

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

AMERISTAR CASINOS INC
Form S-4/A
April 20, 2001

1

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 20, 2001

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

AMERISTAR CASINOS, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NEVADA	7999	88-0304799
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

3773 HOWARD HUGHES PARKWAY
SUITE 490 SOUTH
LAS VEGAS, NEVADA 89109
(702) 567-7000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

CRAIG H. NEILSEN
PRESIDENT, CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER
3773 HOWARD HUGHES PARKWAY
SUITE 490 SOUTH
LAS VEGAS, NEVADA 89109
(702) 567-7000
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF AGENT FOR SERVICE OF PROCESS)

WITH A COPY TO:
JONATHAN K. LAYNE, ESQ.
GIBSON, DUNN & CRUTCHER LLP
333 SOUTH GRAND AVENUE
LOS ANGELES, CALIFORNIA 90071

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

(213) 229-7000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective and all other conditions to the exchange offer pursuant to the registration rights agreement described in the enclosed prospectus have been satisfied or waived.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. []

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

2

TABLE OF ADDITIONAL REGISTRANTS

Each of the following subsidiaries of Ameristar Casinos, Inc., and each other subsidiary that is or becomes a guarantor of the securities registered hereby, is hereby deemed to be a registrant.

NAME	STATE OF INCORPORATION OR FORMATION	PRIMARY STANDARD INDUSTRIAL CLASSIFICATION NUMBER	I.R.S. IDENTIFICATION NUMBER
Ameristar Casino Council Bluffs, Inc.....	Iowa	7999	93-1
Ameristar Casino Kansas City, Inc.....	Missouri	7999	36-4
Ameristar Casino St. Charles, Inc.....	Missouri	7999	36-4
Ameristar Casino St. Louis, Inc.	Missouri	7999	43-1

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Ameristar Casino Vicksburg, Inc.	Mississippi	7999	64-0
A.C. Food Services, Inc.	Nevada	7999	86-0
Ameristar Casino Las Vegas, Inc.	Nevada	7999	88-0
Cactus Pete's, Inc.	Nevada	7999	88-0

3

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THE PROSPECTUS IS NOT AN OFFER TO SELL THESE NOTES NOR A SOLICITATION OF AN OFFER TO BUY THESE NOTES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED APRIL 20, 2001

PROSPECTUS

\$380,000,000

[AMERISTAR LOGO]

OFFER TO EXCHANGE

OUR 10 3/4% SENIOR SUBORDINATED EXCHANGE NOTES DUE 2009
WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933
FOR

ANY AND ALL OF OUR OUTSTANDING
10 3/4% SENIOR SUBORDINATED NOTES DUE 2009
(CUSIP NOS. 03070Q AD 3, U02677 AB 5, AND 03070Q AE 1)

We are offering to exchange our 10 3/4% Senior Subordinated Exchange Notes Due 2009 (exchange notes) which have been registered under the Securities Act of 1933, as amended, for any and all of our outstanding 10 3/4% Senior Subordinated Notes Due 2009 (old notes) in the aggregate principal amount of \$380,000,000.

THE EXCHANGE NOTES

- The terms of the registered exchange notes to be issued are substantially identical to the terms of the old notes, except for transfer restrictions, registration rights and additional interest provisions relating to the old notes which will not apply to the exchange notes.
- Interest on the exchange notes will accrue at the rate of 10 3/4% per year, payable in cash every six months on February 15 and August 15, with the first payment on August 15, 2001.
- We may redeem the exchange notes at any time on or after February 15, 2006. In addition, until February 15, 2004, we may redeem up to 35% of the exchange notes with the net proceeds of public equity offerings. The exchange notes are subject to redemption requirements imposed by state and local gaming laws and regulations. If we undergo a change of control or sell certain of our assets, we may be required to offer to purchase exchange notes from you.
- The exchange notes will be unsecured and subordinated to all of our existing and future senior debt, including borrowings under our senior credit facilities. Our subsidiaries on the issue date will guarantee

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

the exchange notes on an unsecured basis, subordinated to all senior debt of those subsidiaries, including guarantees of borrowings under our senior credit facilities.

- This prospectus includes additional information on the terms of the exchange notes, including redemption and repurchase prices, covenants and transfer restrictions.
- We do not intend to list the exchange notes on any securities exchange.

MATERIAL TERMS OF THE EXCHANGE OFFER

- The exchange offer expires at 5:00 p.m., New York City time, on _____, 2001, unless extended.
- All old notes that are validly tendered and not validly withdrawn will be exchanged for an equal principal amount of exchange notes which are registered under the Securities Act of 1933.
- Tenders of old notes may be withdrawn at any time prior to the expiration of the exchange offer.
- The exchange offer is not subject to any minimum tender condition, but is subject to the terms of the registration rights agreement that we entered into on February 2, 2001 with the initial purchasers of the old notes.
- We will not receive any proceeds from the exchange offer. We will pay the expenses of the exchange offer.

FOR A DISCUSSION OF RISKS THAT SHOULD BE CONSIDERED BY HOLDERS IN DECIDING WHETHER TO TENDER OLD NOTES IN THE EXCHANGE OFFER SEE "RISK FACTORS" BEGINNING ON PAGE 14.

NONE OF THE SECURITIES AND EXCHANGE COMMISSION, THE NEVADA GAMING COMMISSION, THE NEVADA STATE GAMING CONTROL BOARD, THE MISSISSIPPI GAMING COMMISSION, THE MISSOURI GAMING COMMISSION, THE IOWA RACING AND GAMING COMMISSION, NOR ANY STATE SECURITIES COMMISSION OR OTHER GAMING AUTHORITY, HAS PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS OR THE INVESTMENT MERITS OF THE NOTES OFFERED HEREBY. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE EXCHANGE OFFER IS NOT BEING MADE TO, NOR WILL WE ACCEPT SURRENDER FOR EXCHANGE FROM, HOLDERS OF OLD NOTES IN ANY JURISDICTION IN WHICH THE EXCHANGE OFFER OR THE ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE SECURITIES OR BLUE SKY LAWS OF SUCH JURISDICTION.

THE DATE OF THIS PROSPECTUS IS _____, 2001

4

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized any person to provide you with any information or represent anything not contained in this prospectus, and if given or made, any such information or representation should not be relied upon as having been authorized by us.

TABLE OF CONTENTS

	PAGE

Disclosure Regarding Forward-Looking Statements.....	ii
Prospectus Summary.....	1
Risk Factors.....	14
The Exchange Offer.....	23
Use of Proceeds.....	32
Capitalization.....	33
Unaudited Pro Forma Condensed Financial Statements.....	34
Selected Financial and Other Data.....	40
Management's Discussion and Analysis of Financial Condition and Results of Operations.....	44
Business.....	56
Government Regulations.....	68
Management.....	82
Certain Relationships and Related Transactions.....	85
Description of Existing Indebtedness.....	87
Description of the Notes.....	89
Exchange Offer; Registration Rights.....	126
Certain United States Federal Income Tax Considerations.....	128
Plan of Distribution.....	132
Legal Matters.....	132
Independent Auditors.....	132
Available Information and Incorporation by Reference.....	132
Index to Financial Statements.....	F-1

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical or current facts included in this prospectus, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe" or "continue" or the negative thereof or variations thereon or similar terminology. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations ("cautionary statements") are disclosed under "Risk Factors" and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus. Currently known risk factors include, but are not limited to, the following factors:

- We have a significant amount of debt, which could restrict our future operating and strategic flexibility and expose us to the risks of financial leverage.
- Our ability to meet our debt service obligations on the notes and our other debt will depend on our future performance, which will be subject to many factors that are beyond our control, including the effects of weather and general economic conditions.
- We are subject to risks of competition from other casino operators in our existing or future markets.

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

- Our ability to successfully complete our construction and development projects as planned, including the completion of the St. Charles expansion on schedule and on budget, depends on many factors, some of which are beyond our control.
- We are subject to risks and limitations due to future changes in gaming regulatory requirements and our ability to comply with gaming regulatory requirements, as well as possible changes in governmental and public acceptance of gaming, which could materially adversely affect our business.

We urge you to review carefully the section "Risk Factors" in this prospectus for a more complete discussion of the risks of participating in the exchange offer. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements.

ii

6

PROSPECTUS SUMMARY

This is only a summary of the prospectus. You should read the entire prospectus, including the financial data and related notes, before making an investment decision. Unless the context indicates otherwise, all references to "Ameristar," "we," "our," "ours" and "us" refer to Ameristar Casinos, Inc. and its consolidated subsidiaries and the information presented in this prospectus gives effect to the transactions described under the headings "The Company" and "The Transactions."

THE COMPANY

We are a leading multi-jurisdictional gaming company that owns and operates casinos and related hotel and entertainment facilities. On December 20, 2000, we acquired substantially all the assets of two gaming and entertainment facilities located in Kansas City, Missouri and St. Charles, Missouri from subsidiaries of Station Casinos, Inc. (the "Acquisitions"). On January 29, 2001, in a separate transaction, we sold substantially all the assets of The Reserve Hotel and Casino, located in Henderson, Nevada, to a subsidiary of Station Casinos (the "Disposition"). As a result of these transactions, we currently own and operate six casino properties in five distinct markets. Pro forma for these transactions, we would have generated \$596.9 million of revenue and \$142.5 million of pro forma EBITDA (as defined) for the year ended December 31, 2000. The term "Transactions" refers to the Acquisitions, the Disposition and the related financing transactions (other than the offering of the old notes).

The following table provides summary data giving effect to the Transactions for our gaming properties as of, or for the year ended, December 31, 2000:

LOCATION	FACILITY TYPE	YEAR OPENED	CASINO SQUARE FOOTAGE	# OF SLOTS	# OF TABLE GAMES	HOTEL ROOMS
-----	-----	-----	-----	-----	-----	-----
Kansas City, Missouri.....	Dockside	1997	140,000	3,294	161	184
Council Bluffs, Iowa(1).....	Riverboat	1996	38,500	1,480	46	444(2)
St. Charles, Missouri(3).....	Dockside	1994	45,000	1,875	40	--
Vicksburg, Mississippi.....	Dockside	1994	39,000	1,200	50	150
Jackpot, Nevada(4).....	Land-based	1956	28,500	1,028	29	420

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Total.....	291,000	8,877	326	1,198
	=====	=====	===	=====

-
- (1) Located in the Omaha metropolitan area.
 - (2) Includes 248 rooms owned and operated by affiliates of Kinseth Hospitality Corporation located on land owned by us and leased to affiliates of Kinseth.
 - (3) Located in the St. Louis metropolitan area.
 - (4) Includes the operations of Cactus Petes Resort Casino and The Horseshu Hotel & Casino.
 - (5) Total property-level EBITDA excludes corporate overhead of \$12.3 million.

1

7

BUSINESS STRATEGY AND STRENGTHS

Our business strategy is to: (1) emphasize quality dining, lodging, entertainment and other non-gaming amenities at affordable prices to complement and enhance our gaming operations, (2) promote our properties as entertainment destinations, (3) construct and expand facilities appropriate to individual markets, (4) emphasize courteous and responsive service to develop customer loyalty and (5) utilize marketing programs to promote customer retention. In selecting markets, we seek strong demographics and a favorable competitive environment. Within markets, we look for sites with attractive, prominent locations and ease of access that will support the size and scope of our development plans. We believe the following strengths will enable us to implement these strategies and position us for future growth.

High Quality Properties with Strong Market Share. Our casino properties generally are leaders in their respective markets in terms of size, location and quality of amenities and enjoy a strong market share position. Our Kansas City property was recently named the top tourist attraction in Missouri by a local Kansas City magazine, Ameristar Council Bluffs is the only riverboat property in the country with a Four-Diamond rating from the AAA, and Cactus Petes, which is also a AAA-rated Four-Diamond property, has been named "Best Hotel/Resort" in rural Nevada by Nevada Magazine for the last two years. We believe the size, location and quality of amenities of our properties position us to retain or improve our current market positions and benefit from future market growth. At Ameristar St. Charles, our current plans call for us to invest approximately \$110 million to complete an expansion of the property in which the former owner invested approximately \$169 million prior to the Acquisitions. We are also considering an alternative design that would expand the casino, among other enhancements. Upon the completion of the St. Charles expansion, which is anticipated in mid-2002, we expect the property to be the premier gaming facility in the St. Louis market.

Strong Presence in Attractive Gaming Markets. Our properties are strategically located in attractive gaming markets with significant barriers to entry for additional competitors. Our four Midwest properties are located near major population centers with approximately 1.5 million or more people living within a 100-mile radius of each property and are easily accessible from well-traveled highways. Furthermore, the markets in which our Midwest properties are located have historically generated strong year-over-year growth in gaming revenues. For the three years ended November 30, 2000, gaming revenues for these markets have grown at a weighted average compounded annual growth rate of 10.7%.

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Stable and Growing Cash Flow. We generally emphasize slot play, cater to local patrons and do not target high-end play. Our pro forma revenue has grown at a 8.1% compounded annual growth rate between the year ended December 31, 1998 and the year ended December 31, 2000. In addition, pro forma combined EBITDA margins at our properties before corporate overhead have improved from approximately 19.8% to approximately 25.9% over the same period, further driving our cash flow growth.

Geographic Diversity. We own and operate six gaming facilities in five distinct markets in the United States. This diversity generally limits the impact on our cash flow of adverse conditions in any one market. Pro forma for the Transactions, approximately 37.5% of our total property-level EBITDA before corporate overhead for the year ended December 31, 2000 would have been generated by Ameristar Kansas City, and no other property would have accounted for more than 20.9% of such EBITDA.

Experienced Management Team with Proven Track Record. Our senior management team is an experienced group of industry veterans with an average tenure in the gaming industry or applicable fields of expertise of more than 20 years. Our management team has developed a track record of success in the operation and development of hotels and casinos, developing three casino properties over the last seven years and overseeing a number of expansions at our properties. In addition, we have retained the key managers of the Missouri operations, including John Finamore, President of Missouri Operations.

