



# Pennsylvania Licensing Hearing

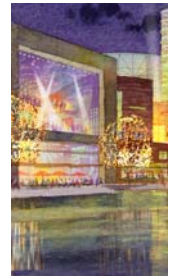
*November 15, 2006*



# Pinnacle's Philadelphia Proposal

- Best Site
- Most Innovative Design
- Extensive Development Experience
- Proven Operating Track Record
- Value-Added Partnership

**RIGHT CHOICE FOR PHILADELPHIA**



# Pinnacle Principal Introductions

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- ❑ Dan Lee – Chairman & Chief Executive Officer
- ❑ Robert Johnson – Founder & Chairman, RLJ Companies
- ❑ Wade Hundley – President
- ❑ Cliff Kortman – President, PNK Design & Construction
- ❑ Jack Godfrey – General Counsel
- ❑ Steve Capp – Chief Financial Officer
- ❑ Alain Uboldi – Chief Operating Officer
- ❑ Humberto Trueba – Senior VP of Human Resources
- ❑ Harry Moppins – Diversity Compliance Officer

# Pinnacle Team Introductions

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- Harry Laspee  
Chief Engineer, Pennoni Associates
- Mike Hartmeier  
Managing Director, Lehman Brothers
- Barbara Grant  
Cardenas Grant Communications
- Marc Blum  
Vice President, The Jerde Partnership

# Pinnacle Development Experience

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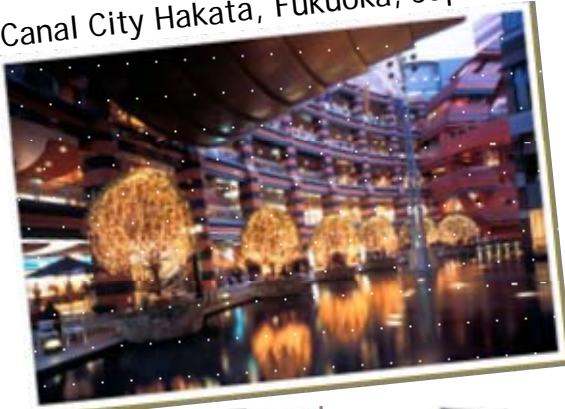
Pinnacle's Team has Participated in the  
Development of Some of the World's Most  
Successful Casinos and Resorts,  
Including...

# Pinnacle Development Experience



# Selected Jerde Partnership Projects

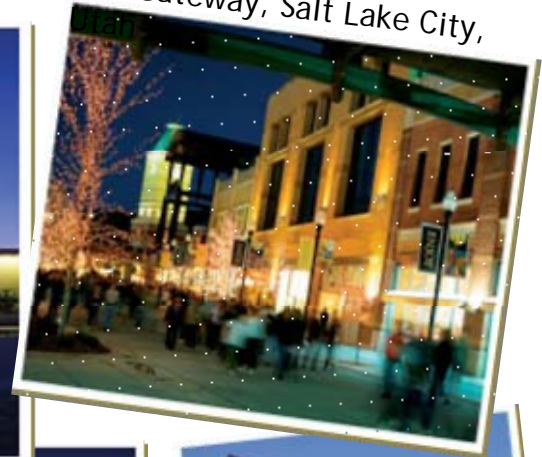
Canal City Hakata, Fukuoka, Japan



Morongo Casino Resort & Spa  
Cabazon, California



The Gateway, Salt Lake City,



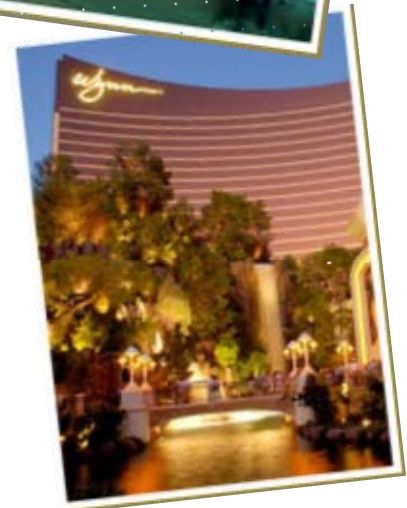
Palms Casino Resort  
Las Vegas, Nevada



Bellagio  
Las Vegas, Nevada

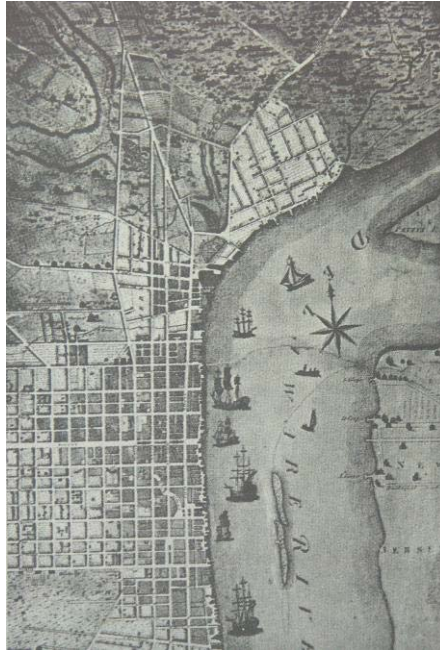
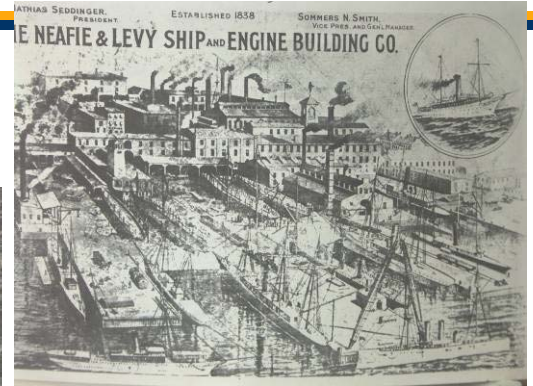


Treasure Island  
Las Vegas, Nevada



Wynn  
Las Vegas, Nevada

# Place: Its all about the Delaware River





# Approach: Key Project Goals

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Each place has  
its own *identity*  
connected by a  
common idea  
*derived from*  
*the place itself*

