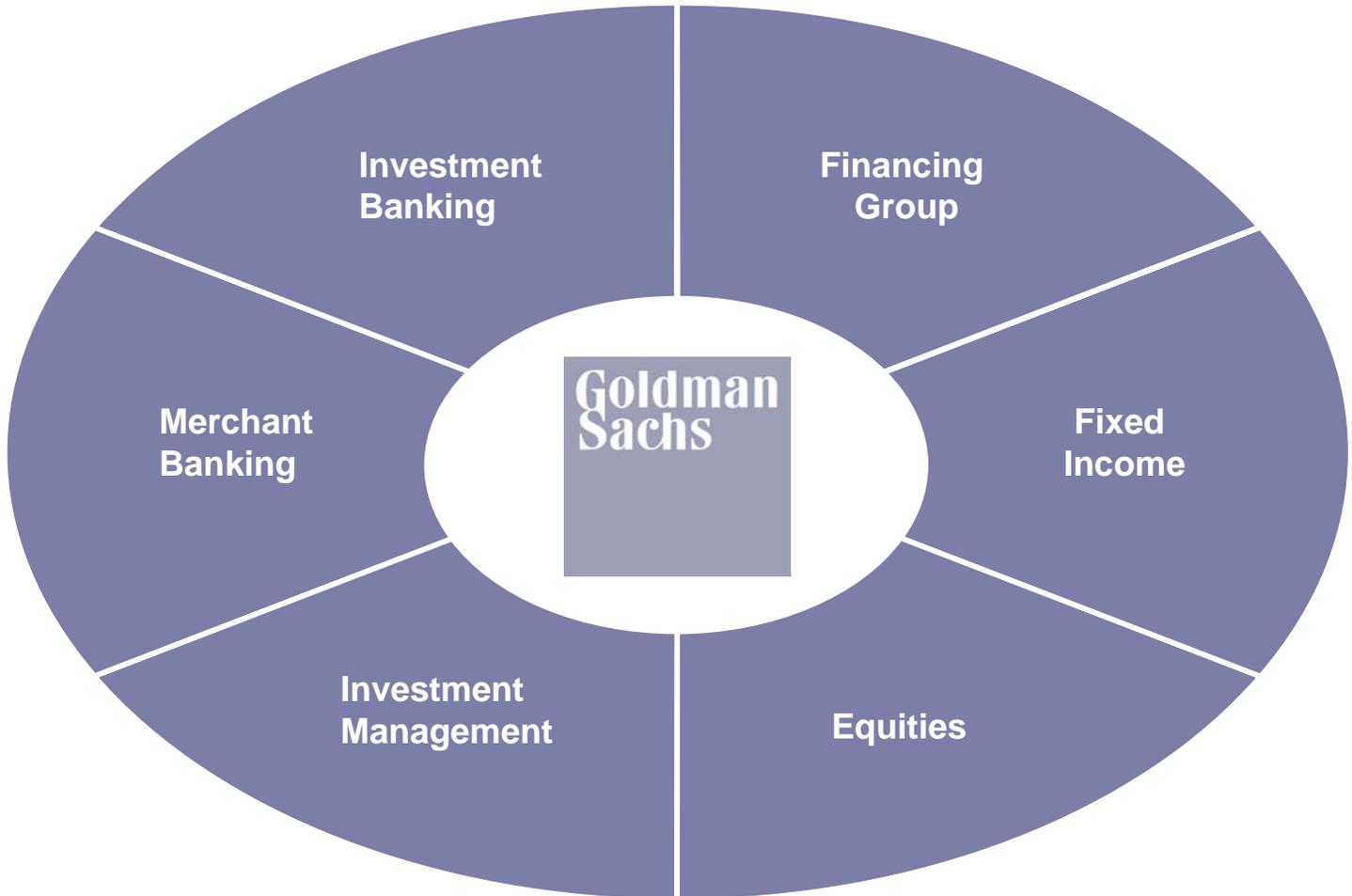


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# Goldman Sachs

## Broad Range of Products and Services

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# Goldman Sachs

## Dominant Investment Banking Franchise

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### Strategic Advisory

- Consistently #1 M&A advisor year after year
  - Clear leader in buy-side and sell-side, domestic and international
  - Advised on more gaming deals than any other bank
- 

### Equities

- Dominant equity issuance franchise
  - Premier sales and trading capabilities worldwide
  - Largest-ever gaming IPO and gaming secondary stock sale
- 

### Debt Issuance

- Leadership across all industry groups
- Expertise in ground-up casino resort construction finance
- First-ever casino financings in Macao and Singapore

# Goldman Sachs

## Key Awards



Investment Dealers' Digest

- Overall Deal of the Year – 2005
- Bank of the Year – 2004
- Breakthrough Deal of the Year: M&A – 2004