Reinvestment in Our Properties. Our philosophy is to reinvest in our properties in order to enhance and maintain their appeal to our current patrons and to attract new customers. To this end, we reinvested approximately \$100.1 million from January 1998 through December 2000 in the properties we owned during such period. During 1999 and 2000, we added approximately 2,900 new generation multi-coin slot

2

8

machines at the properties we owned during such period. We recently completed approximately \$28.2 million of upgrades to Ameristar Council Bluffs where we added a third level to our riverboat and constructed a 1,000-space parking garage. In 2001, we expect to complete an approximately \$7.4 million renovation and enhancement project at Ameristar Council Bluffs and an approximately \$10.0 million renovation and enhancement project at Ameristar Vicksburg. In addition, our current plans call for us to invest approximately \$110 million to complete an expansion at Ameristar St. Charles in mid-2002, which will expand the gaming area to at least 70,000 square feet and create what we believe will be the premier gaming facility in the St. Louis market. Furthermore, we are evaluating the development of a covered parking facility at Ameristar Kansas City. We expect these planned projects, in addition to the recently completed projects, to continue to drive revenue growth at our properties and enhance our market share positions.

THE TRANSACTIONS

Overview

On December 20, 2000, we consummated the acquisitions of two gaming and entertainment facilities in Kansas City and St. Charles, Missouri from subsidiaries of Station Casinos for an aggregate purchase price of approximately \$488 million. On January 29, 2001, in a separate transaction, we consummated the disposition of The Reserve Hotel and Casino to a subsidiary of Station Casinos for approximately \$71.8 million. In connection with the Acquisitions, we refinanced substantially all of our indebtedness, including the repayment and

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

termination of our previous \$115 million revolving credit facility and the repurchase through a tender offer of all \$100 million of our 10.5% senior subordinated notes due 2004. Upon consummation of the Disposition, we repaid borrowings and permanently reduced commitments totalling \$50 million under our new senior credit facilities. As a result, we currently have \$475 million in senior credit facilities that dedicate up to \$100 million to finance our completion of the St. Charles expansion. Additionally, in connection with the Acquisitions, we entered into a \$300 million senior subordinated credit facility that was refinanced with the proceeds of the offering of the old notes.

Transactions Rationale

The acquisition of Ameristar Kansas City and Ameristar St. Charles strengthens our position as a leading developer, owner and operator of regional gaming and entertainment facilities in the United States by allowing us to continue to pursue our growth strategy and providing us with increased scale, diversification and internal growth opportunities.

Attractive Properties and Purchase Price. We believe we acquired superior gaming properties at an attractive price. We believe Ameristar Kansas City is the premier riverboat gaming facility in the United States, with a Las Vegas-style, high quality property and amenities that differentiate it from its competitors. Upon completion of the expansion, we expect Ameristar St. Charles to rival Ameristar Kansas City in asset quality. In addition, we believe the Missouri gaming regulatory environment has become more favorable as a result of recent legislative and regulatory changes, which now allow continuous boarding and enhanced play, particularly on multi-coin slot machines, through the use of electronic credits instead of tokens.

The purchase price for the Missouri properties represents an approximately 20% discount to the former owner's capital investment in the properties and equates to a 5.5 times multiple of the Missouri properties' combined EBITDA for the twelve months ended September 30, 2000. Our purchase price for Ameristar St. Charles was \$160 million. In addition to the currently operating facility at St. Charles, the purchased assets include a partially completed expansion project in which the former owner invested approximately \$169 million, including the purchase of a substantial portion of the construction materials, equipment and fixtures necessary to complete the expansion.

Significant Growth Potential. Our current plans call for us to invest approximately \$110 million to complete the expansion at Ameristar St. Charles begun by the former owner. Following the expansion,

3

9

Ameristar St. Charles will have at least 70,000 square feet of gaming space, 2,400 slot machines and 60 table games and will be similar in design to Ameristar Kansas City. We are also considering an alternative design that would further expand the casino, among other enhancements. We expect to complete the expansion in mid-2002, creating what we believe will be the premier gaming facility in the St. Louis market. We do not expect the property's current operations to be disrupted during construction. Upon completion of the expansion, Ameristar St. Charles will have available for future expansion up to an additional 70,000 square feet of gaming space and approximately 65,000 square feet of space in the land-based pavilion, each of which will require only interior build-out for completion. A substantial portion of this future expansion space has already been constructed by the former owner of the property, and a substantial portion of the construction materials, equipment and fixtures for the future casino expansion space has been purchased.

Ameristar Kansas City is the largest gaming facility in its market. As a result of the property's size, quality and amenities, we believe Ameristar

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Kansas City is well positioned to benefit from future market growth without additional capital investment. In addition, the property is master-planned for future expansions as warranted.

Similarity of Operations and Expected Ease of Integration. Ameristar Kansas City and Ameristar St. Charles are similar to our other properties in terms of quality, customer base and business model. We believe we currently have the corporate staff and systems in place to successfully integrate the Missouri properties. The key managers in charge of operations at the Missouri properties have entered into long-term employment contracts with us and we retained substantially all of the approximately 3,000 employees at the Missouri properties. We are re-branding the Missouri properties as Ameristar properties. We believe we will be able to obtain operating and marketing efficiencies following integration and will have revenue enhancement opportunities through cross-marketing our four Midwest properties.

Strategic Sale and Redeployment of Capital. The Disposition has allowed us to exit the highly competitive Las Vegas locals market and focus on our core Midwest gaming and entertainment facilities. The sales price of approximately \$71.8 million represented an attractive multiple of EBITDA for the twelve months ended December 31, 2000 of approximately 11.7 times and provides us with the opportunity to redeploy our capital into our newly acquired properties and reduce indebtedness. In addition, the Disposition enables us to reduce our cash tax burden over the next two years by approximately \$18 million through tax benefits from prior periods.

4

10

SUMMARY UNAUDITED PRO FORMA FINANCIAL AND OTHER DATA

The following summary unaudited pro forma financial and other data gives effect to the Transactions, as well as the offering of the old notes. We derived this information from our historical financial statements as well as the historical financial statements of Station Casinos, Inc. Missouri Operations. You should read this summary unaudited pro forma financial and other data in conjunction with "Unaudited Pro Forma Condensed Financial Statements," which includes the detailed adjustments and assumptions used to prepare this summary information, as well as the historical financial statements included in this prospectus.

While this pro forma information is based on adjustments we deem appropriate and which are factually supported based on currently available data, the pro forma information may not be indicative of what actual results would have been, nor does this information purport to present our financial results for future periods. As used in this prospectus, the term "pro forma EBITDA" has the meaning set forth in footnote 2 below.

	FOR THE YEAR ENDED DECEMBER 31, 1999	FOR THE YEAR ENDED DECEMBER 31, 2000
	-----	-----
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND FINANCIAL RATIOS)	
PRO FORMA STATEMENT OF OPERATIONS DATA:		
Net revenues.....	\$ 562,102	\$596,919
Impairment loss(1).....	125,732	--
Income (loss) from operations.....	(55,245)	96,053

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Income (loss) before extraordinary item.....	(136,092)	15,917
Diluted earnings (loss) per share before extraordinary item.....	(6.68)	0.78
PRO FORMA OTHER FINANCIAL DATA:		
Pro Forma EBITDA(2).....	\$ 120,814	\$142,559
Capital expenditures.....	63,797	41,877
Depreciation and amortization.....	50,327	43,583
Interest expense, net(3).....	72,834	70,597
PRO FORMA CREDIT STATISTICS:		
Ratio of total debt (including current maturities) to pro forma EBITDA(4).....		5.1x
Ratio of pro forma EBITDA to interest expense, net(3).....		2.0x
Ratio of earnings to fixed charges(5).....		1.3x

AS OF
DECEMBER 31,
2000

PRO FORMA BALANCE SHEET DATA:		
Cash and cash equivalents.....	\$ 33,500	
Total assets.....	817,624	
Total debt (including current maturities).....	729,180	
Stockholders' equity.....	25,309	

See footnotes on following page.

- (1) Impairment loss related to the St. Charles property.
- (2) Pro forma EBITDA consists of income from operations plus depreciation, amortization, preopening costs, impairment losses and costs of Missouri investigations and fines incurred by the former owner of the Missouri properties. For purposes of pro forma EBITDA above, approximately \$1.9 million of development costs associated with our unsuccessful bid for a gaming license in Lemay, Missouri are excluded from the EBITDA calculation for the year ended December 31, 2000. Pro forma EBITDA information is presented solely as a supplemental disclosure because management believes that it is a widely used measure of operating performance in the gaming industry and for companies with a significant amount of depreciation and amortization. Pro forma EBITDA should not be construed as an alternative to income from operations (as determined in accordance with generally accepted accounting principles) as an indicator of our operating performance, or as an alternative to cash flows from operating activities (as determined in accordance with generally accepted accounting principles) as a measure of liquidity. We have significant uses of cash flows, including capital expenditures and debt principal repayments that are not reflected in pro forma EBITDA. It should also be noted that not all gaming companies that report EBITDA information calculate EBITDA in the same manner as us.
- (3) Net of interest income and amortization of debt issuance costs and original issue discount.
- (4) The ratio of total debt to EBITDA for purposes of the indenture that governs

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

the old notes and the exchange notes was 4.8x at December 31, 2000.

- (5) For purposes of computing the ratio of earnings to fixed charges, earnings consists of income from continuing operations before income taxes and fixed charges, excluding capitalized interest. Fixed charges consists of interest expensed and capitalized, amortization of debt issuance costs and the interest component of rent expense.

6

12

SUMMARY HISTORICAL FINANCIAL DATA OF AMERISTAR CASINOS, INC.

We have derived the following summary historical financial data for each of the three years ended December 31, 2000 from our audited consolidated financial statements. The summary data below should be read in conjunction with "Selected Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements included in this prospectus.

	FOR THE YEARS ENDED DECEMBER 31,		
	1998	1999	2000
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND FINANCIAL RATIOS)		
STATEMENT OF OPERATIONS DATA:			
Net revenues.....	\$264,682	\$300,286	\$ 342,006
Impairment loss(1).....	--	--	57,153
Income (loss) from operations.....	3,338	25,545	(22,631)
Income (loss) before extraordinary item.....	(12,715)	205	(33,747)
Net income (loss).....	(12,715)	205	(40,307)
Diluted earnings (loss) per share.....	(0.62)	0.01	(1.98)
OTHER FINANCIAL DATA:			
EBITDA(2).....	\$ 38,140	\$ 50,005	\$ 62,306
Capital expenditures.....	32,312	57,590	33,357
Depreciation and amortization.....	24,191	24,460	27,784
Interest expense.....	22,699	24,449	28,316
Ratio of earnings to fixed charges.....	N/A(3)	1.00x	N/A

(1) Impairment loss related to The Reserve for the year ended December 31, 2000.

(2) EBITDA consists of income from operations plus depreciation, amortization, preopening costs and impairment losses. EBITDA information is presented solely as a supplemental disclosure because management believes that it is a widely used measure of operating performance in the gaming industry and for companies with a significant amount of depreciation and amortization. EBITDA should not be construed as an alternative to income from operations (as determined in accordance with generally accepted accounting principles) as an indicator of our operating performance, or as an alternative to cash flows from operating activities (as determined in accordance with generally accepted accounting principles) as a measure of liquidity. We have significant uses of cash flows, including capital expenditures and debt principal repayments that are not reflected in EBITDA. It should also be noted that not all gaming companies that report EBITDA information calculate EBITDA in the same manner as us.

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

- (3) Earnings were insufficient to cover fixed charges by \$20.5 million for the year ended December 31, 1998, including preopening costs of \$10.6 million, and \$52.6 million for the year ended December 31, 2000, including an impairment loss of \$57.2 million.

7

13

SUMMARY HISTORICAL FINANCIAL DATA OF STATION CASINOS, INC. MISSOURI OPERATIONS

We have derived the following summary historical financial data for Station Casinos, Inc. Missouri Operations for the fiscal year ended March 31, 1998, the nine months ended December 31, 1998 and the fiscal year ended December 31, 1999 from the audited combined financial statements of Station Casinos, Inc. Missouri Operations. The summary data below should be read in conjunction with "Selected Financial and Other Data," and the historical financial statements included in this prospectus.

	FOR THE FISCAL YEAR ENDED MARCH 31, 1998	FOR THE NINE MONTHS ENDED DECEMBER 31, 1998	FOR THE YEAR ENDED DECEMBER 1999
	-----	-----	-----
	(IN THOUSANDS)		
STATEMENT OF OPERATIONS DATA:			
Net revenues.....	\$272,682	\$219,573	\$314,682
Impairment loss(1).....	--	24,807	125,000
Income (loss) from operations.....	7,893	(5,599)	(84,000)
Net income (loss).....	(37,458)	(43,513)	(135,000)
OTHER FINANCIAL DATA:			
EBITDA(2).....	\$ 38,798	\$ 42,620	\$ 70,000
Capital expenditures.....	58,044	9,508	6,000
Depreciation and amortization.....	30,772	23,412	29,000
Interest expense, net.....	56,059	40,740	47,000

(1) Impairment losses related to the St. Charles property.

(2) EBITDA consists of income from operations plus depreciation, amortization, preopening costs, impairment losses and costs of Missouri investigations and fines incurred by the former owner of the Missouri properties.

8

14

SUMMARY OF THE EXCHANGE OFFER

The following is a summary of the principal terms of the exchange offer. A more detailed description is contained in the section "The Exchange Offer." The term "old notes" refers to our outstanding 10 3/4 Senior Subordinated Notes due 2009, and the term "exchange notes" refers to our 10 3/4 Senior Subordinated Exchange Notes due 2009. The term "indenture" refers to the indenture that governs both the old notes and the exchange notes.

The Exchange Offer..... We are offering to exchange \$1,000 principal amount of our exchange notes, which have been registered under the Securities Act of 1933, as amended, for each \$1,000 principal amount of our unregistered

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

old notes. We issued the old notes on February 2, 2001 in a private offering. The terms of the exchange notes are substantially identical to the terms of the old notes.

In order to exchange your old notes, you must properly tender them before the expiration of the exchange offer. All old notes that are validly tendered and not validly withdrawn will be exchanged. We will issue the exchange notes on or promptly after the expiration of the exchange offer.

You may tender your old notes for exchange notes in whole or in part in integral multiples of \$1,000 principal amount.

Registration Rights

Agreement.....

We sold the old notes on February 2, 2001 to a group of initial purchasers. Simultaneously with that sale, we entered into a registration rights agreement relating to the old notes with the initial purchasers, which requires us to conduct the exchange offer.

You have the right under the registration rights agreement to exchange your old notes for exchange notes with substantially identical terms. This exchange offer is intended to satisfy those rights. After this exchange offer is complete, you will no longer be entitled to any exchange or registration rights with respect to your old notes.

