



North America  
United States  
Consumer  
Gaming & Lodging

Industry  
**Regional Gaming -  
3Q13 Preview**

Date  
16 October 2013

**Forecast Change**

**Despite 3Q13 GGR Softness; PENN & PNK Setup OK**

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**Low Bars Appear Low Enough for Regional Gamers**

The 3Q13 was another in a long line of disappointing top line regional gaming results against what were expected to be relatively easy comparisons. Looking ahead to the 4Q13, we expect the regional cadence to continue to struggle, with the exception of late October / early November in the Northeast (Sandy Comp), as the impact from the Government shutdown is felt. In this note, we tweak estimates for PENN and BYD and raise our PENN PT to \$64 from \$60 as we have upped our OpCo multiple to 7.5x.

**Our Thoughts on Regional Stocks Ahead of 3Q13 Results**

While top line headwinds have harnessed regional stocks of late, and we don't see this changing meaningfully in the near term, we continue to like PENN and PNK given the split and margin synergy stories of each, respectively. Furthermore, we think each are likely to deliver upside in the quarter relative to guidance/consensus (PENN) and state results based expectations (PNK) given the lack of an identifiable sell side Consensus forecast at present.

**PENN 3Q13 Color / Price Target to \$64 from \$60**

Our PENN estimates are relatively unchanged as property level EBITDA is up a hair and currently sits ~\$4.5 mm ahead of guidance for the 3Q13 (DB Forecast: \$194.3 mm vs. Guidance: \$189.7 mm vs. Consensus: \$193.1 mm). While our out-year forecasts also remain intact, we are raising our PT to \$64 from \$60 as we remain bullish on the split and believe the currently implied OpCo valuation is aggressively punitive in light of peer trading levels and relative balance sheets. On the other side, we believe it is worth noting and keeping an eye on PENN's underperformance in what we deem its same-store markets where property level GGR trends have lagged aggregate market performance.

**BYD 3Q13 Color – Borgata Upside; Locals EBITDA Growth Likely to Be Encouraging**

For BYD, we have modestly raised our adjusted EBITDA assumption to \$167.5 mm from \$165.3 mm as our Borgata estimate is up \$4.2 mm, versus our prior forecast, and moves north of guidance (DB Estimate: \$48.5 mm vs. Guidance: \$44-46 mm) while our wholly-owned EBITDA forecast is down \$1.9 mm, relative to our prior estimate, to \$119.1 mm, which we note is a hair below guidance of \$120-125 mm. Our \$12 PT and out year forecasts are largely unchanged. While our wholly-owned forecast calls for a miss relative to guidance, we believe LV locals property level EBITDA, on 300 bps of operating expense reductions (akin to the 2Q13), is poised to grow ~26.0% y/y. We think this type of performance is likely to offset a potential wholly-owned guidance miss.

**PNK – No Change to Forecasts; Continue to See Upside in Shares**

Our PNK estimates are unchanged relative to our revision, on September 11, 2013. We continue to view the free cash flow and exposure to the LA gaming market favorably and believe synergy realization will serve as the next catalyst for shares. Our estimates, Buy rating, and \$30 price target are unchanged.

**Models, Valuation, and Risks**

Our models, valuation work, price target analysis, and color on each of the regional operators are included in the body of this note. Risks for BYD (pg 9), PENN (pg 16), and PNK (pg 25) can also be found in the body of this note.

**Key Changes**

Company	Target Price	Rating
PENN.OQ	60.00 to 64.00(USD)	-

Source: Deutsche Bank

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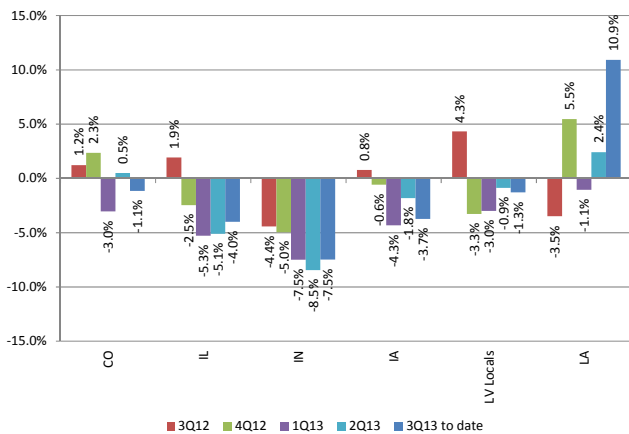


## Key Takeaways

The 3Q13 was another in a long line of disappointing top line regional gaming results against what were expected to be relatively easy comparisons. Looking ahead to the 4Q13, we expect the regional cadence to continue to struggle, with the exception of late October / early November in the Northeast (Sandy Comp), as the impact from the Government shutdown is felt.

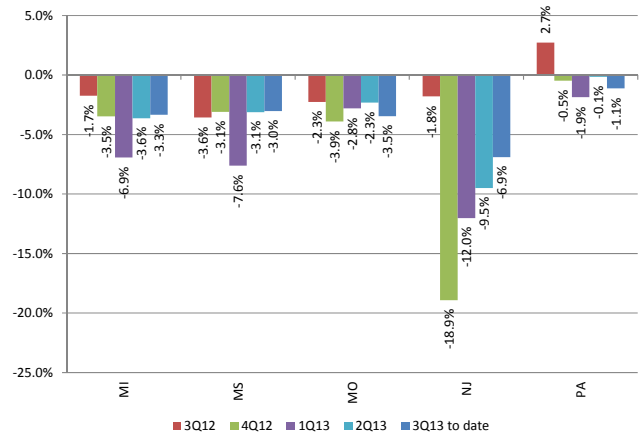
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Figure 1: Quarterly Regional Gaming Revenue Comparisons



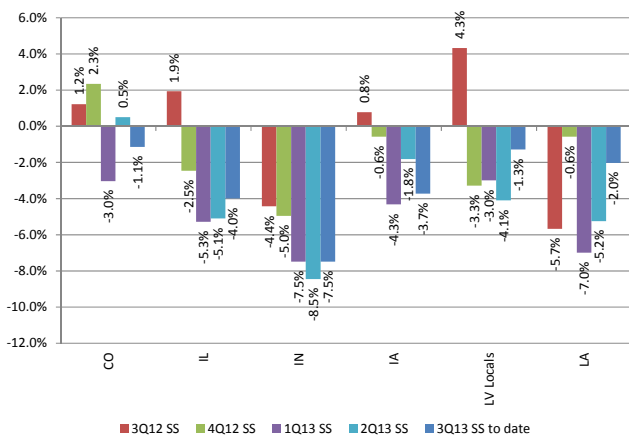
Source: State gaming control boards and Deutsche Bank

Figure 2: Quarterly Regional Gaming Revenue Comparisons



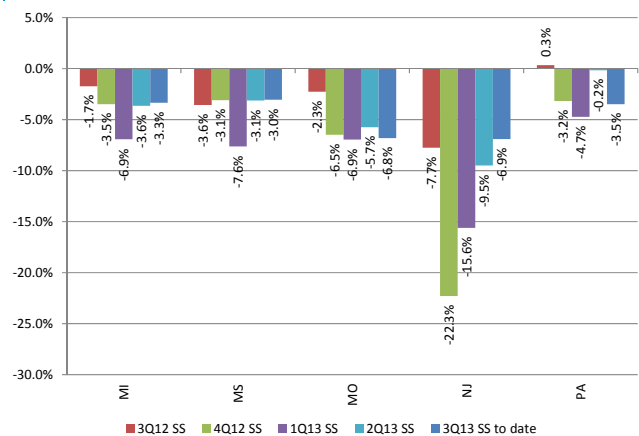
Source: State gaming control boards and Deutsche Bank

Figure 3: Same-Store Quarterly Regional Gaming Revenue Comparisons



Source: State gaming control boards and Deutsche Bank

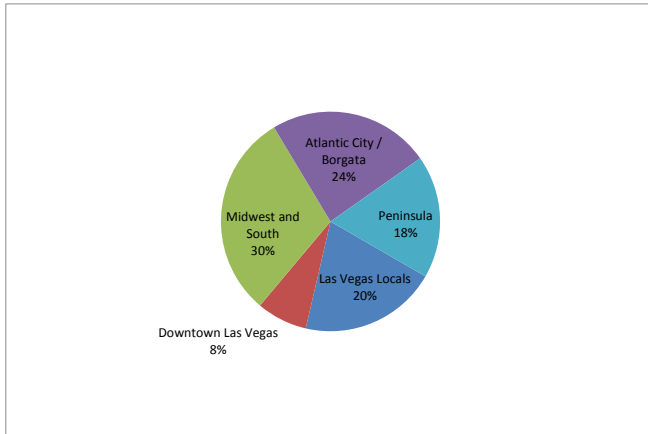
Figure 4: Same-Store Quarterly Regional Gaming Revenue Comparisons



Source: State gaming control boards and Deutsche Bank

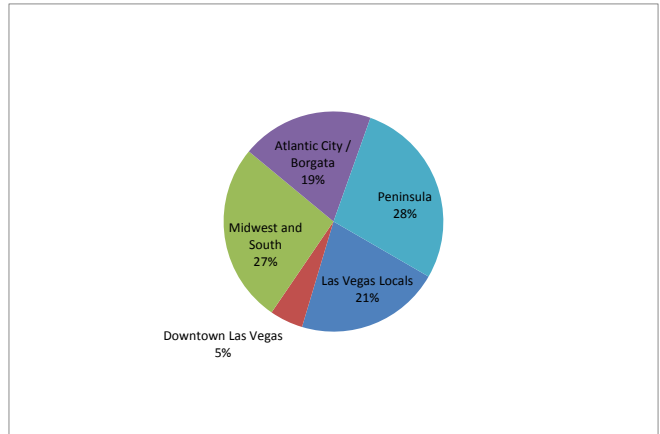


Figure 5: BYD 2013E Net Revenue % by Region



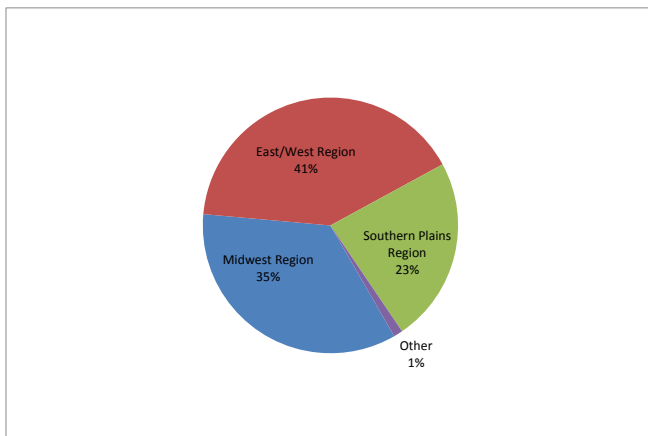
Source: Company reports and Deutsche Bank

Figure 6: BYD 2013E EBITDA % by Region



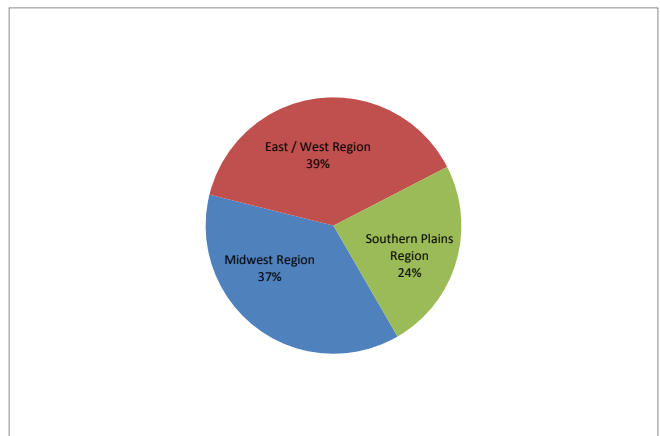
Source: Company reports and Deutsche Bank

Figure 7: PENN 2013E Net Revenue % by Region



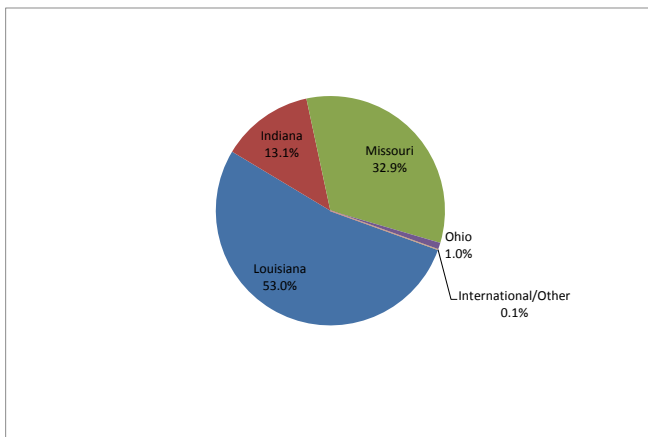
Source: Company reports and Deutsche Bank

Figure 8: PENN 2013E EBITDA % by Region



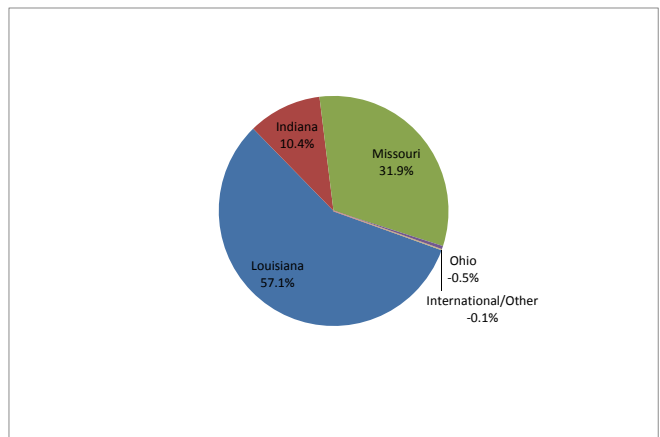
Source: Company reports and Deutsche Bank

Figure 9: PNK 2013E Net Revenue % by State



Source: Company reports and Deutsche Bank

Figure 10: PNK 2013E EBITDA % by State



Source: Company reports and Deutsche Bank

In Figure 11, we provide a snapshot of our adjusted regional gaming comparables. We note that our adjusted multiples, for each of the regional



operators, extract construction in progress related to non-EBITDA producing project capital expenditures.

Figure 11: Regional Gaming: Adjusted EBITDA Multiple Comparables

October 15, 2013

\$ in Millions except per share data

Company	Ticker	Price	Shares Outstanding	Market Cap	Deutsche Bank 2011 Adjusted EBITDA	Deutsche Bank 2012 Adjusted EBITDA	Deutsche Bank 2013E Adjusted EBITDA	Deutsche Bank 2014E Adjusted EBITDA	Deutsche Bank 2011 Adjusted Net Debt	Deutsche Bank 2012 Adjusted Net Debt	Deutsche Bank 2013E Adjusted Net Debt	Deutsche Bank 2014E Adjusted Net Debt	2011 Adjusted EV/EBITDA	2012 Adjusted EV/EBITDA	2013E Adjusted EV/EBITDA	2014E Adjusted EV/EBITDA
Boyd Gaming	BYD	\$13.76	109.2	\$1,503	\$466	\$452	\$638	\$658	\$3,212	\$4,697	\$4,074	\$3,822	10.1x	13.7x	8.7x	8.1x
Penn National	PENN	\$55.90	102.9	\$5,751	\$722	\$789	\$811	\$801	\$1,806	\$2,328	\$2,058	\$2,049	10.5x	10.2x	9.6x	9.7x
Pinnacle Entertainment	PNK	\$24.37	58.5	\$1,426	\$264	\$285	\$402	\$622	\$972	\$1,291	\$4,009	\$3,763	9.1x	9.5x	13.5x	8.3x
Isle of Capri	ISLE	\$7.48	39.6	\$296	\$190	\$188	\$185	\$190	\$1,082	\$1,022	\$1,051	\$1,039	7.2x	7.0x	7.3x	7.0x
<b>Regional Gaming Operators</b>													<b>9.2x</b>	<b>10.1x</b>	<b>9.8x</b>	<b>8.3x</b>

Source: Company reports, Factset, and Deutsche Bank



## BYD Comparisons

Despite our belief that Borgata will come in north of the high end of the guidance range (\$44-46 mm) for the 3Q13, we expect total adjusted EBITDA to fall short of Consensus. We note that our \$167.5 mm estimate is modestly below the current Consensus for the 3Q13 and our wholly-owned EBITDA estimate of \$119.1 mm is below guidance of \$120-125 million.

While LV locals trends through August have been sluggish (-1.8% y/y), BYD's LV locals segments (Balance of CC & the Boulder Strip) are down a more modest 50 bps y/y. For BYD, we anticipate a stronger September, relative to August (accounting), and 50 bps of market share gains y/y in the locals segment will fuel year over year net revenue growth of 2.1%. Given continued operating cost improvements, we believe LV locals property level EBITDA, on 300 bps of daily operating expense reductions (akin to the 2Q13), is poised to grow ~26.0% year over year. We think this type of performance is likely to offset a potential miss relative to guidance in the wholly-owned portfolio.

Figure 12: DB Estimates vs. Consensus Metrix Estimates

*\$ in MM except per share data*

	3Q13E			2013E			2014E		
	Consensus via Consensus			Consensus via Consensus			Consensus via Consensus		
	DB Forecast	Metrix	Delta	DB Forecast	Metrix	Delta	DB Forecast	Metrix	Delta
<b>Net Revenue</b>	<b>\$751.5</b>	<b>\$759.4</b>	<b>(\$7.8)</b>	<b>\$2,937.9</b>	<b>\$2,955.1</b>	<b>(\$17.2)</b>	<b>\$2,950.5</b>	<b>\$3,004.6</b>	<b>(\$54.1)</b>
Las Vegas Locals	\$30.6	\$29.2	\$1.4	\$145.9	\$142.1	\$3.8	\$157.8	\$151.0	\$6.7
Downtown Las Vegas	\$5.5	\$6.9	(\$1.5)	\$33.4	\$33.7	(\$0.3)	\$38.4	\$35.7	\$2.7
Midwest and South	\$46.6	\$48.2	(\$1.7)	\$181.2	\$186.0	(\$4.8)	\$182.8	\$192.0	(\$9.2)
Atlantic City / Borgata	\$48.5	\$45.8	\$2.7	\$133.3	\$132.9	\$0.3	\$131.9	\$137.7	(\$5.8)
Peninsula	\$46.9	\$49.7	(\$2.8)	\$190.8	\$196.9	(\$6.1)	\$193.4	\$203.6	(\$10.2)
<b>Segment Adjusted EBITDA</b>	<b>\$178.0</b>	<b>\$179.8</b>	<b>(\$1.7)</b>	<b>\$684.6</b>	<b>\$691.6</b>	<b>(\$7.0)</b>	<b>\$704.3</b>	<b>\$719.9</b>	<b>(\$15.7)</b>
<b>Adjusted EBITDA</b>	<b>\$167.5</b>	<b>\$168.2</b>	<b>(\$0.6)</b>	<b>\$638.3</b>	<b>\$643.8</b>	<b>(\$5.5)</b>	<b>\$658.0</b>	<b>\$671.4</b>	<b>(\$13.4)</b>

Source: Company reports, Consensus Metrix, and Deutsche Bank

Figure 13: Summary of Our Estimate Changes (\$ in Millions Except Per Share Data)

*\$ in MM except per share data*

	3Q13E			2013E			2014E		
	Current	Prior	Delta	Current	Prior	Delta	Current	Prior	Delta
Total Net Revenue	\$751.5	\$748.4	\$3.1	\$2,937.9	\$2,932.9	\$5.0	\$2,950.5	\$2,945.2	\$5.3
Segment Adjusted EBITDA	\$178.0	\$176.3	\$1.8	\$684.6	\$680.9	\$3.7	\$704.3	\$700.2	\$4.1
<b>Adjusted EBITDA</b>	<b>\$167.5</b>	<b>\$165.3</b>	<b>\$2.3</b>	<b>\$638.3</b>	<b>\$633.7</b>	<b>\$4.7</b>	<b>\$658.0</b>	<b>\$653.0</b>	<b>\$5.1</b>
EBIT	\$93.5	\$91.3	\$2.3	\$325.0	\$320.3	\$4.7	\$359.2	\$354.1	\$5.1
GAAP Net Income	\$0.4	(\$0.1)	\$0.5	\$1.8	(\$2.2)	\$4.0	\$24.6	\$16.1	\$8.5
Adjusted Net Income	\$0.4	(\$0.1)	\$0.5	(\$2.2)	(\$6.2)	\$4.0	\$24.6	\$16.1	\$8.5
GAAP EPS	\$0.00	(\$0.00)	\$0.00	\$0.02	(\$0.03)	\$0.05	\$0.23	\$0.18	\$0.05
<b>Adjusted EPS</b>	<b>\$0.00</b>	<b>(\$0.00)</b>	<b>\$0.00</b>	<b>(\$0.02)</b>	<b>(\$0.07)</b>	<b>\$0.05</b>	<b>\$0.23</b>	<b>\$0.18</b>	<b>\$0.05</b>

Source: Company reports and Deutsche Bank



Figure 14: Our BYD 3Q13 Estimates vs. Reported 3Q12 & 2Q13

(\$MM, except per share data)