## CONNECTING

The community to the river

## REGENERATING

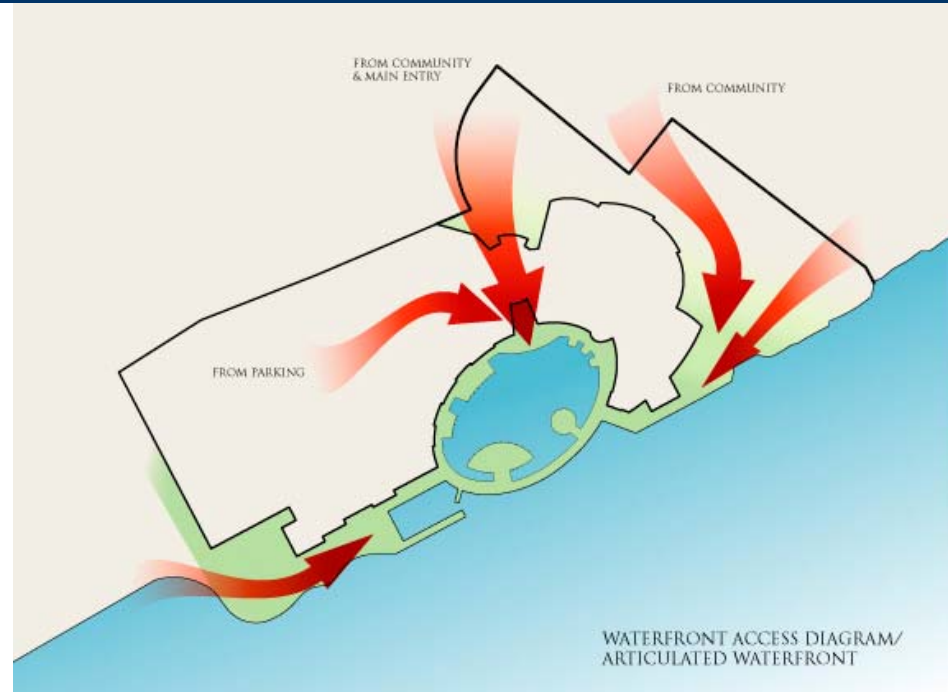
The river's edge

## CREATING

An authentic, meaningful destination

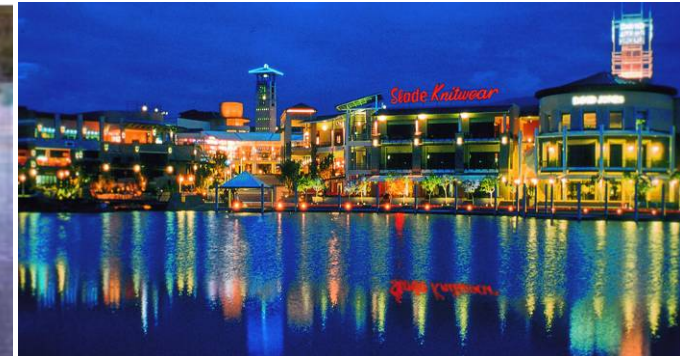
# Connecting to the River

The Project will create a dynamic waterfront experience; a new gathering place for the community.



# Regenerating the River's Edge

The development will attract future growth, drawn by the catalytic effect of this strong, new place. It will illustrate a broader vision for the surrounding area.



# Creating an Authentic, Meaningful, and Contextual Destination

The development will attract future growth, drawn by the catalytic effect of this strong, new place. It will illustrate a broader vision for the surrounding area.



# Pinnacle Site Plan



# Pinnacle Casino Proposal



# Pinnacle Casino Proposal



# Pinnacle Casino Proposal





# Pinnacle Casino Proposal



# Pinnacle Temporary Casino

- ❑ Convert existing warehouse building into temporary casino
- ❑ Timeline: 9 - 12 months from licensure
- ❑ 55,000 square feet
- ❑ 2,000 slot machines
- ❑ Ample parking
- ❑ 2-3 dining outlets
- ❑ Center bar



# Pinnacle Development Experience

- ❑ Not just an operator, but a developer
- ❑ Build quality facilities with staying power
- ❑ High degree of success in regional markets
- ❑ Committed to local labor



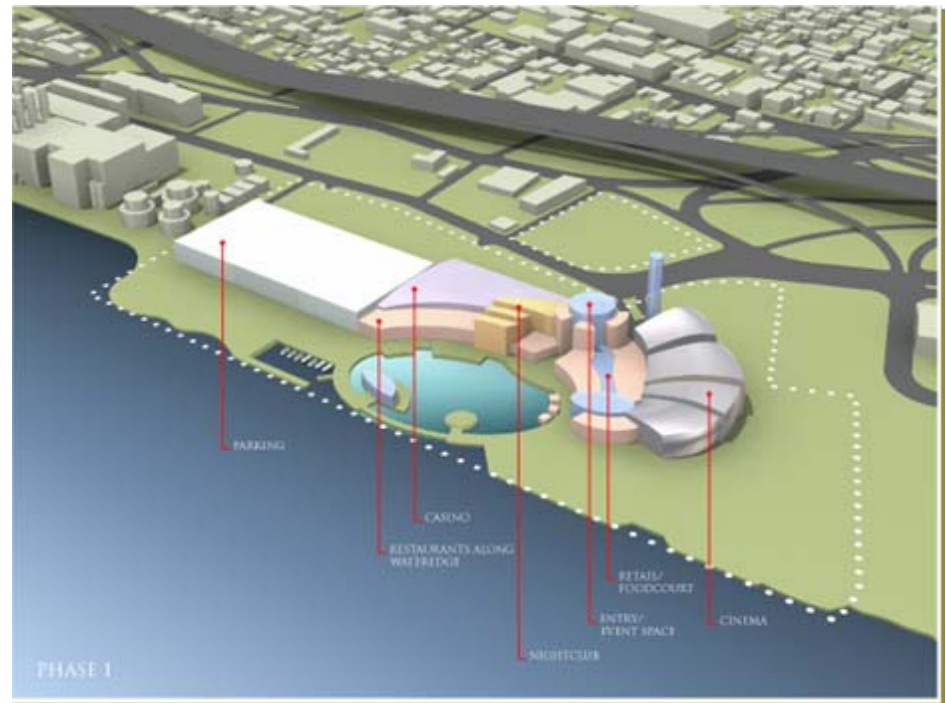
# Pinnacle Proposal - Phase Temp

- ❑ Temporary Casino with 2,000 Slots
- ❑ Will not interfere with Phase I construction
- ❑ Ample On-Site Parking
- ❑ Several Quick-Serve Dining Outlets



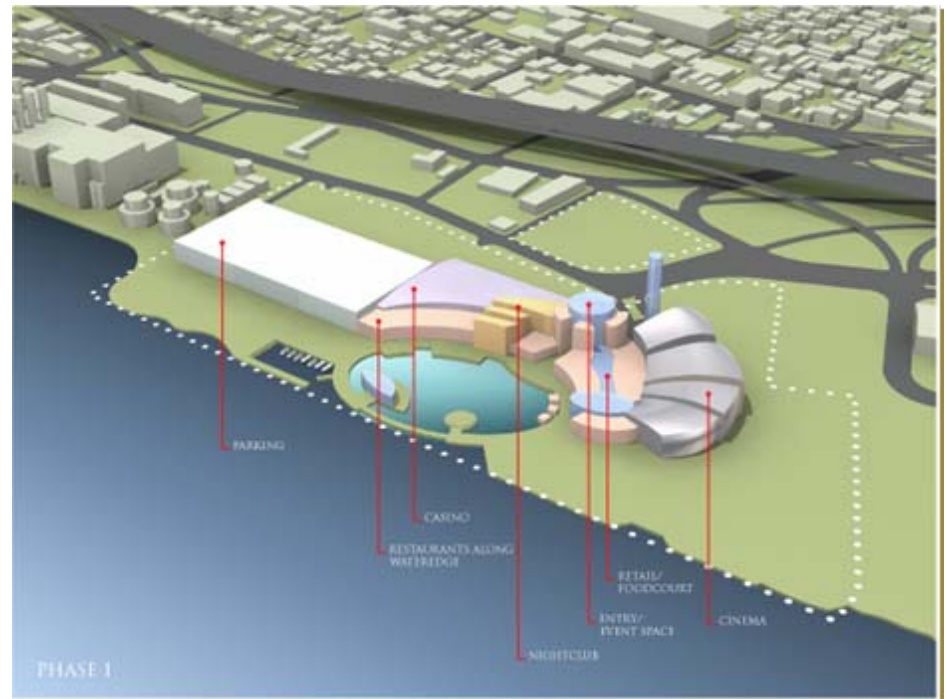
# Pinnacle Proposal - Phase I

- ❑ \$300 million to \$400 million investment
- ❑ 80,000 ft<sup>2</sup> Casino with 3,000 Slots
- ❑ 5 Restaurants Plus High Quality Food Court
- ❑ Premium Nightclub