For a description of the procedures for tendering your old notes, see "The Exchange Offer -- Procedures for Tendering Old Notes."

Expiration Date.....

5:00 p.m., New York City time, , 2001, unless the exchange offer is extended, in which case the expiration date will be the latest date and time to which the exchange offer is extended. See "The Exchange Offer -- Terms of the Exchange Offer."

Consequences of Failure to Exchange Your Old Notes.....

If you do not exchange your old notes for exchange notes in the exchange offer, you will still have the restrictions on transfer provided in the old notes and in the indenture. In general, the old notes may not be offered or sold unless registered or exempt from registration under the Securities Act, or in a transaction not subject to the Securities Act and applicable state securities laws. We do not plan to register the old notes under the Securities Act.

Conditions to the Exchange Offer.....

The exchange offer is subject to customary conditions described under "The Exchange Offer -- Conditions to the Offer," some of which we may waive in our sole discretion. The exchange

offer is not conditioned upon any minimum principal amount of old notes being

tendered. We reserve the right in our sole and absolute discretion, subject to applicable law, at any time and from time to time:

- to delay the acceptance of the old notes for exchange;
- to terminate the exchange offer if one or more specific conditions have not been satisfied;
- to extend the expiration date of the exchange offer and retain all tendered old notes, subject, however, to the right of the tendering holders to withdraw their tendered old notes; or
- to waive any condition or otherwise amend the terms of the exchange offer in any respect.

See "The Exchange Offer -- Terms of the Exchange Offer."

Procedures for Tendering

Old Notes.....

If you wish to tender your old notes for exchange notes, you must:

- complete and sign a letter of transmittal in accordance with the instructions contained in the letter of transmittal; and
- forward the completed letter of transmittal by mail, facsimile or hand delivery, together with any other required documents, to the exchange agent, either with the old notes to be tendered or in compliance with the specified procedures for guaranteed delivery of such old notes.

Specified brokers, dealers, commercial banks, trust companies and other nominees may also effect tenders by book-entry transfer.

Letters of transmittal and certificates representing old notes should not be sent to us. Those documents should be sent only to the exchange agent. The address, and telephone and facsimile numbers, of the exchange agent are set forth in "The Exchange Offer -- Exchange Agent" and in the letter of transmittal.

Special Procedures for

Beneficial Owners.....

If your old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, we urge you to contact your nominee holder promptly if you wish to tender such old

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

notes. See "The Exchange Offer -- Procedures for Tendering Old Notes."

Withdrawal of Tenders..... You may withdraw the tender of your old notes at any time on or prior to the expiration date by delivering a written notice of withdrawal to the exchange agent in conformity with the procedures discussed under "The Exchange Offer -- Withdrawal of Tenders."

Acceptance of Old Notes and Delivery of Exchange Notes..... Upon consummation of the exchange offer, we will accept any and all old notes that are properly tendered in the exchange offer and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date. The exchange notes issued pursuant to the exchange offer will be delivered promptly after acceptance of the tendered old notes. See "The Exchange Offer -- Terms of the Exchange Offer."

10

16

Resales of Exchange Notes..... We believe that you will be able to offer for resale, resell or otherwise transfer exchange notes issued in the exchange offer without compliance with the registration and prospectus delivery provisions of the federal securities laws, provided that:

- you are acquiring the exchange notes in the ordinary course of your business;
- you are not participating, and have no arrangement or understanding with any person to participate, in a distribution of the exchange notes; and
- you are not an "affiliate" of Ameristar Casinos, Inc., as the term is defined for the purposes of Rule 144A under the Securities Act.

Our belief is based on interpretations by the staff of the Securities and Exchange Commission, as set forth in no-action letters issued to third parties unrelated to us. The staff of the Securities and Exchange Commission has not considered this exchange offer in the context of a no-action letter, and we cannot assure you that the staff of the Securities and Exchange Commission would make a similar determination with respect to this exchange offer.

If our belief is not accurate and you transfer an exchange note without delivering a prospectus meeting the requirements of the federal securities laws or without an exemption from these laws, you may incur liability under the federal securities

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

laws. We do not and will not assume, or indemnify you against, this liability.

Each broker-dealer that receives exchange notes for its own account in exchange for old notes that such broker-dealer acquired as a result of market-making or other trading activities must agree to deliver a prospectus meeting the requirements of the federal securities laws in connection with any resale of the exchange notes. See "The Exchange Offer -- Resales of the Exchange Notes."

Exchange Agent..... The exchange agent for the exchange offer is U.S. Bank Trust National Association. The address, telephone number and facsimile number of the exchange agent are provided in "The Exchange Offer -- Exchange Agent" and in the letter of transmittal.

Use of Proceeds..... We will not receive any cash proceeds from the issuance of the exchange notes. See "Use of Proceeds."

Certain Federal Income Tax Consequences..... Your acceptance of an exchange offer and the related exchange of your old notes for exchange notes will not be a taxable exchange for United States federal income tax purposes. You should not recognize any taxable gain or loss or any interest income as a result of the exchange.

SUMMARY OF THE TERMS OF THE EXCHANGE NOTES

The following is a summary of the principal terms of the exchange notes. A more detailed description is contained in the section "Description of the Exchange Notes."

Issuer..... Ameristar Casinos, Inc.

Securities Offered..... \$380,000,000 principal amount of 10 3/4% Senior Subordinated Exchange Notes due 2009.

Maturity..... February 15, 2009.

Interest Payment Dates..... Each February 15 and August 15, beginning on August 15, 2001. Interest will accrue from and including February 2, 2001 or the last payment date upon which interest on the old notes was paid.

Guarantees..... All of our subsidiaries have guaranteed the old notes and on the issue date of the exchange notes will guarantee the exchange notes. If we create or acquire a new subsidiary, it will guarantee the exchange notes unless we designate the subsidiary as an "unrestricted subsidiary" under the indenture or the subsidiary does not have significant assets.

Ranking..... The exchange notes will:

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

- be unsecured senior subordinated obligations of Ameristar; and
- rank junior to all of our existing and future senior debt, including borrowings under our senior credit facilities.

The guarantees by our subsidiaries will:

- be unsecured senior subordinated obligations of each of our subsidiaries that guarantee the exchange notes; and
- rank junior to all existing and future senior debt of those subsidiaries, including guarantees of borrowings under our senior credit facilities.

As of December 31, 2000, pro forma for the Disposition, the offering of the old notes and the use of proceeds therefrom, we and our subsidiaries would have had \$354.2 million of senior debt with approximately \$130.7 million of unused availability under our senior credit facilities.

Optional Redemption..... On or after February 15, 2006, we may redeem some or all of the exchange notes at the redemption prices listed in the "Redemption -- Optional Redemption" subsection of "Description of the Exchange Notes" plus accrued interest.

Optional Redemption After
Public Equity
Offerings.....

At any time (which may be more than once) before February 2, 2004, we can choose to redeem up to 35% of the aggregate principal amount of the exchange notes and the old notes with money that we raise in one or more public equity offerings, as long as:

- we pay 110.75% of the face amount of the exchange notes and the old notes, plus interest,
- we redeem the exchange notes and the old notes within 90 days of completing the public equity offering, and

12

18

- at least 65% of the aggregate principal amount of exchange notes and old notes remains outstanding afterwards.

Redemption Based Upon
Gaming Laws.....

The exchange notes are subject to redemption requirements imposed by gaming laws and regulations of gaming authorities in jurisdictions in which we conduct gaming operations. See the "Redemption -- Redemption Based Upon Gaming Laws" subsection of "Description of the Exchange Notes."

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Change of Control Offer.... If a specific kind of change in control of Ameristar occurs, we must give holders of the exchange notes the opportunity to sell us their exchange notes at 101% of their face amount, plus accrued interest.

Asset Sale Proceeds..... If we or our subsidiaries engage in asset sales, we generally must invest the net cash proceeds from such sales in our business within a period of time, prepay senior debt or make an offer to purchase a principal amount of the exchange notes and the old notes equal to the remaining excess net cash proceeds. The purchase price of the exchange notes and the old notes will be 100% of their principal amount, plus accrued interest.

Certain Indenture Provisions

The indenture governing the exchange notes and the old notes contains covenants limiting our (and most or all of our subsidiaries') ability to:

- incur additional debt;
- pay dividends or make distributions on our capital stock or repurchase our capital stock;
- issue stock of subsidiaries;
- make certain investments,
- create liens on our assets to secure debt;
- enter into transactions with affiliates;
- merge or consolidate with another company; and
- transfer and sell assets.

These covenants are subject to a number of important limitations and exceptions.

Risk Factors..... See "Risk Factors" for a description of certain of the risks you should consider before exchanging any old notes for exchange notes.

RISK FACTORS

Before you participate in the exchange offer, you should carefully consider the following factors in addition to the other information contained in this prospectus and incorporated by reference in this prospectus.

RISKS RELATED TO THE EXCHANGE NOTES

THERE ARE CONSEQUENCES ASSOCIATED WITH FAILING TO EXCHANGE THE OLD NOTES FOR THE EXCHANGE NOTES.

If you do not exchange your old notes for exchange notes in the exchange

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

offer, you will still have the restrictions on transfer provided in the old notes and the indenture. In general, the old notes may not be offered or sold unless registered or exempt from registration under the Securities Act, or in a transaction not subject to the Securities Act and applicable state securities laws. We do not plan to register the old notes under the Securities Act.

LEVERAGE MAY IMPAIR OUR FINANCIAL CONDITION AND WE MAY INCUR SIGNIFICANT ADDITIONAL DEBT.

We have a substantial amount of debt. As of December 31, 2000, after giving effect to the offering of the old notes (and the application of the proceeds therefrom) and the Disposition, as if such transactions occurred on December 31, 2000, our total consolidated debt would have been \$729.2 million. See "Capitalization" for additional information.

Our substantial debt could have important consequences for the holders of the exchange notes, including:

- making it more difficult for us to satisfy our obligations with respect to the exchange notes;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions and other general corporate requirements;
- requiring a substantial portion of our cash flow from operations for the payment of interest on our debt and reducing our ability to use our cash flow to fund working capital, capital expenditures, acquisitions and general corporate requirements;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- placing us at a competitive disadvantage to other less leveraged competitors.

Subject to specified limitations, the indenture permits us and our subsidiaries to incur substantial additional debt. In addition, as of December 31, 2000, pro forma for the Disposition, the offering of the old notes and the use of proceeds therefrom, our senior credit facilities would have permitted us and our subsidiaries to borrow up to an additional \$130.7 million and all of those borrowings would be senior to the exchange notes. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could intensify. See "Description of Existing Indebtedness" for additional information.

SERVICING OUR DEBT WILL REQUIRE A SIGNIFICANT AMOUNT OF CASH, AND OUR ABILITY TO GENERATE SUFFICIENT CASH DEPENDS ON MANY FACTORS, SOME OF WHICH ARE BEYOND OUR CONTROL.

Our ability to make payments on and refinance our debt and to fund planned capital expenditures depends on our ability to generate cash flow in the future. To some extent, this is subject to general economic, financial, competitive, legislative and regulatory factors and other factors that are beyond our control. In addition, the ability to borrow funds under our senior credit facilities in the future will depend on our meeting the financial covenants in the agreements, including a fixed charge coverage test and

maximum senior and total leverage ratio tests. Under our senior credit facilities, the \$75 million revolving term facility and \$25 million of the \$75 million revolving credit facility are dedicated to finance the completion of the Ameristar St. Charles expansion. After giving effect to the offering of the old notes, the application of the proceeds therefrom and the Disposition, as if such transactions occurred on December 31, 2000, approximately \$30.7 million would have been available for general corporate purposes under the revolving credit facility. We cannot assure you that our business will generate cash flow from operations or that future borrowings will be available to us under our senior credit facilities in an amount sufficient to enable us to pay our debt or to fund other liquidity needs. As a result, we may need to refinance all or a portion of our debt on or before maturity. Our senior credit facilities mature in stages between 2005 and 2007. We cannot assure you that we will be able to refinance any of our debt on favorable terms, if at all. Any inability to generate sufficient cash flow or refinance our debt on favorable terms could have a material adverse effect on our financial condition.

COVENANT RESTRICTIONS UNDER OUR SENIOR CREDIT FACILITIES AND THE INDENTURE MAY LIMIT OUR ABILITY TO OPERATE OUR BUSINESS.

Our senior credit facilities and the indenture governing the exchange notes will contain, and certain of our other agreements regarding debt will contain, among other things, covenants that may restrict our and the guarantors' ability to finance future operations or capital needs or to engage in other business activities. Our senior credit facilities and the indenture restrict, among other things, our ability and the ability of the guarantors to: borrow money; pay dividends or make distributions; purchase or redeem stock; make investments and extend credit; engage in transactions with affiliates; engage in sale-leaseback transactions; consummate certain asset sales; effect a consolidation or merger or sell, transfer, lease, or otherwise dispose of all or substantially all of our assets; and create liens on our assets.

In addition, our senior credit facilities will require us to maintain specified financial ratios and satisfy certain financial condition tests which may require that we take action to reduce our debt or to act in a manner contrary to our business objectives. Events beyond our control, including changes in general economic and business conditions, may affect our ability to meet those financial ratios and financial condition tests. We cannot assure you that we will meet those tests or that the lenders will waive any failure to meet those tests. A breach of any of these covenants would result in a default under our senior credit facilities and the indenture. If an event of default under our senior credit facilities occurs, the lenders could elect to declare all amounts outstanding thereunder, together with accrued interest, to be immediately due and payable. See the "Description of Existing Indebtedness" and "Description of the Exchange Notes" for additional information.

YOUR RIGHT TO RECEIVE PAYMENT ON THE EXCHANGE NOTES AND THE GUARANTEES IS JUNIOR TO ALL OF OUR AND THE GUARANTORS' SENIOR DEBT.

The exchange notes will be general unsecured obligations, junior in right of payment to all existing and future senior debt of Ameristar and each guarantor, respectively, including obligations under our senior credit facilities. The exchange notes will not be secured by any of our or the guarantors' assets, and as such will be effectively subordinated to any secured debt that we or the guarantors may have now or may incur in the future to the extent of the value of the assets securing that debt.