	BYD Estimates Y/Y				BYD Estimates Sequential			
	3Q13E	3Q13	+/-	yoy % chg.	3Q13E	2Q13	+/-	yoy % chg.
<b>Net Revenue</b>								
Las Vegas Locals	\$141.7	\$138.8	\$2.9	2.1%	\$141.7	\$149.7	(\$8.0)	-5.4%
Downtown Las Vegas	\$51.5	\$53.5	(\$2.1)	-3.9%	\$51.5	\$56.1	(\$4.6)	-8.3%
Midwest and South	\$222.6	\$233.0	(\$10.4)	-4.5%	\$222.6	\$224.3	(\$1.7)	-0.8%
Atlantic City / Borgata	\$203.0	\$187.1	\$15.9	8.5%	\$203.0	\$172.9	\$30.1	17.4%
Peninsula	\$132.9				\$132.9	\$135.8	(\$2.9)	-2.2%
Other	\$0.0	\$0.9	(\$0.9)	NM	\$0.0	\$0.0	\$0.0	NM
<b>Total Net Revenue</b>	<b>\$751.5</b>	<b>\$613.3</b>	<b>\$138.3</b>	<b>22.5%</b>	<b>\$751.5</b>	<b>\$738.7</b>	<b>\$12.8</b>	<b>1.7%</b>
<b>Segment EBITDA</b>								
Las Vegas Locals	\$30.6	\$24.3	\$6.3	26.0%	\$30.6	\$38.7	(\$8.1)	-21.0%
Property Level Margin	21.6%	17.5%	410		21.6%	25.9%	(429)	
Downtown Las Vegas	\$5.5	\$6.4	(\$0.9)	-13.9%	\$5.5	\$9.3	(\$3.8)	-41.1%
Property Level Margin	10.6%	11.9%	(124)		10.6%	16.6%	(593)	
Midwest and South	\$46.6	\$48.7	(\$2.1)	-4.4%	\$46.6	\$48.6	(\$2.0)	-4.2%
Property Level Margin	20.9%	20.9%	2		20.9%	21.7%	(75)	
Atlantic City / Borgata	\$48.5	\$33.4	\$15.1	45.4%	\$48.5	\$27.8	\$20.6	74.1%
Property Level Margin	23.9%	17.8%	606		23.9%	16.1%	778	
Peninsula	\$46.9				\$46.9	\$48.3	(\$1.4)	-2.9%
Property Level Margin	35.3%				35.3%	35.6%	(27)	
<b>Segment Adjusted EBITDA</b>	<b>\$178.0</b>	<b>\$112.7</b>	<b>\$65.4</b>	<b>58.0%</b>	<b>\$178.0</b>	<b>\$172.8</b>	<b>\$5.2</b>	<b>3.0%</b>
Margin	23.7%	18.4%	532		23.7%	23.4%	30	
Corporate Expense	\$10.5	\$9.1	\$1.4	15.6%	\$10.5	\$12.6	(\$2.1)	-16.9%
<b>Wholly-owned Segment EBITDA</b>	<b>\$119.1</b>	<b>\$70.3</b>	<b>\$48.8</b>	<b>69.5%</b>	<b>\$119.1</b>	<b>\$132.3</b>	<b>(\$13.3)</b>	<b>-10.0%</b>
EBITDA Margin	15.8%	11.5%	439		15.8%	17.9%	(207)	
<b>Adjusted EBITDA</b>	<b>\$167.5</b>	<b>\$103.6</b>	<b>\$63.9</b>	<b>61.7%</b>	<b>\$167.5</b>	<b>\$160.2</b>	<b>\$7.4</b>	<b>4.6%</b>
EBITDA Margin	22.3%	16.9%	540		22.3%	21.7%	61	
Other Operating Expenses	\$74.0	\$55.3	\$18.8	NM	\$74.0	\$80.8	(\$6.8)	NM
<b>EBIT</b>	<b>\$93.5</b>	<b>\$48.3</b>	<b>\$45.2</b>	<b>NM</b>	<b>\$93.5</b>	<b>\$79.4</b>	<b>\$14.2</b>	<b>NM</b>
Interest Income	\$0.0	\$0.0	\$0.0	NM	\$0.0	\$0.0	\$0.0	NM
Interest Expense	\$83.1	\$73.8	\$9.3	NM	\$83.1	\$87.6	(\$4.5)	NM
Other (incl. debt extinguishment)	\$0.0	\$0.0	\$0.0	NM	\$0.0	\$2.4	(\$2.4)	NM
Other Non-Op. Borgata Expenses	\$0.0	\$0.0	\$0.0	NM	\$0.0	\$0.0	\$0.0	NM
<b>Pre Tax Income</b>	<b>\$10.4</b>	<b>(\$25.5)</b>	<b>\$35.9</b>	<b>NM</b>	<b>\$10.4</b>	<b>(\$10.6)</b>	<b>\$21.0</b>	<b>NM</b>
Income Tax	\$3.8	(\$8.4)	\$12.2	NM	\$3.8	(\$4.1)	\$7.9	NM
Tax Rate	36.0%	33.0%	NM		36.0%	38.7%	NM	
GAAP Net Income Cont. Ops	\$6.7	(\$17.1)	\$23.8	NM	\$6.7	(\$6.5)	\$13.2	NM
Less Noncontrolling / Disc. Ops	\$6.3	(\$1.3)	\$7.5	NM	\$6.3	(\$18.1)	\$24.4	NM
<b>GAAP Net Income to Boyd</b>	<b>\$0.4</b>	<b>(\$15.8)</b>	<b>\$16.2</b>	<b>NM</b>	<b>\$0.4</b>	<b>\$11.6</b>	<b>(\$11.2)</b>	<b>NM</b>
GAAP EPS	\$0.00	(\$0.18)	\$0.18	NM	\$0.00	\$0.13	(\$0.12)	NM
Non Recurring Items	\$0.0	\$6.3	(\$6.3)	NM	\$0.0	(\$11.8)	\$11.8	NM
<b>Adjusted Net Income</b>	<b>\$0.4</b>	<b>(\$9.4)</b>	<b>\$9.9</b>	<b>NM</b>	<b>\$0.4</b>	<b>(\$0.1)</b>	<b>\$0.5</b>	<b>NM</b>
<b>Adjusted EPS</b>	<b>\$0.00</b>	<b>(\$0.11)</b>	<b>\$0.11</b>	<b>NM</b>	<b>\$0.00</b>	<b>(\$0.00)</b>	<b>\$0.01</b>	<b>NM</b>
Shares Outstanding (Basic)	101.9	87.6	14.2		101.9	89.2	12.7	
Shares Outstanding (Diluted)	102.9	87.6	15.3		102.9	90.3	12.7	

Source: Company reports and Deutsche Bank



## BYD Price Target Analysis

Our \$12 Price Target is based on a SOTP approach in which we apply property-level multiples that we believe are consistent with historical regional market multiples and recent regional asset sale transaction multiples to 2014E property-level cash flow. We then extract BYD and Peninsula 2014E net debt and BYD's 50% share of Borgata net debt. Our \$12 PT reflects a blended multiple of 7.9x our 2014 adjusted EBITDA estimate.

Figure 15: Price Target Analysis

Segment	2014E EBITDA (\$ in MM)	Target Multiple	Enterprise Value (\$ in MM)
Las Vegas Locals	\$157.8	8.5x	\$1,341.1
Downtown Las Vegas	\$38.4	7.0x	\$268.6
Midwest and South	\$182.8	8.0x	\$1,462.2
Peninsula	\$193.4	7.5x	\$1,450.8
BYD Share of Borgata	\$66.0	7.5x	\$494.7
<b>Total Property Level</b>	<b>\$638.3</b>	<b>7.9x</b>	<b>\$5,017.4</b>
Less: Corporate Expense	\$46.3	7.9x	\$363.7
<b>Total</b>	<b>\$592.1</b>	<b>7.9x</b>	<b>\$4,653.7</b>
Less: Net Debt (YE 2014)			\$2,025.5
Less: BYD Share of Borgata Net Debt (YE 2014)			\$355.9
Less: Peninsula Net Debt (YE 2014)			\$1,085.0
Plus: Value Adjustment for NJ Online			\$79.4
YE 2013 Equity Value			\$1,266.8
Shares Outstanding			109.2
<b>Price Target</b>			<b>\$12</b>

Source: Company reports and Deutsche Bank

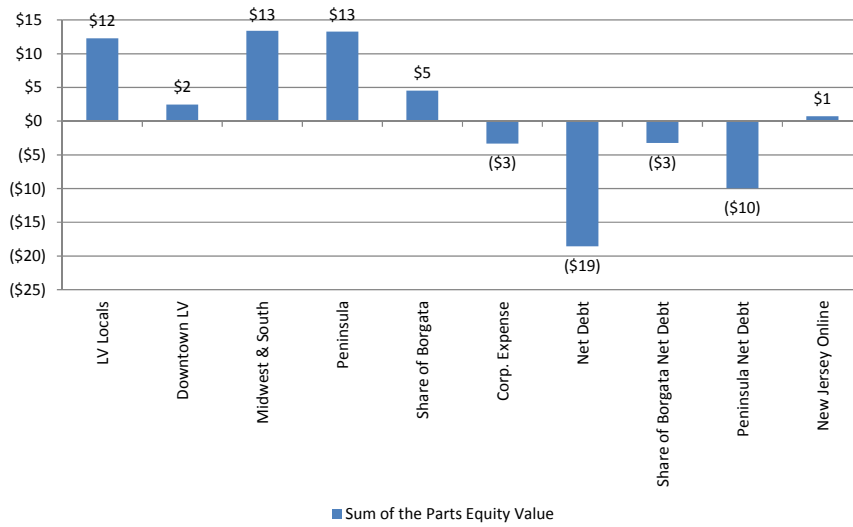
Figure 16: Price Target Sensitivity

		Price Target Sensitivity								
% chg. in EBITDA		-20.0%	-15.0%	-10.0%	-5.0%	5.0%	10.0%	15.0%	20.0%	
<b>2014E EBITDA</b>		\$473.6	\$503.2	\$532.9	\$562.5	\$592.1	\$621.7	\$651.3	\$680.9	\$710.5
<b>Net Debt</b>		\$3,554.1	\$3,532.2	\$3,510.3	\$3,488.3	\$3,466.4	\$3,444.4	\$3,422.5	\$3,400.6	\$3,378.6
<b>New Jersey Online Value</b>		\$63.6	\$67.5	\$71.5	\$75.5	\$79.4	\$83.4	\$87.4	\$91.4	\$95.3
Shares Outstanding		109.2	109.2	109.2	109.2	109.2	109.2	109.2	109.2	109.2
Price Target Multiples	<b>5.9x</b>	-\$7	-\$5	-\$3	-\$1	\$1	\$3	\$4	\$6	\$8
	<b>6.4x</b>	-\$4	-\$2	\$0	\$2	\$3	\$5	\$7	\$9	\$11
	<b>6.9x</b>	-\$2	\$0	\$2	\$4	\$6	\$8	\$10	\$12	\$15
	<b>7.4x</b>	\$0	\$2	\$4	\$7	\$9	\$11	\$13	\$16	\$18
	<b>7.9x</b>	\$2	\$4	\$7	\$9	<b>\$12</b>	<b>\$14</b>	<b>\$16</b>	<b>\$19</b>	<b>\$21</b>
	<b>8.4x</b>	\$4	\$7	\$9	\$12	\$14	\$17	\$19	\$22	\$24
	<b>8.9x</b>	\$6	\$9	\$12	\$14	\$17	\$20	\$22	\$25	\$28
	<b>9.4x</b>	\$9	\$11	\$14	\$17	\$20	\$22	\$25	\$28	\$31
	<b>9.9x</b>	\$11	\$14	\$17	\$20	\$22	\$25	\$28	\$31	\$34

Source: Company Reports and Deutsche Bank



Figure 17: Sum-of-the-Parts Equity Value



Source: Company reports and Deutsche Bank





## BYD Valuation & Risks

At current levels, BYD trades at 8.8x and 8.1x our 2013 and 2014 EBITDA estimates, respectively. Since 2004, BYD has traded at an average EV/EBITDA multiple of 8.3x forward-year EBITDA.

**Upside risks:** 1) better than anticipated strength in BYD's Midwest & South portfolio, 2) a strong yet unheralded free cash flow story, and 3) bearish sell-side and investor sentiment.

**Downside risks:** 1) the ramp of Revel in Atlantic City, 2) a continued uphill battle in the LV locals segment, 3) a leveraged balance sheet, and 4) general macroeconomic risks that go beyond what is currently contemplated in our estimates.

Figure 18: EV-EBITDA Multiple Summary

<u>Current Multiple Data</u>		<u>Historical Multiple Data</u>	
October 15, 2013			
Share Price	\$13.90	Average (2004 - Present)	8.3x
Shares Outstanding (MRQ)	109.2	Peak (2004 - Present)	10.8x
Market Cap (\$ in MM)	\$1,518	Trough (2004 - Present)	6.2x
2011 Net Debt (100% of Borgata)	\$3,212		
2012 Net Debt (100% of Borgata)	\$4,697	Average (2006 - Present)	8.3x
2013E Net Debt (100% of Borgata)	\$4,074	Peak (2006 - Present)	10.8x
2014E Net Debt (100% of Borgata)	\$3,822	Trough (2006 - Present)	6.2x
2011 EV	\$4,730	Average (2008 - Present)	8.3x
2012 EV	\$6,216	Peak (2008 - Present)	10.8x
2013E EV	\$5,593	Trough (2008 - Present)	6.2x
2014E EV	\$5,341		
2011 EBITDA (100% of Borgata)	\$466	Average (2009 - Present)	8.3x
2012 EBITDA (100% of Borgata)	\$452	Peak (2009 - Present)	9.6x
2013E EBITDA (100% of Borgata)	\$638	Trough (2009 - Present)	6.6x
2014E EBITDA (100% of Borgata)	\$658		
<b>2011 EV/EBITDA</b>	<b>10.1x</b>		
<b>2012 EV/EBITDA</b>	<b>13.7x</b>		
<b>2013E EV/EBITDA</b>	<b>8.8x</b>		
<b>2014E EV/EBITDA</b>	<b>8.1x</b>		

Source: Company reports and Deutsche Bank



BYD Model

Figure 19: EPS Model (\$ in Millions Except Per Share Data)

	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E
<i>Days in Period</i>	365	91	91	92	92	366	90	91	92	92	365	365
<b>Net Revenue</b>												
Las Vegas Locals	\$605.0	\$154.8	\$149.0	\$138.8	\$148.7	\$591.3	\$152.8	\$149.7	\$141.7	\$151.7	\$595.9	\$607.8
<i>yoy % chg.</i>	-0.4%	0.2%	-1.9%	-4.9%	-2.6%	-2.3%	-1.3%	0.5%	2.1%	2.0%	0.8%	2.0%
Downtown Las Vegas	\$224.2	\$57.0	\$55.9	\$53.5	\$57.7	\$224.2	\$54.1	\$56.1	\$51.5	\$58.8	\$220.5	\$225.5
<i>yoy % chg.</i>	2.8%	2.4%	-1.1%	0.4%	-1.7%	0.0%	-5.1%	0.3%	-3.9%	2.0%	-1.6%	2.2%
Midwest and South	\$771.4	\$243.7	\$233.7	\$233.0	\$213.8	\$924.2	\$229.1	\$224.3	\$222.6	\$212.0	\$887.9	\$889.5
<i>yoy % chg.</i>	5.6%	32.4%	28.6%	24.0%	-1.7%	19.8%	-6.0%	-4.0%	-4.5%	-0.8%	-3.9%	0.2%
Atlantic City / Borgata	\$730.3	\$176.2	\$175.4	\$187.1	\$147.6	\$686.2	\$165.6	\$172.9	\$203.0	\$159.4	\$700.9	\$693.9
<i>yoy % chg.</i>	-1.1%	4.2%	-4.0%	-7.4%	-16.4%	-6.0%	-6.0%	-1.4%	8.5%	8.0%	2.1%	-1.0%
Peninsula	\$332.3	\$134.8	\$133.1	\$130.3	\$56.9	\$56.9	\$133.9	\$135.8	\$132.9	\$128.7	\$531.3	\$533.9
<i>yoy % chg.</i>	5.4%	67.7%	57.6%	55.3%	NM	NM	NM	NM	NM	226.1%	833.3%	0.5%
Other	\$5.4	\$1.4	\$1.2	\$0.9	\$1.2	\$4.6	\$1.4	\$0.0	\$0.0	\$0.0	\$1.4	\$0.0
<i>yoy % chg.</i>	21.7%	-8.2%	-21.9%	-15.3%	-13.3%	-14.6%	-1.1%	NM	NM	NM	-69.6%	NM
<b>Net Revenue</b>	<b>\$2,336.2</b>	<b>\$633.1</b>	<b>\$615.2</b>	<b>\$613.3</b>	<b>\$625.8</b>	<b>\$2,487.4</b>	<b>\$737.0</b>	<b>\$738.7</b>	<b>\$751.5</b>	<b>\$710.7</b>	<b>\$2,937.9</b>	<b>\$2,950.5</b>
<i>yoy % chg.</i>	1.6%	12.1%	7.1%	3.9%	3.2%	6.5%	16.4%	20.1%	22.5%	13.6%	18.1%	0.4%
<b>Segment EBITDA</b>												
Las Vegas Locals	\$145.8	\$38.5	\$34.5	\$24.3	\$31.5	\$128.7	\$39.2	\$38.7	\$30.6	\$37.4	\$145.9	\$157.8
<i>yoy % chg.</i>	6.1%	-2.9%	-10.5%	-21.2%	-14.6%	-11.7%	1.9%	12.1%	26.0%	18.8%	13.3%	8.2%
<i>Opex per Day</i>	\$1,258	\$1,278	\$1,258	\$1,245	\$1,275	\$1,264	\$1,262	\$1,219	\$1,207	\$1,243	\$1,233	\$1,233
<i>yoy % chg. in opex per day</i>	-2.3%	0.1%	1.0%	-0.5%	1.2%	0.5%	-1.2%	-3.0%	-3.0%	-2.5%	-2.4%	0.0%
<i>Margin</i>	24.1%	24.9%	23.2%	17.5%	21.1%	21.8%	25.7%	25.9%	21.6%	24.6%	24.5%	26.0%
Downtown Las Vegas	\$35.2	\$8.4	\$8.1	\$6.4	\$9.9	\$32.8	\$7.1	\$9.3	\$5.5	\$11.6	\$33.4	\$38.4
<i>yoy % chg.</i>	2.9%	-6.4%	-13.4%	5.8%	-8.3%	-6.8%	-15.7%	14.7%	-13.9%	16.4%	1.9%	14.7%
<i>Opex per Day</i>	\$518	\$534	\$526	\$513	\$519	\$523	\$522	\$515	\$500	\$514	\$513	\$513
<i>yoy % chg. in opex per day</i>	2.7%	3.0%	1.3%	-0.3%	0.2%	0.9%	-2.2%	-2.1%	-2.5%	-1.0%	-2.0%	0.0%
<i>Margin</i>	15.7%	14.8%	14.5%	11.9%	17.2%	14.6%	13.1%	16.6%	10.6%	19.7%	15.2%	17.0%
Midwest and South	\$167.1	\$58.1	\$51.0	\$48.7	\$34.5	\$192.3	\$49.7	\$48.6	\$46.6	\$36.3	\$181.2	\$182.8
<i>yoy % chg.</i>	16.9%	41.1%	20.6%	9.4%	-11.7%	15.1%	-14.5%	-4.7%	-4.4%	5.3%	-5.8%	0.9%
<i>Opex per Day</i>	\$1,655	\$2,009	\$2,008	\$2,003	\$1,949	\$2,000	\$1,994	\$1,930	\$1,913	\$1,910	\$1,936	\$1,936
<i>yoy % chg. in opex per day</i>	2.8%	28.4%	31.0%	28.5%	0.4%	20.8%	-2.2%	-3.9%	-4.5%	-2.0%	-3.2%	0.0%
<i>Margin</i>	21.7%	23.9%	21.8%	20.9%	16.1%	20.8%	21.7%	21.7%	20.9%	17.1%	20.4%	20.5%
Atlantic City / Borgata	\$158.5	\$38.9	\$30.7	\$33.4	\$14.0	\$117.0	\$28.4	\$27.8	\$48.5	\$28.5	\$133.3	\$131.9
<i>yoy % chg.</i>	-6.4%	22.7%	-20.5%	-33.7%	-63.0%	-26.2%	-26.9%	-9.4%	45.4%	103.5%	13.9%	-1.0%
<i>Opex per Day</i>	\$1,567	\$1,508	\$1,590	\$1,671	\$1,452	\$1,555	\$1,525	\$1,594	\$1,679	\$1,423	\$1,555	\$1,540
<i>yoy % chg. in opex per day</i>	0.5%	-1.2%	0.4%	1.3%	-3.6%	-0.7%	1.1%	0.2%	0.5%	-2.0%	0.0%	-1.0%
<i>Margin</i>	21.7%	22.1%	17.5%	17.8%	9.5%	17.0%	17.1%	16.1%	23.9%	17.9%	19.0%	19.0%
Peninsula	\$110.4	\$56.0	\$52.0	\$50.7	\$21.2	\$21.2	\$50.7	\$48.3	\$46.9	\$49.9	\$190.8	\$193.4
<i>yoy % chg.</i>	7.0%	104.6%	87.4%	84.4%	NM	NM	-9.4%	-7.1%	-7.5%	112.1%	802.2%	1.4%
<i>Opex per Day</i>	\$608	\$866	\$891	\$865	\$852	\$869	\$924	\$961	\$934	\$911	\$933	\$933
<i>yoy % chg. in opex per day</i>	4.6%	47.0%	43.0%	41.1%	40.6%	42.9%	6.7%	7.8%	8.0%	7.0%	7.4%	0.0%
<i>Margin</i>	33.2%	41.5%	39.1%	38.9%	37.2%	37.2%	37.9%	35.6%	35.3%	34.9%	35.9%	36.2%
<b>Segment Adjusted EBITDA</b>	<b>\$506.6</b>	<b>\$143.9</b>	<b>\$124.4</b>	<b>\$112.7</b>	<b>\$111.1</b>	<b>\$492.1</b>	<b>\$175.1</b>	<b>\$172.8</b>	<b>\$178.0</b>	<b>\$158.6</b>	<b>\$684.6</b>	<b>\$704.3</b>
<i>yoy % chg.</i>	12.3%	18.4%	-3.5%	-14.4%	-10.9%	-2.9%	21.7%	38.9%	58.0%	42.8%	39.1%	2.9%
<i>Margin</i>	21.7%	22.7%	20.2%	18.4%	17.7%	19.8%	23.8%	23.4%	23.7%	22.3%	23.3%	23.9%
Corporate Expense	\$40.2	\$10.1	\$10.5	\$9.1	\$10.2	\$40.0	\$11.6	\$12.6	\$10.5	\$11.5	\$46.3	\$46.3
<b>Wholly-owned Segment EBITDA</b>	<b>\$308.0</b>	<b>\$94.9</b>	<b>\$83.1</b>	<b>\$70.3</b>	<b>\$86.8</b>	<b>\$335.1</b>	<b>\$135.1</b>	<b>\$132.3</b>	<b>\$119.1</b>	<b>\$118.6</b>	<b>\$505.1</b>	<b>\$526.1</b>
<i>yoy % chg.</i>	10.0%	18.6%	4.2%	-2.1%	13.7%	8.8%	42.3%	59.3%	69.5%	36.6%	50.7%	4.2%
Share of Borgata Oper. Income												
<b>Adjusted EBITDA</b>	<b>\$466.5</b>	<b>\$133.8</b>	<b>\$113.8</b>	<b>\$103.6</b>	<b>\$100.9</b>	<b>\$452.1</b>	<b>\$163.5</b>	<b>\$160.2</b>	<b>\$167.5</b>	<b>\$147.1</b>	<b>\$638.3</b>	<b>\$658.0</b>
<i>yoy % chg.</i>	11.2%	19.7%	-3.9%	-15.1%	-11.7%	-3.1%	22.2%	40.7%	61.7%	45.9%	41.2%	3.4%
<i>Margin</i>	20.0%	21.1%	18.5%	16.9%	16.1%	18.2%	22.2%	21.7%	22.3%	20.7%	21.7%	22.3%
Deferred Rent	\$4.1	\$1.0	\$1.0	\$1.0	\$1.0	\$4.0	\$1.0	\$1.0	\$1.0	\$1.0	\$3.8	\$3.8
D&A	\$129.9	\$34.9	\$34.7	\$34.1	\$33.1	\$136.7	\$32.8	\$32.5	\$32.5	\$32.5	\$130.4	\$130.4
Borgata D&A	\$65.4	\$15.1	\$16.0	\$16.3	\$16.8	\$64.3	\$15.6	\$15.5	\$15.5	\$15.5	\$62.1	\$62.1
Peninsula D&A							\$21.7	\$22.3	\$22.5	\$23.0	\$89.5	\$89.5
Preopening Expenses	\$6.6	\$1.7	\$2.2	\$1.6	\$6.1	\$11.5	\$2.4	\$0.8			\$3.2	\$3.2
Borgata Expenses	\$0.0					\$0.0					\$0.0	\$0.0
FAS 123	\$10.0	\$3.1	\$2.8	\$1.6	\$4.7	\$12.2	\$4.1	\$2.9	\$2.5	\$3.5	\$13.0	\$13.0
Other Expenses	\$17.2	\$1.4	(\$1.1)	\$0.6	\$1,064.0	\$1,064.9	\$5.5	\$5.8			\$11.4	\$11.4
<b>EBIT</b>	<b>\$233.1</b>	<b>\$76.6</b>	<b>\$58.2</b>	<b>\$48.3</b>	<b>(\$1,038.0)</b>	<b>(\$854.9)</b>	<b>\$80.5</b>	<b>\$79.4</b>	<b>\$93.5</b>	<b>\$71.6</b>	<b>\$325.0</b>	<b>\$359.2</b>
Interest Expense	\$250.7	\$63.8	\$64.4	\$73.8	\$86.8	\$288.8	\$95.0	\$87.6	\$83.1	\$80.6	\$346.3	\$324.9
Other (incl. debt extinguishment)	(\$11.3)	\$0.0	\$0.0	\$0.1	\$0.1	\$0.1	(\$0.5)	\$2.4			\$1.9	\$1.9
Other Non-Op. Borgata Expenses	\$0.0					\$0.0					\$0.0	\$0.0
<b>Pre Tax Income</b>	<b>(\$6.3)</b>	<b>\$12.8</b>	<b>(\$6.1)</b>	<b>(\$25.5)</b>	<b>(\$1,125.0)</b>	<b>(\$1,143.8)</b>	<b>(\$14.1)</b>	<b>(\$10.6)</b>	<b>\$10.4</b>	<b>(\$9.0)</b>	<b>(\$23.2)</b>	<b>\$34.3</b>
Income Tax	\$1.7	\$6.3	(\$5.5)	(\$8.4)	(\$213.2)	(\$220.8)	(\$2.4)	(\$4.1)	\$3.8	(\$3.2)	(\$6.0)	\$12.3
<i>Tax Rate</i>	NM	49.2%	88.7%	33.0%	19.0%	19.3%	17.3%	38.7%	36.0%	36.0%	25.9%	36.0%
<b>GAAP Net Income Cont. Ops</b>	<b>(\$8.0)</b>	<b>\$6.5</b>	<b>(\$0.7)</b>	<b>(\$17.1)</b>	<b>(\$911.8)</b>	<b>(\$923.1)</b>	<b>(\$11.6)</b>	<b>(\$6.5)</b>	<b>\$6.7</b>	<b>(\$5.7)</b>	<b>(\$17.2)</b>	<b>\$21.9</b>
<i>yoy % chg.</i>	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Less Noncontrolling / Disc. Ops	(\$4.1)	\$0.6	(\$1.7)	(\$1.3)	(\$11.9)	(\$14.2)	(\$4.3)	(\$18.1)	\$6.3	(\$2.8)	(\$19.0)	(\$2.7)
<b>GAAP Net Income to Boyd</b>	<b>(\$3.9)</b>	<b>\$5.9</b>	<b>\$1.0</b>	<b>(\$15.8)</b>	<b>(\$899.9)</b>	<b>(\$908.9)</b>	<b>(\$7.3)</b>	<b>\$11.6</b>	<b>\$0.4</b>	<b>(\$3.0)</b>	<b>\$1.8</b>	<b>\$24.6</b>
<i>yoy % chg.</i>	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
<b>Non Recurring Items</b>												
Preopening Expenses	\$17.3	\$4.3	\$4.8	\$4.3	\$8.8	\$22.2	\$4.3	\$0.7	\$0.0	\$0.0	\$5.0	\$0.0
Share of Borgata Preopening	\$0.1	\$0.1	\$0.1			\$0.2	\$0.1	\$0.1			\$0.1	\$0.1
Borgata Other	\$2.7	(\$0.0)	(\$2.0)	(\$1.3)	(\$0.0)	(\$3.4)	\$0.1	\$4.9			\$4.9	\$4.9
Debt Retirement	\$0.0					\$0.0		\$2.4			\$2.4	\$2.4
Write-downs and Other	\$7.7				\$0.9	\$0.9	\$4.2	(\$11.8)			(\$7.5)	(\$7.5)
Other non recurring charges	(\$16.7)	\$0.3	(\$1.3)	\$4.1	\$1,065.9	\$1,068.9	(\$0.8)	\$0.8			(\$0.0)	(\$0.0)
Income Tax Adjustment	(\$6.0)	(\$2.1)	\$0.9	(\$0.8)	(\$203.3)	(\$205.2)	(\$0.1)	(\$8.8)			(\$8.9)	(\$8.9)
<b>Non Recurring Items per Share</b>	<b>\$0.06</b>	<b>\$0.03</b>	<b>\$0.03</b>	<b>\$0.07</b>	<b>\$9.93</b>	<b>\$10.06</b>	<b>\$0.09</b>	<b>(\$0.13)</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>(\$0.04)</b>	<b>\$0.00</b>
<b>Adjusted Net Income</b>	<b>\$1.3</b>	<b>\$8.4</b>	<b>\$3.5</b>	<b>(\$9.4)</b>	<b>(\$27.7)</b>	<b>(\$25.2)</b>	<b>\$0.4</b>	<b>(\$0.1)</b>	<b>\$0.4</b>	<b>(\$3.0)</b>	<b>(\$2.2)</b>	<b>\$24.6</b>
<i>yoy % chg.</i>	-8.7%	NM	35.4%	-30.2%	NM	NM	-9.7%	-103.6%	NM	NM	NM	NM
<b>GAAP EPS</b>	<b>(\$0.04)</b>	<b>\$0.07</b>	<b>\$0.01</b>	<b>(\$0.18)</b>	<b>(\$10.24)</b>	<b>(\$10.35)</b>	<b>(\$0.08)</b>	<b>\$0.13</b>	<b>\$0.00</b>	<b>(\$0.03)</b>	<b>\$0.02</b>	<b>\$0.23</b>
<i>yoy % chg.</i>	NM	NM	NM	-606.9%	NM	NM	-224.5%	1058.0%	NM	NM	NM	NM
<b>Adjusted EPS</b>	<b>\$0.02</b>	<b>\$0.10</b>	<b>\$0.04</b>	<b>(\$0.11)</b>	<b>(\$0.31)</b>	<b>(\$0.29)</b>	<b>\$0.01</b>	<b>(\$0.00)</b>	<b>\$0.00</b>	<b>(\$0.03)</b>	<b>(\$0.02)</b>	<b>\$0.23</b>
<i>yoy % chg.</i>	NM	NM	355.1%	-303.7%	NM							