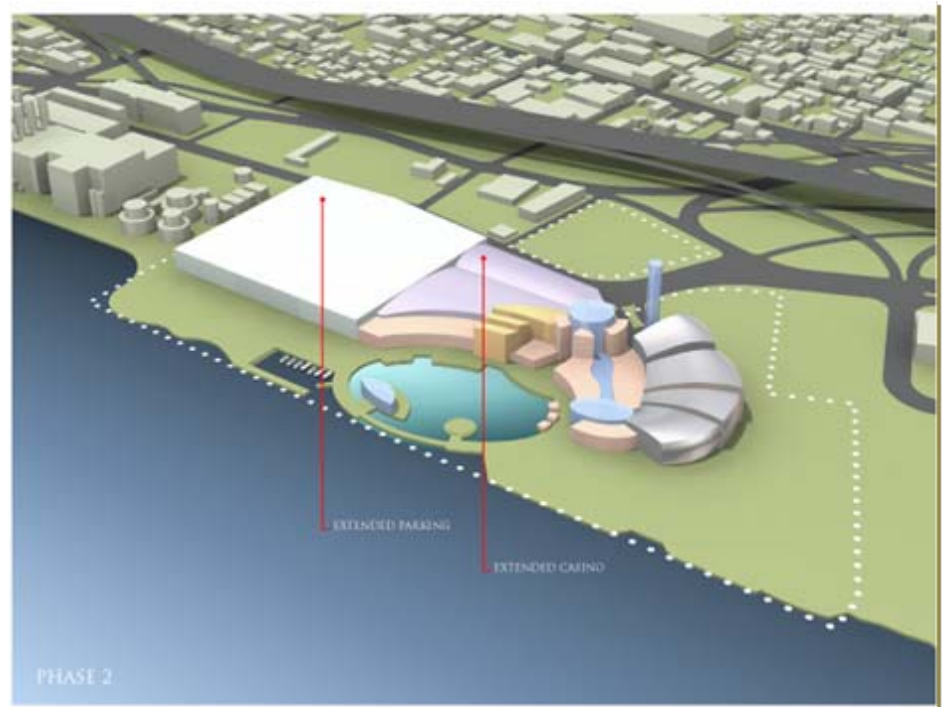
# Pinnacle Proposal - Phase I (continued)

- ❑ 36,000 ft<sup>2</sup> of Entertainment and Retail Outlets
- ❑ Parking for 3,000 Cars
- ❑ 12-14 Screen Movie Theatre
- ❑ Waterfront Ice-Skating Rink



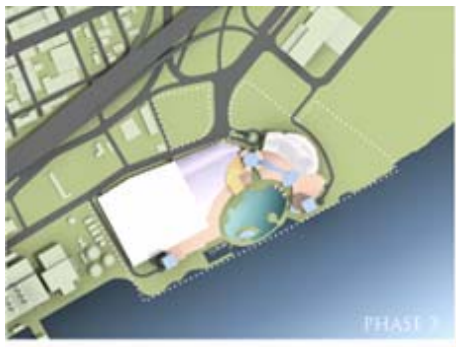
# Pinnacle Proposal - Phase II

- ❑ ~\$150 Million investment
- ❑ Casino Expanded to 130,000 ft<sup>2</sup> with 5,000 Slots
- ❑ Additional Dining and Entertainment Outlets
- ❑ Parking for 5,000 Cars
- ❑ Retail Expanded



# Pinnacle Proposal - Phase III

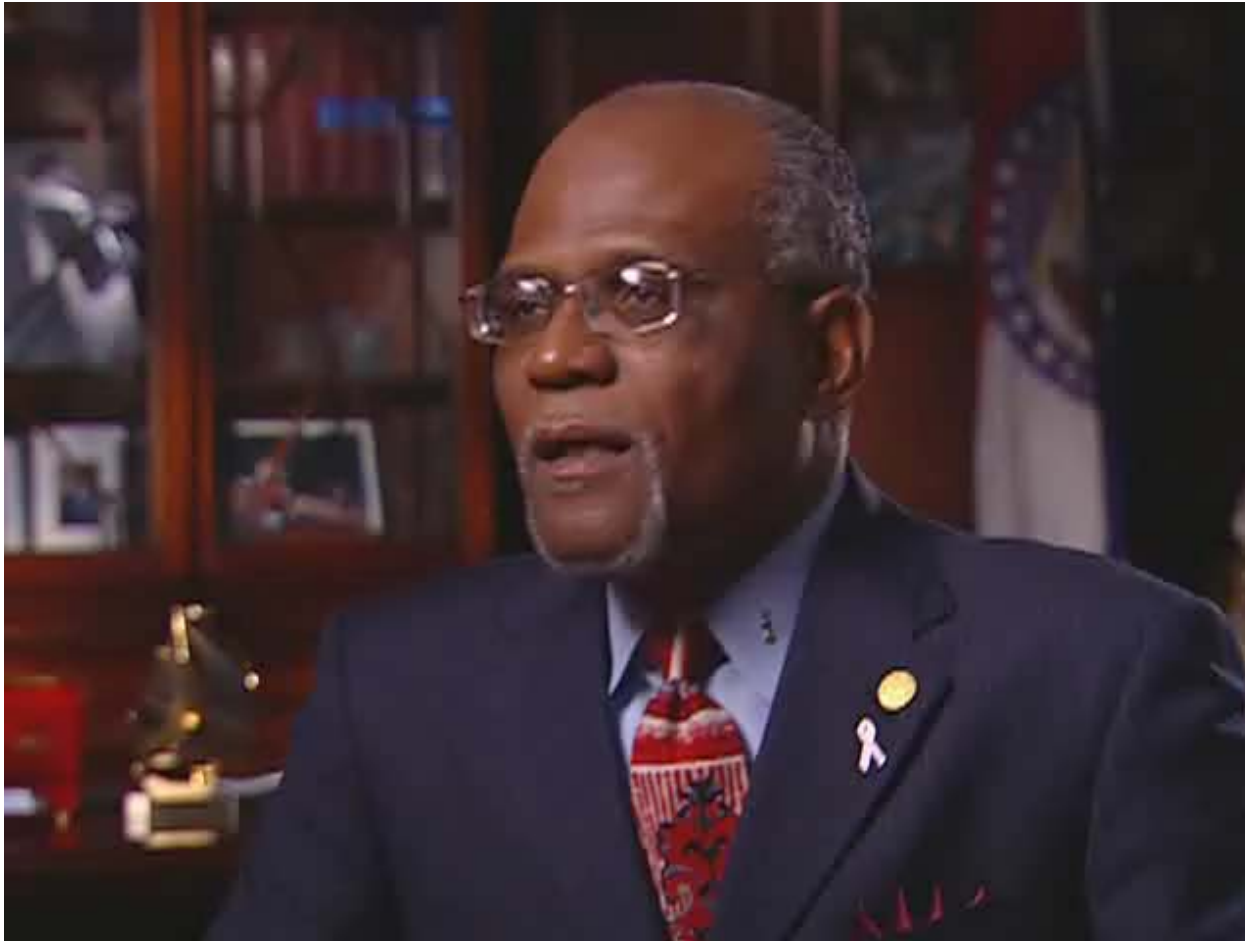
- ❑ ~\$250 Million investment
- ❑ 500-Room Hotel Tower
- ❑ Residential/Office Commercial Tower
- ❑ Additional Dining and Entertainment Outlets





# Charlie Dooley

St. Louis County Executive

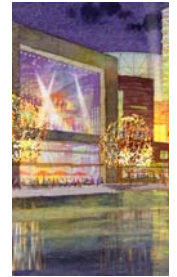


# Pinnacle Site Location



# Pinnacle Proposal Key Traffic Points

- 80% of site traffic is projected to utilize I-95.
- I-95 is adjacent to the Pinnacle site.
- PENNDOT is in Final Design on Girard Avenue Interchange improvement.
  - Upon completion, exit will lead right into Pinnacle site.
  - In interim, Pinnacle site traffic impacts can be easily mitigated within the existing public Right-of-Way.