In the event that Ameristar or a guarantor is declared bankrupt, becomes insolvent or is liquidated or reorganized, any debt that ranks ahead of the exchange notes and the guarantees will be entitled to be paid in full from our

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

assets or the assets of the guarantor, as applicable, before any payment may be made with respect to the exchange notes or the affected guarantees. In any of the foregoing events, we cannot assure you that we would have sufficient assets to pay amounts due on the exchange notes. As a result, holders of the exchange notes may receive less, proportionally, than the holders of debt senior to the exchange notes and the guarantees. The subordination provisions of the indenture will also provide that we can make no payment to you during the continuance of payment defaults on our senior debt, and payments to you may be suspended for a period of up to 180 days if a nonpayment default exists under our senior debt. See "Description of the Exchange Notes -- Subordination" for additional information.

15

21

At December 31, 2000, after giving effect to the offering of the old notes (and the application of the proceeds therefrom) and the exchange offer and the Disposition, as if such transactions occurred on December 31, 2000, the exchange notes and the guarantees would have ranked junior to \$354.2 million of senior debt of Ameristar and our subsidiaries and an additional \$130.7 million of unused availability would have been available for borrowing under the senior credit facilities. In addition, the indenture and our senior credit facilities permit, subject to specified limitations, the incurrence of additional debt, some or all of which may be senior debt. See "Description of the Exchange Notes -- Certain Covenants" and "Description of Existing Indebtedness" for additional information.

CRAIG H. NEILSEN OWNS A MAJORITY OF OUR COMMON STOCK AND CONTROLS OUR AFFAIRS.

Mr. Neilsen is our President, Chief Executive Officer and Chairman of our Board of Directors and owns approximately 87% of our outstanding common stock. Mr. Neilsen has the ability to control our operations and policies. Circumstances may occur in which the interests of Mr. Neilsen, as the controlling stockholder, could be in conflict with your interests as a noteholder. In addition, Mr. Neilsen may have an interest in pursuing acquisitions, divestitures or other transactions that, in his judgment, could enhance his equity investment, even though such transactions might involve risks to you.

THE GUARANTEES MAY NOT BE ENFORCEABLE BECAUSE OF FRAUDULENT CONVEYANCE LAWS.

The incurrence of the guarantees by the guarantors may be subject to review under U.S. federal bankruptcy law or relevant state fraudulent conveyance laws if a bankruptcy case or lawsuit is commenced by or on behalf of the guarantors' unpaid creditors. Under these laws, if in such a case or lawsuit a court were to find that, at the time such guarantor incurred a guarantee of the exchange notes, such guarantor:

- incurred the guarantee of the exchange notes with the intent of hindering, delaying or defrauding current or future creditors; or
- received less than reasonably equivalent value or fair consideration for incurring the guarantee of the exchange notes and such guarantor:
 - was insolvent or was rendered insolvent;
 - was engaged, or about to engage, in a business or transaction for which its remaining assets constituted unreasonably small capital to carry on its business; or
 - intended to incur, or believed that it would incur, debts beyond its ability to pay as such debts matured (as all of the

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

foregoing terms are defined in or interpreted under the relevant fraudulent transfer or conveyance statutes);

then such court could avoid the guarantee of such guarantor or subordinate the amounts owing under such guarantee to such guarantor's presently existing or future debt or take other actions detrimental to you.

It may be asserted that the guarantors incurred their guarantees for the benefit of Ameristar and they incurred the obligations under the guarantees for less than reasonably equivalent value or fair consideration.

The measure of insolvency for purposes of the foregoing considerations will vary depending upon the law of the jurisdiction that is being applied in any such proceeding. Generally, a company would be considered insolvent if, at the time it incurred the debt or issued the guarantee, either:

- the sum of its debts (including contingent liabilities) is greater than its assets, at fair valuation, or
- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its total existing debts and liabilities (including contingent liabilities) as they become absolute and matured.

16

22

If a guarantee is avoided as a fraudulent conveyance or found to be unenforceable for any other reason, you will not have a claim against that obligor and will only be a creditor of Ameristar or any guarantor whose obligation was not set aside or found to be unenforceable.

WE CANNOT ASSURE YOU THAT AN ACTIVE TRADING MARKET WILL DEVELOP FOR THE EXCHANGE NOTES.

There is no established trading market for the exchange notes and we cannot assure you that a market for the exchange notes will develop in the future. If such a market were to develop, the exchange notes could trade at prices that are higher or lower than the initial offering prices depending on many factors, including the number of holders of the exchange notes, the overall market for similar securities, our financial performance and prospects and prospects for companies in our industry generally. The initial purchasers of the old notes have informed us that they intend to make a market in the exchange notes. However, the initial purchasers are not obligated to do so, and may cease market-making activities at any time without notice. As a result, you cannot be sure that an active trading market will develop for the exchange notes. We do not intend to apply (and are not obligated to apply) for listing of the exchange notes on any securities exchange or any automated quotation system.

YOU MUST COMPLY WITH THE PROCEDURES FOR THE EXCHANGE OFFER IN ORDER TO RECEIVE THE EXCHANGE NOTES.

You are responsible for complying with all exchange offer procedures. You will only receive exchange notes in exchange for your old notes if, prior to the expiration date, you deliver the following to the exchange agent:

- certificate for the old notes or a book-entry confirmation of a book-entry transfer of the old notes into the exchange agent's account with the Depository Trust Company "DTC");
- the letter of transmittal (or facsimile thereof), properly completed and duly executed by you, together with any required signature

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

guarantees; and

- and other documents required by the letter of transmittal.

You should allow sufficient time to ensure that the exchange agent receives all required documents before the expiration date. Neither we nor the exchange agent has any duty to inform you of defects or irregularities with respect to the tender of your old notes for exchange notes. See "The Exchange Offer."

WE MAY NOT HAVE THE ABILITY TO RAISE THE FUNDS NECESSARY TO FINANCE THE CHANGE OF CONTROL OFFER REQUIRED BY THE INDENTURE.

Upon a change of control, we are required to offer to repurchase all outstanding old notes and exchange notes at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase.

The source of funds for any such purchase of notes will be our available cash or cash generated from our subsidiaries' operations or other sources, including borrowing, sales of assets or sales of equity. We cannot assure you that sufficient funds will be available at the time of any change of control to make any required repurchases of notes tendered. In addition, the terms of our senior credit facilities limit our ability to purchase your notes in those circumstances. Any of our future debt agreements may contain similar restrictions and provisions. If the holders of the old notes and the exchange notes exercise their right to require us to repurchase all of such notes upon a change of control, the financial effect of this repurchase could cause a default under our other debt, even if the change in control itself would not cause a default. Accordingly, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of old notes and exchange notes or that restrictions in our senior credit facilities will not allow such repurchases. See "Description of the Exchange Notes -- Change of Control" and "Description of Existing Indebtedness" for additional information.

17

23

WE MAY REQUIRE YOU TO DISPOSE OF YOUR EXCHANGE NOTES OR REDEEM YOUR EXCHANGE NOTES IF REQUIRED BY APPLICABLE GAMING REGULATIONS.

Gaming authorities in any jurisdiction in which we or any of our subsidiaries are or may become subject have the power to investigate any of our debt security holders, including holders of the exchange notes. These gaming authorities may, in their discretion, require a holder of any of our debt securities to file applications, be investigated and be found suitable to own our debt securities, and the costs of the investigation of such finding of suitability will be the responsibility of such holder. Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by such gaming authorities may be found unsuitable. Under certain circumstances, we have the right, at our option, to cause a holder to dispose of its exchange notes or to redeem its exchange notes in order to comply with gaming laws to which we are subject. See "Government Regulations" and the "Redemption Based Upon Gaming Laws" subsection of "Description of the Exchange Notes -- Redemption" for additional information.

RISKS RELATED TO OUR BUSINESS

IF WE CANNOT COMPETE SUCCESSFULLY WITH OTHER CASINO HOTEL OPERATORS, OUR FUTURE OPERATIONS MAY BE MATERIALLY ADVERSELY AFFECTED.

Some of our existing competitors have greater name recognition and financial and marketing resources than we have. Other companies with greater

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

name recognition and financial and marketing resources than we have could enter our current markets and become competitors in the future. The entry into our current markets of additional competitors could materially adversely affect our business, financial condition and results of operations, particularly if a competitor were to obtain a license to operate a gaming facility in a superior location.

In addition, our operating properties are located in jurisdictions that restrict gaming to certain areas and/or are adjacent to states that prohibit or restrict gaming operations. While these restrictions and prohibitions provide substantial benefits to our business and our ability to attract and retain customers, the legalization or expanded legalization or authorization of gaming within a market area of one of these properties could have a material adverse effect on our business, financial condition and results of operations.

MANY FACTORS, SOME OF WHICH ARE BEYOND OUR CONTROL, COULD ADVERSELY AFFECT OUR ABILITY TO SUCCESSFULLY COMPLETE OUR CONSTRUCTION AND DEVELOPMENT PROJECTS AS PLANNED.

General Construction Risks -- Delays and Cost Overruns. Construction and expansion projects for our properties entail significant risks. These risks include:

- shortages of materials (including slot machines or other gaming equipment);
- shortages of skilled labor or work stoppages;
- unforeseen construction scheduling, engineering, environmental or geological problems;
- weather interference, floods, fires or other casualty losses; and
- unanticipated cost increases.

Our anticipated costs and construction periods for construction projects are based upon budgets, conceptual design documents and construction schedule estimates prepared by us in consultation with our architects and contractors. The cost of any construction project undertaken by us may vary significantly from initial current expectations, and we may have a limited amount of capital resources to fund cost overruns on any project. If we cannot finance cost overruns on a timely basis, the completion of one or more projects may be delayed until adequate cash flow from operations or other financing is available. The completion date of any of our construction projects could also differ significantly from initial expectations for construction-related or other reasons. We cannot assure you that any project will be completed, if at all, on time or within established budgets. Significant delays or cost overruns on our construction projects could have a material adverse effect on our business, financial condition and results of operations.

18

24

We employ "fast-track" design and construction methods in some of our construction and development projects. This involves the design of future stages of construction while earlier stages of construction are underway. Although we believe that the use of fast-track design and construction methods can reduce the overall construction time, these methods may not always result in such reductions, may involve additional construction costs than otherwise would be incurred and may increase the risk of disputes with contractors.

Construction Dependent upon Available Financing and Cash Flows from

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Operations. The availability of funds under our senior credit facilities at any time will be dependent upon, among other factors, the amount of our consolidated EBITDA (as defined in the credit agreement) during the preceding four full fiscal quarters. Our future operating performance will be subject to financial, economic, business, competitive, regulatory and other factors, many of which are beyond our control. Accordingly, we cannot assure you that our future consolidated EBITDA and the resulting availability of operating cash flow or borrowing capacity will be sufficient to allow us to undertake or complete future construction projects.

As a result of operating risks, including those described in this section, and other risks associated with a new venture, we cannot assure you that, once completed, any development project will increase our operating profits or operating cash flow.

THE DEVELOPMENT AND CONSTRUCTION OF THE ST. CHARLES EXPANSION INVOLVES MANY UNCERTAINTIES THAT COULD AFFECT THE FINAL COST AND TIME REQUIRED TO COMPLETE THE PROJECT.

We have begun pre-construction work for the St. Charles and expect to commence construction in the second quarter of 2001. Construction involves significant risks that could affect the final cost and time of completion of the project, including the following:

- greater than expected deterioration of the expansion site, exterior structure or electrical systems;
- shortages of materials or skilled labor;
- delays in obtaining necessary permits from federal, state and local governmental authorities;
- work stoppages, weather interference, fire, floods or other natural disasters; and
- unanticipated cost increases.

Our anticipated costs and construction periods are based upon budgets, conceptual design documents and construction schedule estimates prepared by us in consultation with architects and a general contractor and assume that we will be able to use most of the construction materials that were purchased in 1996 and 1997 by the former owner. We cannot be sure that the construction materials that we acquired as part of the Acquisitions will be available for use in the expansion project. If we are not able to use a significant portion of the construction materials that we acquired the costs of the expansion could increase materially.

Our estimated cost of completing the St. Charles expansion is based primarily on the estimates provided in 1996 by the general contractor and subcontractors to the former owner of the St. Charles property, adjusted to reflect inflation experienced on construction costs in the St. Louis market from 1996 to 2000. We cannot be sure that our construction costs will not be higher than the adjusted estimates and we have not received updated firm estimates for the project. Furthermore, the existing plans for the St. Charles expansion project may change, and the scope of the project may vary significantly from what is currently anticipated. We also cannot be sure that we will not exceed the budgeted costs of the expansion project or that the project will commence operations within the contemplated time frame, if at all. Budget overruns and delays with respect to the project could have a material adverse impact on our results of operations, particularly in light of the requirement of the Missouri Gaming Commission that we complete construction of the St. Charles expansion prior to January 1, 2004 or face potential loss of our licenses to operate

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Ameristar St. Charles.

19

25

Our senior credit facilities provide \$100 million of borrowing capacity specifically for the St. Charles expansion. We anticipate that the costs of completing the expansion project as currently contemplated will be approximately \$110 million. Accordingly, we will be required to finance a portion of the expansion project with cash from operations. We cannot be sure that our financial performance will be sufficient to fund the expansion project. This risk will become more significant if we have substantial cost overruns because of greater than expected deterioration, budget overruns or changes in the project. Under the terms of the indenture and our senior credit facilities, it is not likely that we will be able to incur additional debt to fund the expansion project if cash from operations and available borrowings under our senior credit facilities are not sufficient to fund the construction.

WE MAY EXPERIENCE DIFFICULTIES INTEGRATING THE MISSOURI PROPERTIES INTO OUR OPERATIONS.

We cannot assure you that we will be able to integrate the recently-acquired Missouri properties into our existing operations without encountering difficulties. These difficulties could include integrating personnel with disparate business backgrounds and business strategies, integrating different technology systems and managing relationships with other business customers. Furthermore, the integration of the Missouri properties may temporarily distract management from our day-to-day business. We may also lose key personnel from the Missouri properties because of their sale to us. For these reasons, we cannot assure you that we will be able to successfully integrate the Missouri properties and our inability to do so could have a material and adverse effect on our operations.

IF OUR KEY PERSONNEL LEAVES US, OUR BUSINESS WILL BE SIGNIFICANTLY ADVERSELY AFFECTED.

We depend on the continued performance of Craig H. Neilsen, Ameristar's President and Chief Executive Officer, and his management team. The loss of the services of Mr. Neilsen or any of our other executive officers could have a material adverse effect on our business. In addition, our ability to retain management members hired in connection with the acquisition of the Missouri properties will significantly impact our ability to successfully operate those properties.