Figure 20: Balance Sheet and Free Cash Flow (\$ in Millions Except Per Share Data)

Free Cash Flow Model	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E
GAAP Net Income	(\$8.0)	\$6.5	(\$0.7)	(\$17.1)	(\$911.8)	(\$923.1)	(\$11.6)	(\$6.5)	\$6.7	(\$5.7)	(\$17.2)	\$21.9
D&A	\$195.3	\$50.0	\$50.7	\$50.4	\$63.2	\$214.3	\$70.1	\$70.3	\$70.6	\$71.1	\$282.0	\$282.0
FAS 123	\$10.0	\$3.1	\$2.8	\$1.6	\$4.7	\$12.2	\$4.1	\$2.9	\$2.5	\$3.5	\$13.0	\$13.0
Less Maintenance Capex	(\$44.6)	(\$11.8)	(\$16.2)	(\$16.2)	(\$10.0)	(\$54.2)	(\$10.8)	(\$20.9)	(\$10.0)	(\$10.0)	(\$51.7)	(\$50.0)
Less Dividends												
<b>Gross Free Cash Flow</b>	<b>\$152.7</b>	<b>\$47.8</b>	<b>\$36.6</b>	<b>\$18.7</b>	<b>(\$853.9)</b>	<b>(\$750.7)</b>	<b>\$51.7</b>	<b>\$45.8</b>	<b>\$69.7</b>	<b>\$58.8</b>	<b>\$226.1</b>	<b>\$266.9</b>
Gross FCF / Share	\$1.75					(\$8.55)					\$2.32	\$2.44
Gross FCF Yield	12.6%					-61.5%					16.7%	17.6%
Less Project Capex	(\$42.6)	(\$21.0)	(\$21.4)	(\$15.1)	(\$14.3)	(\$71.8)	(\$11.8)	(\$15.0)	(\$15.0)	(\$15.0)	(\$56.8)	(\$15.0)
Less Acquisitions	(\$285.5)				(\$1,324.2)	(\$1,324.2)					\$0.0	\$0.0
Plus Divestitures	\$7.0						\$156.8	\$58.5			\$215.3	\$0.0
Plus Insurance Proceeds									\$227.7		\$227.7	\$0.0
Plus Equity Issuance											\$0.0	\$0.0
Less Share Repurchases											\$0.0	\$0.0
Plus Non Cash Taxes											\$0.0	\$0.0
Other / Non Cash Impairments	\$29.8	\$16.7	(\$20.7)	(\$2.1)	\$667.4	\$661.3	\$20.9	\$2.5	(\$12.8)		\$10.6	
<b>Net Free Cash Flow</b>	<b>(\$138.6)</b>	<b>\$43.5</b>	<b>(\$5.5)</b>	<b>\$1.5</b>	<b>(\$1,524.9)</b>	<b>(\$1,485.4)</b>	<b>\$217.6</b>	<b>\$91.8</b>	<b>\$269.6</b>	<b>\$43.8</b>	<b>\$622.9</b>	<b>\$251.9</b>

Consolidated Balance Sheet Model	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E
Cash & Cash Equivalents	\$178.8	\$156.7	\$360.5	\$343.8	\$192.4	\$192.4	\$358.4	\$182.6	\$231.1	\$228.6	\$228.6	\$455.6
Gross Debt	\$3,390.5	\$3,324.9	\$3,534.2	\$3,516.0	\$4,889.4	\$4,889.4	\$4,837.8	\$4,570.2	\$4,349.1	\$4,302.8	\$4,302.8	\$4,277.8
Net Debt	\$3,211.7	\$3,168.2	\$3,173.7	\$3,172.2	\$4,697.1	\$4,697.1	\$4,479.5	\$4,387.6	\$4,118.0	\$4,074.2	\$4,074.2	\$3,822.3
chg. in Net Debt	\$138.6	(\$43.5)	\$5.5	(\$1.5)	\$1,524.9	\$1,485.4	(\$217.6)	(\$91.8)	(\$269.6)	(\$43.8)	(\$622.9)	(\$251.9)
Equity	\$1,374.1	\$1,386.0	\$1,388.1	\$1,373.8	\$467.1	\$467.1	\$505.3	\$526.1	\$760.4	\$754.7	\$754.7	\$776.6
TTM EBITDA	\$466.5	\$488.5	\$483.9	\$465.5	\$452.1	\$452.1	\$481.8	\$528.1	\$592.1	\$638.3	\$638.3	\$658.0
Gross Debt / EBITDA	7.3x	6.8x	7.3x	7.6x	10.8x	10.8x	10.0x	8.7x	7.3x	6.7x	6.7x	6.5x
Net Debt / EBITDA	6.9x	6.5x	6.6x	6.8x	10.4x	10.4x	9.3x	8.3x	7.0x	6.4x	6.4x	5.8x
TTM Interest Expense	\$250.7	\$257.2	\$254.9	\$268.7	\$288.8	\$288.8	\$320.0	\$343.2	\$352.5	\$346.3	\$346.3	\$324.9
EBITDA / Interest Expense	1.9x	1.9x	1.9x	1.7x	1.6x	1.6x	1.5x	1.5x	1.7x	1.8x	1.8x	2.0x
Debt / Total Cap.	71.2%	70.6%	71.8%	71.9%	91.3%	91.3%	90.5%	89.7%	85.1%	85.1%	85.1%	84.6%

BYD Parent Balance Sheet Model	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E
Cash & Cash Equivalents	\$132.5	\$122.4	\$326.5	\$311.6	\$126.0	\$126.0	\$291.7	\$118.8	\$143.0	\$174.1	\$174.1	\$329.8
Gross Debt	\$2,580.6	\$2,531.9	\$2,738.6	\$2,729.9	\$2,891.2	\$2,891.2	\$2,855.8	\$2,607.7	\$2,386.6	\$2,380.3	\$2,380.3	\$2,355.3
Net Debt	\$2,448.2	\$2,409.5	\$2,412.0	\$2,418.3	\$2,765.2	\$2,765.2	\$2,564.1	\$2,488.9	\$2,243.6	\$2,206.2	\$2,206.2	\$2,025.5
chg. in Net Debt	\$168.3	(\$38.7)	\$2.5	\$6.3	\$346.9	\$317.1	(\$201.1)	(\$75.2)	(\$245.3)	(\$37.4)	(\$559.0)	(\$180.7)
Equity	\$1,374.1	\$1,386.0	\$1,388.1	\$1,373.8	\$467.1	\$467.1	\$505.3	\$526.1	\$532.7	\$527.0	\$527.0	\$548.9
TTM EBITDA	\$308.0	\$322.8	\$326.2	\$324.7	\$335.1	\$335.1	\$303.4	\$304.3	\$306.2	\$314.3	\$314.3	\$332.7
Gross Debt / EBITDA	8.4x	7.8x	8.4x	8.4x	8.6x	8.6x	9.4x	8.6x	7.8x	7.6x	7.6x	7.1x
Net Debt / EBITDA	7.9x	7.5x	7.4x	7.4x	8.3x	8.3x	8.5x	8.2x	7.3x	7.0x	7.0x	6.1x
TTM Interest Expense	\$250.7	\$257.2	\$254.9	\$268.7	\$288.8	\$288.8	\$320.0	\$343.2	\$352.5	\$346.3	\$346.3	\$324.9
EBITDA / Interest Expense	1.2x	1.3x	1.3x	1.2x	1.2x	1.2x	0.9x	0.9x	0.9x	0.9x	0.9x	1.0x
Debt / Total Cap.	65.3%	64.6%	66.4%	66.5%	86.1%	86.1%	85.0%	83.2%	81.8%	81.9%	81.9%	81.1%

Source: Company Reports and Deutsche Bank

Figure 21: Borgata Balance Sheet and Free Cash Flow (\$ in Millions Except Per Share Data)

Borgata FCF & Balance Sheet	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E
Net Income	\$3.5	\$2.6	(\$3.5)	(\$2.1)	(\$22.5)	(\$25.5)	(\$7.8)	(\$12.7)	\$12.5	(\$5.6)	(\$13.6)	(\$5.3)
D&A	\$65.4	\$15.1	\$16.0	\$16.3	\$16.8	\$64.3	\$15.6	\$15.5	\$15.5	\$15.5	\$62.1	\$62.1
Maintenance and Project Capex	(\$28.4)	(\$17.5)	(\$12.8)	(\$3.6)	(\$0.8)	(\$34.7)	(\$3.2)	(\$7.5)	(\$6.1)	(\$4.8)	(\$21.5)	(\$20.8)
Other	(\$10.9)	\$4.6	(\$2.7)	(\$2.8)	\$1.2	\$0.3	\$2.6	\$10.7	(\$4.5)	(\$4.5)	\$4.4	(\$20.0)
<b>Free Cash Flow</b>	<b>\$29.7</b>	<b>\$4.8</b>	<b>(\$3.0)</b>	<b>\$7.9</b>	<b>(\$5.3)</b>	<b>\$4.4</b>	<b>\$7.3</b>	<b>\$6.0</b>	<b>\$17.5</b>	<b>\$0.7</b>	<b>\$31.4</b>	<b>\$16.0</b>
Cash	\$46.3	\$34.3	\$33.9	\$32.2	\$34.1	\$34.1	\$36.4	\$33.8	\$51.3	\$12.0	\$12.0	\$28.0
Gross Debt	\$809.8	\$793.0	\$795.6	\$786.1	\$793.3	\$793.3	\$788.3	\$779.7	\$779.7	\$739.7	\$739.7	\$739.7
Net Debt	\$763.5	\$758.7	\$761.7	\$753.9	\$759.2	\$759.2	\$751.9	\$745.9	\$728.4	\$727.7	\$727.7	\$711.8
chg. in Net Debt	(\$29.7)	(\$4.8)	\$3.0	(\$7.9)	\$5.3	(\$4.3)	(\$7.3)	(\$6.0)	(\$17.5)	(\$0.7)	(\$31.5)	(\$16.0)

Source: Company Reports and Deutsche Bank



Figure 22: Peninsula Balance Sheet and Free Cash Flow (\$ in Millions Except Per Share Data)

Peninsula FCF & Balance Sheet	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E
Net Income					(\$5.2)	(\$5.2)	(\$3.4)	(\$5.4)	(\$1.3)	(\$2.8)	(\$12.9)	(\$2.2)
D&A					\$13.3	\$13.3	\$21.7	\$22.3	\$22.5	\$23.0	\$89.5	\$89.5
Maintenance and Project Capex					(\$7.6)	(\$7.6)	(\$5.9)	(\$10.9)	(\$6.5)	(\$6.5)	(\$29.8)	(\$15.0)
Other					(\$1,286.8)	(\$1,286.8)	(\$3.3)	\$4.7	(\$7.9)	(\$7.9)	(\$14.4)	(\$17.0)
<b>Free Cash Flow</b>					<b>(\$1,286.3)</b>	<b>(\$1,286.3)</b>	<b>\$9.1</b>	<b>\$10.7</b>	<b>\$6.8</b>	<b>\$5.8</b>	<b>\$32.3</b>	<b>\$55.3</b>
Cash					\$32.2	\$32.2	\$30.2	\$30.0	\$36.8	\$42.5	\$42.5	\$97.8
Gross Debt					\$1,204.9	\$1,204.9	\$1,193.8	\$1,182.8	\$1,182.8	\$1,182.8	\$1,182.8	\$1,182.8
Net Debt					\$1,172.7	\$1,172.7	\$1,163.5	\$1,152.8	\$1,146.0	\$1,140.3	\$1,140.3	\$1,085.0
<i>chg. in Debt</i>					<i>\$1,172.7</i>	<i>\$1,172.7</i>	<i>(\$9.1)</i>	<i>(\$10.7)</i>	<i>(\$6.8)</i>	<i>(\$5.8)</i>	<i>(\$32.4)</i>	<i>(\$55.3)</i>

Source: Company Reports and Deutsche Bank



## PENN Comparisons

While our 3Q13 net revenue estimate is down slightly from our prior forecast, our adjusted EBITDA estimate is up modestly as we believe margin mix is likely to contribute to better than expected EBITDA performance given the top line performance. Relative to guidance and Consensus, we expect PENN to come in ~\$4.6 mm ahead of guidance and modestly beat the 3Q13 adjusted EBITDA Consensus estimate of \$193 mm.

Despite the modest upside we foresee relative to guidance and Consensus, we would be remiss not to point out the same-store struggles PENN has experienced, a sampling of which can be found in Figure 23. As evidenced, PENN has been a share donor in nearly all of its markets in which it is not facing new supply pressures or other legislative changes.

Figure 23: PENN 3Q13 Same-Store Gross Gaming Revenue

	3Q13 Same Store GGR	3Q12 Same Store GGR	PENN yoy % chg.	State-wide yoy % chg.
Hollywood Penn National (PA)	\$63.1	\$70.6	-10.7%	-2.1%
Hollywood Aurora (IL)	\$35.4	\$38.2	-7.3%	-4.0%
Empress Joliet (IL)	\$32.0	\$37.7	-15.1%	-4.0%
Argosy Alton (IL)	\$16.0	\$18.0	-11.0%	-4.0%
Hollywood Bangor (ME)	\$15.1	\$16.5	-8.3%	8.5%
Argosy Riverside (MO)	\$36.5	\$38.2	-4.5%	-3.5%
Argosy Sioux City (IA)	\$12.2	\$14.2	-14.1%	-3.7%
<b>Aggregate PENN Same Store</b>	<b>\$210.2</b>	<b>\$233.4</b>	<b>-9.9%</b>	<b>-3.0%</b>

\* Same store excludes properties owned less than one year, proerties with legislative changes, and properties impacted by cannibalization.