# I-95 Existing Infrastructure

**LEGEND:**

**Color Code:**  
To I-95 South  
To I-95 North  
From I-95 South  
From I-95 North

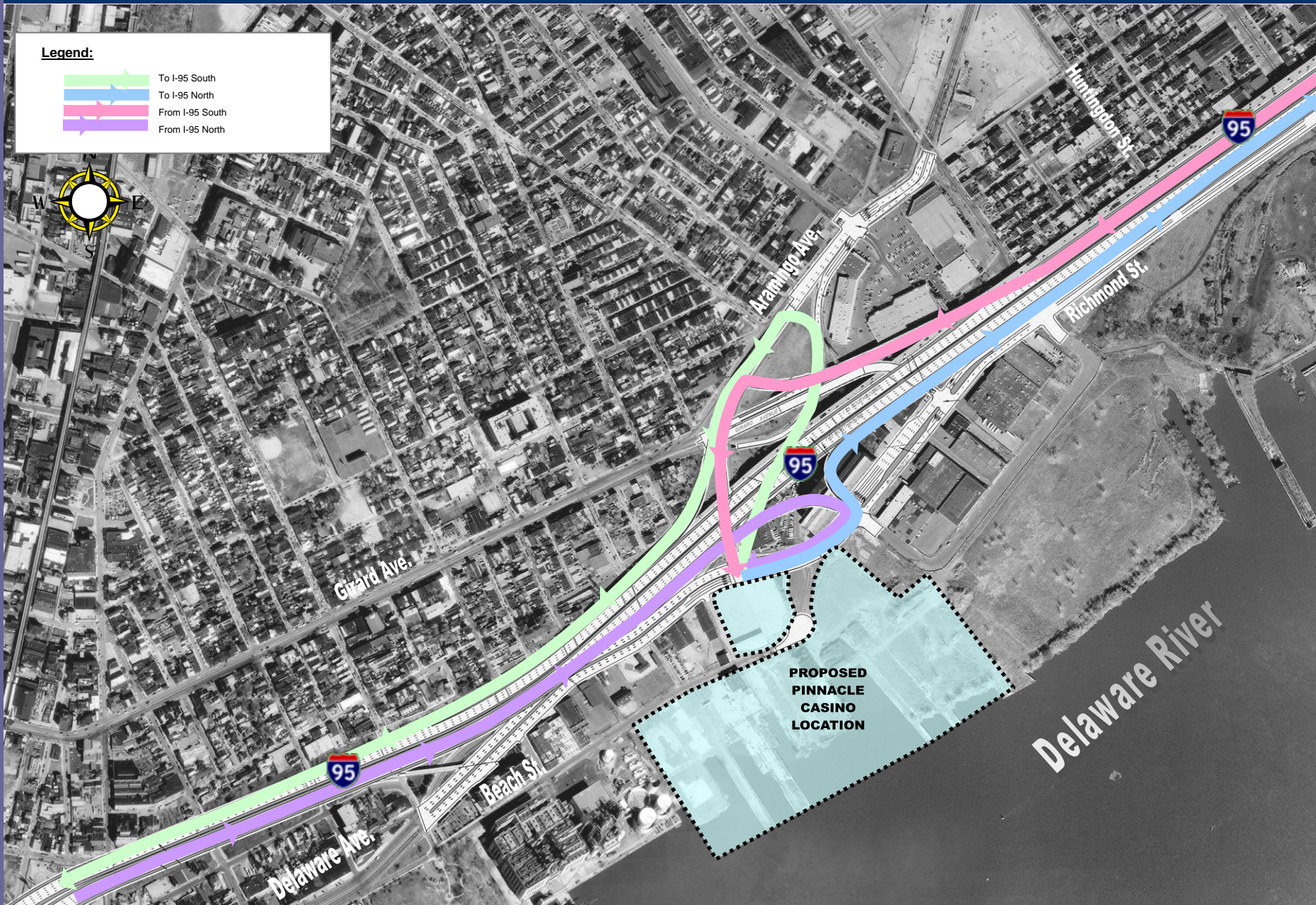
**Line Type Code:**  
Solid Lines = Shortest Paths / Paths of Least Resistance  
Dashed Lines = Alternative Paths



# I-95 – New Infrastructure

**Legend:**

- To I-95 South
- To I-95 North
- From I-95 South
- From I-95 North

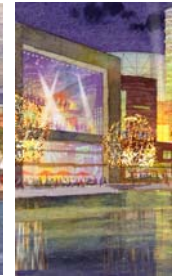


# Public Transit Facilities



# Pinnacle History

- ❑ 1938: Originally founded as Hollywood Park
- ❑ 1997: Acquired Boomtown, Inc.
- ❑ 1998: Acquired Casino Magic Corp.
- ❑ 2000: Name changed to Pinnacle Entertainment
- ❑ 2002: New management relocates company to Las Vegas
- ❑ 2005: L'Auberge du Lac opened in Lake Charles, LA



# Pinnacle Corporate Philosophy

- ❑ Design and develop the best projects
- ❑ Prefer to build rather than acquire
- ❑ Build multi-dimensional entertainment facilities
- ❑ Focus on customer experience
  - Repeat business is critical

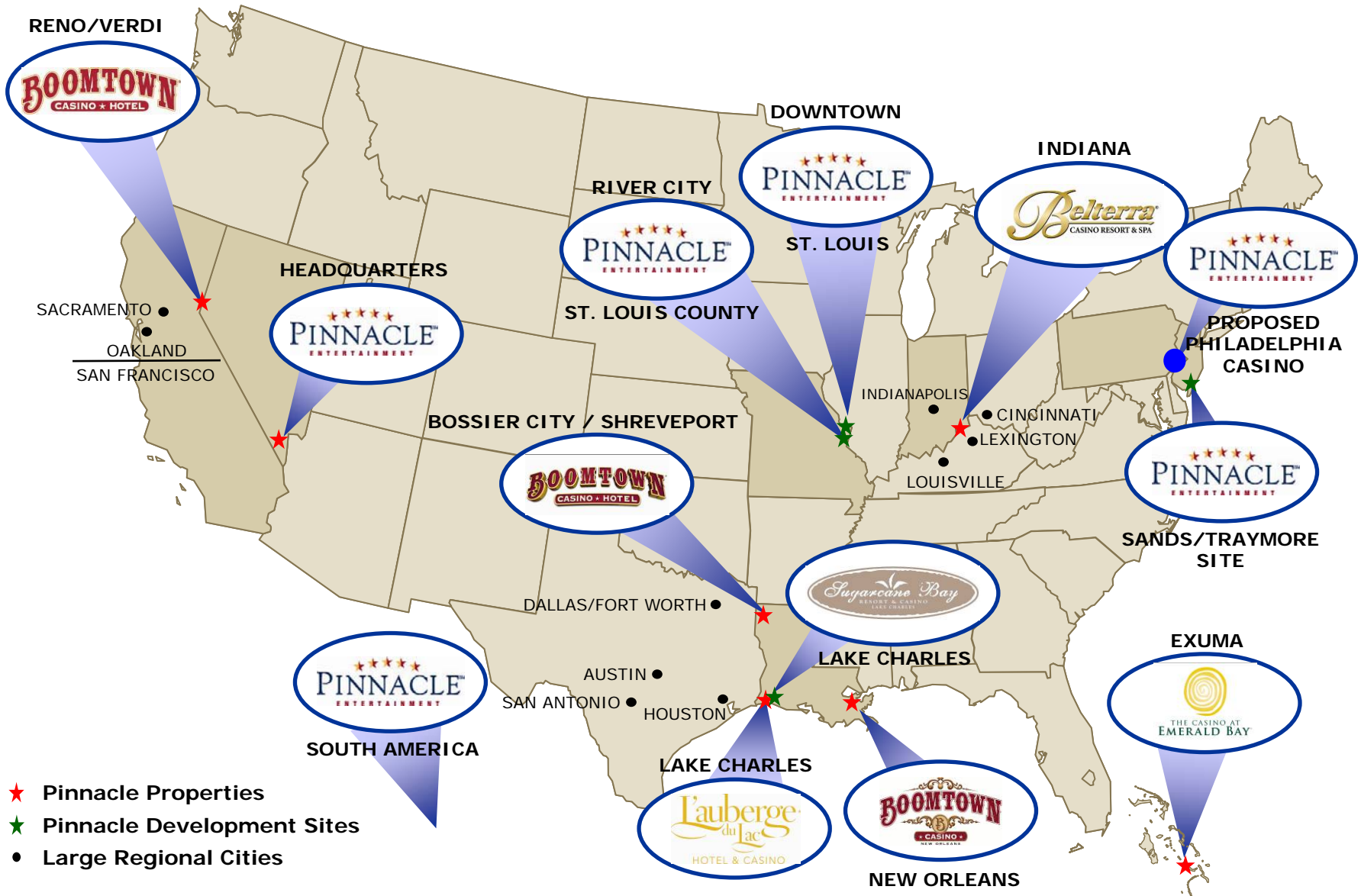




# Pinnacle Headquarters



# Pinnacle Properties & Proposed Projects



# Pinnacle Corporate Vision

- ❑ Create a national network of premium gaming and entertainment properties
- ❑ Develop and operate high quality venues that cater to customers
- ❑ Provide excellent career opportunities for employees
- ❑ Embrace diversity at all levels