The **Banker**

- Global Investment Bank of the Year – 2006
- Best Investment Bank for the Americas – 2006
- Best Bank of the Year for M&A – 2006, 2005, 2004

GLOBAL  
FINANCE

- Best M&A Deal – 2006, 2005, 2004
- Best M&A Bank Globally and in North America – 2006
- Best Global Investment Bank – 2005, 2004, 2003
- Best Investment Bank in North America – 2005, 2004

EUROMONEY

- Global M&A House of the Year – 2006, 2005, 2002, 2001
- Best North American M&A House – 2005, 2001
- Best North American Project Finance House – 2005

FORTUNE

- Listed on Fortune's "100 Best Companies to Work For" list each year since its inception, a total of 9 times

The **Deal**.com

- Five Deal of the Year Awards – 2005
- Six Deal of the Year Awards – 2004

# Goldman Sachs Gaming Expertise

## Selected Strategic Advisory Transactions

### Buy-Side Advisory

 <p>\$1.3bn merger of equals with</p>  <p>Closed October 2006</p> 	<p><b>Whitehall Street Real Estate Partners</b></p> <p>\$3.8bn consortium acquisition of</p>  <p>Closed September 2006</p> 	 <p>€4.0bn acquisition of</p>  <p>Closed August 2006</p> 	 <p>\$2.2bn acquisition of</p>  <p>Closed October 2005</p> 	<p><b>ColonyCapital</b></p> <p>\$1.2bn acquisition of four properties from</p>  <p>Closed May 2005</p> 	 <p>€1.1bn merger of Accor Casinos with affiliates of</p>  <p>Closed January 2004</p> 	<p><b>ColonyCapital</b></p> <p>\$280mm acquisition of the Las Vegas Hilton from</p>  <p>Closed June 2004</p> 
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### Sell-Side Advisory

 <p>\$965mm sale of Hard Rock to</p>  <p>Announced December 2006</p> 	<p><b>AZTAR</b></p> <p>\$2.7bn sale to</p>  <p>Announced April 2006</p> 	 <p>\$766mm sale of Grand Canal shops to</p>  <p>Closed May 2004</p> 	 <p>\$900mm sale to</p>  <p>Closed March 2003</p> 	 <p>€450mm sale of 50% stake in Accor Casinos to</p> <p><b>ColonyCapital</b></p> <p>Closed May 2002</p> 	 <p>Raid Defense and \$6.4bn sale to</p> <p><b>MGM</b></p> <p>Closed March 2000</p> 	 <p>Raid Defense and \$14.0bn sale to</p>  <p>Closed February 1998</p> 
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# Goldman Sachs Gaming Expertise

## Selected Capital Markets Transactions

### Equity & Convertible Securities

 €1.46bn rights offering Summer 2006 Joint Bookrunner 	 \$232mm accelerated share repurchase April 2006 Sole Structuring Agent 	 \$3.0bn secondary stock offering March 2006 Sole Bookrunner 	 \$127mm secondary stock offering September 2005 Sole Bookrunner 	 \$472mm IPO September 2005 Joint Bookrunner 	 AUSS300mm IPO July 2005 Lead Manager 	 \$795mm IPO December 2004 Sole Bookrunner 	 \$150mm convertible notes April 2004 Co-Manager 	 \$575mm CARZ zero coupon convertible debt January 2003 Sole Manager 
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### Notes and CMBS Financing

 \$950mm CMBS financing for 4 casinos November 2006 Co-Originator 	 \$400mm senior notes August 2006 Co-Manager 	 €750mm hybrid bond Summer 2006 Joint Lead Manager 	 \$750mm senior unsecured notes June 2006 Co-Manager 	 \$1.0bn senior unsecured notes September 2005 Co-Manager 	 \$750mm senior unsecured notes May 2005 Co-Manager 	 \$250mm 6.375% holdco notes February 2005 Sole Bookrunner 	 \$250mm senior subordinated notes February 2005 Co-Manager 	 \$250mm floating rate notes February 2005 Sole Bookrunner 
 \$100mm CMBS financing for Grand Canal Shoppes August 2004 Sole Originator 	 \$200mm CMBS financing for LV Hilton June 2004 Sole Originator 	 \$750mm senior unsecured notes June 2004 Co-Manager 	 \$850mm high yield notes May 2002 Sole Bookrunner 	 \$120mm CMBS financing for Grand Canal Shoppes May 2002 Sole Originator 	 \$1.0bn senior notes May 1999 Co-Manager 	 \$235mm senior subordinated notes April 1999 Sole Bookrunner 	 \$150mm debentures November 1996 Sole Bookrunner 	