Source: State Gaming Control Boards/Commissions and Deutsche Bank

Figure 24: DB Estimates vs. Consensus Metrix Estimates

\$ in MM except per share data

	3Q13E			2013E			2014E		
	DB Forecast	Consensus via Consensus Metrix	Delta	DB Forecast	Consensus via Consensus Metrix	Delta	DB Forecast	Consensus via Consensus Metrix	Delta
<b>Total Net Revenue</b>	<b>\$725.4</b>	<b>\$724.3</b>	<b>\$1.1</b>	<b>\$2,990.6</b>	<b>\$2,993.4</b>	<b>(\$2.8)</b>	<b>\$2,955.7</b>	<b>\$3,035.8</b>	<b>(\$80.1)</b>
Midwest Region	\$79.9	\$82.8	(\$2.8)	\$340.8	\$344.7	(\$3.9)	\$343.0	\$356.8	(\$13.9)
East / West Region	\$87.3	\$83.3	\$4.0	\$352.9	\$350.4	\$2.5	\$333.7	\$345.4	(\$11.7)
Southern Plains Region	\$54.1	\$51.0	\$3.2	\$221.8	\$213.8	\$8.0	\$221.6	\$222.1	(\$0.5)
Other	(\$27.0)	(\$23.9)	(\$3.1)	(\$104.4)	(\$99.8)	(\$4.6)	(\$97.0)	(\$91.8)	(\$5.2)
<b>Adjusted Consolidated EBITDA</b>	<b>\$194.3</b>	<b>\$193.1</b>	<b>\$1.3</b>	<b>\$811.1</b>	<b>\$809.1</b>	<b>\$2.0</b>	<b>\$801.2</b>	<b>\$832.5</b>	<b>(\$31.3)</b>
<b>Adjusted EPS</b>	<b>\$0.45</b>	<b>\$0.46</b>	<b>(\$0.01)</b>	<b>\$2.15</b>	<b>\$2.19</b>	<b>(\$0.04)</b>	<b>\$2.12</b>	<b>\$2.30</b>	<b>(\$0.18)</b>

Source: Company reports, Consensus Metrix, and Deutsche Bank



Figure 25: Summary of Our Estimate Changes (\$ in Millions Except Per Share Data)

\$ in MM except per share data	3Q13E			2013E			2014E		
	Current	Prior	Delta	Current	Prior	Delta	Current	Prior	Delta
Total Net Revenue	\$725.4	\$727.8	(\$2.3)	\$2,990.6	\$2,992.8	(\$2.2)	\$2,955.7	\$2,957.9	(\$2.2)
Adjusted Consolidated EBITDA	\$194.3	\$193.7	\$0.7	\$811.1	\$809.2	\$2.0	\$801.2	\$799.3	\$1.9
<b>Reported Consolidated EBITDA</b>	<b>\$194.3</b>	<b>\$193.7</b>	<b>\$0.7</b>	<b>\$809.5</b>	<b>\$807.5</b>	<b>\$2.0</b>	<b>\$801.2</b>	<b>\$799.3</b>	<b>\$1.9</b>
Operating Income	\$102.9	\$102.3	\$0.7	\$380.7	\$378.7	\$2.0	\$460.0	\$458.1	\$1.9
Net Income	\$46.5	\$46.1	\$0.4	\$142.9	\$141.7	\$1.2	\$217.8	\$216.6	\$1.2
<b>Adjusted Net Income</b>	<b>\$46.5</b>	<b>\$46.1</b>	<b>\$0.4</b>	<b>\$221.1</b>	<b>\$219.9</b>	<b>\$1.2</b>	<b>\$217.8</b>	<b>\$216.6</b>	<b>\$1.2</b>
GAAP EPS	\$0.45	\$0.45	\$0.00	\$1.35	\$1.34	\$0.01	\$2.12	\$2.11	\$0.01
<b>Adjusted EPS</b>	<b>\$0.45</b>	<b>\$0.45</b>	<b>\$0.00</b>	<b>\$2.15</b>	<b>\$2.14</b>	<b>\$0.01</b>	<b>\$2.12</b>	<b>\$2.11</b>	<b>\$0.01</b>

Source: Company reports and Deutsche Bank

Figure 26: Our PENN 3Q13 Estimates vs. Reported 3Q12 & 2Q13

(\$MM, except per share data)	PENN Estimates Y/Y				PENN Estimates Sequential			
	3Q13E	3Q12	+/-	yoy % chg.	3Q13E	2Q13	+/-	Sequential % chg.
<b>Net Revenue</b>								
Midwest Region	\$247.5	\$247.3	\$0.2	0.1%	\$247.5	\$258.2	(\$10.7)	-4.1%
East/West Region	\$299.3	\$324.6	(\$25.3)	-7.8%	\$299.3	\$317.1	(\$17.8)	-5.6%
Southern Plains Region	\$171.5	\$128.6	\$42.9	33.3%	\$171.5	\$175.9	(\$4.4)	-2.5%
Other	\$7.2	\$6.6	\$0.7	10.0%	\$7.2	\$10.2	(\$3.0)	-29.5%
<b>Total Net Revenue</b>	<b>\$725.4</b>	<b>\$707.0</b>	<b>\$18.4</b>	<b>2.6%</b>	<b>\$725.4</b>	<b>\$761.4</b>	<b>(\$36.0)</b>	<b>-4.7%</b>
<b>Segment EBITDA</b>								
Midwest Region	\$79.9	\$87.0	(\$7.0)	-8.1%	\$79.9	\$85.9	(\$6.0)	-6.9%
Property Level Margin	32.3%	35.2%	(287)		32.3%	33.3%	(97)	
East / West Region	\$87.3	\$90.4	(\$3.1)	-3.4%	\$87.3	\$95.1	(\$7.8)	-8.2%
Property Level Margin	29.2%	27.8%	133		29.2%	30.0%	(83)	
Southern Plains Region	\$54.1	\$40.0	\$14.1	35.2%	\$54.1	\$55.7	(\$1.5)	-2.8%
Property Level Margin	31.6%	31.1%	43		31.6%	31.6%	(8)	
Other	(\$27.0)	(\$21.0)	(\$6.0)	28.4%	(\$27.0)	(\$26.1)	(\$0.9)	3.3%
Property Level Margin	-374.7%	-321.0%			-374.7%	-255.6%		
<b>Adjusted Consolidated EBITDA</b>	<b>\$194.3</b>	<b>\$196.3</b>	<b>(\$2.0)</b>	<b>-1.0%</b>	<b>\$194.3</b>	<b>\$210.5</b>	<b>(\$16.2)</b>	<b>-7.7%</b>
Adjusted Consolidated Margin	26.8%	27.8%	(98)		26.8%	27.7%	(86)	
Adjustments	\$0.0	\$27.8	(\$27.8)	NM	\$0.0	(\$0.9)	\$0.9	NM
<b>Reported Consolidated EBITDA</b>	<b>\$194.3</b>	<b>\$168.6</b>	<b>\$25.8</b>	<b>15.3%</b>	<b>\$194.3</b>	<b>\$211.4</b>	<b>(\$17.1)</b>	<b>-8.1%</b>
EBITDA Margin	26.8%	23.8%	295		26.8%	27.8%	(97)	
D&A	\$80.2	\$62.4	\$17.8	28.6%	\$80.2	\$80.6	(\$0.4)	-0.5%
Other	\$11.2	\$7.5	\$3.7	48.8%	\$11.2	\$83.9	(\$72.7)	-86.7%
<b>Operating Income</b>	<b>\$102.9</b>	<b>\$98.7</b>	<b>\$4.3</b>	<b>4.3%</b>	<b>\$102.9</b>	<b>\$46.9</b>	<b>\$56.1</b>	<b>119.6%</b>
Interest Income	\$0.3	\$0.2	\$0.1	37.6%	\$0.3	\$0.3	(\$0.0)	-12.5%
Interest Expense	\$27.0	\$20.0	\$7.0	35.3%	\$27.0	\$27.1	(\$0.1)	-0.2%
Other Non-Operating Income (Expense)	\$0.0	(\$2.0)	\$2.0	-100.0%	\$0.0	\$2.4	(\$2.4)	NM
Loss from Unconsolidated Affiliates	\$0.0	\$0.8	(\$0.8)	-100.0%	\$0.0	\$3.8	(\$3.8)	NM
Loss on Debt Extinguishment	\$0.0	\$0.0	\$0.0	NM	\$0.0	\$0.0	\$0.0	NM
<b>Pre Tax Income</b>	<b>\$76.2</b>	<b>\$77.8</b>	<b>(\$1.6)</b>	<b>-2.0%</b>	<b>\$76.2</b>	<b>\$26.4</b>	<b>\$49.8</b>	<b>188.9%</b>
Income Tax Expense (Benefit)	\$29.7	\$31.3	(\$1.6)	-5.1%	\$29.7	\$38.6	(\$8.8)	-22.9%
<b>Net Income</b>	<b>\$46.5</b>	<b>\$46.4</b>	<b>\$0.1</b>	<b>0.1%</b>	<b>\$46.5</b>	<b>(\$12.2)</b>	<b>\$58.7</b>	<b>-481.8%</b>
Noncontrolling Interest / Disc. Ops.	\$0.0	\$0.0	\$0.0	NM	\$0.0	\$0.0	\$0.0	NM
<b>Net Income to PENN</b>	<b>\$46.5</b>	<b>\$46.4</b>	<b>\$0.1</b>	<b>0.1%</b>	<b>\$46.5</b>	<b>(\$12.2)</b>	<b>\$58.7</b>	<b>-481.8%</b>
Non Recurring Items	\$0.0	\$16.6	(\$16.6)	-100.0%	\$0.0	\$76.7	(\$76.7)	NM
<b>Adjusted Net Income</b>	<b>\$46.5</b>	<b>\$63.0</b>	<b>(\$16.5)</b>	<b>-26.2%</b>	<b>\$46.5</b>	<b>\$64.5</b>	<b>(\$18.0)</b>	<b>-27.9%</b>
GAAP EPS	\$0.45	\$0.44	\$0.01	3.0%	\$0.45	(\$0.16)	\$0.61	-390.6%
<b>Adjusted EPS</b>	<b>\$0.45</b>	<b>\$0.60</b>	<b>(\$0.14)</b>	<b>-24.1%</b>	<b>\$0.45</b>	<b>\$0.63</b>	<b>(\$0.17)</b>	<b>-27.9%</b>
Shares Outstanding (Basic)	78.3	76.3	2.0		78.3	78.3	0.0	
Shares Outstanding (Diluted)	102.9	105.8	(3.0)		102.9	102.9	0.0	

Source: Company reports and Deutsche Bank



## PENN Price Target Analysis

Our \$64 target is predicated on a sum of the parts approach using a dividend yield methodology to value the PropCo, a multiple of EBITDA to value the OpCo, and an adjustment for the \$3.33 one-time dividend. Our PropCo equity value assumes a 5.5% dividend yield and \$2.33 pro forma 2013 dividend which implies a value per share of \$42. Our OpCo equity value applies a 7.5x EV-to-EBITDA multiple, which we believe to be consistent with historical regional market multiples and recent regional asset sale transaction multiples, to pro forma 2013 cash flow to establish a firm value. We then extract year-end pro forma 2013 net debt. Our analysis implies a value per share of \$18. Additionally, we include an adjustment for the \$3.33 one-time dividend.

Figure 27: Price Target Analysis (\$ in MM, except per share data)

		PropCo											
		Pro Forma PropCo 2013 Dividend											
		\$2.33	\$2.33	\$2.33	\$2.33	\$2.33	\$2.33	\$2.33	\$2.33	\$2.33	\$2.33		
		Dividend Yield											
		7.5%	7.0%	6.5%	6.0%	5.5%	5.0%	4.5%	4.0%	3.5%			
		Implied PropCo Value per Share											
		\$31	\$33	\$36	\$39	\$42	\$47	\$52	\$58	\$67			
		One Time Dividend											
		\$3.33	\$3.33	\$3.33	\$3.33	\$3.33	\$3.33	\$3.33	\$3.33	\$3.33	\$3.33		
OpCo	Pro Forma OpCo 2013 EBITDA	EV/EBITDA Target Multiple	Equity Value per Share	\$14	\$49	\$51	\$53	\$56	\$60	\$64	\$69	\$76	\$84
				\$15	\$50	\$52	\$54	\$57	\$61	\$65	\$70	\$77	\$85
				\$16	\$51	\$53	\$55	\$58	\$62	\$66	\$71	\$78	\$86
				\$17	\$52	\$54	\$56	\$59	\$63	\$67	\$72	\$79	\$87
				\$18	\$53	\$55	\$57	\$60	\$64	\$68	\$73	\$80	\$88
				\$19	\$54	\$56	\$58	\$61	\$65	\$69	\$74	\$81	\$89
				\$20	\$55	\$57	\$59	\$62	\$66	\$70	\$75	\$82	\$90
				\$21	\$56	\$58	\$60	\$63	\$67	\$71	\$76	\$83	\$91
				\$22	\$57	\$59	\$62	\$64	\$68	\$72	\$77	\$84	\$92

Source: Company reports and Deutsche Bank



## PENN Valuation & Risks

At current levels, PENN trades at 9.8x and 9.9x our 2013 and 2014 EBITDA estimates, respectively. After adjusting for non-EBITDA generating construction in progress debt, we calculate EV/EBITDA multiples of 9.7x and 9.8x for 2013 and 2014, respectively. Since 2004, PENN has traded at an average EV/EBITDA multiple of 8.2x its forward year EBITDA and 9.2x its same year EBITDA.

**Downside Risks Include:** 1) failure to complete the transaction, 2) further macro deterioration and/or rising interest rates, 3) an inability to attract REIT buyers to the PropCo, and 4) the impact of new competition at Hollywood Charles Town, Hollywood Perryville, Hollywood Baton Rouge, Argosy Riverside, and Hollywood Lawrenceburg exceeding current expectations.

Figure 28: EV/EBITDA Multiple Summary (\$ in MM, except per share data)

<u>Current Multiple Data</u>		<u>Adjusted Current Multiple Data</u>		<u>Historical Multiple Data</u>	
October 15, 2013		October 15, 2013			
Share Price	\$56.21	Share Price	\$56.21	Average (2004 - Present)	9.2x
Shares Outstanding (MRQ)	102.9	Shares Outstanding (MRQ)	102.9	Peak (2004 - Present)	15.6x
Market Cap (\$ in MM)	\$5,783	Market Cap (\$ in MM)	\$5,783	Trough (2004 - Present)	5.0x
2010 Net Debt	\$1,925	2010 Net Debt (Adjusted for CIP)	\$1,925		
2011 Net Debt	\$1,806	2011 Net Debt (Adjusted for CIP)	\$1,806	Average (2005 - Present)	9.4x
2012 Net Debt	\$2,472	2012 Net Debt (Adjusted for CIP)	\$2,328	Peak (2005 - Present)	15.6x
2013E Net Debt	\$2,159	2013E Net Debt (Adjusted for CIP)	\$2,058	Trough (2005 - Present)	5.0x
2014E Net Debt	\$2,128	2014E Net Debt (Adjusted for CIP)	\$2,049		
2010 EV	\$7,708	2010 EV	\$7,708	Average (2007 - Present)	8.6x
2011 EV	\$7,590	2011 EV	\$7,590	Peak (2007 - Present)	12.2x
2012 EV	\$8,255	2012 EV	\$8,111	Trough (2007 - Present)	5.0x
2013E EV	\$7,942	2013E EV	\$7,841		
2014E EV	\$7,912	2014E EV	\$7,832		
2010 EBITDA	\$613	2010 EBITDA	\$613	Average (2009 - Present)	8.3x
2011 EBITDA	\$722	2011 EBITDA	\$722	Peak (2009 - Present)	10.1x
2012 EBITDA	\$789	2012 EBITDA	\$789	Trough (2009 - Present)	6.2x
2013E EBITDA	\$811	2013E EBITDA	\$811		
2014E EBITDA	\$801	2014E EBITDA	\$801		
<b>2010 EV/EBITDA</b>	<b>12.6x</b>	<b>2010 EV/EBITDA</b>	<b>12.6x</b>		
<b>2011 EV/EBITDA</b>	<b>10.5x</b>	<b>2011 EV/EBITDA</b>	<b>10.5x</b>		
<b>2012 EV/EBITDA</b>	<b>10.5x</b>	<b>2012 EV/EBITDA</b>	<b>10.3x</b>		
<b>2013E EV/EBITDA</b>	<b>9.8x</b>	<b>2013E EV/EBITDA</b>	<b>9.7x</b>		
<b>2014E EV/EBITDA</b>	<b>9.9x</b>	<b>2014E EV/EBITDA</b>	<b>9.8x</b>		

Source: Company reports and Deutsche Bank





## PENN Model

Figure 29: Earnings Model (\$ in MM, except per share data)

	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E
<i>Days in Period</i>	365	91	91	92	92	366	90	91	92	92	365	365
Midwest Region	\$826.4	\$205.1	\$218.0	\$247.3	\$279.1	\$949.5	\$287.3	\$258.2	\$247.5	\$245.8	\$1,038.8	\$1,042.7
<i>yoy % chg.</i>	0.1%	-4.1%	1.7%	20.4%	44.7%	14.9%	40.1%	18.4%	0.1%	-11.9%	9.4%	0.4%
East/West Region	\$1,290.7	\$370.6	\$348.7	\$324.6	\$301.7	\$1,345.6	\$317.0	\$317.1	\$299.3	\$283.1	\$1,216.5	\$1,180.1
<i>yoy % chg.</i>	29.4%	28.5%	9.4%	-7.3%	-9.5%	4.3%	-14.5%	-9.1%	-7.8%	-6.2%	-9.6%	-3.0%
Southern Plains Region	\$590.7	\$149.7	\$137.4	\$128.6	\$155.5	\$571.2	\$184.7	\$175.9	\$171.5	\$169.0	\$701.0	\$698.4
<i>yoy % chg.</i>	-1.9%	-3.5%	-6.2%	-13.5%	10.8%	-3.3%	23.4%	28.0%	33.3%	8.7%	22.7%	-0.4%
Other	\$34.4	\$10.6	\$8.5	\$6.6	\$7.5	\$33.1	\$9.2	\$10.2	\$7.2	\$7.6	\$34.2	\$34.6
<i>yoy % chg.</i>	1.9%	8.8%	2.0%	-0.3%	-23.2%	-3.6%	-13.2%	20.0%	10.0%	2.0%	3.4%	1.0%
<b>Total Net Revenue</b>	<b>\$2,742.3</b>	<b>\$736.1</b>	<b>\$712.6</b>	<b>\$707.0</b>	<b>\$743.8</b>	<b>\$2,899.5</b>	<b>\$798.2</b>	<b>\$761.4</b>	<b>\$725.4</b>	<b>\$705.5</b>	<b>\$2,990.6</b>	<b>\$2,955.7</b>
<i>yoy % chg.</i>	11.5%	10.3%	3.6%	-0.5%	10.0%	5.7%	8.4%	6.9%	2.6%	-5.1%	3.1%	-1.2%
Midwest Region	\$259.2	\$67.7	\$74.8	\$87.0	\$89.4	\$318.9	\$96.1	\$85.9	\$79.9	\$78.9	\$340.8	\$343.0
<i>yoy % chg.</i>	4.6%	1.2%	8.6%	33.6%	53.1%	23.0%	41.9%	14.8%	-8.1%	-11.8%	6.9%	0.6%
<i>Region Margin</i>	31.4%	33.0%	34.3%	35.2%	32.0%	33.6%	33.4%	33.3%	32.3%	32.1%	32.8%	32.9%
East / West Region	\$350.8	\$106.3	\$98.4	\$90.4	\$84.4	\$379.5	\$92.7	\$95.1	\$87.3	\$77.8	\$352.9	\$333.7
<i>yoy % chg.</i>	32.8%	31.7%	7.2%	-3.7%	-0.1%	8.2%	-12.8%	-3.3%	-3.4%	-7.9%	-7.0%	-5.4%
<i>Region Margin</i>	27.2%	28.7%	28.2%	27.8%	28.0%	28.2%	29.3%	30.0%	28.2%	27.5%	29.0%	29.0%
Southern Plains Region	\$195.2	\$55.3	\$46.7	\$40.0	\$42.2	\$184.2	\$58.7	\$55.7	\$54.1	\$53.4	\$221.8	\$221.6
<i>yoy % chg.</i>	4.6%	2.0%	-5.5%	-15.5%	-4.6%	-5.6%	6.2%	19.2%	35.2%	26.6%	20.5%	-0.1%
<i>Region Margin</i>	33.0%	36.9%	34.0%	31.1%	27.1%	32.2%	31.8%	31.6%	31.6%	31.6%	31.6%	31.7%
Other	(\$83.5)	(\$22.2)	(\$21.3)	(\$21.0)	(\$29.0)	(\$93.6)	(\$24.2)	(\$26.1)	(\$27.0)	(\$27.0)	(\$104.4)	(\$97.0)
<i>yoy % chg.</i>	-2.4%	-6.6%	9.5%	3.3%	46.2%	12.1%	9.2%	22.6%	28.4%	-7.0%	11.5%	-7.1%
<b>Adjusted Consolidated EBITDA</b>	<b>\$721.7</b>	<b>\$207.1</b>	<b>\$198.5</b>	<b>\$196.3</b>	<b>\$186.9</b>	<b>\$788.9</b>	<b>\$223.3</b>	<b>\$210.5</b>	<b>\$194.3</b>	<b>\$183.0</b>	<b>\$811.1</b>	<b>\$801.2</b>
<i>yoy % chg.</i>	17.7%	16.3%	4.2%	5.6%	11.8%	9.3%	7.8%	6.0%	-1.0%	-2.1%	2.8%	-1.2%
<i>Margin</i>	26.3%	28.1%	27.9%	27.8%	25.1%	27.2%	28.0%	27.7%	26.8%	25.9%	27.1%	27.1%
Adjustments	(\$8.5)	\$6.4	\$8.8	\$27.8	\$34.6	\$77.5	\$2.5	(\$0.9)			\$1.7	\$0.0
<b>Reported Consolidated EBITDA</b>	<b>\$730.2</b>	<b>\$200.7</b>	<b>\$189.8</b>	<b>\$168.6</b>	<b>\$152.3</b>	<b>\$711.4</b>	<b>\$220.7</b>	<b>\$211.4</b>	<b>\$194.3</b>	<b>\$183.0</b>	<b>\$809.5</b>	<b>\$801.2</b>
<i>yoy % chg.</i>	24.6%	12.8%	0.1%	-18.2%	-2.7%	-2.6%	10.0%	11.4%	15.3%	20.1%	13.8%	-1.0%
<i>Margin</i>	26.6%	27.3%	26.6%	23.8%	20.5%	24.5%	27.7%	27.8%	26.8%	25.9%	27.1%	27.1%
D&A	\$211.5	\$53.3	\$56.8	\$62.4	\$72.8	\$245.3	\$77.1	\$80.6	\$80.2	\$79.7	\$317.6	\$317.6
FAS 123	\$24.7	\$7.9	\$7.4	\$6.9	\$6.4	\$28.6	\$6.3	\$5.5	\$6.2	\$5.7	\$23.6	\$23.6
Loss from Unconsolidated Affiliates	\$7.4	\$1.7	\$1.1	\$0.8	\$0.3	\$3.8	\$1.7	\$3.8	\$0.0	\$0.0	\$5.5	\$0.0
Other	(\$12.9)	(\$4.8)	(\$3.5)	(\$0.2)	(\$0.5)	(\$8.9)	\$2.4	\$7.6	\$5.0		\$82.0	
<b>Operating Income</b>	<b>\$499.6</b>	<b>\$142.6</b>	<b>\$128.0</b>	<b>\$98.67</b>	<b>\$73.3</b>	<b>\$442.6</b>	<b>\$133.3</b>	<b>\$46.9</b>	<b>\$102.9</b>	<b>\$97.6</b>	<b>\$380.7</b>	<b>\$460.0</b>
Interest Income	\$0.4	\$0.2	\$0.2	\$0.2	\$0.3	\$0.9	\$0.3	\$0.3	\$0.3	\$0.3	\$1.2	\$1.6
Interest Expense	\$99.6	\$18.0	\$17.8	\$20.0	\$25.6	\$81.4	\$27.9	\$27.1	\$27.0	\$26.8	\$108.8	\$104.6
Other Non-Operating Income (Expense)	(\$0.7)	(\$1.0)	\$1.5	(\$2.0)	\$0.1	(\$1.4)	\$0.7	\$2.4			\$3.1	
Loss from Unconsolidated Affiliates	\$7.4	\$1.7	\$1.1	\$0.8	\$0.3	\$3.8	\$1.7	\$3.8	\$0.0	\$0.0	\$5.5	\$0.0
Loss on Debt Extinguishment	(\$17.8)					\$0.0					\$0.0	
<b>Pre Tax Income</b>	<b>\$389.2</b>	<b>\$125.5</b>	<b>\$113.0</b>	<b>\$77.8</b>	<b>\$48.3</b>	<b>\$364.5</b>	<b>\$108.0</b>	<b>\$26.4</b>	<b>\$76.2</b>	<b>\$71.1</b>	<b>\$281.7</b>	<b>\$357.0</b>
Income Tax Expense (Benefit)	\$146.9	\$46.9	\$46.3	\$31.3	\$28.1	\$152.6	\$42.8	\$38.6	\$29.7	\$27.7	\$138.8	\$139.2
<i>Tax Rate</i>	37.7%	37.3%	41.0%	40.3%	58.1%	41.9%	39.6%	146.2%	39.0%	39.0%	49.3%	39.0%
<b>Net Income</b>	<b>\$242.4</b>	<b>\$78.6</b>	<b>\$66.7</b>	<b>\$46.4</b>	<b>\$20.2</b>	<b>\$212.0</b>	<b>\$65.3</b>	<b>(\$12.2)</b>	<b>\$46.5</b>	<b>\$43.3</b>	<b>\$142.9</b>	<b>\$217.8</b>
<i>yoy % chg.</i>	NM	52.6%	-12.3%	-34.4%	-54.0%	-12.5%	-17.0%	NM	0.1%	114.2%	-32.6%	52.4%
Noncontrolling Interest / Disc. Ops.	\$0.0					\$0.0					\$0.0	\$0.0
<b>Net Income to PENN</b>	<b>\$242.4</b>	<b>\$78.6</b>	<b>\$66.7</b>	<b>\$46.4</b>	<b>\$20.2</b>	<b>\$212.0</b>	<b>\$65.3</b>	<b>(\$12.2)</b>	<b>\$46.5</b>	<b>\$43.3</b>	<b>\$142.9</b>	<b>\$217.8</b>
<i>yoy % chg.</i>	NM	52.6%	-12.3%	-34.4%	-54.0%	-12.5%	-17.0%	NM	0.1%	114.2%	-32.6%	52.4%
<b>Non Recurring Items</b>												
Pre-opening & Development	\$0.0			\$5.1	\$2.2	\$7.3	\$0.1				\$0.1	\$0.0
Debt Extinguishment						\$0.0					\$0.0	\$0.0
Other		(\$2.4)	(\$1.5)	\$11.4	\$30.0	\$37.5	\$1.4	\$76.7			\$78.1	\$0.0
<b>Adjusted Net Income</b>	<b>\$223.0</b>	<b>\$76.2</b>	<b>\$65.2</b>	<b>\$63.0</b>	<b>\$52.5</b>	<b>\$256.8</b>	<b>\$66.8</b>	<b>\$64.5</b>	<b>\$46.5</b>	<b>\$43.3</b>	<b>\$221.1</b>	<b>\$217.8</b>
<i>yoy % chg.</i>	56.3%	51.1%	10.9%	-2.1%	6.0%	15.2%	-12.4%	-1.0%	-26.2%	-17.4%	-13.9%	-1.5%
<b>GAAP EPS</b>	<b>\$2.26</b>	<b>\$0.74</b>	<b>\$0.63</b>	<b>\$0.44</b>	<b>\$0.19</b>	<b>\$2.00</b>	<b>\$0.63</b>	<b>(\$0.16)</b>	<b>\$0.45</b>	<b>\$0.42</b>	<b>\$1.35</b>	<b>\$2.12</b>
<i>yoy % chg.</i>	NM	54.4%	-11.1%	-33.4%	-53.3%	-11.4%	-14.8%	-124.8%	3.0%	117.5%	-32.6%	56.5%
<b>Adjusted EPS</b>	<b>\$2.08</b>	<b>\$0.72</b>	<b>\$0.61</b>	<b>\$0.60</b>	<b>\$0.50</b>	<b>\$2.43</b>	<b>\$0.65</b>	<b>\$0.63</b>	<b>\$0.45</b>	<b>\$0.42</b>	<b>\$2.15</b>	<b>\$2.12</b>
<i>yoy % chg.</i>	55.1%	52.9%	12.4%	-0.6%	7.8%	16.8%	-10.0%	2.1%	-24.1%	-16.1%	-11.7%	-1.5%
Shares Outstanding (Basic)	78.0	76.0	76.3	76.3	76.8	76.3	77.6	78.3	78.3	78.3	78.1	78.1
Shares Outstanding (Diluted)	107.0	105.6	106.1	105.8	104.5	105.5	102.9	102.9	102.9	102.9	102.9	102.9