THE MARKET FOR QUALIFIED PROPERTY AND CORPORATE MANAGEMENT PERSONNEL IS SUBJECT TO INTENSE COMPETITION.

We have experienced and expect to continue to experience strong competition in hiring and retaining qualified property and corporate management personnel. Recruiting and retaining qualified management personnel is particularly difficult at Ameristar Vicksburg and the Jackpot Properties due to local market conditions. If we are unable to successfully recruit and retain qualified management personnel at our properties and at our corporate level, our results of operations could be materially adversely affected.

RESTRICTIONS AND LIMITATIONS IMPOSED BY GAMING REGULATORY AUTHORITIES ADVERSELY AFFECT OUR BUSINESS.

The ownership and operation of casino gaming facilities are subject to extensive state and local regulation. The States of Iowa, Missouri, Mississippi and Nevada and the applicable local authorities require various licenses, findings of suitability, registrations, permits and approvals to be held by us

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

and our subsidiaries. The Iowa Racing and Gaming Commission, the Missouri Gaming Commission, the Mississippi Gaming Commission and the Nevada Gaming Commission may, among other things, limit, condition, suspend, revoke or not renew a license or approval to own the stock of any of our Iowa, Missouri, Mississippi or Nevada subsidiaries, respectively, for any cause deemed reasonable by such licensing authority. Our gaming license in Mississippi must be renewed every three years and our gaming license in Iowa must be renewed or continued every year. If we violate gaming laws or regulations, substantial fines could be levied against us, our subsidiaries and the persons involved, and we could be forced to forfeit portions of our assets. The suspension, revocation or non-renewal of any of our licenses or the levy on us of substantial fines or forfeiture of assets would have a material adverse effect on our business, financial condition and results of operations. We are also subject to substantial gaming taxes and fees imposed by various governmental authorities, which are subject to increase.

To date, we have obtained all governmental licenses, findings of suitability, registrations, permits and approvals necessary for the operation of our currently operating gaming activities. However, gaming

20

26

licenses and related approvals are deemed to be privileges under Iowa, Missouri, Mississippi and Nevada law. We cannot assure you that our existing licenses, permits and approvals will be maintained or extended. We also cannot assure you that any new licenses, permits and approvals that may be required in the future will be granted to us.

FAILURE OF LOCAL REAUTHORIZATION OF GAMING ACTIVITIES IN IOWA COULD HAVE A MATERIAL ADVERSE EFFECT ON US.

Under Iowa law, a license to conduct gambling games may be issued in a county only if the county electorate has approved such gambling games. Although the electorate of Pottawattamie County, which includes the City of Council Bluffs, approved by referendum the gambling games conducted at Ameristar Council Bluffs, a reauthorization referendum must be submitted to the county electorate in the general election to be held in 2002 and each eight years thereafter. Each such referendum requires the vote of a majority of the persons voting. If any such reauthorization referendum is defeated, Iowa law provides that any previously issued gaming license will remain valid and subject to periodic renewal for a total of nine years from the original issue unless otherwise terminated by the Iowa Racing and Gaming Commission. The original issue date for our Iowa gaming license was January 27, 1995. We cannot assure you that gaming operations of the type we conduct at Ameristar Council Bluffs will continue to be authorized in Pottawattamie County. Any failure of Pottawattamie County to reauthorize gaming operations of the type we conduct at Ameristar Council Bluffs would have a material adverse effect on our business, financial condition and results of operations.

THE NATIONAL GAMBLING IMPACT STUDY COMMISSION'S RECOMMENDATIONS MAY ADVERSELY AFFECT THE GAMING INDUSTRY AND OUR OPERATIONS.

A National Gambling Impact Study Commission was established by the U.S. Congress to conduct a comprehensive study of the social and economic impact of gaming in the U.S. On April 28, 1999, the National Commission voted to recommend that the expansion of gaming be curtailed. In June 1999, the National Commission issued a final report of its findings and conclusions, together with recommendations for legislative and administrative actions. Below are highlights of some of those recommendations:

- Legal gaming should be restricted to those at least 21 years of age.

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

- Betting on college and amateur sports should be banned.
- The introduction of casino-style gaming at pari-mutuel racing facilities for the primary purpose of saving the pari-mutuel facility financially should be prohibited.
- Internet gaming should be banned in the U.S.
- The types of gaming activities allowed by Native American tribes within a given state should be consistent with the gaming activities allowed to other persons in that state.
- State, local and tribal governments should recognize that casino gaming provides economic development, particularly for economically depressed areas. The National Commission differentiated casino gaming from stand-alone slot machines (e.g., in convenience stores), internet gaming and lotteries which the National Commission stated do not provide the same economic development.

Any regulation of the gaming industry which may result from the National Commission's report may have an adverse effect on the gaming industry and on our financial condition or results of operations.

ANY LOSS FROM SERVICE OF OUR RIVERBOAT AND DOCKSIDE FACILITIES FOR ANY REASON COULD MATERIALLY ADVERSELY AFFECT US.

Our riverboat and dockside facilities in Missouri, Mississippi and Iowa could be lost from service due to casualty, mechanical failure, extended or extraordinary maintenance, floods or other severe weather conditions. Cruises of the Council Bluffs Casino are subject to risks generally incident to the movement of vessels on inland waterways, including risks of casualty due to river turbulence and severe weather conditions. In addition, United States Coast Guard regulations set limits on the operation of vessels and require that vessels be operated by a minimum complement of licensed personnel.

21

27

The United States Coast Guard also requires all U.S. flagged passenger vessels operating exclusively in fresh water to conduct a thorough dry-dock inspection of underwater machinery, valves and hull every five years. Less stringent inspection requirements apply to permanently moored dockside vessels like those at Ameristar Kansas City, Ameristar Vicksburg and Ameristar St. Charles. The Ameristar Council Bluffs riverboat was due for its dry-dock inspection in November 2000, but we have been accepted into a United States Coast Guard program that has allowed us to extend the dry-dock requirement by undergoing a thorough underwater inspection. This underwater inspection has been completed and the Ameristar Council Bluffs riverboat has received a U.S. Coast Guard Certificate of Inspection valid through October 19, 2001. The underwater inspection program allows for an extension of the dry-dock requirement for up to 30 months. Based on the results of this inspection, Ameristar Council Bluffs has applied to the U.S. Coast Guard for such an extension and the regional office of the U.S. Coast Guard in St. Louis has recommended to the U.S. Coast Guard's office in Washington, D.C. that the extension be granted. However, if we do not obtain this further extension, the Council Bluffs Casino would be out of service for a substantial period of time for its dry-dock inspection. This would have a material adverse effect on Ameristar Council Bluffs and on our business, financial condition and results of operations. We cannot assure you that we will actually obtain any further extension of the dry-dock requirement or that similar extensions will be obtained in the future.

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

The Ameristar Vicksburg site has experienced some instability that has required periodic maintenance and improvements. Although we have reinforced the cofferdam basin in which the vessel floats, further reinforcements may be necessary. We are also monitoring the site to evaluate what further steps, if any, may be necessary to stabilize the site to permit operations to continue. A site failure would require Ameristar Vicksburg to limit or cease operations.

The loss of a riverboat or dockside facility from service for any period of time likely would adversely affect our operating results and borrowing capacity under our long-term debt facilities. It could also result in the occurrence of an event of a default under one or more of our credit facilities or contracts.

OUR PROPERTIES ARE SUBJECT TO THE RISK OF THEFT WHICH COULD ADVERSELY AFFECT OUR OPERATIONS.

Given the nature of our operations, we entrust employees in various positions to handle large amounts of cash and casino chips and tokens. Although our internal controls and security and surveillance policies and procedures are designed to limit our exposure to theft and the associated risk of loss, we cannot assure you that such theft does not occur or that we will discover and such theft promptly, if at all. In addition, we cannot assure you that we will have adequate insurance coverage, if any, in the event of such theft. Any theft by our employees or otherwise could have an adverse effect on our results of operations.

WE COULD FACE SEVERE PENALTIES AND MATERIAL REMEDIATION COSTS IF WE FAIL TO COMPLY WITH APPLICABLE ENVIRONMENTAL REGULATIONS.

As is the case with any owner or operator of real property, we are subject to a variety of federal, state and local governmental regulations relating to the use, storage, discharge, emission and disposal of hazardous materials. Failure to comply with environmental laws could result in the imposition of severe penalties or restrictions on operations by government agencies or courts of law, which could adversely affect operations. We do not have environmental liability insurance to cover most such events, and the environmental liability insurance coverage we maintain to cover certain events includes significant limitations and exclusions. In addition, if we discover any significant environmental contamination affecting any of our properties, we could face material remediation costs or additional development costs for future expansion activities.

22

28

THE EXCHANGE OFFER

PURPOSE AND EFFECT OF THE EXCHANGE OFFER

In connection with the sale of the old notes, we entered into a registration rights agreement with the initial purchasers of the old notes, pursuant to which we agreed to file and to use our best efforts to cause to become effective with the Securities and Exchange Commission a registration statement with respect to the exchange of the old notes for exchange notes with terms identical in all material respects to the terms of the old notes. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus is a part. The exchange offer is being made to satisfy our obligations under the registration rights agreement.

By tendering old notes for exchange notes, each holder represents to us that:

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

- any exchange notes to be received by such holder are being acquired in the ordinary course of such holder's business;
- such holder has no arrangement or understanding with any person to participate in a distribution (within the meaning of the Securities Act) of exchange notes;
- such holder is not an "affiliate" of Ameristar Casinos, Inc., as the term is defined in Rule 144A under the Securities Act;
- such holder has full power and authority to tender, exchange, sell, assign and transfer the tendered old notes;
- we will acquire good, marketable and unencumbered title to the tendered old notes, free and clear of all liens, restrictions, charges and encumbrances; and
- the old notes tendered for exchange notes are not subject to any adverse claims or proxies.

Each tendering holder also warrants and agrees that it will, upon request, execute and deliver any additional documents deemed by us or the exchange agent to be necessary or desirable to complete the exchange, sale, assignment and transfer of the old notes tendered pursuant to the exchange offer. Each broker-dealer that receives exchange notes for its own account in exchange for old notes pursuant to the exchange offer, where such old notes were acquired by such broker-dealer as a result of market-making or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See "Plan of Distribution."

The exchange offer is not being made to, nor will we accept tenders for exchange from, holders of old notes in any jurisdiction in which the exchange offer or the acceptance of the exchange notes would be in violation of securities or blue sky laws of that jurisdiction.

Unless the context requires otherwise, the term "holder" with respect to an exchange offer means any person in whose name the old notes are registered on the books of Ameristar Casinos, Inc. or any other person who has obtained a properly completed bond power from the registered holder, or any participant in DTC whose name appears on a security position listing as a holder of old notes (which, for purposes of the exchange offer, include beneficial interests in old notes held by direct or indirect participants in DTC and old notes held in definitive form).

TERMS OF THE EXCHANGE OFFER

We hereby offer, upon the terms and conditions described in this prospectus and in the accompanying letter of transmittal, to exchange \$1,000 principal amount of our 10 3/4 senior subordinated exchange notes due 2009 for each \$1,000 principal amount of our old 10 3/4 senior subordinated notes due 2009, properly tendered before the expiration date and not validly withdrawn according to the procedures described below. Holders may tender their old notes in whole or in part in integral multiples of \$1,000 principal amount.

23

29

The form and terms of the exchange notes are the same as the form and terms of the old notes, except that:

- (1) the exchange notes have been registered under the Securities Act and therefore are not subject to the restrictions on transfer

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

applicable to the old notes, and

(2) holders of the exchange notes will not be entitled to some of the rights of holders of the old notes under the registration rights agreement.

The exchange notes evidence the same indebtedness as the old notes (which they replace) and will be issued pursuant to, and entitled to the benefits of, the indenture.

The exchange offer is not conditioned upon any minimum principal amount of old notes being tendered for exchange. We reserve the right in our sole discretion to purchase or make offers for any old notes that remain outstanding after the expiration date or, as described under "Conditions to the Exchange Offer," to terminate the exchange offer and, to the extent permitted by applicable law, purchase old notes in the open market, in privately negotiated transactions or otherwise. The terms of any such purchases or offers could differ from the terms of the exchange offer. As of date of this prospectus, \$380.0 million principal amount of the old notes is outstanding.

Holders of the old notes do not have any appraisal or dissenters' rights in connection with the exchange offer. Old notes that are not tendered for, or are tendered but not accepted in connection with, the exchange offer will remain outstanding. See "Risk Factors -- You must comply with the procedures for the exchange offer in order to receive exchange notes."

If any tendered old notes are not accepted for exchange because of an invalid tender, the occurrence of particular other events described in this prospectus or otherwise, certificates for any such unaccepted old notes will be returned, without expense, to the tendering holder thereof promptly after the expiration date.

Holders who tender old notes in connection with the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of the old notes in connection with the exchange offer. We will pay certain charges and expenses, other than specified applicable taxes. See "Fees and Expenses."

WE MAKE NO RECOMMENDATION TO THE HOLDERS OF THE OLD NOTES AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING ALL OR ANY PORTION OF THEIR OLD NOTES IN THE EXCHANGE OFFER. IN ADDITION, NO ONE HAS BEEN AUTHORIZED TO MAKE ANY SUCH RECOMMENDATION. HOLDERS OF THE OLD NOTES MUST MAKE THEIR OWN DECISION AS TO WHETHER TO TENDER PURSUANT TO THE EXCHANGE OFFER, AND, IF SO, THE AGGREGATE AMOUNT OF OLD NOTES TO TENDER, AFTER READING THIS PROSPECTUS AND THE LETTER OF TRANSMITTAL AND CONSULTING WITH THEIR ADVISORS, IF ANY, BASED ON THEIR FINANCIAL POSITIONS AND REQUIREMENTS.

EXPIRATION DATE; EXTENSIONS; AMENDMENTS

The expiration date for the exchange offer is 5:00 p.m. New York City time, on _____, 2001, unless we, in our sole discretion, extend the exchange offer. If we do extend the exchange offer, the expiration date will be the latest date and time to which the exchange offer is extended.

We expressly reserve the right, in our sole and absolute discretion, subject to applicable law, at any time and from time to time:

- to delay acceptance of any old notes for exchange;
- to terminate the exchange offer (whether or not any old notes have already been accepted for exchange) if we determine, in our sole and

absolute discretion, that any of the events or

24

30

conditions referred to under "Conditions to the Exchange Offer" has occurred or exists or has not been satisfied;

- to extend the expiration date and retain all old notes tendered pursuant to the exchange offer, subject, however, to the right of holders of old notes to withdraw their tendered old notes as described under "Withdrawal of Tenders"; and
- to waive any condition or otherwise amend the terms of the exchange offer in any respect.