# L'Auberge du Lac



# Belterra

## *Artist's Rendering of Expansion Tower with Existing Facility*



# Boomtown New Orleans



# Boomtown Bossier



# Boomtown Reno





# Emerald Bay Casino at Four Seasons Exuma



# Casino Magic Argentina



Old Facility



New Facility

# St. Louis City



# St. Louis City Construction



# St. Louis Story

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# Partnering with Robert Johnson

- ❑ Robert Johnson brings unparalleled experience from the entertainment world
- ❑ Serious investor willing to put own capital at risk for 1/3 of project
- ❑ Star Power
- ❑ Reinforce PNK's commitment to diversity and opportunity



# Robert Johnson

- BA Social Studies, University of Illinois 1968
- MA International Affairs, Woodrow Wilson School of Public and International Affairs, Princeton University 1972
- Founder and CEO, Black Entertainment Television 1980-2003
- Majority owner of the NBA's Charlotte Bobcats
- Founder and Chairman, The RLJ Companies
  - Gaming
  - Entertainment
  - Media
  - Hospitality (130 hotels with over \$3 billion in assets)
- Served on Board of Directors of Hilton, Lowe's, Strayer, IMG, Johns Hopkins University

# Partnering with Pinnacle

- Pinnacle proposal presents a great business opportunity for both parties
  - Best Site
  - Best Design
  - Development and Operating Expertise
- Perfect strategic fit for RLJ Companies
- Ability to add to project by leveraging entertainment contacts and experiences





# RLJ Commitment to Diversity

- ❑ Promote diversity in a number of industries
- ❑ Leverage management expertise, world-class talent, and access to capital to expand diversity initiatives
- ❑ African American, other minority, and women executives lead or serve in executive management roles throughout the organization



# Pinnacle Operating Philosophy

- ❑ Provide higher quality experience than competitors
- ❑ Sacrifice short-term gains to deliver quality product
- ❑ Customer satisfaction leads to repeat business



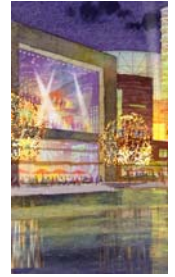
# Pinnacle's Local Business Opportunities

- Seek out local partners for other components (Restaurants, Retail, etc.)
  - Have met with many local operators interested in operating at our facility.
- Opportunities for local vendors to supply PNK with goods and services
- Committed to diversity
  - Helping launch local businesses



# Pinnacle's Community Commitments

- Charitable contributions and sponsorships in host communities
  - \$1.5 Million in 2005
  - \$900,000 through Q3 2006
- Community enhancement projects



# Philadelphia Neighborhood Interaction

- Localize diversity plan
- Introduce PNK to local community
  - City Leadership
  - Neighborhood Leaders/Representatives
- Understand citizens' concerns
- Design input
- Non-Gaming amenities
- Continuing dialogue on community benefits



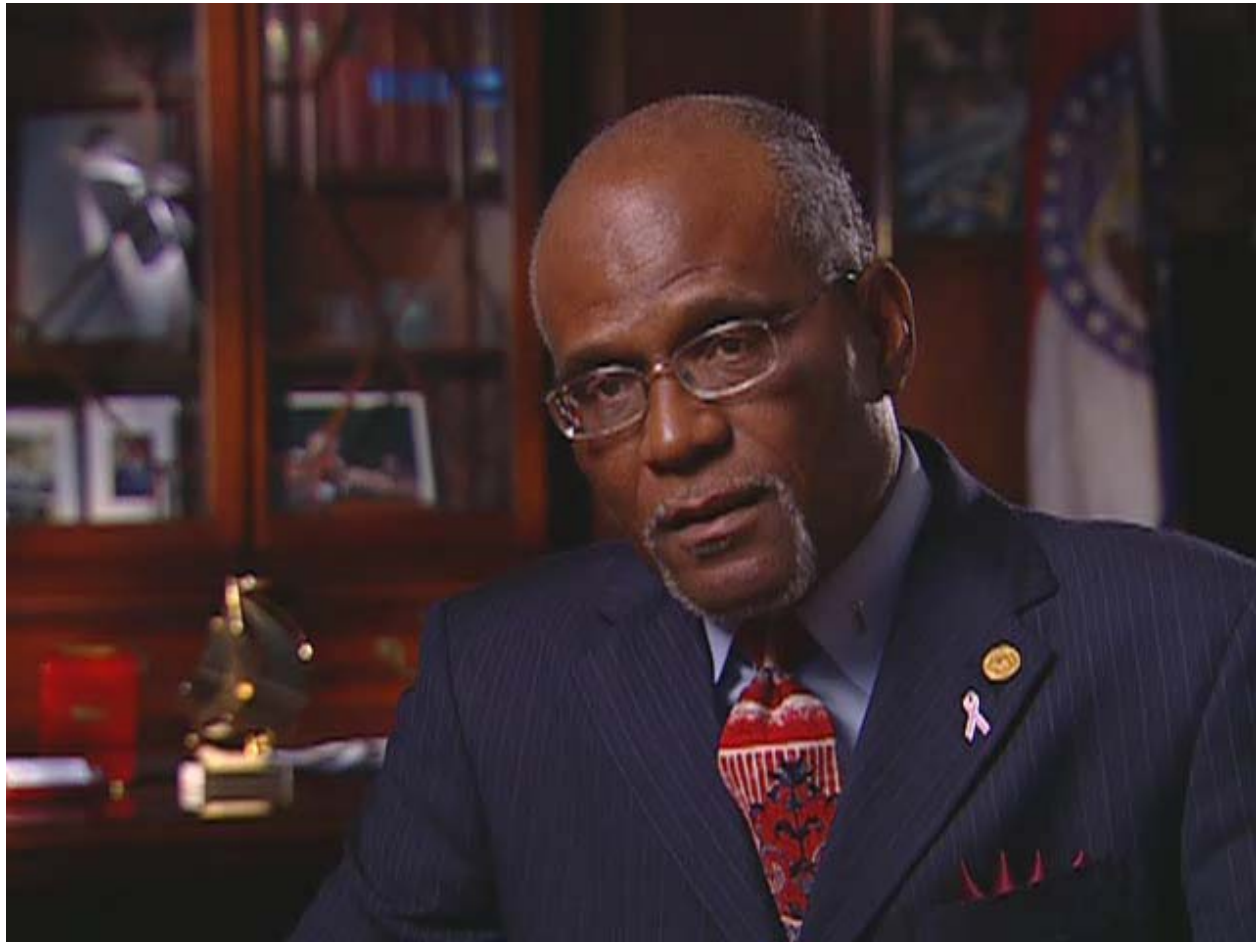
# Community Response

- ❑ Opportunities Industrialization Center (OIC)
- ❑ JEVS Human Services
- ❑ Leading Restaurateurs
- ❑ Hospitality Industry
- ❑ Penn Praxis Design Forum
- ❑ Local Media