Source: Company reports and Deutsche Bank



Figure 30: Midwest Driver Model (\$ in MM)

	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E
<i>Days in Period</i>	365	91	91	92	92	366	90	91	92	92	365	365
<b>Hollywood Lawrenceburg</b>	<b>\$436.5</b>	<b>\$110.9</b>	<b>\$102.0</b>	<b>\$96.7</b>	<b>\$85.8</b>	<b>\$395.4</b>	<b>\$86.6</b>	<b>\$67.3</b>	<b>\$62.6</b>	<b>\$55.8</b>	<b>\$272.3</b>	<b>\$266.8</b>
<i>yoy % chg.</i>	-0.1%	0.7%	-7.3%	-12.3%	-19.0%	-9.4%	-21.9%	-34.0%	-35.2%	-35.0%	-31.1%	-2.0%
<i>Month 1 GGR</i>		\$33.3	\$35.7	\$33.4	\$27.4		\$28.3	\$23.4	\$21.7	\$17.8		
<i>yoy % chg.</i>		-2.8%	-7.8%	-13.4%	-22.5%		-15.0%	-34.3%	-35.0%	-35.0%		
<i>Month 2 GGR</i>		\$39.0	\$34.2	\$33.2	\$29.0		\$29.5	\$23.1	\$21.6	\$18.8		
<i>yoy % chg.</i>		7.0%	-5.1%	-5.8%	-13.9%		-24.4%	-32.6%	-34.8%	-35.0%		
<i>Month 3 GGR</i>		\$38.6	\$32.1	\$30.1	\$29.5		\$28.8	\$20.8	\$19.3	\$19.1		
<i>yoy % chg.</i>		-2.2%	-9.0%	-17.5%	-20.5%		-25.4%	-35.2%	-35.9%	-35.0%		
<i>Quarter GGR</i>	\$436.5	\$110.9	\$102.0	\$96.7	\$85.8	\$395.4	\$86.6	\$67.3	\$62.6	\$55.8	\$272.3	\$266.8
<i>yoy % chg.</i>	-0.1%	0.7%	-7.3%	-12.3%	-19.0%	-9.4%	-21.9%	-34.0%	-35.2%	-35.0%	-31.1%	-2.0%
<b>Hollywood Aurora</b>	<b>\$173.2</b>	<b>\$38.2</b>	<b>\$38.9</b>	<b>\$38.2</b>	<b>\$36.5</b>	<b>\$151.9</b>	<b>\$36.7</b>	<b>\$37.8</b>	<b>\$35.4</b>	<b>\$35.1</b>	<b>\$145.0</b>	<b>\$142.1</b>
<i>yoy % chg.</i>	-4.4%	-13.3%	-16.1%	-12.2%	-6.8%	-12.3%	-3.9%	-3.0%	-7.3%	-4.0%	-4.5%	-2.0%
<i>Month 1 GGR</i>		\$10.9	\$13.5	\$12.6	\$12.4		\$10.9	\$12.5	\$12.1	\$11.9		
<i>yoy % chg.</i>		-24.2%	-16.4%	-19.8%	-6.9%		-0.5%	-7.2%	-4.1%	-4.0%		
<i>Month 2 GGR</i>		\$13.4	\$12.6	\$12.8	\$11.6		\$11.7	\$12.9	\$12.3	\$11.1		
<i>yoy % chg.</i>		-0.1%	-20.6%	-12.8%	-10.3%		-13.0%	2.2%	-4.4%	-4.0%		
<i>Month 3 GGR</i>		\$13.9	\$12.8	\$12.8	\$12.6		\$14.2	\$12.3	\$11.1	\$12.1		
<i>yoy % chg.</i>		-14.5%	-10.7%	-2.4%	-3.1%		2.2%	-3.7%	-13.3%	-4.0%		
<i>Quarter GGR</i>	\$173.2	\$38.2	\$38.9	\$38.2	\$36.5	\$151.9	\$36.7	\$37.8	\$35.4	\$35.1	\$145.0	\$142.1
<i>yoy % chg.</i>	-4.4%	-13.3%	-16.1%	-12.2%	-6.8%	-12.3%	-3.9%	-3.0%	-7.3%	-4.0%	-4.5%	-2.0%
<b>Hollywood Joliet</b>	<b>\$146.2</b>	<b>\$35.2</b>	<b>\$35.2</b>	<b>\$37.7</b>	<b>\$33.5</b>	<b>\$141.5</b>	<b>\$34.6</b>	<b>\$35.2</b>	<b>\$32.0</b>	<b>\$32.8</b>	<b>\$134.7</b>	<b>\$134.7</b>
<i>yoy % chg.</i>	1.9%	-12.5%	-13.5%	9.0%	8.7%	-3.2%	-1.5%	0.2%	-15.1%	-2.0%	-4.8%	0.0%
<i>Month 1 GGR</i>		\$10.9	\$12.1	\$13.7	\$10.8		\$10.7	\$11.9	\$10.9	\$10.5		
<i>yoy % chg.</i>		-19.3%	-16.3%	5.2%	3.3%		-1.4%	-1.1%	-20.6%	-2.0%		
<i>Month 2 GGR</i>		\$11.1	\$11.3	\$12.0	\$10.8		\$11.1	\$11.9	\$10.9	\$10.6		
<i>yoy % chg.</i>		-9.6%	-18.7%	7.1%	8.3%		-0.3%	5.6%	-9.1%	-2.0%		
<i>Month 3 GGR</i>		\$13.2	\$11.8	\$11.9	\$11.9		\$12.9	\$11.4	\$10.2	\$11.7		
<i>yoy % chg.</i>		-8.8%	-4.1%	15.9%	14.4%		-2.7%	-3.7%	-14.9%	-2.0%		
<i>Quarter GGR</i>	\$146.2	\$35.2	\$35.2	\$37.7	\$33.5	\$141.5	\$34.6	\$35.2	\$32.0	\$32.8	\$134.7	\$134.7
<i>yoy % chg.</i>	1.9%	-12.5%	-13.5%	9.0%	8.7%	-3.2%	-1.5%	0.2%	-15.1%	-2.0%	-4.8%	0.0%
<b>Argosy Altou</b>	<b>\$73.0</b>	<b>\$18.0</b>	<b>\$18.0</b>	<b>\$18.0</b>	<b>\$16.9</b>	<b>\$71.0</b>	<b>\$17.5</b>	<b>\$16.1</b>	<b>\$16.0</b>	<b>\$16.0</b>	<b>\$65.9</b>	<b>\$65.9</b>
<i>yoy % chg.</i>	-5.7%	-4.7%	-5.9%	0.2%	0.0%	-2.7%	-2.7%	-10.8%	-11.0%	-4.0%	-7.2%	0.0%
<i>Month 1 GGR</i>		\$5.5	\$6.1	\$6.2	\$5.8		\$5.3	\$5.9	\$5.5	\$5.5		
<i>yoy % chg.</i>		-2.7%	-8.3%	-2.7%	0.2%		-3.1%	-3.2%	-11.3%	-4.0%		
<i>Month 2 GGR</i>		\$6.2	\$5.8	\$6.2	\$5.7		\$5.6	\$5.7	\$5.6	\$5.5		
<i>yoy % chg.</i>		-1.2%	-10.2%	8.9%	1.6%		-8.9%	-1.6%	-10.3%	-4.0%		
<i>Month 3 GGR</i>		\$6.4	\$6.0	\$5.6	\$5.5		\$6.6	\$4.4	\$5.0	\$5.3		
<i>yoy % chg.</i>		-9.3%	1.6%	-5.1%	-1.9%		3.5%	-27.3%	-11.5%	-4.0%		
<i>Quarter GGR</i>	\$73.0	\$18.0	\$18.0	\$18.0	\$16.9	\$71.0	\$17.5	\$16.1	\$16.0	\$16.0	\$65.9	\$65.9
<i>yoy % chg.</i>	-5.7%	-4.7%	-5.9%	0.2%	0.0%	-2.7%	-2.7%	-10.8%	-11.0%	-4.0%	-7.2%	0.0%
<b>Hollywood Casino Toledo</b>			<b>\$22.8</b>	<b>\$52.5</b>	<b>\$42.6</b>	<b>\$117.9</b>	<b>\$46.9</b>	<b>\$47.3</b>	<b>\$45.4</b>	<b>\$47.2</b>	<b>\$186.8</b>	<b>\$190.5</b>
<i>yoy % chg.</i>											58.4%	2.0%
<i>Month 1 GGR</i>				\$19.1	\$14.8		\$14.3	\$16.4	\$15.4	\$15.9		
<i>yoy % chg.</i>									-19.3%	7.3%		
<i>Month 2 GGR</i>			\$2.4	\$17.4	\$13.6		\$14.8	\$15.8	\$15.9	\$15.4		
<i>yoy % chg.</i>								\$57.0%	-8.9%	13.2%		
<i>Month 3 GGR</i>			\$20.4	\$16.0	\$14.2		\$17.8	\$15.2	\$14.1	\$15.9		
<i>yoy % chg.</i>								-25.6%	-11.8%	12.1%		
<i>Quarter GGR</i>			\$22.8	\$52.5	\$42.6	\$117.9	\$46.9	\$47.3	\$45.4	\$47.2	\$186.8	\$190.5
<i>yoy % chg.</i>								107.3%	-13.6%	10.8%	58.4%	2.0%
<i>Quarter Slot GGR</i>				\$42.1	\$33.5	\$75.6	\$37.1	\$38.0	\$36.7	\$37.6	\$149.5	\$154.9
<i>yoy % chg.</i>											97.8%	2.0%
<i># of Slots</i>				2,030	2,037		2,037	2,045	2,045	2,045		2,043
<i>Assumed Win per Slot per Day</i>				\$225	\$179		\$203	\$204	\$195	\$200		\$200
<i>Quarter Table GGR</i>				\$10.4	\$9.1	\$19.5	\$9.7	\$9.3	\$8.7	\$9.6	\$37.3	\$37.3
<i>yoy % chg.</i>											91.0%	0.0%
<i># of Tables</i>				80	80		80	80	80	80		80
<i>Assumed Win per Table per Day</i>				\$1,415	\$1,238		\$1,352	\$1,280	\$1,180	\$1,300	\$1,278	\$1,278
<i>Total Quarter GGR</i>				\$52.5	\$42.6	\$95.1	\$46.9	\$47.3	\$45.4	\$47.2	\$186.8	\$186.8
<i>yoy % chg.</i>											96.4%	0.0%
<i>Toledo Check</i>							\$0.0	\$0.0	\$0.0	\$0.0		
<b>Hollywood Casino Columbus</b>					<b>\$56.2</b>	<b>\$56.2</b>	<b>\$57.7</b>	<b>\$51.3</b>	<b>\$50.1</b>	<b>\$52.7</b>	<b>\$211.8</b>	<b>\$220.2</b>
<i>yoy % chg.</i>											276.6%	4.0%
<i>Month 1 GGR</i>					\$18.3		\$18.3	\$18.1	\$17.5	\$17.7		
<i>yoy % chg.</i>												
<i>Month 2 GGR</i>					\$20.0		\$18.5	\$16.7	\$16.9	\$17.2		
<i>yoy % chg.</i>												
<i>Month 3 GGR</i>					\$17.9		\$20.9	\$16.5	\$15.7	\$17.7		
<i>yoy % chg.</i>												
<i>Quarter GGR</i>					\$56.2	\$56.2	\$57.7	\$51.3	\$50.1	\$52.7	\$211.8	\$220.2
<i>yoy % chg.</i>											276.6%	4.0%
<i>Quarter Slot GGR</i>					\$36.0	\$36.0	\$37.3	\$35.1	\$33.8	\$36.0	\$142.2	\$142.2
<i>yoy % chg.</i>											295.1%	0.0%
<i># of Slots</i>					3,015		2,766	2,525	2,525	2,525	2,585	2,585
<i>Assumed Win per Slot per Day</i>					\$140		\$150	\$153	\$145	\$155	\$151	\$151
<i>Quarter Table GGR</i>					\$20.2	\$20.2	\$20.4	\$16.2	\$16.3	\$16.7	\$69.6	\$69.6
<i>yoy % chg.</i>											243.6%	0.0%
<i># of Tables</i>					108		112	114	115	115	114	114
<i>Assumed Win per Table per Day</i>					\$2,206		\$2,020	\$1,563	\$1,543	\$1,575	\$1,672	\$1,672
<i>Total Quarter GGR</i>					\$56.2	\$56.2	\$57.7	\$51.3	\$50.1	\$52.7	\$211.8	\$220.2
<i>yoy % chg.</i>											276.6%	4.0%
<i>Columbus Check</i>							\$0.0	\$0.0	\$0.0	\$0.0		
<b>Midwest Region Total GGR</b>	<b>\$828.8</b>	<b>\$202.4</b>	<b>\$216.9</b>	<b>\$243.0</b>	<b>\$271.6</b>	<b>\$933.9</b>	<b>\$280.1</b>	<b>\$255.0</b>	<b>\$241.4</b>	<b>\$239.8</b>	<b>\$1,016.4</b>	<b>\$1,020.2</b>
<i>yoy % chg.</i>	-1.2%	-5.2%	0.3%	17.8%	40.8%	12.7%	38.4%	17.6%	-0.6%	-11.7%	8.8%	0.4%
<b>Midwest Region Reported Net Revenue</b>	<b>\$826.4</b>	<b>\$205.1</b>	<b>\$218.0</b>	<b>\$247.3</b>	<b>\$279.1</b>	<b>\$949.5</b>	<b>\$287.3</b>	<b>\$258.2</b>	<b>\$247.5</b>	<b>\$245.8</b>	<b>\$1,038.8</b>	<b>\$1,042.7</b>
<i>yoy % chg.</i>	0.1%	-4.1%	1.7%	20.4%	44.7%	14.9%	40.1%	18.4%	0.1%	-11.9%	9.4%	0.4%
<i>as % of Total GGR</i>	99.7%	101.3%	100.5%	101.8%	102.8%	101.7%	102.6%	101.2%	102.5%	102.2%	102.2%	102.2%
<b>Midwest Region EBITDA</b>	<b>\$259.2</b>	<b>\$67.7</b>	<b>\$74.8</b>	<b>\$87.0</b>	<b>\$89.4</b>	<b>\$318.9</b>	<b>\$96.1</b>	<b>\$85.9</b>	<b>\$79.9</b>	<b>\$78.9</b>	<b>\$340.8</b>	<b>\$343.0</b>
<i>yoy % chg.</i>	4.6%	1.2%	8.6%	33.6%	33.1%	23.0%	41.9%	14.8%	-8.1%	-11.8%	6.9%	0.6%
<i>Opex per Day</i>	\$1,554.0	\$1,509.6	\$1,573.4	\$1,742.8	\$2,062.0	\$1,722.9	\$2,124.7	\$1,893.4	\$1,821.2	\$1,814.6	\$1,912.4	\$1,917.1
<i>yoy % chg. in Opex per Day</i>	-1.9%	-7.5%	-1.6%	14.3%	41.0%	10.9%	40.7%	20.3%	4.5%	-12.0%	11.0%	0.3%
<i>Margin</i>	31.4%	33.0%	34.3%	35.2%	32.0%	33.6%	33.4%	33.3%	32.3%	32.1%	32.8%	32.9%

Source: Company reports and Deutsche Bank



Figure 31: East-West Driver Model (\$ in MM)