If we amended the exchange offer in a manner we determine constitutes a material change, or if we waive a material condition of the exchange offer, we will promptly disclose such material amendment by means of a prospectus supplement that will be distributed to the registered holders of the affected old notes, and we will extend the exchange offer to the extent required by Rule 14e-1 under the Exchange Act.

Any such delay in acceptance, extension, termination or amendment will be followed as promptly as possible by oral or written notice to the exchange agent (any such oral notice to be promptly confirmed in writing) and by making a public announcement, and such announcement in the case of an extension will be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. Without limiting the manner in which we may choose to make any public announcement, and subject to applicable laws, we will have no obligation to publish, advertise, or otherwise communicate any such public announcement, other than by making a timely release to an appropriate news agency.

ACCEPTANCE FOR EXCHANGE AND ISSUANCE OF EXCHANGE NOTES

Upon the terms and subject to the conditions of the exchange offer, we will exchange, and will issue to the exchange agent, exchange notes for old notes validly tendered and not withdrawn (pursuant to the withdrawal rights described under "Withdrawal of Tenders") promptly after the expiration date.

In all cases, delivery of exchange notes in exchange for old notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of:

- (1) old notes or a book-entry confirmation of a book-entry transfer of old notes into the exchange agent's account at DTC;
- (2) the letter of transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees; and
- (3) any other documentation required by the letter of transmittal

Accordingly, the delivery of the exchange notes might not be made to all tendering holders at the same time, and will depend upon when old notes, book-entry confirmations with respect to old notes and other required documents are received by the exchange agent.

The term "book-entry confirmation" means a timely confirmation of a book-entry transfer of old notes into the exchange agent's account at DTC.

Subject to the terms and conditions of the exchange offer, we will be

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

deemed to have accepted for exchange, and thereby exchanged, old notes validly tendered and not withdrawn as, if and when we give oral or written notice to the exchange agent (and such oral notice to be promptly confirmed in writing) of our acceptance of such old notes for exchange pursuant to the exchange offer. Our acceptance for exchange of old notes tendered pursuant to any of the procedures described above will constitute a binding agreement between the tendering holder and us upon the terms and subject to the conditions of the exchange offer. The exchange agent will act as agent for us for the purpose of receiving tenders of old notes, letters of transmittal and related documents and transmitting exchange notes to holders who have validly tendered old notes. Such exchange will be made promptly after the expiration date of the exchange offer. If for any reason the acceptance for exchange or the exchange of any old notes tendered pursuant to the exchange offer is delayed (whether before or after our acceptance for exchange of old notes), or we

25

31

extend the exchange offer or are unable to accept for exchange or exchange old notes tendered pursuant to the exchange offer, then, without prejudice to our rights set forth in this prospectus and in the letter of transmittal, the exchange agent may, nevertheless, on our behalf and subject to Rule 14e-1(c) under the Exchange Act, retain tendered old notes and such old notes may not be withdrawn except to the extent tendering holders are entitled to withdrawal rights as described under "Withdrawal of Tenders."

PROCEDURES FOR TENDERING OLD NOTES

VALID TENDER

Except as set forth below, in order for old notes to be validly tendered pursuant to the exchange offer, either:

(1) (a) a properly completed and duly executed letter of transmittal (or facsimile thereof), with any required signature guarantees and any other required documents, must be received by the exchange agent at the address set forth under "Exchange Agent" prior to the expiration date, and (b) tendered old notes must be received by the exchange agent, or such old notes must be tendered pursuant to the procedures for book-entry transfer set forth below and a book-entry confirmation must be received by the exchange agent, in each case prior to the expiration date; or

(2) the guaranteed delivery procedures set forth below must be complied with.

If less than all of the old notes are tendered, a tendering holder should fill in the amount of old notes being tendered in the appropriate box on the letter of transmittal. The entire amount of old notes delivered to the exchange agent will be deemed to have been tendered unless otherwise indicated.

If any letter of transmittal, endorsement, bond power, power of attorney or any other document required by the letter of transmittal is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing. Unless waived by us, evidence satisfactory to us of such person's authority to so act must also be submitted.

Any beneficial owner of old notes that are held by or registered in the name of a broker, dealer, commercial bank, trust company or other nominee or custodian is urged to contact such entity promptly if such beneficial holder wishes to participate in the exchange offer.

The method of delivery of old notes, the letter of transmittal and all

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

other required documents is at the option and sole risk of the tendering holder. Delivery will be deemed made only when actually received by the exchange agent. Instead of delivery by mail, it is recommended that holders use an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure timely delivery and proper insurance should be obtained. No letter of transmittal or old notes should be sent to Ameristar Casinos, Inc. Holders may request their respective brokers, dealers, commercial banks, trust companies or nominees to effect these transactions for them.

BOOK-ENTRY TRANSFER

The exchange agent will make a request to establish an account with respect to the applicable old notes at DTC for purposes of the exchange offer within two business days after the date of this prospectus. Any financial institution that is a participant in DTC's Book-Entry Transfer Facility system may make book-entry delivery of the old notes by causing DTC to transfer the old notes into the exchange agent's account via the ATOP system in accordance with DTC's transfer procedure. Although delivery of old notes may be effected through book-entry transfer into the exchange agent's account at DTC, the letter of transmittal (or facsimile thereof), properly completed and duly executed, any required signature guarantees and any other required documents, must, in any case, be transmitted to and received or confirmed by the

26

32

exchange agent at its addresses in this prospectus prior to 5:00 p.m., New York City time, on the expiration date, or the guaranteed delivery procedure set forth below must be complied with.

DELIVERY OF DOCUMENTS TO DTC DOES NOT CONSTITUTE
DELIVERY TO THE EXCHANGE AGENT.

SIGNATURE GUARANTEES

Certificates for old notes need not be endorsed and signature guarantees on a letter of transmittal or notice of withdrawal, as the case may be, are unnecessary unless:

- (1) a certificate for old notes is registered in the name other than that of the person surrendering the certificate; or
- (2) a registered holder completes the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal.

In the case of (1) or (2) above, such certificates for old notes must be duly endorsed or accompanied by a properly executed bond power, with the endorsement or signature on the bond power and on the letter of transmittal or the notice of withdrawal, as the case may be, guaranteed by a firm or other entity identified in Rule 17Ad-15 under the Exchange Act as an "eligible guarantor institution," including (as such terms are defined therein): (a) a bank, (b) a broker, dealer, municipal securities broker or dealer or government securities broker or dealer, (c) a credit union, (d) a national securities exchange, registered securities association or clearing agency, or (e) a savings association that is a participant in a Securities Transfer Association. See Instruction 1 to the letter of transmittal.

GUARANTEED DELIVERY

If a holder desires to tender old notes pursuant to an exchange offer and the certificates for such old notes are not immediately available or time will

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

not permit all required documents to reach the exchange agent prior to the expiration date, or the procedures for book-entry transfer cannot be completed on a timely basis, such old notes may nevertheless be tendered, provided that all of the following guaranteed delivery procedures are complied with:

(1) such tenders are made by or through an eligible guarantor institution;

(2) prior to the expiration date, the exchange agent receives from an eligible guarantor institution a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form accompanying the letter of transmittal, setting forth the name and address of the holder of the old notes and the amount of old notes tendered, stating that the tender is being made thereby and guaranteeing that, within three business days after the date of execution of the Notice of Guaranteed Delivery, the certificates for all physically tendered old notes, in proper form for transfer, or a book-entry confirmation, as the case may be, and any other documents required by the letter of transmittal, will be deposited by the eligible guarantor institution with the exchange agent. The Notice of Guaranteed Delivery may be delivered by hand, or transmitted by facsimile or mail to the exchange agent and must include a guarantee by an eligible guarantor institution in the form set forth in the Notice of Guaranteed Delivery; and

(3) the certificates (or book-entry confirmation) representing all tendered old notes, in proper form for transfer, together with a properly completed and duly executed letter of transmittal, with any required signature guarantees and any other documents required by the letter of transmittal, are received by the exchange agent within three business days after the date of execution of the Notice of Guaranteed Delivery.

27

33

COMPANY DETERMINATIONS FINAL

All questions as to the form of documents, validity, eligibility, including time of receipt, and acceptance for exchange of any tendered old notes will be determined by us, in our sole and absolute discretion, which determination will be final and binding on all parties. We reserve the absolute right, in our sole and absolute discretion, to reject any and all tenders we determine not to be in proper form or the acceptance for exchange of which may, in the view of our counsel, be unlawful. We also reserve the absolute right, subject to applicable law, to waive any of the conditions of the exchange offer as set forth under "Conditions to the Exchange Offer" or any defect or irregularity in any tender of old notes of any particular holder, whether or not similar defects or irregularities are waived in the case of other holders.

Our interpretation of the terms and conditions of the exchange offer (including the letter of transmittal and its instructions) will be final and binding upon all parties. No tender of old notes will be deemed to have been validly made until all defects or irregularities with respect to such tender have been cured or waived. None of Ameristar, any of our affiliates, the exchange agent or any other person will be under any duty to give any notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.

RESALE OF THE EXCHANGE NOTES

Based on previous interpretations by the staff of the Securities and Exchange Commission set forth in no-action letters issued to third parties, we believe that the exchange notes issued in the exchange offer may be offered for

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

resale, resold and otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act of 1933. This would not apply, however, to any holder that is a broker-dealer that acquired old notes as a result of market-making activities or other trading activities or directly from us for resale under an available exemption under the Securities Act. Also, resale would only be permitted for exchange notes that (1) are acquired in the ordinary course of a holder's business, (2) where such holder has no arrangement or understanding with any person to participate in the distribution of such exchange notes, and (3) such holder is not an "affiliate" of Ameristar Casinos, Inc. The staff of the Securities and Exchange Commission has not considered the exchange offer in the context of a no-action letter, and there can be no assurance that the staff of the Securities and Exchange Commission would make a similar determination with respect to the exchange offer. Each broker-dealer that receives exchange notes for its own account in exchange for old notes, where the old notes were acquired by that broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. See "Plan of Distribution." In order to facilitate the disposition of exchange notes by broker-dealers participating in the exchange offer, we have agreed, subject to specific conditions, to make this prospectus, as it may be amended or supplemented from time to time, available for delivery by those broker-dealers to satisfy their prospectus delivery obligations under the Securities Act.

In the event that our belief regarding resale is inaccurate, those who transfer exchange notes in violation of the prospectus delivery provisions of the Securities Act and without an exemption from registration under the federal securities laws may incur liability under these laws. We do not assume, nor will we indemnify you against, this liability. The exchange offer is not being made to, nor will we accept surrenders for exchange from, holders of old notes in any jurisdiction in which the exchange offer or the acceptance thereof would not be in compliance with the securities or blue sky laws of the particular jurisdiction.

WITHDRAWAL OF TENDERS

Except as otherwise provided in this prospectus, tenders of old notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the expiration date.

28

34

In order to withdraw a tender of old notes in the exchange offer, a written or facsimile transmission notice of withdrawal must be received by the exchange agent at the address given under "The Exchange Agent" prior to 5:00 p.m., New York City time, on the expiration date. Any notice of withdrawal must:

- specify the name of the person having deposited the old notes to be withdrawn;
- identify the old notes to be withdrawn, including the certificate number or numbers and principal amount of the old notes;
- be signed by the depositor in the same manner as the original signature on the letter of transmittal by tendering the old notes, including any required signature guarantees, or be accompanied by documents of transfer sufficient to permit the trustee of the old notes to register the transfer of the old notes into the name of the depositor withdrawing the tender; and
- specify the name in which any old notes are to be registered, if

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

different from that of the depositor.

Any old notes that have been properly withdrawn will not be deemed validly tendered for purposes of the exchange offer, but may be retendered by following one of the procedures described above under "Procedures for Tendering Old Notes" at any time prior to the expiration date.

All questions as to the validity, form and eligibility, including time of receipt, of any withdrawal notices will be determined by us, and will be final and binding on all parties. Neither Ameristar, nor any of our affiliates, the exchange agent or any other person will be under any duty to give any notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification. Any tendered old notes that have been properly withdrawn will be returned to the holder promptly after withdrawal.

INTEREST ON THE EXCHANGE NOTES

The exchange notes will bear interest from the issue date of the old notes and will be paid with the first interest payment on the exchange notes. If interest has not yet been paid, the exchange notes will bear interest from and including February 2, 2001. Interest on the old notes accepted for exchange will cease to accrue upon issuance of the exchange notes and will be superceded by the interest accruing with respect to the exchange notes.

The exchange notes will bear interest at a rate of 10 3/4% per annum. Interest on the exchange notes will be payable semi-annually, in arrears, on each February 15 and August 15 following the consummation of the exchange offer. Untendered old notes that are not exchanged for exchange notes pursuant to the exchange offer will bear interest at a rate of 10 3/4% per annum after the expiration date.

CONDITIONS TO THE OFFER

If any of the following conditions has occurred or exists or has not been satisfied prior to the expiration date of the exchange offer, we will not be required to accept for exchange any old notes and will not be required to issue exchange notes in exchange for any old notes. In addition, we may, at any time and from time to time, terminate or amend the exchange offer (whether or not any old notes have already been accepted for exchange) or may waive any condition to or amend the exchange offer.

- A change in the current interpretation by the staff of the Securities and Exchange Commission that permits resale of exchange notes as described under "Resales of Exchange Notes."
- Any action or proceeding is instituted or threatened in any court or by or before any governmental agency or body with respect to the exchange offer that, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer.

29

35

- Any law, statute, rule or regulation is proposed, adopted or enacted, or any existing law, statute, rule or regulation is interpreted by the staff of the Securities and Exchange Commission in a manner that, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer.
- The issuance of a stop order is threatened by the Securities and Exchange Commission, any state securities authority or any gaming

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

authority or is in effect for the registration statement that this prospectus is a part of, or proceedings for the that purposes are instituted.

- Failure to obtain any governmental approval that we consider necessary for the consummation of the exchange offer as contemplated hereby.
- Any change or development involving a prospective change in our business or financial affairs that we think might materially impair our ability to consummate the exchange offer.