# Goldman Sachs Gaming Expertise

## Selected Capital Markets Transactions

### Credit Facilities

 <p>CA\$450mm senior credit facilities</p> <p>October 2006 Participant</p> 	 <p>\$575mm senior credit facilities</p> <p>August 2006 Participant</p> 	 <p>€2.26bn term loan \$500mm credit facilities</p> <p>Summer 2006 Joint Lead Arranger</p> 	 <p>\$2.5bn senior credit facilities</p> <p>December 2005 Participant</p> 	 <p>\$2.7bn senior secured credit facilities</p> <p>May 2005 Joint Lead Arranger</p> 	 <p>\$1.1bn senior secured credit facilities</p> <p>March 2005 Joint Lead Arranger</p> 	 <p>\$1.0bn senior secured credit facilities</p> <p>August 2004 Lead Arranger</p> 	 <p>\$1.5bn senior credit facilities</p> <p>July 2004 Participant</p> 	 <p>\$375mm senior secured credit facilities</p> <p>June 2002 Joint Lead Arranger</p> 
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### Construction Financing

 <p>\$275mm senior credit facilities</p> <p>Pending Sole Bookrunner</p> 	 <p>\$63mm land loan for Atlantic City casino resort</p> <p>November 2006 Sole Originator</p> 	 <p>Marina Bay Sands SGD\$2.2bn senior credit facilities</p> <p>August 2006 Joint Lead Manager</p> 	 <p>Venetian Macao \$2.5bn senior secured Macau credit facilities</p> <p>May 2006 Joint Lead Arranger</p> 	 <p>Palazzo LV \$1.6bn senior secured credit facilities</p> <p>February 2005 Lead Arranger</p> 	 <p>Sands Macao \$120mm development financing</p> <p>August 2003 Sole Bookrunner</p> 	 <p>\$1.1bn construction financing</p> <p>April 1999 Lead Arranger</p> 
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## Financial Overview

### Conclusion

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- Goldman Sachs has committed to act as Sole Lead Arranger, Sole Bookrunner and Sole Syndication Agent for the credit facilities to finance the construction of the Crossroads Gaming Resort & Spa
  - \$25 million senior secured revolver
  - \$125 million funded term loan
  - \$125 million delayed draw term loan
  
- Goldman Sachs believes that the proposed financing package for Crossroads will be well received by debt investors in light of the strength of the credit and current financing market conditions:
  - Attractive project with positive market demographics
  - Experienced management team
  - Sophisticated ownership group
  - Conservative capital structure
  - Recent record-setting bank and bond issuance levels, indicating strong, issuer-friendly market
  - Positive reception by debt markets to recent gaming financings

# **VIII. Diversity and Responsible Gaming**

**Guy Hillyer – Executive Vice President**

# Diversity

**Diverse  
Driven  
Strong**

CROSSROADS  
GAMING RESORT & SPA

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## **Detroit Experience**

### **Commitment to Diversity**

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**In Detroit we created programs that met or exceeded one of the most stringent set of diversity requirements in the country**

- Met with the Detroit council of Baptist Pastors and the Detroit Urban league to present employment opportunities
- Partnered with the local chapter of the African-American Association of Businesses and Contractors to recruit both employees and qualified vendors
- Worked with over 140 Community-based organizations to promote our job opportunities
- Reached out to the Booker T. Washington Business Association, the Detroit Neighborhood network and the local chapter of the NAACP to promote the opportunities at Greektown

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## **Meadows Racetrack & Casino**

### **Commitment to Diversity**

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**At the Meadows our diversity efforts are running full speed ahead:**

- Meetings held with faith-based and minority organizations
- Letters sent to potential vendors requesting minority certification
- Using PGCB and other websites to search for minority vendors



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## Diversity

### Committed to Our Diversity Goals & Mission

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- Establish a talented staff of employees that represents the ethnic mix and cultural diversity of Adams County
- Maintain a group of vendors and suppliers that achieves representation from South Central Pennsylvania so that we ensure a balanced representation of minority and women owned businesses

### Recruitment and Employment

- Implement recruiting tools such as niche publications, radio stations promoting job fairs, vocational schools, etc.
- Establish a workforce that represents a microcosm of Adams County



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## Diversity

### Committed to Our Diversity Goals & Mission

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#### Vendors and Suppliers

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- Utilize The Pennsylvania Gaming Control Board's List of Minority & Women's Businesses
- Utilize non-traditional strategies to enact our Diversity Program

#### Diversity Committee

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- Gather data and report on diversity performance
- The Diversity Committee will be comprised of Casino General Manager, Director of Human Resources, along with two members from outside the company

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## **Successful Diversity Track Record**

### **Committed to Our Diversity Goals & Mission**

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- Chairman and CEO David LeVan

- Responsible for Conrail's minority-owned outreach business program

- Established scholarship fund for minority students

- Silver Point

- Committed to ethnic diversity within workforce

- Established Culture Committee to ensure Silver Point is welcoming and inclusive