	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E
<i>Days in Period</i>	365	91	91	92	92	366	90	91	92	92	365	365
<b>Hollywood Charles Town</b>	<b>\$544.0</b>	<b>\$150.7</b>	<b>\$141.7</b>	<b>\$131.2</b>	<b>\$121.8</b>	<b>\$545.3</b>	<b>\$126.9</b>	<b>\$119.8</b>	<b>\$111.7</b>	<b>\$103.5</b>	<b>\$462.0</b>	<b>\$429.9</b>
<i>yoy % chg.</i>	18.3%	14.8%	3.2%	-6.4%	-10.1%	0.2%	-15.8%	-15.4%	-14.8%	-15.0%	-15.3%	-7.0%
<i>Table Game Revenues</i>	\$147.6	\$43.2	\$39.5	\$39.9	\$40.6	\$163.3	\$40.9	\$32.2	\$29.2	\$26.4	\$128.7	\$113.3
<i>yoy % chg.</i>	153.2%	33.5%	4.0%	2.1%	6.5%	10.6%	-5.3%	-18.6%	-26.7%	-35.0%	-21.1%	-12.0%
<i>Quarter GGR VLT</i>	\$396.4	\$107.4	\$102.2	\$91.3	\$81.2	\$382.1	\$86.0	\$87.6	\$82.5	\$77.1	\$333.2	\$316.6
<i>yoy % chg.</i>	-1.3%	8.7%	2.9%	-9.6%	-16.5%	-3.6%	-19.9%	-14.2%	-9.7%	-5.0%	-12.8%	-5.0%
<b>Hollywood Penn National</b>	<b>\$287.3</b>	<b>\$75.2</b>	<b>\$72.2</b>	<b>\$70.6</b>	<b>\$64.6</b>	<b>\$282.6</b>	<b>\$70.4</b>	<b>\$70.4</b>	<b>\$65.9</b>	<b>\$62.5</b>	<b>\$269.2</b>	<b>\$269.2</b>
<i>yoy % chg.</i>	7.0%	5.3%	-2.4%	-2.0%	-7.6%	-1.6%	-6.5%	-2.4%	-6.7%	-3.1%	-4.7%	0.0%
<i>Month 1 Slot GGR</i>	\$19.4	\$21.1	\$21.4	\$18.4	\$18.2	\$20.4	\$19.8	\$18.1	\$18.1	\$18.1	\$18.1	\$18.1
<i>yoy % chg.</i>	5.2%	-5.6%	-4.1%	-9.1%	-5.9%	-3.7%	-7.6%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
<i>Month 2 Slot GGR</i>	\$22.3	\$21.0	\$20.3	\$18.3	\$19.5	\$20.5	\$19.7	\$18.0	\$19.7	\$18.0	\$18.0	\$18.0
<i>yoy % chg.</i>	7.6%	-2.5%	-0.7%	-7.0%	-12.6%	-2.6%	-2.6%	-2.0%	-2.6%	-2.0%	-2.0%	-2.0%
<i>Month 3 Slot GGR</i>	\$23.4	\$20.0	\$19.7	\$18.5	\$22.9	\$20.0	\$17.5	\$18.2	\$22.9	\$20.0	\$18.2	\$18.2
<i>yoy % chg.</i>	3.6%	0.1%	-0.7%	-10.0%	-2.4%	0.0%	-11.2%	-2.0%	-2.4%	0.0%	-11.2%	-2.0%
<i>Month 1 Table GGR</i>	\$3.0	\$3.5	\$3.1	\$3.0	\$3.2	\$3.4	\$3.1	\$2.7	\$3.2	\$3.4	\$3.1	\$2.7
<i>yoy % chg.</i>	-2.4%	-4.0%	-5.0%	0.0%	7.2%	-2.2%	-1.6%	-10.0%	7.2%	-2.2%	-1.6%	-10.0%
<i>Month 2 Table GGR</i>	\$3.3	\$3.1	\$3.1	\$3.0	\$3.0	\$3.3	\$2.9	\$2.7	\$3.0	\$3.3	\$2.9	\$2.7
<i>yoy % chg.</i>	6.7%	-3.0%	-0.4%	-0.3%	-10.6%	6.9%	-5.8%	-10.0%	-10.6%	6.9%	-5.8%	-10.0%
<i>Month 3 Table GGR</i>	\$3.8	\$3.4	\$3.0	\$3.2	\$3.6	\$2.8	\$2.8	\$2.9	\$3.6	\$2.8	\$2.8	\$2.9
<i>yoy % chg.</i>	8.8%	7.8%	-1.7%	-1.2%	-5.3%	-16.6%	-5.0%	-10.0%	-5.3%	-16.6%	-5.0%	-10.0%
<i>Quarter GGR</i>	\$287.3	\$75.2	\$72.2	\$70.6	\$64.6	\$282.6	\$70.4	\$70.4	\$65.9	\$62.5	\$269.2	\$269.2
<i>yoy % chg.</i>	7.0%	5.3%	-2.4%	-2.0%	-7.6%	-1.6%	-6.5%	-2.4%	-6.7%	-3.1%	-4.7%	0.0%
<b>Hollywood Bangor</b>	<b>\$59.5</b>	<b>\$15.5</b>	<b>\$17.2</b>	<b>\$16.5</b>	<b>\$13.4</b>	<b>\$62.6</b>	<b>\$13.0</b>	<b>\$14.2</b>	<b>\$15.1</b>	<b>\$12.9</b>	<b>\$55.1</b>	<b>\$55.1</b>
<i>yoy % chg.</i>	-3.6%	14.6%	16.2%	-3.0%	-5.0%	5.3%	-16.3%	-17.5%	-8.3%	-4.4%	-12.0%	0.0%
<i>Month 1 Slot GGR</i>	\$4.4	\$5.1	\$4.9	\$4.2	\$3.5	\$3.8	\$4.5	\$3.8	\$4.4	\$5.1	\$4.9	\$4.2
<i>yoy % chg.</i>	7.5%	6.2%	-17.5%	-16.5%	-20.5%	-25.2%	-7.3%	-10.0%	-20.5%	-25.2%	-7.3%	-10.0%
<i>Month 2 Slot GGR</i>	\$5.0	\$5.3	\$5.0	\$3.8	\$3.4	\$4.3	\$4.6	\$3.8	\$5.0	\$5.3	\$5.0	\$3.8
<i>yoy % chg.</i>	12.3%	9.4%	-9.0%	-17.6%	-32.5%	-19.1%	-8.3%	0.0%	12.3%	9.4%	-9.0%	-17.6%
<i>Month 3 Slot GGR</i>	\$5.8	\$4.6	\$4.5	\$3.6	\$4.3	\$4.0	\$4.1	\$3.5	\$5.8	\$4.6	\$4.5	\$3.6
<i>yoy % chg.</i>	16.1%	-9.4%	-18.6%	-21.2%	-25.3%	-12.8%	-9.0%	-2.0%	16.1%	-9.4%	-18.6%	-21.2%
<i>Quarterly Slot GGR</i>	\$59.5	\$15.2	\$15.0	\$14.4	\$11.6	\$56.2	\$11.2	\$13.3	\$11.1	\$11.1	\$47.7	\$47.7
<i>yoy % chg.</i>	-3.6%	12.3%	1.8%	-15.1%	-18.3%	-5.4%	-26.3%	-19.3%	-8.2%	-4.3%	-15.2%	-8.0%
<i>Quarterly Table GGR</i>	\$0.3	\$2.1	\$2.1	\$1.9	\$6.4	\$1.8	\$1.9	\$1.8	\$0.3	\$2.1	\$2.1	\$1.9
<i>yoy % chg.</i>						459.7%	-5.1%	-9.6%	-5.0%	16.8%	16.8%	-5.0%
<i>Quarter GGR</i>	\$59.5	\$15.5	\$17.2	\$16.5	\$13.4	\$62.6	\$13.0	\$14.2	\$15.1	\$12.9	\$55.1	\$55.1
<i>yoy % chg.</i>	-3.6%	14.6%	16.2%	-3.0%	-5.0%	5.3%	-16.3%	-17.5%	-8.3%	-4.4%	-12.0%	0.0%
<b>Hollywood Casino Perryville</b>	<b>\$110.8</b>	<b>\$33.6</b>	<b>\$28.8</b>	<b>\$19.4</b>	<b>\$16.9</b>	<b>\$98.6</b>	<b>\$20.9</b>	<b>\$24.8</b>	<b>\$21.8</b>	<b>\$20.0</b>	<b>\$87.5</b>	<b>\$83.2</b>
<i>yoy % chg.</i>	NM	26.4%	1.0%	-30.8%	-39.1%	-11.0%	-37.8%	-13.8%	12.4%	18.7%	-11.2%	-5.0%
<i>Month 1 GGR</i>	\$9.8	\$10.7	\$6.9	\$5.5	\$5.5	\$6.9	\$6.3	\$5.2	\$9.8	\$10.7	\$6.9	\$5.5
<i>yoy % chg.</i>		26.9%	6.5%	-32.4%	-39.8%	-44.3%	-35.8%	-8.9%	-5.0%	-5.0%	-5.0%	-5.0%
<i>Month 2 GGR</i>	\$11.5	\$10.1	\$6.5	\$5.4	\$6.0	\$7.0	\$6.4	\$5.2	\$11.5	\$10.1	\$6.5	\$5.4
<i>yoy % chg.</i>		28.0%	5.1%	-23.8%	-40.5%	-48.4%	-30.9%	-1.4%	-5.0%	-5.0%	-5.0%	-5.0%
<i>Month 3 GGR</i>	\$12.3	\$8.0	\$6.0	\$6.0	\$8.0	\$6.5	\$5.6	\$5.7	\$12.3	\$8.0	\$6.0	\$6.0
<i>yoy % chg.</i>		24.6%	-9.8%	-35.6%	-37.1%	-34.6%	-18.9%	-6.0%	-5.0%	-5.0%	-5.0%	-5.0%
<i>Quarterly Slot GGR</i>	\$110.8	\$33.6	\$28.8	\$19.4	\$16.9	\$98.6	\$19.4	\$20.3	\$18.3	\$16.0	\$74.1	\$68.2
<i>yoy % chg.</i>	301.4%	26.4%	1.0%	-30.8%	-39.1%	-11.0%	-42.1%	-29.4%	-5.5%	-5.0%	-24.9%	-8.0%
<i>Quarterly Table GGR</i>							\$1.5	\$4.5	\$3.5	\$4.0	\$13.4	\$15.0
<i>yoy % chg.</i>											11.7%	11.7%
<i>Quarter GGR</i>	\$110.8	\$33.6	\$28.8	\$19.4	\$16.9	\$98.6	\$20.9	\$24.8	\$21.8	\$20.0	\$87.5	\$83.2
<i>yoy % chg.</i>		26.4%	1.0%	-30.8%	-39.1%	-11.0%	-37.8%	-13.8%	12.4%	18.7%	-11.2%	-5.0%
<b>Implied Other</b>	<b>\$289.1</b>	<b>\$95.6</b>	<b>\$88.9</b>	<b>\$86.9</b>	<b>\$85.0</b>	<b>\$356.5</b>	<b>\$85.9</b>	<b>\$87.9</b>	<b>\$84.7</b>	<b>\$84.2</b>	<b>\$342.6</b>	<b>\$342.6</b>
<i>yoy % chg.</i>	61.0%	109.5%	38.7%	-6.7%	-1.5%	23.3%	-10.2%	-1.1%	-2.5%	-1.0%	-3.9%	0.0%
<i>Implied Other Revenue</i>	\$289.1	\$95.6	\$88.9	\$86.9	\$85.0	\$356.5	\$85.9	\$87.9	\$84.7	\$84.2	\$342.6	\$342.6
<i>yoy % chg.</i>	61.0%	109.5%	38.7%	-6.7%	-1.5%	23.3%	-10.2%	-1.1%	-2.5%	-1.0%	-3.9%	0.0%
<b>East/West Region Reported Net Revenue</b>	<b>\$1,290.7</b>	<b>\$370.6</b>	<b>\$348.7</b>	<b>\$324.6</b>	<b>\$301.7</b>	<b>\$1,345.6</b>	<b>\$317.0</b>	<b>\$317.1</b>	<b>\$299.3</b>	<b>\$283.1</b>	<b>\$1,216.5</b>	<b>\$1,180.1</b>
<i>yoy % chg.</i>	29.4%	28.5%	9.4%	-7.3%	-9.5%	4.3%	-14.5%	-9.1%	-7.8%	-6.2%	-9.6%	-3.0%
<b>East/West Region EBITDA</b>	<b>\$350.8</b>	<b>\$106.3</b>	<b>\$98.4</b>	<b>\$90.4</b>	<b>\$84.4</b>	<b>\$379.5</b>	<b>\$92.7</b>	<b>\$95.1</b>	<b>\$87.3</b>	<b>\$77.8</b>	<b>\$352.9</b>	<b>\$333.7</b>
<i>yoy % chg.</i>	32.8%	31.7%	7.2%	-3.7%	-0.1%	8.2%	-12.8%	-3.3%	-3.4%	-7.9%	-7.0%	-5.4%
<i>Opex per Day</i>	\$2,575.2	\$2,904.6	\$2,750.3	\$2,546.0	\$2,362.3	\$2,639.8	\$2,492.3	\$2,439.0	\$2,304.1	\$2,232.3	\$2,366.1	\$2,318.8
<i>yoy % chg. in Opex per Day</i>	28.2%	25.9%	10.3%	-8.7%	-12.7%	2.5%	-14.2%	-11.3%	-9.5%	-5.5%	-10.4%	-2.0%
<i>Margin</i>	27.2%	28.7%	28.2%	27.8%	28.0%	28.2%	29.3%	30.0%	29.2%	27.5%	29.0%	28.3%

Source: Company reports and Deutsche Bank



Figure 32: Southern Plains Driver Model (\$ in MM)

	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E
<i>Days in Period</i>	365	91	91	92	92	366	90	91	92	92	365	365
<b>Argosy Riverside</b>	<b>\$194.6</b>	<b>\$44.6</b>	<b>\$37.6</b>	<b>\$38.2</b>	<b>\$37.0</b>	<b>\$157.4</b>	<b>\$39.3</b>	<b>\$38.3</b>	<b>\$36.5</b>	<b>\$36.7</b>	<b>\$150.7</b>	<b>\$150.7</b>
<i>yoy % chg.</i>	1.3%	-7.8%	-24.2%	-21.3%	-23.0%	-19.1%	-11.8%	1.9%	-4.5%	-1.0%	-4.2%	0.0%
<i>Month 1 GGR</i>		\$15.9	\$12.4	\$12.7	\$12.2		\$12.3	\$12.8	\$12.6	\$12.1		
<i>yoy % chg.</i>		7.5%	-28.5%	-24.2%	-22.7%		-22.5%	3.0%	-1.0%	-1.0%		
<i>Month 2 GGR</i>		\$14.7	\$12.8	\$12.9	\$12.1		\$12.5	\$13.1	\$12.6	\$11.9		
<i>yoy % chg.</i>		-7.7%	-23.8%	-20.2%	-22.7%		-15.1%	2.2%	-1.9%	-1.0%		
<i>Month 3 GGR</i>		\$14.0	\$12.3	\$12.7	\$12.8		\$14.5	\$12.3	\$11.3	\$12.7		
<i>yoy % chg.</i>		-20.7%	-19.7%	-19.4%	-23.5%		3.8%	0.4%	-10.7%	-1.0%		
<i>Quarter GGR</i>	\$194.6	\$44.6	\$37.6	\$38.2	\$37.0	\$157.4	\$39.3	\$38.3	\$36.5	\$36.7	\$150.7	\$150.7
<i>yoy % chg.</i>	1.3%	-7.8%	-24.2%	-21.3%	-23.0%	-19.1%	-11.8%	1.9%	-4.5%	-1.0%	-4.2%	0.0%
<b>Hollywood Baton Rouge</b>	<b>\$120.9</b>	<b>\$33.1</b>	<b>\$31.0</b>	<b>\$26.7</b>	<b>\$20.9</b>	<b>\$111.8</b>	<b>\$22.1</b>	<b>\$20.6</b>	<b>\$18.1</b>	<b>\$19.3</b>	<b>\$80.1</b>	<b>\$78.5</b>
<i>yoy % chg.</i>	2.3%	3.7%	1.4%	-10.8%	-26.5%	-7.6%	-33.2%	-33.5%	-32.1%	-8.0%	-28.3%	-2.0%
<i>Month 1 GGR</i>		\$9.2	\$10.5	\$10.1	\$6.9		\$6.5	\$7.0	\$6.3	\$6.3		
<i>yoy % chg.</i>		-6.2%	0.9%	-8.9%	-25.4%		-29.7%	-33.4%	-37.9%	-8.0%		
<i>Month 2 GGR</i>		\$11.9	\$10.2	\$9.3	\$6.9		\$7.6	\$6.9	\$6.0	\$6.4		
<i>yoy % chg.</i>		8.3%	1.5%	-4.8%	-26.3%		-36.1%	-32.6%	-35.3%	-8.0%		
<i>Month 3 GGR</i>		\$12.0	\$10.3	\$7.3	\$7.1		\$8.0	\$6.8	\$5.8	\$6.5		
<i>yoy % chg.</i>		8.1%	2.0%	-19.5%	-27.8%		-33.1%	-34.5%	-20.0%	-8.0%		
<i>Quarter GGR</i>	\$120.9	\$33.1	\$31.0	\$26.7	\$20.9	\$111.8	\$22.1	\$20.6	\$18.1	\$19.3	\$80.1	\$78.5
<i>yoy % chg.</i>	2.3%	3.7%	1.4%	-10.8%	-26.5%	-7.6%	-33.2%	-33.5%	-32.1%	-8.0%	-28.3%	-2.0%
<b>Argosy Sioux City</b>	<b>\$61.1</b>	<b>\$16.0</b>	<b>\$14.8</b>	<b>\$14.2</b>	<b>\$14.2</b>	<b>\$59.2</b>	<b>\$14.4</b>	<b>\$13.3</b>	<b>\$12.2</b>	<b>\$13.7</b>	<b>\$53.6</b>	<b>\$52.5</b>
<i>yoy % chg.</i>	4.2%	3.0%	-4.0%	-8.5%	-3.6%	-3.3%	-9.9%	-10.3%	-14.1%	-3.0%	-9.3%	-2.0%
<i>Month 1 GGR</i>		\$4.8	\$5.2	\$4.8	\$4.6		\$4.4	\$4.6	\$4.1	\$4.5		
<i>yoy % chg.</i>		2.6%	-6.0%	-9.2%	-4.8%		-8.9%	-11.1%	-13.9%	-2.0%		
<i>Month 2 GGR</i>		\$5.4	\$4.8	\$4.7	\$4.6		\$4.9	\$4.6	\$4.1	\$4.5		
<i>yoy % chg.</i>		2.6%	-6.7%	-11.7%	-0.8%		-10.3%	-3.3%	-11.7%	-2.0%		
<i>Month 3 GGR</i>		\$5.8	\$4.8	\$4.7	\$5.0		\$5.2	\$4.0	\$3.9	\$4.7		
<i>yoy % chg.</i>		3.6%	1.4%	-4.4%	-5.0%		-10.3%	-16.4%	-16.7%	-5.0%		
<i>Quarter GGR</i>	\$61.1	\$16.0	\$14.8	\$14.2	\$14.2	\$59.2	\$14.4	\$13.3	\$12.2	\$13.7	\$53.6	\$52.5
<i>yoy % chg.</i>	4.2%	3.0%	-4.0%	-8.5%	-3.6%	-3.3%	-9.9%	-10.3%	-14.1%	-3.0%	-9.3%	-2.0%
<b>Hollywood St. Louis</b>					<b>\$37.9</b>	<b>\$37.9</b>	<b>\$62.7</b>	<b>\$57.9</b>	<b>\$58.9</b>	<b>\$58.0</b>	<b>\$237.6</b>	<b>\$237.6</b>
<i>yoy % chg.</i>											NM	0.0%
<i>Month 1 GGR</i>		\$20.6	\$24.1	\$23.4	\$19.6		\$19.4	\$19.7	\$20.7	\$19.2		
<i>yoy % chg.</i>		0.7%	0.0%	-4.5%	-9.6%		-5.9%	-18.2%	-11.4%	-2.0%		
<i>Month 2 GGR</i>		\$22.9	\$22.7	\$20.3	\$17.6		\$20.7	\$20.5	\$19.8	\$19.0		
<i>yoy % chg.</i>		6.7%	-5.5%	-3.6%	-16.2%		-9.9%	-9.3%	-2.7%	8.0%		
<i>Month 3 GGR</i>		\$25.2	\$23.3	\$21.2	\$20.3		\$22.7	\$17.7	\$18.4	\$19.9		
<i>yoy % chg.</i>		8.1%	8.9%	-3.5%	-13.4%		-10.0%	-24.2%	-13.1%	-2.0%		
<i>Quarter GGR</i>	\$268.4	\$68.8	\$70.1	\$64.9	\$57.4	\$261.2	\$62.7	\$57.9	\$58.9	\$58.0	\$237.6	\$237.6
<i>yoy % chg.</i>	-1.2%	5.3%	0.8%	-3.9%	-13.1%	-2.7%	-8.7%	-17.3%	-9.2%	1.1%	-9.0%	0.0%
<b>Mississippi Properties</b>	<b>\$214.0</b>	<b>\$56.1</b>	<b>\$54.0</b>	<b>\$49.5</b>	<b>\$45.5</b>	<b>\$205.1</b>	<b>\$46.1</b>	<b>\$45.8</b>	<b>\$45.7</b>	<b>\$41.3</b>	<b>\$178.9</b>	<b>\$178.9</b>
<i>yoy % chg.</i>	-8.2%	-5.5%	6.0%	-9.5%	-7.3%	-4.2%	-17.7%	-15.2%	-7.6%	-9.3%	-12.7%	0.0%
Total Mississippi GGR	\$2,234.7	\$611.5	\$561.0	\$560.9	\$517.6	\$2,251.0	\$565.0	\$543.5	\$544.0	\$491.7	\$2,144.2	\$2,144.2
<i>yoy % chg.</i>	-6.5%	0.8%	9.5%	-3.6%	-3.1%	0.7%	-7.6%	-3.1%	-3.0%	-5.0%	-4.7%	0.0%
Implied Mississippi Revenue	\$214.0	\$56.1	\$54.0	\$49.5	\$45.5	\$205.1	\$46.1	\$45.8	\$45.7	\$41.3	\$178.9	\$178.9
<i>Market Share</i>	9.6%	9.2%	9.6%	8.8%	8.8%	9.1%	8.2%	8.4%	8.4%	8.4%	8.3%	8.3%
<b>Southern Plains Region Reported Net Revenue</b>	<b>\$590.7</b>	<b>\$149.7</b>	<b>\$137.4</b>	<b>\$128.6</b>	<b>\$155.5</b>	<b>\$571.2</b>	<b>\$184.7</b>	<b>\$175.9</b>	<b>\$171.5</b>	<b>\$169.0</b>	<b>\$701.0</b>	<b>\$698.4</b>
<i>yoy % chg.</i>	-1.9%	-3.5%	-6.2%	-13.5%	10.8%	-3.3%	23.4%	28.0%	33.3%	8.7%	22.7%	-0.4%
<b>Southern Plains Region EBITDA</b>	<b>\$195.2</b>	<b>\$55.3</b>	<b>\$46.7</b>	<b>\$40.0</b>	<b>\$42.2</b>	<b>\$184.2</b>	<b>\$58.7</b>	<b>\$55.7</b>	<b>\$54.1</b>	<b>\$53.4</b>	<b>\$221.8</b>	<b>\$221.6</b>
<i>yoy % chg.</i>	4.6%	2.0%	-5.5%	-15.5%	-4.6%	-5.6%	6.2%	19.2%	35.2%	26.6%	20.5%	-0.1%
<i>Opex per Day</i>	\$1,083.7	\$1,037.7	\$996.9	\$962.6	\$1,232.2	\$1,057.6	\$1,399.9	\$1,321.2	\$1,275.4	\$1,256.9	\$1,312.8	\$1,306.3
<i>yoy % chg. in Opex per Day</i>	-4.8%	-7.4%	-6.6%	-12.6%	17.8%	-2.4%	34.9%	32.5%	32.5%	2.0%	24.1%	-0.5%
<i>Margin</i>	33.0%	36.9%	34.0%	31.1%	27.1%	32.2%	31.8%	31.6%	31.6%	31.6%	31.6%	31.7%
<i>Flow Through</i>	-74.2%	-20.5%	29.7%	36.6%	-13.3%	56.4%	9.7%	23.3%	32.9%	83.2%	29.0%	10.4%

Source: Company reports and Deutsche Bank



Figure 33: Other Driver Model (\$ in MM)

	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E
Days in Period	365	91	91	92	92	366	90	91	92	92	365	365
<b>Other Net Revenue</b>	<b>\$34.4</b>	<b>\$10.6</b>	<b>\$8.5</b>	<b>\$6.6</b>	<b>\$7.5</b>	<b>\$33.1</b>	<b>\$9.2</b>	<b>\$10.2</b>	<b>\$7.2</b>	<b>\$7.6</b>	<b>\$34.2</b>	<b>\$34.6</b>
<i>yoy % chg.</i>	1.9%	8.8%	2.0%	-0.3%	-23.2%	-3.6%	-13.2%	20.0%	10.0%	2.0%	3.4%	1.0%
Corporate Expense	(\$75.0)	(\$22.1)	(\$20.5)	(\$20.0)	(\$26.7)	(\$89.4)	(\$24.9)	(\$22.3)	(\$23.0)	(\$23.0)	(\$93.1)	(\$92.0)
Other	(\$8.5)	(\$0.1)	(\$0.8)	(\$1.0)	(\$2.3)	(\$4.2)	\$0.6	(\$3.9)	(\$4.0)	(\$4.0)	(\$11.2)	(\$5.0)
<b>Other EBITDA</b>	<b>(\$83.5)</b>	<b>(\$22.2)</b>	<b>(\$21.3)</b>	<b>(\$21.0)</b>	<b>(\$29.0)</b>	<b>(\$93.6)</b>	<b>(\$24.2)</b>	<b>(\$26.1)</b>	<b>(\$27.0)</b>	<b>(\$27.0)</b>	<b>(\$104.4)</b>	<b>(\$97.0)</b>
<i>yoy % chg.</i>	-2.4%	-6.6%	9.5%	3.3%	46.2%	12.1%	9.2%	22.6%	28.4%	-7.0%	11.5%	-7.1%
Opex per Day	\$322.8	\$360.4	\$327.9	\$299.8	\$396.9	\$346.2	\$371.5	\$399.5	\$371.8	\$376.3	\$379.8	\$360.5
<i>yoy % chg. in Opex per Day</i>	-1.2%	-3.2%	7.2%	2.4%	23.4%	7.2%	3.1%	21.9%	24.0%	-5.2%	9.7%	-5.1%
Margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM