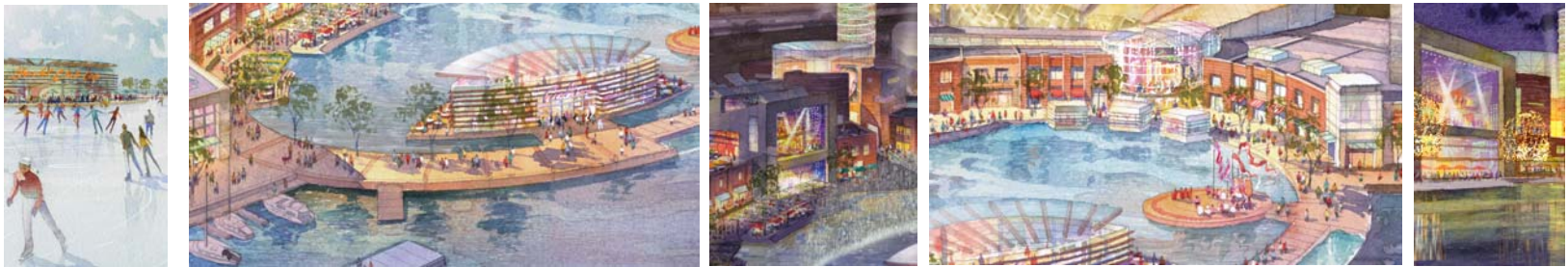
# Charlie Dooley

St. Louis County Executive



# Pinnacle Internal Regulatory Process

- ❑ Character, honesty, and integrity
- ❑ Credibility is most valuable currency in the gaming industry
- ❑ Proven track record in other regulatory jurisdictions (licensed in numerous states)
- ❑ Comprehensive and effective compliance program





# Pinnacle Pennsylvania Experience

- ❑ Impressed with thoroughness and professionalism of PGCB staff
- ❑ Recognize what it takes to grant gaming licenses in such a timeframe
- ❑ Met statute's eligibility requirements under 1304 of the Act and 441.4 of the Regulations
- ❑ Look forward to opportunity to continue relationship



# Pinnacle Proposal Site Planning

- Option agreements with land owners
  - Options exercised when license is granted
- Local Zoning
  - Working with City on zoning process
  - Project will comply with Commercial Entertainment District (CED)
- Committed to addressing problem gaming concerns



# Pinnacle Job Creation

- 1,200 construction jobs (phase I)
- 1,300 permanent operating jobs (phase I)
- 3,500 indirect jobs creates statewide through economic multiplier effect
- Phases II and III create additional 2,100 construction jobs and 1,900 operating jobs



# Pinnacle Employee Development

- Sourcing and Staffing
  - Focus on Philadelphia Community
- Orientation and Training
  - Culture and Expectations
  - Develop Leaders
- Performance Management
  - Coaching and Feedback
  - Career Management



# L'Auberge du Lac – HR Results

Look for diverse sources to lead us to diverse people!

Ethnicity	Goal*	Actual
American Indian	0.3%	0.6%
Asian	0.8%	5.4%
African American	26.4%	36.3%
Caucasian/non-Hispanic	N/A	55.5%
Hispanic	1.4%	2.2%

\*determined by Louisiana Gaming Control Board based on regional ethnicity.

# Pinnacle Corporate Diversity Statement

At Pinnacle Entertainment Inc. we come from different backgrounds, beliefs, cultures, races, creeds, ages and experiences.

We value, respect, and promote differences, believing they create a better place to work.

At Pinnacle, diversity works.



# Pinnacle Diversity Plan

## □ Development

- Strategic plan to maximize opportunities for M/W/DBE firms

## □ Operations

- PNK lead and administer M/W/DBE program

## □ Locating qualified M/W/DBEs

- Develop strategic partnership with M/W/DBE entities in Philadelphia area



# Pinnacle Development Outreach

- Partner with local firms for design and construction
  - Lake Charles
  - St. Louis
- Opportunities for M/W/DBE
- Excellent reputation in developing high-quality products
  - Reputation is invaluable asset that must be maintained





# Rodney Crim

Executive Director, St. Louis Development Corp.



# Pinnacle St. Louis Experience

- Weekly Meeting with PNK, GC, City of St. Louis and JV Minority Consultants
- Community Outreach Meetings
- Network with M/W/DBE Organizations
- Participation in M/W/DBE Projects
- Positive Press from Media Regarding Inclusion



# Pinnacle Financing Ability

- Significant financial resources
  - Cash on hand
  - Ongoing cash flow from operations
  - \$1 billion credit facility
- Demonstrated access to capital markets
  - Public debt markets
  - Public equity markets



# Pinnacle Financing Ability

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## Capital Raising History

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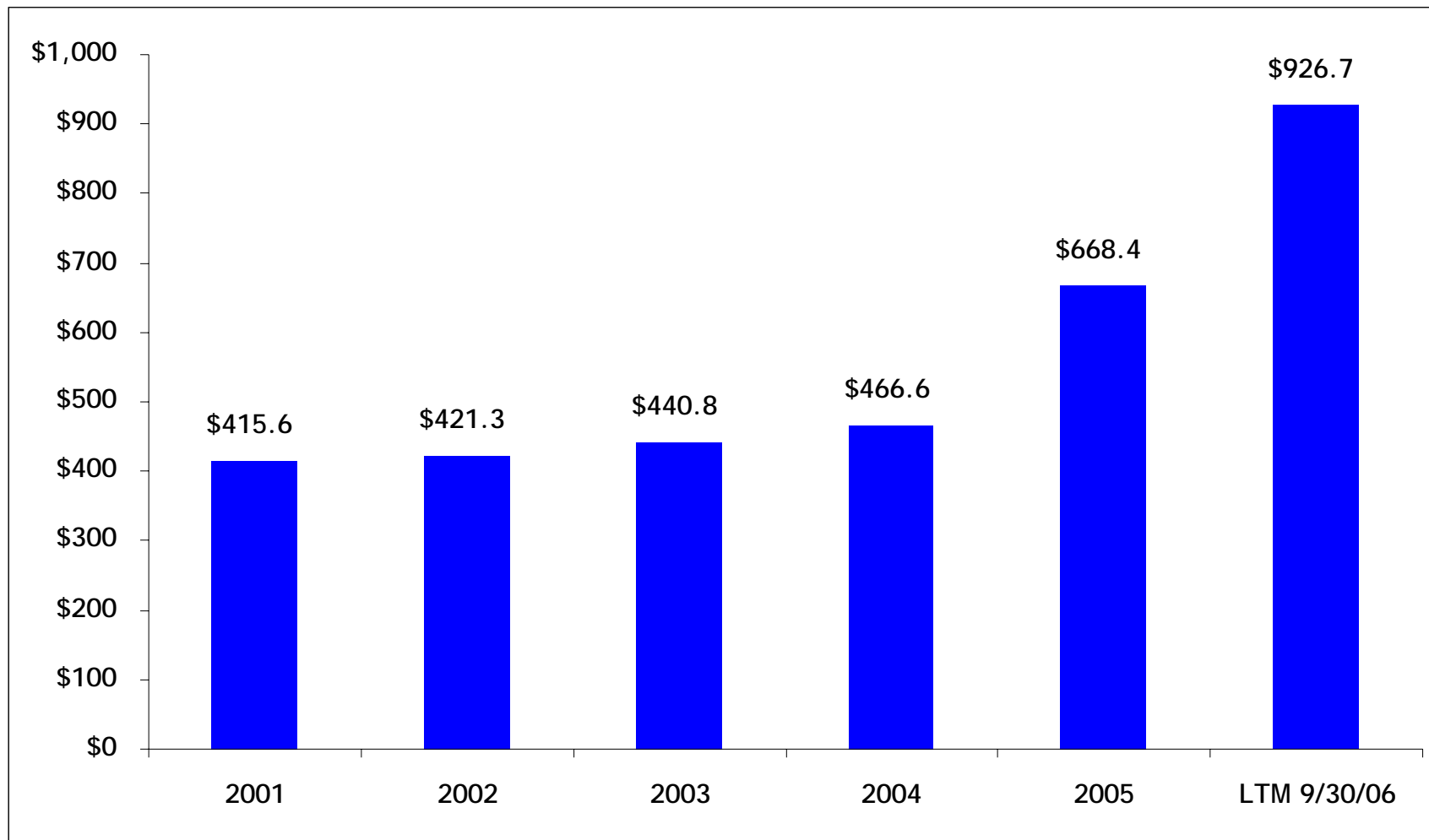
May 2003	\$240 million credit facility
Sept 2003	\$135 million subordinated notes
Dec 2003	\$300 million credit facility
Feb 2004	\$128 million equity offering
Mar 2004	\$200 million subordinated notes
Aug 2004	\$400 million credit facility
Dec 2004	\$100 million subordinated notes
Dec 2004	\$84 million equity offering
Dec 2005	\$750 million credit facility
Jan 2006	\$179 million equity offering
Pending*	\$1 billion credit facility