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## **Responsible Gaming**

### **Employee Training & Awareness Programs**

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- Training is developed and conducted by a qualified treatment professional
- Training and testing is required for all key employees and gaming employees
- Promote and support responsible gaming behavior

## Responsible Gaming

### Identifying Patrons & Employees with Problem Gambling Behaviors

- Ensure all employees are aware of the potential warning signs of a problem gambler
- Establish procedures for employees to express their concerns about patrons or colleagues with potential gambling problems
- Establish procedures for employees to identify self excluded persons and to protect the confidentiality of persons participating in the program

**Gambling  
Problem?**

**If you or someone you know has a gambling problem, help is available.**

**In Pennsylvania Call 1-800-848-1880**

**Outside Pennsylvania Call 215-389-4008**

Council on  
Compulsive Gambling  
of Pennsylvania

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## Responsible Gaming Problem Gambling Committee

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- Responsible for promoting responsible gambling practices within Crossroads Gaming Resort & Spa
- The Committee will be empowered to Establish, Enforce, and Ensure the success of Crossroads Gaming Resort & Spa's Problem Gambling Plan
- The Committee will be comprised of the General Manager ("CEO"), Director of Internal Audit / Compliance / Responsible Gaming, Human Resources Director, Security Director, and the Director of Marketing

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## Conclusion

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# **IX. The Right Decision for Adams County**

**Tom Weaver – Adams County Commissioner**

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## Adams County Commercial Development Planning

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- US Routes 15 / 30 corridor has been designated for commercial development expansion
- Three comprehensive reports supporting development along this corridor
  - Battelle Study (1988)
  - Adams County Comprehensive Plan Chapter 3 – Growth Management Plan (1991)
  - Business Park Site Study and Development Strategy (1992)
- Nearly 20 years of planning and support
- No impact on the sanctity and integrity of the National Military Park or any historical site

# Gateway Gettysburg

## A Supporter of Crossroads

- 100 acre project consisting of three hotels: Courtyard Marriott and Wyndham Gettysburg already opened
- 65,000 square feet of meeting space
- 46,000 square foot amphitheater
- Multi-plex large screen theatre



## Gateway Gettysburg and Crossroads A Great Combination

- Creates more destination travelers to Gettysburg
- A convention destination: many corporate, incentive and government meetings already booked
- Supports casino project and enthusiastic about partnership opportunities
- When combined with Crossroads, year-round tourism will become a reality



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## Crossroads Gaming Resort & Spa

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**Crossroads Casino license is the right decision for Adams County and is consistent with a policy of preserving the legacy of the Battlefield and compatible with the County's current strategy of encouraging tourism**

- Crossroads Gaming Resort & Spa is an unprecedented opportunity for Adams County
- US Routes 15 / 30 corridor does not impact the integrity or sanctity of the Gettysburg National Military Park
- Adams County's long term plan for the US Routes 15 / 30 corridor is continued commercial development
- Crossroads site is directly across from Gateway Gettysburg — the convention destination for the area
- Gaming Tax revenue will allow county residents to receive property tax relief

## **X. Conclusion**

**David LeVan – Chairman and Chief Executive Officer**



**CROSSROADS**  
GAMING RESORT & SPA

# Crossroads Gaming Resort & Spa

## Tremendous Potential for Pennsylvania

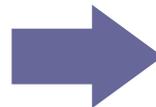
<b>Suitability</b>	■ Strong local leadership working with Millennium, which has more than a half-century of combined experience in gaming and is already licensed in PA
<b>Financial Wherewithal</b>	■ Silver Point and Goldman Sachs have played pivotal roles in identifying and building successful gaming projects worldwide
<b>Location</b>	■ Direct access to one the largest metropolitan areas in the country without gaming
<b>Traffic</b>	■ \$4 million commitment to improve roadways and address any future changes
<b>Diversity</b>	■ Build on strong record of diversity established by Millennium
<b>Community</b>	■ 3,000 jobs, \$224 million annually spent on local community and creation of year-round tourism
<b>Public Support</b>	■ Thousands of local residents and numerous community organizations who understand the project and the unprecedented opportunities Crossroads will deliver

# Crossroads Gaming Resort & Spa

## Conclusion

- Only state project with direct access to one of the largest metro areas without legalized gaming (Baltimore - Washington)
- Only at-large Category 2 applicant situated in a 10-mile area that welcomes more than 2.5 million visitors each year
- Will create 3,000 jobs, generate \$224 million annually in local revenue and create year-round tourism
- Respects our heritage - not located in Gettysburg or visible from our treasured Battlefield
- Modeled after earlier success in Southern Civil War town of Vicksburg, Mississippi
  - Despite initial community concerns, heritage tourism and gaming industry now work together
  - By any measure, results have been tremendously successful

**Goal:**  
**Maximize Tax Revenue**



**Solution:**  
**Crossroads**