Source: Company reports and Deutsche Bank

Figure 34: Free Cash Flow and Balance Sheet Model (\$ in MM, except per share data)

Free Cash Flow Model	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E
GAAP Net Income	\$242.4	\$78.6	\$66.7	\$46.4	\$20.2	\$212.0	\$65.3	(\$12.2)	\$46.5	\$43.3	\$142.9	\$217.8
D&A	\$211.5	\$53.3	\$56.8	\$62.4	\$72.8	\$245.3	\$77.1	\$80.6	\$80.2	\$79.7	\$317.6	\$317.6
FAS 123	\$24.7	\$7.9	\$7.4	\$6.9	\$6.4	\$28.6	\$6.3	\$5.5	\$6.2	\$5.7	\$23.6	\$23.6
Less Maintenance Capex	(\$77.0)	(\$21.9)	(\$30.4)	(\$14.0)	(\$20.3)	(\$86.6)	(\$21.8)	(\$24.0)	(\$24.2)	(\$24.2)	(\$94.3)	(\$100.0)
<b>Gross Free Cash Flow</b>	<b>\$401.6</b>	<b>\$118.0</b>	<b>\$100.5</b>	<b>\$101.7</b>	<b>\$79.2</b>	<b>\$399.3</b>	<b>\$126.8</b>	<b>\$49.8</b>	<b>\$108.7</b>	<b>\$104.6</b>	<b>\$389.9</b>	<b>\$459.0</b>
Gross FCF / Share	\$3.75					\$3.78					\$3.79	\$4.46
Gross FCF Yield	6.7%					6.7%					6.7%	7.9%
Less Project Capex	(\$216.0)	(\$97.8)	(\$154.1)	(\$146.7)	(\$87.8)	(\$486.4)	(\$40.9)	(\$29.9)	(\$49.0)	(\$77.2)	(\$197.0)	(\$418.7)
Less Acquisitions	\$0.0				(\$610.0)	(\$610.0)					\$0.0	
Unconsolidated Affiliates (Kansas City)	(\$49.5)	(\$19.5)	(\$8.1)	(\$9.4)		(\$37.0)					\$0.0	
Plus Divestitures												
Less Share Repurchases												
Other	\$75.8	(\$9.1)	(\$23.0)	(\$6.6)	\$107.6	\$69.0	\$18.2	\$105.0	(\$1.6)	(\$1.6)	\$120.2	(\$10.0)
<b>Net Free Cash Flow</b>	<b>\$118.3</b>	<b>(\$8.4)</b>	<b>(\$84.7)</b>	<b>(\$61.0)</b>	<b>(\$511.0)</b>	<b>(\$665.1)</b>	<b>\$104.1</b>	<b>\$125.0</b>	<b>\$58.1</b>	<b>\$25.8</b>	<b>\$313.0</b>	<b>\$30.3</b>

Balance Sheet Model	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E
Cash & Cash Equivalents	\$238.4	\$217.5	\$204.1	\$217.4	\$260.5	\$260.5	\$247.7	\$235.1	\$293.2	\$319.0	\$319.0	\$349.3
Gross Debt	\$2,044.9	\$2,032.3	\$2,103.7	\$2,178.0	\$2,732.1	\$2,732.1	\$2,615.2	\$2,477.6	\$2,477.6	\$2,477.6	\$2,477.6	\$2,477.6
Net Debt	\$1,806.5	\$1,814.8	\$1,899.5	\$1,960.6	\$2,471.6	\$2,471.6	\$2,367.5	\$2,242.4	\$2,184.3	\$2,158.5	\$2,158.5	\$2,128.2
<i>chg. in Net Debt</i>	(\$118.3)	\$8.4	\$84.7	\$61.0	\$511.0	\$665.1	(\$104.1)	(\$125.0)	(\$58.1)	(\$25.8)	(\$313.1)	(\$30.3)
Equity	\$1,971.6	\$2,064.5	\$2,143.2	\$2,198.9	\$2,250.9	\$2,250.9	\$2,318.6	\$2,329.6	\$2,376.1	\$2,419.5	\$2,393.9	\$2,611.6
TTM EBITDA	\$721.7	\$750.8	\$758.8	\$769.2	\$788.9	\$788.9	\$805.1	\$817.1	\$815.1	\$811.1	\$811.1	\$801.2
Gross Debt / EBITDA	2.8x	2.7x	2.8x	2.8x	3.5x	3.5x	3.2x	3.0x	3.0x	3.1x	3.1x	3.1x
Net Debt / EBITDA	2.5x	2.4x	2.5x	2.5x	3.1x	3.1x	2.9x	2.7x	2.7x	2.7x	2.7x	2.7x
TTM Interest Expense	\$99.6	\$88.6	\$80.3	\$76.7	\$81.4	\$81.4	\$91.3	\$100.6	\$107.6	\$108.8	\$108.8	\$104.6
EBITDA / Interest Expense	7.2x	8.5x	9.4x	10.0x	9.7x	9.7x	8.8x	8.1x	7.6x	7.5x	7.5x	7.7x
Debt / Total Cap.	50.9%	49.6%	49.5%	49.8%	54.8%	54.8%	53.0%	51.5%	51.0%	50.6%	50.9%	48.7%

Source: Company reports and Deutsche Bank



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## PNK 3Q13 Thoughts

Our 3Q13 estimates are unchanged from our prior revision on September 11, 2013. Additionally, we believe it is worth noting that 3Q13 Consensus forecasts, at present, are largely meaningless given varying methods of accounting for the integration of ASCA numbers midway through the 3Q13 as well as a slew of charges in the 3Q related to the deal and financing activity. Furthermore, we note that GAAP considerations will create a messy 3Q13 release, with ASCA results included for the period of 8/14-9/30. In addition, given the Lumiere sale announcement, which is expected to close by the end of the 1Q14, the property will be reported in discontinued operations, thereby further muddying Consensus forecasts.



## PNK Price Target Analysis

Our \$30 price target is based on a sum-of-the-parts approach, in which we apply property-level multiples that we believe to be consistent with historical valuations and asset sale transactions, to year-end 2016E pro forma property-level cash flow to establish a firm value. We then extract year-end 2016E net debt and then discount back the remaining equity value one year at a 10% discount rate. Our \$30 price target represents a blended multiple of 7.6x our 2016 consolidated EBITDA estimate of \$669.1 million.

Figure 35: Price Target Analysis

	2016 EBITDA ( <i>\$ in MM</i> )	Target Multiple	Enterprise Value ( <i>\$ in MM</i> )
L'Auberge du Lac	\$81.2	8.0x	\$649.4
Boomtown New Orleans	\$44.0	7.5x	\$330.4
Boomtown Bossier City	\$9.8	7.5x	\$73.5
Belterra	\$20.3	7.5x	\$152.2
St. Louis	\$71.9	7.5x	\$539.4
Baton Rouge	\$40.6	7.5x	\$304.7
River Downs	\$31.3	7.5x	\$234.6
Ameristar St. Charles	\$97.5	7.5x	\$731.6
Ameristar East Chicago	\$41.4	7.5x	\$310.8
Ameristar Kansas City	\$76.5	7.5x	\$573.6
Ameristar Council Bluffs	\$73.6	7.5x	\$551.8
Ameristar Vicksburg	\$55.7	7.5x	\$418.1
Ameristar Black Hawk	\$62.4	8.0x	\$499.5
Jackpot Properties	\$14.8	7.5x	\$110.7
<b>Total Property Level</b>	<b>\$721.1</b>	<b>7.6x</b>	<b>\$5,480.2</b>
Less: Corporate Expense	\$52.0	7.6x	\$395.2
<b>Total</b>	<b>\$669.1</b>	<b>7.6x</b>	<b>\$5,085.1</b>
Less: Net Debt (YE 2016)			\$3,142.0
<b>YE 2015 Equity Value</b>			<b>\$1,943.1</b>
Discount Rate			10%
<b>Discounted Equity Value</b>			<b>\$1,766.4</b>
Shares Outstanding			58.5
<b>Pro Forma Price Target</b>			<b>\$30</b>
2016 Net Free Cash Flow per Share			\$6.09
<b>Price Target Implied Free Cash Flow Multiple</b>			<b>5.0x</b>

Source: Company reports and Deutsche Bank

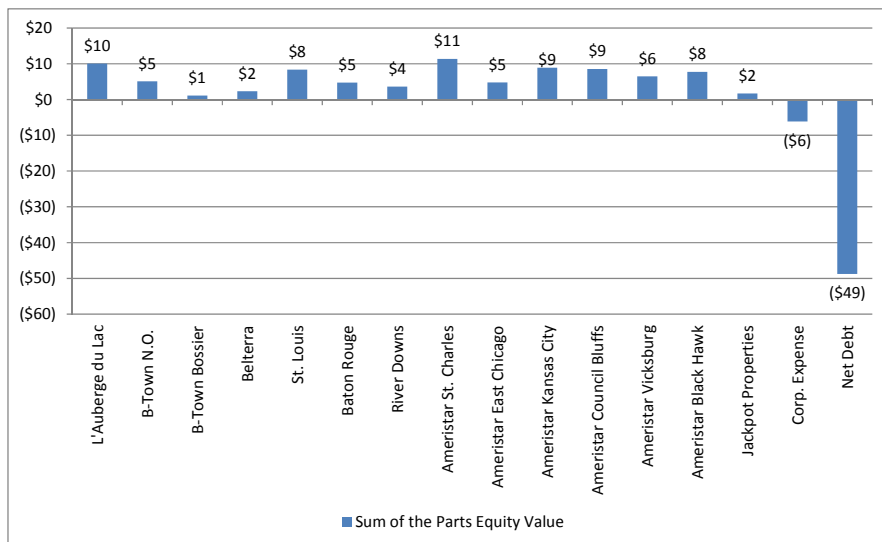


Figure 36: Price Target Sensitivity

		Price Target Sensitivity								
% chg. In EBITDA		-20.0%	-15.0%	-10.0%	-5.0%	5.0%	10.0%	15.0%	20.0%	
<b>2016E EBITDA</b>		\$535.3	\$568.8	\$602.2	\$635.7	\$669.1	\$702.6	\$736.0	\$769.5	\$802.9
<b>Net Debt</b>		\$3,275.8	\$3,242.4	\$3,208.9	\$3,175.5	\$3,142.0	\$3,108.5	\$3,075.1	\$3,041.6	\$3,008.2
Discount Rate		10%	10%	10%	10%	10%	10%	10%	10%	10%
Shares Outstanding		58.5	58.5	58.5	58.5	58.5	58.5	58.5	58.5	58.5
Price Target Multiples	<b>6.60x</b>	\$4	\$8	\$12	\$16	\$20	\$24	\$28	\$32	\$36
	<b>6.85x</b>	\$6	\$10	\$14	\$18	\$22	\$26	\$31	\$35	\$39
	<b>7.10x</b>	\$8	\$12	\$17	\$21	\$25	\$29	\$33	\$38	\$42
	<b>7.35x</b>	\$10	\$15	\$19	\$23	\$28	\$32	\$36	\$41	\$45
	<b>7.60x</b>	<b>\$12</b>	<b>\$17</b>	<b>\$21</b>	<b>\$26</b>	<b>\$30</b>	<b>\$35</b>	<b>\$39</b>	<b>\$44</b>	<b>\$48</b>
	<b>7.85x</b>	\$14	\$19	\$24	\$28	\$33	\$37	\$42	\$47	\$51
	<b>8.10x</b>	\$16	\$21	\$26	\$31	\$35	\$40	\$45	\$50	\$54
	<b>8.35x</b>	\$19	\$23	\$28	\$33	\$38	\$43	\$48	\$53	\$57
<b>8.60x</b>	\$21	\$26	\$31	\$36	\$41	\$46	\$51	\$56	\$61	

Source: Company reports and Deutsche Bank

Figure 37: Sum of the Parts Equity Value



Source: Company reports and Deutsche Bank





## PNK Valuation & Risks

At current levels, PNK trades at 8.4x and 7.7x our 2014 and 2015 EBITDA estimates, respectively.

**Downside risks:** 1) an inability to generate adequate returns on the River Downs development project, 2) future competitive pressure at several properties including Belterra and L'Auberge du Lac, and 3) the potential for increased news flow around gaming in Texas

Figure 38: EV-EBITDA Multiple Summary

<u>Current Multiple Data</u>		<u>Historical Multiple Data</u>	
October 15, 2013			
Share Price	\$24.37	Average (2003 - Present)	9.3x
Shares Outstanding (MRQ)	58.5	Peak (2003 - Present)	16.1x
Market Cap (\$ in MM)	\$1,426	Trough (2003 - Present)	5.8x
2012 Net Debt	\$1,339		
2013E Net Debt	\$4,191	Average (2005 - Present)	9.7x
2014E Net Debt	\$3,813	Peak (2005 - Present)	16.1x
2015E Net Debt	\$3,498	Trough (2005 - Present)	6.5x
2016E Net Debt	\$3,142		
2012 EV	\$2,765		
2013E EV	\$5,617	Average (2007 - Present)	9.7x
2014E EV	\$5,239	Peak (2007 - Present)	16.1x
2015E EV	\$4,925	Trough (2007 - Present)	6.5x
2016E EV	\$4,568		
2012 EBITDA	\$285		
2013E EBITDA	\$402	Average (2009 - Present)	8.7x
2014E EBITDA	\$622	Peak (2009 - Present)	14.0x
2015E EBITDA	\$641	Trough (2009 - Present)	6.5x
2016E EBITDA	\$669		
<b>2012 EV/EBITDA</b>	<b>9.7x</b>		
<b>2013E EV/EBITDA</b>	<b>NM</b>		
<b>2014E EV/EBITDA</b>	<b>8.4x</b>		
<b>2015E EV/EBITDA</b>	<b>7.7x</b>		
<b>2016E EV/EBITDA</b>	<b>6.8x</b>		

Source: Company reports, Factset, and Deutsche Bank



PNK Model

Figure 39: EPS Model (\$ in MM, except per share data)