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*\*Increased bank deal is approved and will become final this week.*

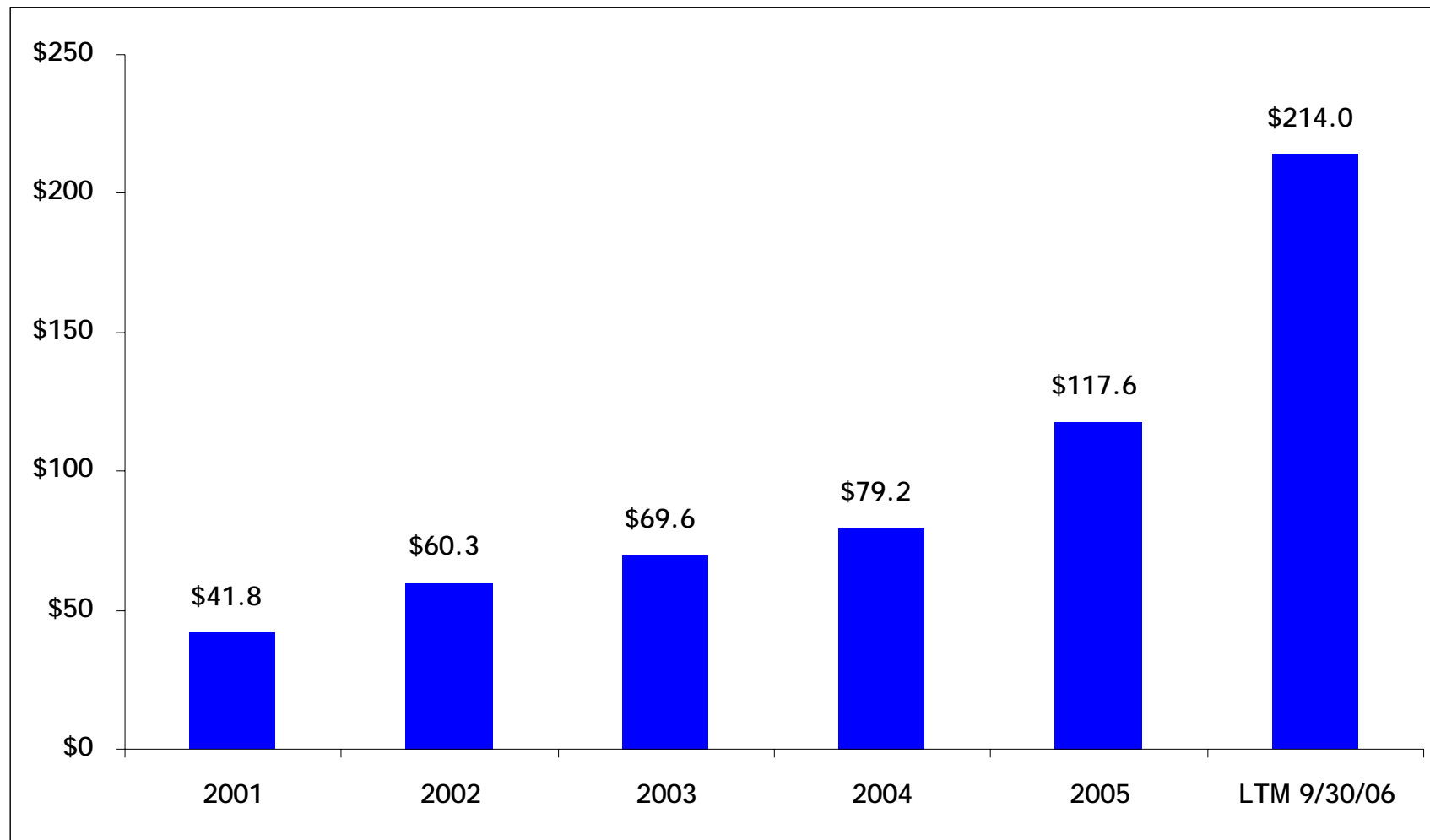
# Pinnacle's Proven Track Record

## REVENUES (\$millions)



# Pinnacle's Proven Track Record

## OPERATING CASH FLOW (\$millions)



# Mike Hartmeier

- UCLA
- Harvard Business School
- Lehman Brothers
- Involved in over \$50 Billion in Successful Financings and Advisory Transactions
  - Over \$30 Billion in Gaming, Lodging, & Leisure
- Raised over \$1 Billion in Capital for Mirage Resorts when Dan Lee was its CFO
- Worked with PNK on over \$2.3 Billion in successful debt and equity financings



# Lehman Brothers

- ❑ Premier global investment bank with leading debt, equity and M&A franchises
- ❑ Named "Best Managed Diversified Financials Company" by Forbes magazine
- ❑ Lead bank on \$50 billion of gaming and lodging transactions over the past 10 years
- ❑ Lead bank on \$2.5 billion of successful Pinnacle financings over the past 3 years