If we determine in our sole and absolute discretion that any of the foregoing events or conditions has occurred or exists or has not been satisfied at any time prior to the expiration date, we may, subject to applicable law, terminate the exchange offer (whether or not any old notes have already been accepted for exchange) or may waive any such condition or otherwise amend the terms of the exchange offer in any respect. If such waiver or amendment constitutes a material change to the exchange offer, we will promptly disclose such waiver or amendment by means of a prospectus supplement that will be distributed to each registered holder of old notes, and we will extend the exchange offer to the extent required by Rule 14e-1 under the Exchange Act.

EXCHANGE AGENT

U.S. Bank Trust National Association has been appointed as exchange agent for the exchange offer. Delivery of the letter of transmittal and any other required documents, questions, requests for assistance and requests for additional copies of this prospectus or of the letter of transmittal should be directed to the exchange agent addressed as follows:

BY MAIL, OVERNIGHT COURIER OR HAND DELIVERY:
U.S. Bank Trust National Association
180 East Fifth Street
St. Paul, Minnesota 55101
ATTENTION: Specialized Finance Group
Telephone number: (800) 934-6802
Facsimile transmission: (651) 244-1537

DELIVERY TO OTHER THAN THE ABOVE ADDRESSES OR FACSIMILE NUMBER WILL NOT CONSTITUTE A VALID DELIVERY.

FEES AND EXPENSES

We will bear the expenses of soliciting tenders pursuant to the exchange offer. The principal solicitation for tenders pursuant to the exchange offer is being made by mail. Additional solicitations may be made by our officers and regular employees and our affiliates in person, by telegraph or by telephone.

We have not retained any dealer-manager or similar agent in connection with the exchange offer and will not make any payments to brokers, dealers or other persons soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable customary fees for its services and will reimburse the exchange agent for its reasonable out-of-pocket expenses in connection with this exchange offer. We may also pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses they incur in forwarding copies of this prospectus, letters of transmittal and related documents to the beneficial owners of the old notes and in handling or forwarding tenders for exchange.

We will pay the fees and expenses incurred in connection with the exchange offer for the exchange agent and the trustee, as well as our accounting and

legal services.

30

36

We will pay all transfer taxes, if any, applicable to the exchange of old notes pursuant to the exchange offer. The amount of these transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering holder if:

- certificates representing exchange notes or old notes not tendered or accepted for exchange are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the old notes tendered;
- tendered old notes are registered in the name of any person other than the person signing the letter of transmittal; or
- a transfer tax is imposed for any reason other than the exchange of old notes pursuant to the exchange offer.

If satisfactory evidence of payment of, or exemption from, these taxes is not submitted with the letter of transmittal, the amount of these transfer taxes will be billed directly to the tendering holder.

ACCOUNTING TREATMENT

The exchange notes will be recorded at the same carrying value as the old notes, which is face value, as reflected in our accounting records on the date of the exchange. Accordingly, no gain or loss for accounting purposes will be recognized by us upon the consummation of the exchange offer. The expenses of the exchange offer will be amortized by us over the term of the exchange notes under generally accepted accounting principles.

31

37

USE OF PROCEEDS

The exchange offer is intended to satisfy certain of our obligations under the registration rights agreement. We will not receive any proceeds from the issuance of the exchange notes or the closing of the exchange offer.

In consideration for issuing the exchange notes as contemplated in this prospectus, we will receive, in exchange, an equal number of old notes in like principal amount. The form and terms of the exchange notes are identical in all material respects to the form and term of the old notes, except as otherwise described in "The Exchange Offer -- Terms of the Exchange Offer." The old notes surrendered in exchange of the exchange notes will be retired and canceled and cannot be reissued. The proceeds from the offering of the old notes have been used (1) to repay the \$300 million in principal amount outstanding under our senior subordinated credit facility and accrued interest thereon, (2) to partially repay and permanently reduce the term loan B and the term loan C under our senior credit facilities by a total of \$50 million, (3) to repay revolving loans under our senior credit facilities (which may be reborrowed) and (4) for working capital purposes. See "Prospectus Summary -- The Transactions" and "Description of Existing Indebtedness" for additional information.

32

38

CAPITALIZATION

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

The following table sets forth our unaudited historical consolidated capitalization as of December 31, 2000, our pro forma capitalization at such date after giving effect to the Disposition and our pro forma capitalization as adjusted for the offering of the old notes (and the application of the proceeds therefrom), in each case as if such transactions occurred on December 31, 2000.

	AS OF DECEMBER 31, 2000		
	ACTUAL	PRO FORMA FOR THE DISPOSITION	PRO FORMA AS ADJUSTED
	(IN THOUSANDS)		
Cash and cash equivalents.....	\$ 36,245	\$ 39,250	\$ 33,500
Long-term debt (including current maturities):			
Senior credit facilities(1).....	475,000	411,647	337,777
Senior subordinated credit facility.....	300,000	300,000	-
10 3/4% Senior Subordinated Notes due 2009, net of original issue discount.....	--	--	374,977
Capitalized leases and other.....	20,517	16,433	16,433
Total long-term debt.....	795,517	728,080	729,187
Stockholders' equity.....	28,044	28,044	25,300
Total capitalization.....	\$823,561	\$756,124	\$754,487

(1) After giving effect to the Disposition and the application of the proceeds from the offering of the old notes, we had \$475 million in senior credit facilities. The \$75 million revolving term facility and \$25 million of the \$75 million revolving credit facility are dedicated to finance the completion of the Ameristar St. Charles expansion. Accordingly, approximately \$30.7 million would have been available under the revolving credit facility for general corporate purposes.

33

39

UNAUDITED PRO FORMA CONDENSED FINANCIAL STATEMENTS

The following unaudited pro forma condensed financial statements are based on our historical financial statements and the historical financial statements of Station Casinos, Inc. Missouri Operations and should be read in conjunction with the historical financial statements included in this prospectus.

The pro forma financial statements reflect the following:

- The Acquisitions and related financing transactions;
- The Disposition and related application of proceeds;
- The issuance of \$380 million aggregate principal amount of the old notes.

Pro forma adjustments to historical financial statements include

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

adjustments which we deem appropriate, reflecting items of recurring significance and which are factually supported based on currently available information. It was assumed that the Acquisitions, the Disposition and the issuance of the old notes occurred on January 1, 1999 for purposes of preparing the pro forma condensed statements of operations and that the Disposition and issuance of the old notes occurred on December 31, 2000 for purposes of preparing the pro forma condensed balance sheet. The pro forma financial statements may not be indicative of what actual results would have been, nor do the pro forma financial statements purport to present our condensed financial results for future periods.

34

40

UNAUDITED PRO FORMA CONDENSED BALANCE SHEET
AS OF DECEMBER 31, 2000
(IN THOUSANDS, EXCEPT SHARE DATA)

	AMERISTAR HISTORICAL -----	PRO FORMA ADJUSTMENTS FOR THE DISPOSITION -----	PRO FORMA FOR THE DISPOSITIO -----
Current Assets:			
Cash and cash equivalents.....	\$ 36,245	\$ 70,576 (a) (50,000) (a) (4,218) (a) (13,353) (a)	\$ 39,250
Restricted cash.....	1,590		1,590
Accounts receivable, net.....	9,731		9,731
Income tax refund receivable.....	125		125
Inventories.....	4,501		4,501
Prepaid expenses.....	5,350		5,350
Deferred income taxes.....	2,502		2,502
Assets held for sale.....	73,195	(73,195) (b)	--
	-----	-----	-----
Total current assets.....	133,239	(70,190)	63,049
	-----	-----	-----
Property and equipment and leasehold improvements, net...	642,105		642,105
Deferred income taxes.....	--		--
Excess of purchase price over fair market value of net assets acquired.....	86,384		86,384
Deposits and other assets.....	29,193		29,193
	-----	-----	-----
	\$890,921	\$ (70,190)	\$820,731
	=====	=====	=====
Current Liabilities:			
Accounts payable.....	\$ 13,124		\$ 13,124
Construction contracts payable.....	4,493		4,493
Accrued liabilities.....	41,374		41,374
Current obligations under capitalized leases.....	2,002		2,002
Current maturities of notes payable and long-term debt.....	8,956		8,956
Liabilities related to assets held for sale.....	6,837	(6,837) (b)	--
	-----	-----	-----
Total current liabilities.....	76,786	(6,837)	69,949

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Obligations under capitalized leases, net of current maturities.....	3,354		3,354
Notes payable and long-term debt, net of current maturities.....	777,121	(50,000) (a) (13,353) (a)	713,768
Deferred income taxes.....	5,616		5,616
Commitments and Contingencies			
Stockholders' Equity:			
Preferred stock, \$.01 par value:			
Authorized -- 30,000,000 shares; Issued -- None			
Common stock, \$.01 par value: Authorized -- 30,000,000 shares; Issued and outstanding -- 20,442,963.....	204		204
Additional paid-in capital.....	43,265		43,265
Retained earnings (accumulated deficit).....	(15,425)		(15,425)
	-----	-----	-----
Total stockholders' equity.....	28,044	--	28,044
	-----	-----	-----
	\$890,921	\$ (70,190)	\$820,731
	=====	=====	=====

35

41

NOTES TO UNAUDITED PRO FORMA CONDENSED BALANCE SHEET

The following adjustments have been made to the unaudited pro forma condensed balance sheet as of December 31, 2000:

(a) Reflects the proceeds and uses of proceeds related to the Disposition, as follows (in thousands):

Sources:	
Purchase price for the Disposition.....	\$71,833
Less estimated net working capital adjustment (based on assets and liabilities as of December 31, 2000).....	(184)
Less estimated transaction costs.....	(1,073)

Net sources.....	\$70,576
	=====
Uses:	
Repayment and permanent reduction of available credit under the revolving credit facility of the senior credit facilities.....	25,000
Repayment and permanent reduction of available credit under term loan A of the senior credit facilities.....	25,000
Repayment of capital leases.....	4,218
Repayment of other existing indebtedness.....	13,353
Additional working capital.....	3,005

	\$70,576
	=====

(b) Reflects the assets and liabilities to be sold in the Disposition.

(c) Reflects the proceeds of the \$380 million of senior subordinated notes from

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

the offering, net of debt issuance costs and original issue discount. A portion of the debt issuance costs related to the senior subordinated credit facility and the senior credit facilities, as well as the prepayment fees related to the two term loans (see Note (d)), were refunded upon completion of this offering.

- (d) Reflects the use of proceeds of the senior subordinated notes from the offering to repay the senior subordinated credit facility, repay a portion of two of the three term loans (including prepayment fees) and permanently reduce these term loans, and repay a portion of the revolving credit facility.
- (e) Reflects (1) the extraordinary loss on the repayment of the senior subordinated credit facility related to the write-off of unamortized debt issuance costs, and (2) the prepayment fees related to the term loans, including related tax effects at the 35% statutory tax rate. Debt issuance costs have also been reduced for refunds of certain fees related to the senior credit facilities.
- (f) Reflects the debt issuance costs associated with the offering of the old notes.

36

42

UNAUDITED PRO FORMA CONDENSED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2000
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	AMERISTAR HISTORICAL	MISSOURI PROPERTIES HISTORICAL (TO DECEMBER 20, 2000)	PRO FORMA ADJUSTMENTS FOR THE ACQUISITIONS AND RELATED FINANCINGS	PRO FORMA ADJUSTMENTS FOR THE DISPOSITION	PRO FORMA ACQUISITION DISPOSITION AND RELATED FINANCINGS
Revenues:					
Casino.....	\$286,438	\$282,101		\$ (47,145) (g)	\$521,300
Food and beverage.....	53,653	30,565		(15,746) (g)	68,473
Rooms.....	18,121	8,794		(4,059) (g)	22,866
Other.....	12,018	6,827		(1,556) (g)	17,292
	370,230	328,287	--	(68,506)	630,075
Less: Promotional allowances.....	28,224	11,330		(6,462) (g)	33,000
Net revenues.....	342,006	316,957	--	(62,044)	596,975
Operating Expenses:					
Casino.....	134,948	152,756		(25,571) (g)	262,133
Food and beverage.....	35,135	27,349		(12,442) (g)	50,042
Rooms.....	6,944	2,904		(1,608) (g)	8,246
Other.....	12,257	3,047		(1,133) (g)	14,171
Selling, general and administrative.....	90,416	48,746	(1,366) (a)	(15,099) (g)	122,697
Depreciation and amortization.....	27,784	17,923	(859) (b)	(6,281) (g)	43,550
Impairment loss on			5,016 (c)		

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

assets held for sale.....	57,153	--		(57,153) (g)	
Total operating expenses.....	364,637	252,725	2,791	(119,287)	500,8
Income (loss) from operations.....	(22,631)	64,232	(2,791)	57,243	96,0
Other Income (Expense):					
Interest income.....	161			--	1
Interest expense.....	(28,316)	(40,742)	(78,826) (d)	430 (g)	
			25,319 (e)	3,908 (h)	
			40,742 (f)		(77,4
Other.....	(942)	1,294		482 (g)	8
	(29,097)	(39,448)	(12,765)	4,820	(76,4
Income (loss) before income tax provision (benefit) and extraordinary item...	(51,728)	24,784	(15,556)	62,063	19,5
Income tax provision (benefit).....	(17,981)	6,875	(5,445) (k)	21,027 (g)	5,1
				701 (k)	
Income (loss) before extraordinary item.....	\$ (33,747)	\$ 17,909	\$ (10,111)	\$ 40,335	\$ 14,3
Earnings (loss) per share before extraordinary item:					
Basic.....	\$ (1.65)				\$ 0.
Diluted.....	\$ (1.65)				\$ 0.
Basic shares outstanding...	20,401				20,4
Diluted shares outstanding.....	20,401				20,4

PRO FORMA
AS ADJUSTED

Revenues:	
Casino.....	\$521,394
Food and beverage.....	68,472
Rooms.....	22,856
Other.....	17,289
	630,011
Less: Promotional allowances.....	33,092
Net revenues.....	596,919
Operating Expenses:	
Casino.....	262,133
Food and beverage.....	50,042

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Rooms.....	8,240
Other.....	14,171
Selling, general and administrative.....	122,697
Depreciation and amortization.....	43,583
Impairment loss on assets held for sale.....	--

Total operating expenses.....	500,866

Income (loss) from operations.....	96,053
Other Income (Expense):	
Interest income.....	161
Interest expense.....	(75,130)
Other.....	834

	(74,135)

Income (loss) before income tax provision (benefit) and extraordinary item...	21,918
Income tax provision (benefit).....	6,001