	2011	2012	2012	2012	2012	2012	2013	2013	2013E	2013E	2013E	2014E	2015E	2016E
Days in Period	365	91	91	92	92	366	90	91	92	92	365	365	365	366
<b>Total Net Revenue</b>	<b>\$1,158.5</b>	<b>\$293.0</b>	<b>\$298.3</b>	<b>\$304.2</b>	<b>\$301.6</b>	<b>\$1,197.1</b>	<b>\$312.6</b>	<b>\$315.3</b>	<b>\$423.9</b>	<b>\$543.9</b>	<b>\$1,595.8</b>	<b>\$2,237.4</b>	<b>\$2,281.8</b>	<b>\$2,309.8</b>
yoy % chg.	5.0%	1.8%	-0.3%	2.8%	9.4%	3.3%	6.7%	3.7%	39.4%	80.3%	33.3%	-0.2%	2.0%	1.2%
<b>Property EBITDA</b>														
Ameristar St. Charles	\$257	\$239	\$241	\$225	\$96.2	\$23.3	\$23.5	\$21.8	\$21.7	\$90.3	\$92.7	\$95.2	\$97.5	\$97.5
yoy % chg.	1.7%	-5.3%	0.3%	0.9%	-0.7%	-9.4%	-1.8%	-9.4%	-3.5%	-6.1%	2.6%	4.8%	3.9%	2.4%
Margin	37.7%	36.1%	35.3%	33.9%	35.8%	35.5%	36.2%	34.2%	34.0%	35.0%	35.9%	36.5%	37.0%	37.0%
Ameristar East Chicago	\$130	\$102	\$71	\$85	\$38.9	\$11.1	\$10.5	\$8.1	\$9.2	\$38.8	\$38.0	\$39.9	\$41.4	\$41.4
yoy % chg.	9.3%	-2.6%	-21.6%	0.6%	-2.7%	-14.4%	2.3%	13.2%	7.5%	-0.1%	-2.0%	4.8%	3.9%	2.4%
Margin	22.6%	19.5%	14.3%	16.8%	18.5%	20.6%	20.7%	16.4%	18.2%	19.0%	19.0%	19.7%	20.3%	20.3%
Ameristar Kansas City	\$215	\$188	\$184	\$174	\$76.2	\$18.8	\$18.3	\$17.7	\$17.5	\$72.2	\$72.7	\$74.7	\$76.5	\$76.5
yoy % chg.	3.8%	-12.8%	-7.8%	-9.2%	-6.5%	-12.4%	-2.9%	-4.2%	0.3%	-5.2%	0.7%	2.8%	2.4%	2.4%
Margin	38.1%	36.2%	35.5%	33.9%	36.0%	36.2%	36.4%	35.2%	34.5%	35.6%	35.8%	36.4%	36.9%	36.9%
Ameristar Council Bluffs	\$190	\$167	\$175	\$156	\$68.8	\$17.9	\$18.0	\$17.1	\$15.9	\$69.0	\$70.5	\$72.1	\$73.6	\$73.6
yoy % chg.	14.3%	-3.0%	5.1%	-0.5%	4.0%	-5.8%	7.7%	-2.0%	2.0%	2.2%	2.2%	2.3%	2.0%	2.0%
Margin	43.6%	40.6%	42.7%	38.7%	41.5%	42.7%	43.4%	42.6%	39.2%	42.0%	42.5%	43.0%	43.5%	43.5%
Ameristar Vicksburg	\$156	\$140	\$134	\$118	\$54.8	\$14.3	\$13.7	\$13.2	\$11.4	\$52.7	\$53.0	\$54.4	\$55.7	\$55.7
yoy % chg.	3.4%	4.9%	1.7%	0.1%	2.6%	-8.3%	-2.0%	-1.3%	-3.1%	-3.9%	0.6%	2.8%	2.4%	2.4%
Margin	48.4%	45.8%	45.7%	42.3%	45.7%	47.3%	47.3%	45.4%	42.1%	45.6%	45.9%	46.7%	47.3%	47.3%
Ameristar Black Hawk	\$145	\$150	\$161	\$132	\$58.8	\$13.5	\$15.3	\$16.0	\$13.0	\$57.9	\$59.5	\$61.1	\$62.4	\$62.4
yoy % chg.	9.3%	11.3%	9.2%	-9.4%	4.9%	-7.2%	2.4%	-0.6%	-0.9%	-1.5%	2.8%	2.7%	2.2%	2.2%
Margin	37.0%	37.6%	37.9%	34.1%	36.7%	35.2%	37.9%	37.7%	33.7%	36.2%	36.8%	37.4%	37.9%	37.9%
Jacpot Properties	\$47	\$40	\$46	\$39	\$17.3	\$3.6	\$3.4	\$4.1	\$3.7	\$14.8	\$13.8	\$14.3	\$14.8	\$14.8
yoy % chg.	-6.6%	-25.8%	-5.4%	-5.3%	-11.4%	-23.0%	-15.5%	-11.4%	-5.0%	-14.1%	-5.0%	4.0%	3.1%	3.1%
Margin	31.9%	28.5%	29.8%	28.8%	29.8%	27.9%	23.1%	26.9%	27.3%	26.3%	25.1%	25.9%	26.4%	26.4%
L'Autherge du Lac	\$110.2	\$29.7	\$30.4	\$31.5	\$23.8	\$115.5	\$26.9	\$26.0	\$30.8	\$27.4	\$111.1	\$95.4	\$76.1	\$81.2
yoy % chg.	18.6%	16.1%	-0.7%	6.3%	-2.2%	4.8%	-9.4%	-14.6%	-2.2%	14.7%	-3.8%	-14.1%	-20.2%	6.6%
Margin	29.4%	30.7%	30.1%	31.7%	27.5%	30.1%	29.8%	27.9%	31.3%	30.3%	29.8%	27.9%	24.7%	25.8%
Boomtown New Orleans	\$45.5	\$110	\$100	\$77	\$9.3	\$38.0	\$10.3	\$10.5	\$8.6	\$9.6	\$39.0	\$42.4	\$43.3	\$44.0
yoy % chg.	3.5%	-16.1%	-12.3%	-24.8%	-13.4%	-16.5%	-6.5%	5.1%	11.1%	3.7%	2.6%	8.7%	2.3%	1.7%
Margin	34.0%	33.3%	31.7%	27.6%	31.4%	31.1%	33.2%	34.4%	30.0%	32.4%	32.5%	33.7%	34.1%	34.4%
Boomtown Bossier City	\$19.3	\$5.9	\$4.6	\$4.3	\$3.5	\$18.3	\$5.4	\$3.9	\$2.7	\$1.6	\$13.6	\$8.7	\$9.3	\$9.8
yoy % chg.	-4.6%	3.0%	-1.3%	-7.7%	-16.4%	-4.9%	-8.2%	-14.7%	-37.7%	-55.5%	-25.8%	-36.1%	6.9%	5.5%
Margin	22.7%	26.2%	22.7%	21.5%	19.3%	22.6%	26.0%	21.4%	16.7%	11.2%	19.7%	14.8%	15.6%	16.3%
Belema	\$29.8	\$8.0	\$8.4	\$9.9	\$5.7	\$32.0	\$6.4	\$7.6	\$8.0	\$4.2	\$26.2	\$20.7	\$19.6	\$20.3
yoy % chg.	1.8%	24.9%	5.2%	13.9%	-14.2%	7.7%	-20.6%	-9.7%	-19.0%	-25.9%	-18.2%	-20.9%	-5.5%	3.5%
Margin	19.2%	20.9%	20.8%	23.8%	15.8%	20.5%	18.3%	22.0%	22.3%	13.8%	19.3%	16.9%	16.4%	16.8%
St. Louis	\$88.3	\$25.7	\$25.1	\$25.5	\$22.4	\$98.7	\$25.0	\$26.1	\$15.7	\$15.3	\$82.0	\$66.3	\$69.3	\$71.9
yoy % chg.	43.5%	28.0%	10.8%	14.3%	-3.6%	11.8%	-2.8%	4.0%	-38.7%	-31.6%	-16.9%	-19.2%	4.6%	3.8%
Margin	23.1%	25.6%	25.0%	25.9%	23.8%	25.1%	25.9%	26.7%	28.6%	28.6%	27.1%	29.2%	30.3%	31.1%
Boomtown Reno	(\$0.5)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
yoy % chg.	-3.0%													
Margin	-3.0%													
Baton Rouge			\$1.5	\$3.4	\$4.9	\$5.1	\$5.7	\$6.8	\$7.0	\$24.6	\$33.0	\$37.3	\$40.6	\$40.6
yoy % chg.														
Margin			11.4%	9.7%	10.1%	13.9%	15.7%	17.4%	17.9%	16.3%	20.9%	22.9%	24.2%	24.2%
River Downs	(\$2.2)	(\$0.4)	(\$0.4)	(\$0.5)	(\$0.3)	(\$1.6)	(\$0.2)	(\$1.0)	(\$1.0)	(\$0.3)	(\$2.5)	\$7.7	\$26.1	\$31.3
yoy % chg.	29.7%	-41.9%	-31.4%	-40.4%	-28.6%	-60.3%	159.2%	103.5%	-11.6%	\$4.6%	-410.6%	-240.3%	200.0%	200.0%
Margin	-21.8%	-20.3%	-8.5%	-14.5%	-17.3%	-13.6%	-6.2%	-26.9%	-34.7%	-15.0%	-22.4%	17.6%	-25.0%	30.0%
Other	\$0.0	\$0.0	\$0.0	(\$0.2)	(\$0.1)	(\$0.3)	(\$0.0)	(\$0.0)	\$0.0	\$0.0	(\$0.1)	\$0.0	\$0.0	\$0.0
yoy % chg.	0.0%	0.0%	0.0%	-99.5%	-14.8%	-43.1%	-10.0%	-10.6%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%
Margin	0.0%	0.0%	0.0%	-99.5%	-14.8%	-43.1%	-10.0%	-10.6%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%
<b>Property Level EBITDA</b>	<b>\$290.3</b>	<b>\$79.9</b>	<b>\$78.2</b>	<b>\$79.7</b>	<b>\$67.7</b>	<b>\$305.5</b>	<b>\$78.9</b>	<b>\$78.9</b>	<b>\$121.5</b>	<b>\$157.3</b>	<b>\$436.6</b>	<b>\$674.2</b>	<b>\$692.8</b>	<b>\$721.1</b>
yoy % chg.	16.9%	14.4%	1.7%	6.5%	-1.3%	5.3%	-1.3%	0.9%	52.4%	132.2%	42.9%	54.5%	2.7%	4.1%
Margin	25.1%	27.3%	26.2%	26.2%	22.5%	25.5%	25.2%	25.0%	28.7%	28.9%	27.4%	30.1%	30.4%	31.2%
Corporate Expense	\$26.0	\$5.4	\$5.0	\$5.6	\$4.4	\$20.4	\$5.0	\$6.2	\$10.1	\$13.0	\$34.3	\$52.0	\$52.0	\$52.0
<b>Consolidated EBITDA</b>	<b>\$264.3</b>	<b>\$74.6</b>	<b>\$73.2</b>	<b>\$74.1</b>	<b>\$63.3</b>	<b>\$285.2</b>	<b>\$73.9</b>	<b>\$72.7</b>	<b>\$111.4</b>	<b>\$144.3</b>	<b>\$403.3</b>	<b>\$622.2</b>	<b>\$640.8</b>	<b>\$669.1</b>
yoy % chg.	21.2%	15.9%	5.9%	8.0%	1.7%	7.9%	-0.9%	-0.7%	50.3%	127.9%	41.0%	54.7%	3.0%	4.4%
Margin	22.8%	25.4%	24.5%	24.4%	21.0%	23.8%	23.6%	23.0%	26.3%	26.5%	25.2%	27.8%	28.1%	29.0%
D&A	\$105.0	\$26.2	\$26.2	\$27.6	\$35.7	\$115.7	\$28.0	\$27.1	\$40.0	\$53.3	\$148.5	\$219.4	\$225.6	\$225.6
Pre-opening & Development	\$8.9	\$2.8	\$4.2	\$11.5	\$3.1	\$21.6	\$7.6	\$17.2	\$0.0	\$0.0	\$24.8	\$0.0	\$0.0	\$0.0
Share Based Comp (FAS 123)	\$6.7	\$2.0	\$3.2	\$1.9	\$1.7	\$8.8	\$1.9	\$3.4	\$2.0	\$2.0	\$9.3	\$14.0	\$14.0	\$14.0
Other (Includes Write-downs/Impairments)	\$6.7	\$0.0	\$0.8	\$0.1	\$10.9	\$11.8	\$0.3	\$1.9	\$0.0	\$0.0	\$2.2	\$0.0	\$0.0	\$0.0
<b>Operating Income</b>	<b>\$137.1</b>	<b>\$43.5</b>	<b>\$38.8</b>	<b>\$33.0</b>	<b>\$11.9</b>	<b>\$127.2</b>	<b>\$36.1</b>	<b>\$23.0</b>	<b>\$69.3</b>	<b>\$89.0</b>	<b>\$217.4</b>	<b>\$388.9</b>	<b>\$401.1</b>	<b>\$429.5</b>
Other Non-Operating Income	(\$0.2)	(\$1.6)	(\$1.2)	(\$1.4)	(\$2.6)	(\$30.8)	(\$92.2)	\$0.0	\$0.0	\$0.0	(\$92.2)	\$0.0	\$0.0	\$0.0
Loss on Debt Extinguishment	(\$0.2)	(\$20.7)	(\$20.7)	(\$20.7)	(\$20.7)	(\$20.7)	(\$20.7)	(\$20.7)	(\$20.7)	(\$20.7)	(\$20.7)	(\$20.7)	(\$20.7)	(\$20.7)
Interest Expense	(\$95.7)	(\$21.9)	(\$22.5)	(\$23.0)	(\$26.3)	(\$93.7)	(\$28.7)	(\$28.4)	(\$46.5)	(\$59.9)	(\$163.5)	(\$231.3)	(\$221.2)	(\$207.8)
<b>Pre Tax Income from Continuing Operations</b>	<b>\$41.0</b>	<b>(\$0.7)</b>	<b>\$15.1</b>	<b>\$8.7</b>	<b>(\$41.0)</b>	<b>(\$18.0)</b>	<b>(\$84.7)</b>	<b>(\$5.4)</b>	<b>\$22.8</b>	<b>\$29.1</b>	<b>(\$38.3)</b>	<b>\$157.6</b>	<b>\$179.9</b>	<b>\$221.7</b>
Income Tax Expense (Benefit)	\$1.4	(\$0.4)	\$2.2	\$2.0	\$1.0	\$4.7	\$0.6	(\$0.3)	\$2.5	\$2.5	\$5.4	\$10.0	\$10.0	\$10.0
Tax Rate	3.4%	55.8%	14.2%	22.5%	-2.4%	-26.0%	-0.7%	4.6%	10.9%	8.6%	NM	6.3%	5.6%	4.5%
<b>Income from Continuing Operations</b>	<b>\$39.6</b>	<b>(\$0.3)</b>	<b>\$12.9</b>	<b>\$6.8</b>	<b>(\$42.0)</b>	<b>(\$22.6)</b>	<b>(\$85.3)</b>	<b>(\$5.2)</b>	<b>\$20.3</b>	<b>\$26.6</b>	<b>(\$43.6)</b>	<b>\$147.6</b>	<b>\$169.9</b>	<b>\$211.7</b>
Income from Disc. Ops (net of tax)	(\$31.0)	(\$0.7)	(\$1.0)	(\$7.1)	(\$0.4)	(\$9.2)	(\$0.0)	\$0.0	\$0.0	\$0.0	(\$0.0)	\$0.0	\$0.0	\$0.0
<b>GAAP Net Income</b>	<b>\$8.6</b>	<b>(\$1.0)</b>	<b>\$12.0</b>	<b>(\$0.4)</b>	<b>(\$42.4)</b>	<b>(\$31.8)</b>	<b>(\$85.4)</b>	<b>(\$5.2)</b>	<b>\$20.3</b>	<b>\$26.6</b>	<b>(\$43.7)</b>	<b>\$147.6</b>	<b>\$169.9</b>	<b>\$211.7</b>
yoy % chg.	NM	-142.7%	NM	NM	-269.8%	NM	8362.9%	-143.4%	-3779.9%	-162.7%	-37.3%	-437.9%	15.2%	24.6%
<b>Non Recurring Items</b>														
Pre-opening & Development	\$8.9	\$2.8	\$4.2	\$11.5	\$3.1	\$21.6	\$7.6	\$17.2	\$0.0	\$0.0	\$24.8	\$0.0	\$0.0	\$0.0
Debt Extinguishment	\$0.2	\$20.7	\$20.7	\$20.7	\$20.7	\$20.7	\$20.7	\$20.7	\$20.7	\$20.7	\$20.7	\$20.7	\$20.7	\$20.7
Other	\$6.7	\$0.0	\$0.8	\$0.1	\$10.9	\$11.8	\$0.3	\$1.9	\$0.0	\$0.0	\$2.2	\$0.0	\$0.0	\$0.0
Tax Adjustments	(\$5.3)	(\$1.8)	\$0.6	\$0.6	(\$0.2)	(\$0.8)	(\$0.4)	(\$1.5)	\$0.0	\$0.0	(\$1.9)	\$0.0	\$0.0	



Figure 40: Free Cash Flow and Balance Sheet Model

Free Cash Flow Model	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E	2015E	2016E
GAAP Net Income	\$8.6	(\$1.0)	\$12.0	(\$0.4)	(\$42.4)	(\$31.8)	(\$85.4)	(\$5.2)	\$20.3	\$26.6	(\$43.7)	\$147.6	\$169.9	\$211.7
D&A	\$105.0	\$26.2	\$26.2	\$27.6	\$35.7	\$115.7	\$28.0	\$27.1	\$40.0	\$53.3	\$148.5	\$219.4	\$225.6	\$225.6
FAS 123	\$6.7	\$2.0	\$3.2	\$1.9	\$1.7	\$8.8	\$1.9	\$3.4	\$2.0	\$2.0	\$9.3	\$14.0	\$14.0	\$14.0
Less Maintenance Capex	(\$56.6)	(\$2.4)	(\$1.0)	(\$1.6)	(\$0.3)	(\$5.3)	(\$2.5)	(\$5.8)	(\$15.0)	(\$22.5)	(\$45.8)	(\$95.0)	(\$95.0)	(\$95.0)
<b>Gross Free Cash Flow</b>	<b>\$63.7</b>	<b>\$24.9</b>	<b>\$40.3</b>	<b>\$27.5</b>	<b>(\$5.2)</b>	<b>\$87.4</b>	<b>(\$58.0)</b>	<b>\$19.6</b>	<b>\$47.4</b>	<b>\$59.4</b>	<b>\$68.3</b>	<b>\$285.9</b>	<b>\$314.6</b>	<b>\$356.3</b>
Gross FCF / Share	\$1.02					\$1.42					\$1.17	\$4.89	\$5.38	\$6.09
Gross FCF Yield	4.2%					5.8%					4.8%	20.0%	22.1%	25.0%
Less Project Capex	(\$96.9)	(\$63.6)	(\$89.9)	(\$96.5)	(\$44.2)	(\$294.2)	(\$36.5)	(\$61.6)	(\$68.7)	(\$103.5)	(\$270.3)	(\$168.2)	\$0.0	\$0.0
Less Acquisitions	(\$141.4)			(\$14.0)	(\$1.6)	(\$15.6)	(\$13.0)		(\$2,755.4)		(\$2,768.4)			
Plus Divestitures			\$10.8			\$10.8			\$30.6	\$251.9	\$282.5	\$260.0		
Plus Insurance Proceeds											\$0.0			
Plus Equity Issuance											\$0.0			
Less Share Repurchases				(\$28.6)	(\$22.4)	(\$51.0)					\$0.0			
Plus Non Cash Taxes	\$1.4	(\$0.4)	\$2.2	\$2.0	\$1.0	\$4.7	\$0.4	(\$0.2)			\$0.3			
Other	\$9.6	(\$2.5)	(\$15.0)	\$51.8	\$30.4	\$64.7	\$104.6	\$10.1	(\$279.0)		(\$164.3)			
<b>Net Free Cash Flow</b>	<b>(\$163.6)</b>	<b>(\$41.6)</b>	<b>(\$51.7)</b>	<b>(\$57.9)</b>	<b>(\$42.0)</b>	<b>(\$193.3)</b>	<b>(\$2.4)</b>	<b>(\$32.1)</b>	<b>(\$3,025.2)</b>	<b>\$207.8</b>	<b>(\$2,851.9)</b>	<b>\$377.7</b>	<b>\$314.6</b>	<b>\$356.3</b>
Balance Sheet Model	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	2014E	2015E	2016E
Cash & Cash Equivalents	\$78.6	\$255.7	\$202.8	\$144.4	\$101.8	\$101.8	\$98.9	\$86.2	\$86.2	\$86.2	\$86.2	\$86.2	\$86.2	\$86.2
Gross Debt	\$1,224.0	\$1,442.7	\$1,441.5	\$1,441.1	\$1,440.5	\$1,440.5	\$1,440.0	\$1,459.5	\$4,484.7	\$4,276.9	\$4,276.9	\$3,899.1	\$3,584.6	\$3,228.2
Net Debt	\$1,145.4	\$1,187.0	\$1,238.7	\$1,296.7	\$1,338.7	\$1,338.7	\$1,341.1	\$1,373.3	\$4,398.4	\$4,190.7	\$4,190.7	\$3,812.9	\$3,498.3	\$3,142.0
chg. in Net Debt	\$163.6	\$41.6	\$51.7	\$57.9	\$42.0	\$193.3	\$2.4	\$32.1	\$3,025.2	(\$207.8)	\$2,851.9	(\$377.7)	(\$314.6)	(\$356.3)
Equity	\$519.4	\$521.1	\$536.3	\$509.5	\$447.1	\$447.1	\$376.2	\$375.9	\$416.0	\$469.2	\$469.2	\$688.6	\$858.6	\$1,070.3
TTM EBITDA	\$264.3	\$274.5	\$278.6	\$284.1	\$285.2	\$285.2	\$284.5	\$284.0	\$321.2	\$402.2	\$402.2	\$622.2	\$640.8	\$669.1
Gross Debt /EBITDA	4.6x	5.3x	5.2x	5.1x	5.1x	5.1x	5.1x	5.1x	14.0x	10.6x	10.6x	6.3x	5.6x	4.8x
Net Debt/EBITDA	4.3x	4.3x	4.4x	4.6x	4.7x	4.7x	4.7x	4.8x	13.7x	10.4x	10.4x	6.1x	5.5x	4.7x
TTM Interest Expense	\$95.7	\$91.4	\$88.3	\$87.1	\$93.7	\$93.7	\$100.4	\$106.4	\$129.9	\$163.5	\$163.5	\$231.3	\$221.2	\$207.8
EBITDA/Interest Expense	2.8x	3.0x	3.2x	3.3x	3.0x	3.0x	2.8x	2.7x	2.5x	2.5x	2.5x	2.7x	2.9x	3.2x
Debt/Total Cap.	70.2%	73.5%	72.9%	73.9%	76.3%	76.3%	79.3%	79.5%	91.5%	90.1%	90.1%	85.0%	80.7%	75.1%

Source: Company reports and Deutsche Bank



# Appendix 1

## Important Disclosures

Additional information available upon request

### Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Boyd Gaming	BYD.N	13.76 (USD) 15 Oct 13	1,6,7,14,15
Penn National Gaming	PENN.OQ	55.90 (USD) 15 Oct 13	2,7,8,14,15
Pinnacle Entertainment	PNK.N	24.37 (USD) 15 Oct 13	1,7

\*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies

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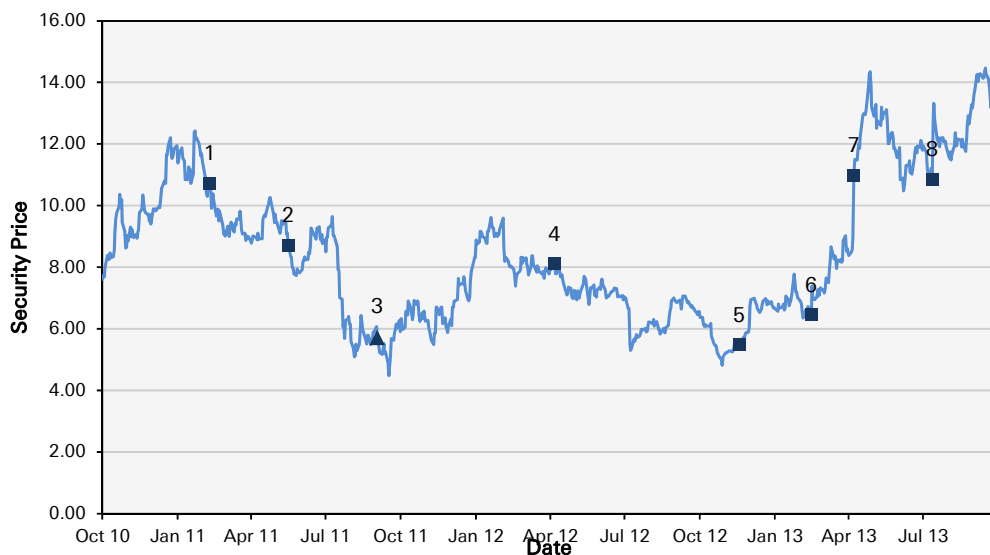


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### Historical recommendations and target price: Boyd Gaming (BYD.N)

(as of 10/15/2013)



#### Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

#### Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

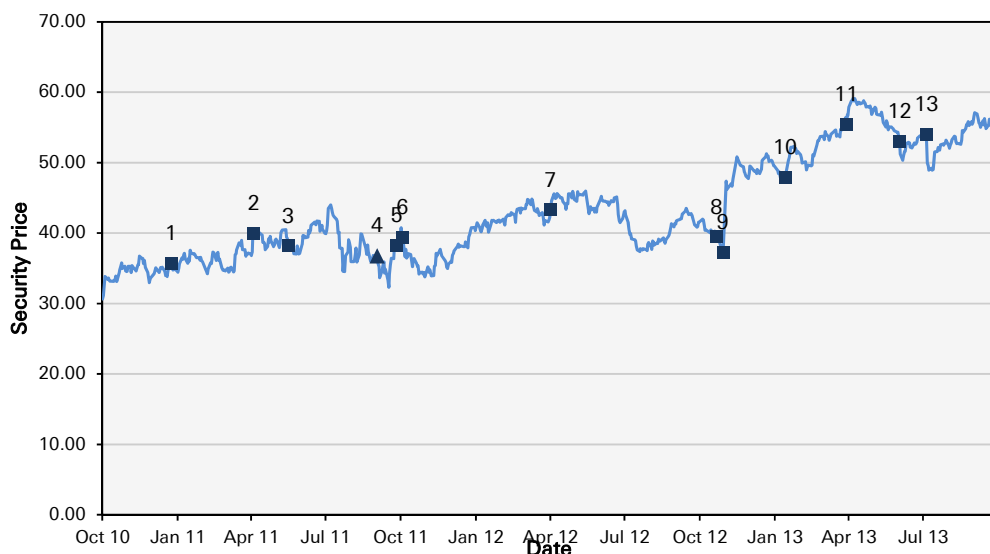
\*New Recommendation Structure  
as of September 9,2002

1.	02/27/2011:	Hold, Target Price Change USD10.00	5.	12/06/2012:	Hold, Target Price Change USD6.00
2.	06/03/2011:	No Recommendation, Target Price Change USD0.00	6.	03/04/2013:	Hold, Target Price Change USD7.00
3.	09/20/2011:	Upgrade to Hold, Target Price Change USD7.00	7.	04/25/2013:	Hold, Target Price Change USD10.00
4.	04/24/2012:	Hold, Target Price Change USD8.00	8.	07/30/2013:	Hold, Target Price Change USD12.00



**Historical recommendations and target price: Penn National Gaming (PENN.OQ)**

(as of 10/15/2013)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

\*New Recommendation Structure as of September 9,2002

1.	01/11/2011:	Buy, Target Price Change USD44.00	8.	11/08/2012:	Buy, Target Price Change USD48.00
2.	04/22/2011:	Buy, Target Price Change USD45.00	9.	11/16/2012:	Buy, Target Price Change USD65.00
3.	06/03/2011:	No Recommendation, Target Price Change USD0.00	10.	01/31/2013:	Buy, Target Price Change USD64.00
4.	09/20/2011:	Upgrade to Buy, Target Price Change USD52.00	11.	04/16/2013:	Buy, Target Price Change USD68.00
5.	10/14/2011:	Buy, Target Price Change USD50.00	12.	06/20/2013:	Buy, Target Price Change USD65.00
6.	10/21/2011:	Buy, Target Price Change USD46.00	13.	07/23/2013:	Buy, Target Price Change USD60.00
7.	04/19/2012:	Buy, Target Price Change USD52.00			

**Historical recommendations and target price: Pinnacle Entertainment (PNK.N)**

(as of 10/15/2013)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

\*New Recommendation Structure as of September 9,2002

1.	10/29/2010:	Buy, Target Price Change USD17.00	6.	10/24/2012:	Hold, Target Price Change USD15.00
2.	01/11/2011:	Buy, Target Price Change USD19.00	7.	04/12/2013:	Upgrade to Buy, Target Price Change USD23.00
3.	06/03/2011:	No Recommendation, Target Price Change USD0.00	8.	05/01/2013:	Buy, Target Price Change USD24.00
4.	09/20/2011:	Upgrade to Hold, Target Price Change USD14.00	9.	09/11/2013:	Buy, Target Price Change USD30.00
5.	02/15/2012:	Hold, Target Price Change USD13.00			



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**Buy:** Based on a current 12-month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield), we recommend that investors buy the stock.

**Sell:** Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock

**Hold:** We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

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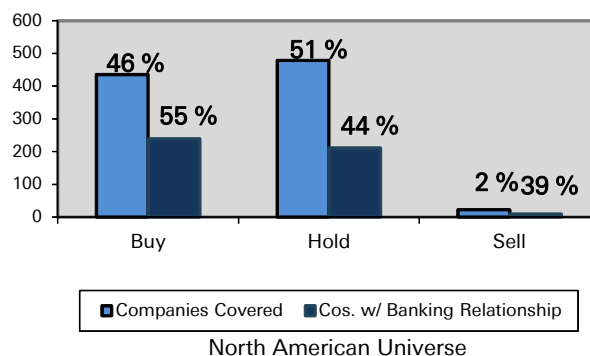
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Buy: Expected total return (including dividends) of 10% or more over a 12-month period

Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period

Sell: Expected total return (including dividends) of -10% or worse over a 12-month period

**Equity rating dispersion and banking relationships**





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