



ILLINOIS GAMING BOARD

Press Release

For Immediate Release
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Gaming Board to Designate Three "Final Bidders" on February 25th, 2004

CHICAGO – The Illinois Gaming Board released additional information Thursday regarding the seven bids that were submitted to purchase Emerald Casino Inc. The Board also announced that it will designate three corporate entities as the "Final Bidders" on Wednesday, February 25, 2004 rather than the previously announced date of Monday, February 23, 2004.

Gaming Board Chairman Elzie Higginbottom extended the date two days for the Board to announce the three "Final Bidders" at the request of the Board's staff which has been reviewing all of the bids submitted to purchase Emerald Casino Inc. The sale of Emerald Casino Inc. is being conducted under a bankruptcy reorganization plan that was negotiated by Illinois Attorney General Lisa Madigan and approved by U.S. District Court Judge Eugene Wedoff. In addition to the Board, Judge Wedoff must approve the sale of Emerald Casino Inc.

"Staff recently completed their interviews with the owners and key decision makers of each entity wishing to purchase Emerald Casino Inc.," Higginbottom said. "Staff will continue their evaluation process and present a report to the Board by the end of the week."

The following corporate entities and partners have submitted bids to purchase Emerald Casino Inc.:

- **Caesars Entertainment**, offered a \$205 million bid to construct a casino in Rosemont. Caesars plans to build a 40,000 square foot casino on a permanently moored barge at Emerald Casino's current site. In addition, Caesars may construct a 300 to 500 room hotel at the location, which they will develop as an entertainment district. The Caesars development also calls for several theme/signature retail shops and restaurants. Caesars estimates the development will create 1,300 casino-related jobs and take nine months to construct. Caesars has adopted Rosemont's plan to share much of Rosemont's portion of the gaming taxes with 71 other communities. Caesars is currently licensed in Nevada, New Jersey, Delaware, Indiana, Mississippi, Louisiana, Australia, Uruguay, South Africa and operates its own cruise line.

- **Harrah's Entertainment**, which has partnered with S-L Partners, tendered a \$375 million bid to construct a 50,000 square foot permanently moored barge in Waukegan. The permanently moored barge will be constructed on a 32-acre parcel of property located on the former site of Lakehurst Mall near Interstate 94 and Illinois Route 120. In addition to the casino, Harrah's will build a 250 to 500 room hotel at the site. The development will include four Harrah's brand restaurants. Harrah's estimates the casino operation will create 1,500 to 2,000

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jobs and take fifteen months to develop. Harrah's is currently licensed in Arizona, California, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nevada, New Jersey and North Carolina.

- **Isle of Capri Casinos Inc.** has proffered a \$351 million bid to construct a 40,000 square foot "Caribbean-themed" casino in Rosemont at the current Emerald site. In addition, the development will include four signature restaurants. Isle of Capri has adopted Rosemont's plan to share much of Rosemont's portion of the gaming taxes with 71 other communities. Isle of Capri estimates it will take nine months to construct the casino, which will create 1,400 jobs. Isle of Capri is currently licensed in Louisiana, Iowa, Mississippi, Missouri, Colorado, Florida, Grand Bahamas and the United Kingdom.

- **Mandalay Hyatt LLC**, which is affiliated with Hyatt Development Corp. and Mandalay Resort Group submitted a \$20 million cash bid to construct a 52,400 square foot facility similar to the Grand Victoria in Elgin on a 13.6-acre site located at 7900 Bulldog Drive in Summit. As part of their proposal, Mandalay Hyatt LLC will help finance the construction of the development and other costs by assuming \$219 million in indebtedness. Mandalay Hyatt will also assume an additional \$100 million note to satisfy creditors of the estate. Once Mandalay Hyatt LLC has satisfied the \$100 million note, the proposal calls for Mandalay Hyatt to pay the State of Illinois two-thirds of the casino's adjusted net profit. An executive committee overseeing management of the casino will be made up of five people, two of who will be representatives of Hyatt, two of who will be representatives of Mandalay and the fifth will be one of the statutorily required minority participants. The Mandalay Hyatt proposal will create 1,600 jobs and take eighteen months to construct. Mandalay Hyatt is currently licensed in Nevada, Mississippi, Michigan, Illinois, Indiana, Aruba, Puerto Rico, Canada and Argentina.

- **Midwest Gaming and Entertainment LLC**, which was originally partnered with Wynn Resorts Limited has offered \$360 million to construct a 40,000 square foot casino on a permanently moored barge on a nine acre parcel located at 3000 Des Plaines River Road in Des Plaines. Mr. Steve Wynn and Wynn Resorts Limited withdrew from the bidding process on February 17, 2004. The site will now be developed and operated solely by Midwest Gaming and Entertainment LLC, which is owned by real estate developer Neil Bluhm. The development will be positioned as a "destination" casino with signature restaurants and a 300 to 500 room hotel. The development will create 1,700 jobs and take fifteen months to construct. Midwest Gaming is currently licensed in Louisiana and Ontario.

- **Penn National Gaming** submitted a \$506 million bid to construct a casino in Rosemont. Penn National will erect a permanently moored barge on the current site of Emerald Casino Inc. The development will include two food courts, a buffet and one specialty restaurant. Penn National's financing consists of \$50 million in cash and \$711 million in debt to finance the bid, construct the casino and to pay other expenses. Penn National intends to sell 80 percent of the business back to the State of Illinois for \$1 in return for a 20-year management contract. The service on the debt will be satisfied from the revenues generated by the casino.

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•**Southland Development Group**, which partnered with Merit Management Group LLC and Gatling Community Development Inc., offered \$250 million to construct a 45,000 square foot permanently moored barge at a site located near the intersections of Interstates 57 and 80 and 167th Street and Cicero Avenue. The site will be developed on 275-acres and include a 350 room hotel, fitness center, spa, five restaurants, retail specialty shops, major retailers, bowling alley, and water park. Phase II of the development will include additional retail and restaurant space, an indoor theme water park and adjacent 300-room hotel with a 200,000 square foot convention center. The Southland Development proposal will create 2,925 direct jobs and an additional 1,728 jobs in related industries. Southland Development estimates it will take fifteen months to construct and open the gaming facility. Southland Development and Merit Management Group LLC have not been licensed in other jurisdictions. Some Key Persons participating in the proposal, Mr. Peter A. Ferro and Mr. Charles P. Hammersmith have been licensed in Illinois. Another Key Person, Mr. Joseph Canfora, has been licensed in Illinois, Missouri, Indiana, Louisiana, Mississippi and Nevada,

Important Dates in the Emerald Sales Process

Emerald Casino Inc. has filed notices in U.S. Bankruptcy Court detailing what will occur in the bidding process and on which date, as follows:

- February 23, 2004 The Board will meet in Closed Session to discuss the bid proposals.
- February 25, 2004 The Board will designate three bidders as the “Final Bidders.”
- March 1, 2004 Open session of the IGB with public presentations made by the three Final Bidders.
- March 4, 2004 Open session of the Gaming Board to receive public comment regarding public presentations made by Final Bidders. Those interested in addressing the Board should submit a request in writing to the Illinois Gaming Board, 160 N. LaSalle Street, Chicago, IL 60601 or fax the request to 312-814-4602.
- March 5, 2004 The Board identifies one Final Bidder as the leading proposal.
- March 10, 2004 An auction is held among the Final Bidders.
- March 15, 2004 The Board announces the winning bidder.
- On or about
April 1, 2004 U.S. Bankruptcy Court confirmation hearing.