**LEHMAN BROTHERS**

*Where vision gets built.®*



# Experience With Pinnacle

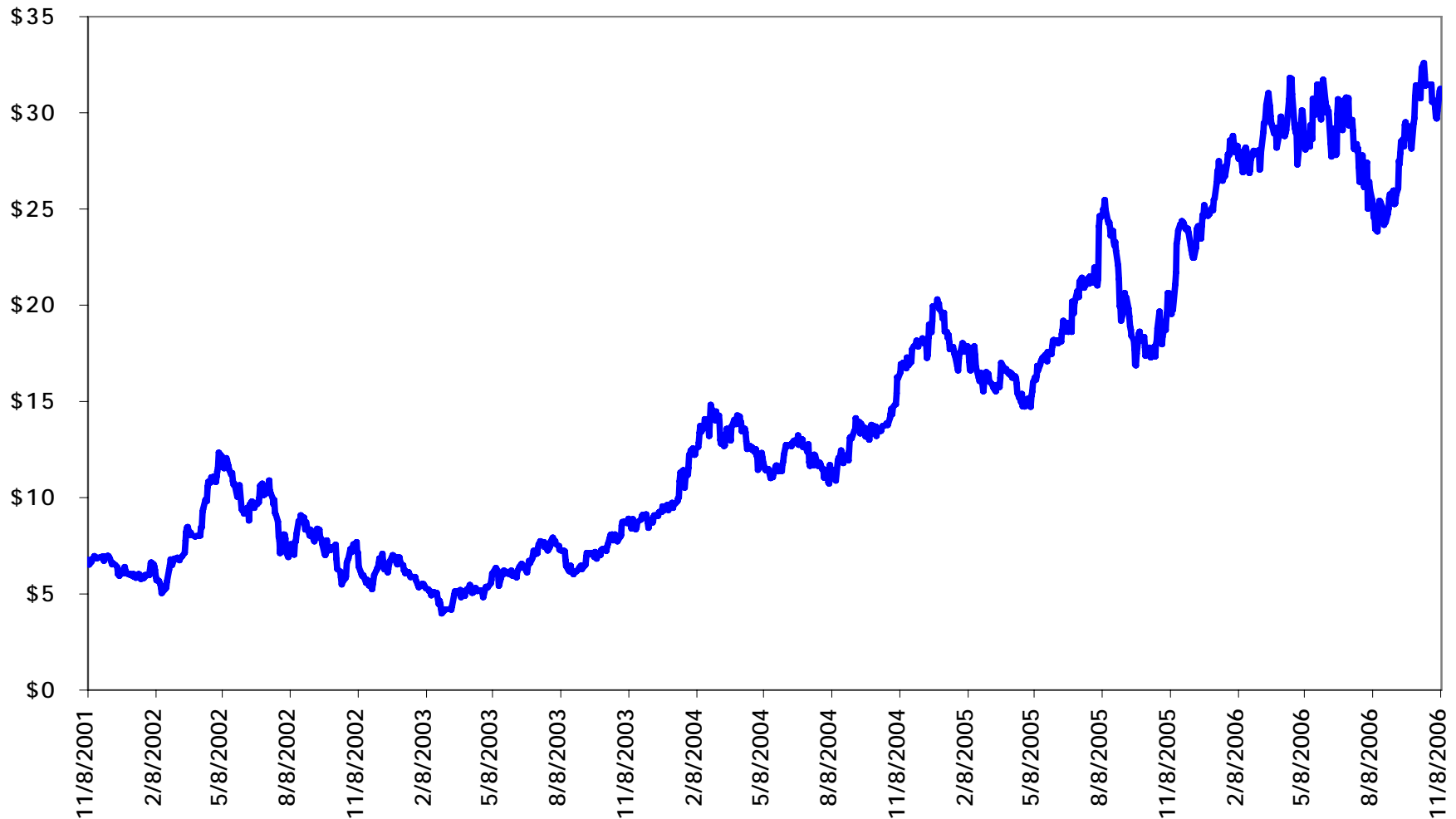
- Ten capital market transactions with PNK in last 5 years
- Relationship & experience with PNK senior management



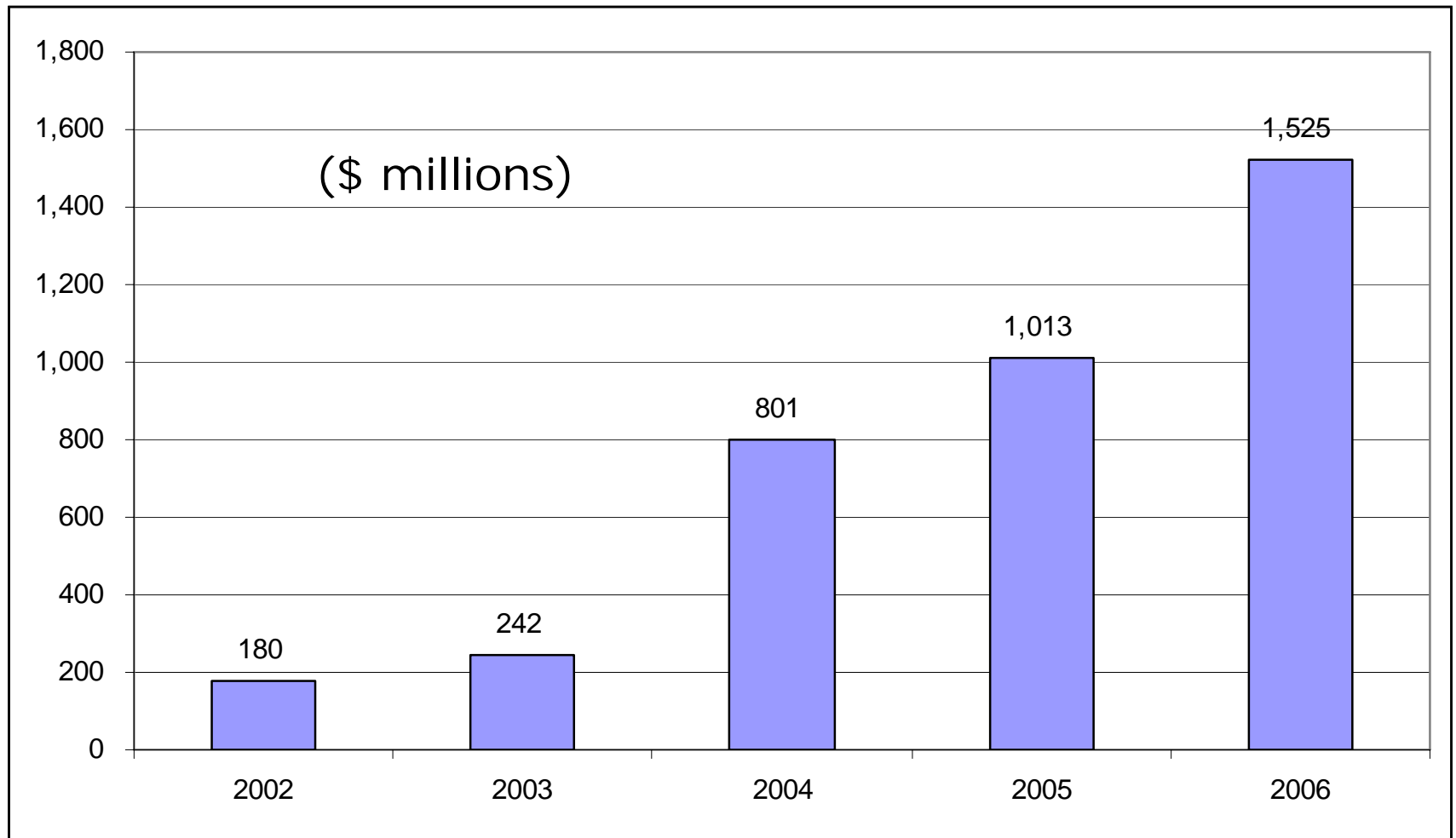
# Pinnacle's Reputation on Wall Street

- Proven track record of delivering results

## Stock Price



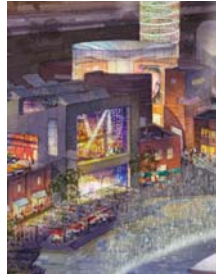
# Pinnacle's Market Capitalization



2006 market cap based on 11/14/06 closing stock price

# Pinnacle's Wall Street Relationships

- ❑ Financing driven by strength of project and management team
- ❑ Pinnacle's Philadelphia project will be received favorably by the investment community



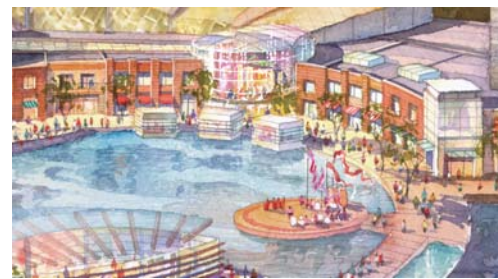
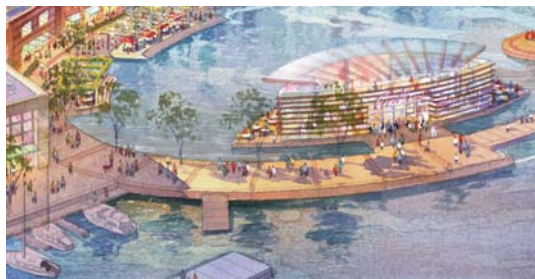
# Conclusion – Pinnacle's Corporate Strengths

- ❑ Development Experience
- ❑ Operating Experience
- ❑ Financing Ability
- ❑ Regulatory Structure
- ❑ Commitment to Diversity
- ❑ Proven Track Record



# Conclusion – Pinnacle Proposal's Strengths

- Best Site
- Least Traffic Impact
- Most Extensive Program
- Imaginative Design
- Diverse Ownership
- Right for Philadelphia







# Pennsylvania Licensing Hearing

*November 15, 2006*