Income (loss) before extraordinary item.....	\$ 15,917
	=====
Earnings (loss) per share before extraordinary item:	
Basic.....	\$ 0.78
	=====
Diluted.....	\$ 0.78
	=====
Basic shares outstanding...	20,401
	=====
Diluted shares outstanding.....	20,401
	=====

37

43

UNAUDITED PRO FORMA CONDENSED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1999
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	PRO FORMA ADJUSTMENTS FOR THE ACQUISITIONS	PRO FORMA ADJUSTMENTS	PRO FORMA F ACQUISITION DISPOSITIO
MISSOURI			

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

	AMERISTAR HISTORICAL	PROPERTIES HISTORICAL	AND RELATED FINANCINGS	FOR THE DISPOSITION	AND RELATE FINANCINGS
	-----	-----	-----	-----	-----
Revenues:					
Casino.....	\$247,416	\$ 278,554		\$ (38,968) (g)	\$ 487,000
Food and beverage.....	49,142	31,916		(13,987) (g)	67,070
Rooms.....	17,257	5,992		(3,822) (g)	19,427
Other.....	11,089	10,572		(1,435) (g)	20,223
	-----	-----	-----	-----	-----
	324,904	327,034	--	(58,212)	593,726
Less: Promotional allowances.....	24,618	12,386		(5,380) (g)	31,622
	-----	-----	-----	-----	-----
Net revenues.....	300,286	314,648	--	(52,832)	562,102
	-----	-----	-----	-----	-----
Operating Expenses:					
Casino.....	114,357	153,791		(23,122) (g)	245,020
Food and beverage.....	33,207	21,238		(11,313) (g)	43,133
Rooms.....	6,372	1,636		(1,654) (g)	6,354
Other.....	10,203	3,885		(929) (g)	13,153
Selling, general and administrative.....	86,142	63,980	(1,118) (a)	(15,387) (g)	133,615
Depreciation and amortization.....	24,460	29,105	(883) (b)	(7,515) (g)	
			5,160 (c)		50,327
Impairment loss on assets held for sale.....	--	125,732		--	125,732
	-----	-----	-----	-----	-----
Total operating expenses.....	274,741	399,367	3,159	(59,920)	617,347
	-----	-----	-----	-----	-----
Income (loss) from operations.....	25,545	(84,719)	(3,159)	7,088	(55,245)
Other Income (Expense):					
Interest income.....	300	--			300
Interest expense.....	(24,449)	(47,474)	(80,684) (d)	513 (g)	
			21,421 (e)	4,075 (h)	
			47,474 (f)		(79,124)
Other.....	(851)	(117)		205 (g)	(763)
	-----	-----	-----	-----	-----
	(25,000)	(47,591)	(11,789)	4,793	(79,587)
	-----	-----	-----	-----	-----
Income (loss) before income tax provision (benefit) and extraordinary item...	545	(132,310)	(14,948)	11,881	(134,832)
Income tax provision (benefit).....	340	3,101	(5,232) (k)	3,328 (g)	
				693 (k)	2,230
	-----	-----	-----	-----	-----
Income (loss) before extraordinary item.....	\$ 205	\$ (135,411)	\$ (9,716)	\$ 7,860	\$ (137,062)
	=====	=====	=====	=====	=====
Earnings (loss) per share before extraordinary item:					
Basic.....	\$ 0.01				\$ (6.73)
	=====				=====
Diluted.....	\$ 0.01				\$ (6.73)
	=====				=====

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Basic shares outstanding...	20,362	20,362
	=====	=====
Diluted shares outstanding.....	20,362	20,362
	=====	=====

NOTES TO UNAUDITED PRO FORMA CONDENSED STATEMENTS OF OPERATIONS

The following pro forma adjustments have been made to the unaudited pro forma condensed statements of operations for the year ended December 31, 2000 and the year ended December 31, 1999:

- (a) Reflects the reduction to rent expense associated with land purchased as part of the Acquisitions.
- (b) Reflects adjustments to depreciation expense as a result in changes in the carrying value of the Missouri properties' property and equipment and leasehold improvements.
- (c) Reflects the amortization of excess of purchase price over fair market value of net assets acquired on a straight-line basis over an estimated useful life of 40 years and the amortization of identified intangible assets (primarily customer lists) on a straight-line basis over an estimated useful life of two years. The excess purchase price over fair market value of net assets acquired is deductible for tax purposes and is amortized over a 15 year period.
- (d) Reflects interest expense from the senior credit facilities and senior subordinated credit facility, including amortization of debt issuance costs.
- (e) Reflects the reduction in interest expense from repaying and terminating the \$115 million revolving credit facility, repurchasing the 10.5% senior subordinated notes and repaying other existing indebtedness, including amortization of debt issuance costs.
- (f) Reflects the reduction of the Missouri properties' historical interest expense related to debt not being assumed in the Acquisitions.
- (g) Reflects the historical results of The Reserve Hotel and Casino.
- (h) Reflects the reduction in interest expense related to the permanent reduction of certain borrowings under the senior credit facilities.
- (i) Reflects interest expense on the offering of the old notes, including amortization of debt issuance costs and original issue discount.
- (j) Reflects the reduction of interest expense from repaying the senior subordinated credit facility, including amortization of debt issuance costs, repayment and permanent reduction of a portion of two of the three term loans, and repayment of a portion of the revolving credit facility.
- (k) Reflects the tax effect of the pro forma adjustments using the 35% statutory tax rate, excluding the actual tax effects of the historical results of The Reserve Hotel and Casino referred to in Note (g).

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

45

SELECTED FINANCIAL AND OTHER DATA

AMERISTAR CASINOS, INC.

The selected consolidated financial and other data presented below as of and for each of the five years ended December 31, 2000 have been derived from our audited consolidated financial statements. The selected consolidated financial and other data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements, and notes thereto, included elsewhere in this prospectus (except for the consolidated financial statements as of and for the years ended December 31, 1996 and 1997, which are not included in this prospectus).

	FOR THE YEARS ENDED DECEMBER		
	1996	1997	1998
	(IN THOUSANDS, EXCEPT PER SHARE AND FINANCIAL RATIOS)		
STATEMENT OF OPERATIONS(1):			
Revenues:			
Casino.....	\$161,338	\$173,077	\$216,319
Food and beverage.....	24,250	30,672	45,853
Rooms.....	7,641	9,685	14,201
Other.....	7,760	8,275	10,401
	200,989	221,709	286,774
Less: Promotional allowances.....	12,524	15,530	22,092
Net revenues.....	188,465	206,179	264,682
Operating Expenses:			
Casino.....	75,685	78,733	103,387
Food and beverage.....	16,773	19,784	31,698
Rooms.....	2,368	3,130	5,809
Other.....	7,054	7,546	10,044
Selling, general and administrative.....	47,758	51,958	75,604
Depreciation and amortization.....	14,135	16,358	24,191
Impairment loss on assets held for sale.....	--	646	--
Preopening costs.....	7,379	--	10,611
Total operating expenses.....	171,152	178,155	261,344
Income (loss) from operations.....	17,313	28,024	3,338
Other Income (Expense):			
Interest income.....	354	445	296
Interest expense.....	(8,303)	(12,107)	(22,699)
Other.....	(77)	(35)	(13)
Income (loss) before income tax provision (benefit).....	9,287	16,327	(19,078)
Income tax provision (benefit).....	3,390	5,959	(6,363)
Income (loss) before extraordinary loss.....	5,897	10,368	(12,715)
Extraordinary loss on early retirement of debt, net of income taxes.....	--	(673)	--
Net income (loss).....	\$ 5,897	\$ 9,695	\$ (12,715)

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

	=====	=====	=====	=====
Earnings (loss) per share:				
Income before extraordinary loss, basic and diluted...	\$ 0.29	\$ 0.51	\$ (0.62)	\$
Net income (loss), basic and diluted.....	0.29	0.48	(0.62)	
OTHER FINANCIAL DATA:				
EBITDA(2).....	\$ 31,448	\$ 45,028	\$ 38,140	\$
Cash flows from operating activities.....	33,177	33,641	23,123	
Cash flows from investing activities.....	(53,746)	(63,417)	(53,863)	
Cash flows from financing activities.....	16,506	32,083	35,918	
Capital expenditures.....	43,087	72,932	32,312	
Ratio of earnings to fixed charges(3).....	1.66x	1.69x	N/A(4)	
BALANCE SHEET DATA (END OF PERIOD):				
Cash and cash equivalents.....	\$ 10,724	\$ 13,031	\$ 18,209	\$
Total assets.....	270,052	336,186	351,773	
Total debt (including current maturities).....	164,139	199,623	242,721	
Stockholders' equity.....	70,944	80,639	67,924	

See footnotes on following page.

40

46

- (1) The casino at Ameristar Council Bluffs opened in January 1996, portions of the land-based facilities opened in June 1996 and the 160-room hotel opened in November 1996. The remaining land-based facilities opened in February and March 1997. The expanded casino opened in November 1999. The Reserve Hotel and Casino opened in February 1998. The Ameristar Vicksburg hotel opened in June 1998. The expanded casino opened in December 1999. Results for the year ended December 31, 2000 include 11 days of operations at Ameristar Kansas City and Ameristar St. Charles, which were acquired on December 20, 2000.
- (2) EBITDA consists of income from operations plus depreciation, amortization, preopening costs and impairment losses. EBITDA information is presented solely as a supplemental disclosure because management believes that it is a widely used measure of operating performance in the gaming industry and for companies with a significant amount of depreciation and amortization. EBITDA should not be construed as an alternative to income from operations (as determined in accordance with generally accepted accounting principles) as an indicator of our operating performance, or as an alternative to cash flows from operating activities (as determined in accordance with generally accepted accounting principles) as a measure of liquidity. We have significant uses of cash flows, including capital expenditures and debt principal repayments that are not reflected in EBITDA. It should also be noted that not all gaming companies that report EBITDA information calculate EBITDA in the same manner as us.
- (3) For purposes of computing the ratio of earnings to fixed charges, earnings consists of income from continuing operations before income taxes and fixed charges, excluding capitalized interest. Fixed charges consists of interest expensed and capitalized, amortization of debt issuance costs and the interest component of rent expense.
- (4) Earnings were insufficient to cover fixed charges by \$20.5 million for the year ended December 31, 1998, including preopening costs of \$10.6 million, and \$52.6 million for the year ended December 31, 2000, including an impairment loss of \$57.2 million.

41

47

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

STATION CASINOS, INC. MISSOURI OPERATIONS

The selected combined financial and other data of the Station Casinos, Inc. Missouri Operations presented below as of and for the fiscal years ended March 31, 1996, 1997 and 1998, the nine months ended December 31, 1998, and the fiscal year ended December 31, 1999 have been derived from Station Casinos, Inc. Missouri Operations' audited combined financial statements, except for the fiscal years ended March 31, 1996 and 1997, which were based on unaudited combined financial statements. The selected combined financial and other data set forth below should be read in conjunction with the combined financial statements, and notes thereto, included elsewhere in this prospectus (except for the combined financial statements as of and for the fiscal years ended March 31, 1996 and 1997, which are not included in this prospectus).

	FOR THE FISCAL YEARS ENDED MARCH 31,			FOR MONT DECE
	1996	1997	1998	-----
	(IN THOUSANDS)			
STATEMENT OF OPERATIONS (1) :				
Revenues:				
Casino.....	\$ 123,267	\$ 174,873	\$ 231,477	\$1
Food and beverage.....	7,136	19,605	35,682	
Rooms.....	--	1,158	5,549	
Other.....	2,727	8,958	12,300	
	133,130	204,594	285,008	2
Less: Promotional allowances.....	3,252	6,763	12,326	
Net revenues.....	129,878	197,831	272,682	2
Operating Expenses:				
Casino.....	57,840	90,109	140,300	1
Food and beverage.....	4,009	13,115	23,754	
Rooms.....	--	423	1,594	
Other.....	1,691	3,301	4,011	
Selling, general and administrative.....	26,711	40,203	64,225	
Missouri investigations and fines.....	--	--	--	
Restructuring charge.....	--	277	--	
Depreciation and amortization.....	10,817	14,863	30,772	
Preopening expenses.....	752	31,245	133	
Impairment loss.....	--	--	--	
	101,820	193,536	264,789	2
Total operating expenses.....	101,820	193,536	264,789	2
Income (loss) from operations.....	28,058	4,295	7,893	
Other Income (Expense):				
Interest expense, net.....	(13,746)	(22,044)	(56,059)	(
Other.....	(24)	(1,291)	(2,468)	
	14,288	(19,040)	(50,634)	(
Income (loss) before income tax provision (benefit)....	14,288	(19,040)	(50,634)	(
Income tax provision (benefit).....	--	13,939	13,176	
	14,288	(5,101)	(37,458)	(
Income (loss) before extraordinary item.....	14,288	(5,101)	(37,458)	(
Extraordinary item -- loss on early retirement of debt, net of applicable income tax benefit.....	--	--	--	
	\$ 14,288	\$ (5,101)	\$ (37,458)	\$ (
Net income (loss).....	\$ 14,288	\$ (5,101)	\$ (37,458)	\$ (

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

OTHER FINANCIAL DATA:

EBITDA(2).....	\$ 39,627	\$ 50,403	\$ 38,798	\$
Cash flows from operating activities.....	26,857	37,613	(18,207)	
Cash flows from investing activities.....	(126,159)	(341,829)	(108,070)	(
Cash flows from financing activities.....	103,543	311,733	124,517	
Capital expenditures.....	121,013	354,164	58,044	

BALANCE SHEET DATA:

Cash and cash equivalents.....	\$ 7,691	\$ 15,208	\$ 13,448	\$
Total assets.....	249,718	625,483	665,856	6
Total debt (including current maturities).....	241,017	548,657	673,356	6
Stockholders' equity (deficit).....	245	(763)	(38,221)	(

See footnotes on following page.

42

48

- (1) The St. Charles property opened in May 1994. In March 2000, all gaming operations at the St. Charles property were moved to the existing barge in response to the new continuous boarding regulations. The Kansas City property opened in January 1997.
- (2) EBITDA consists of income from operations plus depreciation, amortization, preopening costs, impairment losses and costs of Missouri investigations and fines incurred by the former owner of the Missouri properties.

43

49

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the section "Selected Financial and Other Data" and the consolidated financial statements and related notes included elsewhere in this prospectus.

OVERVIEW

We are a leading multi-jurisdictional gaming company that owns and operates casinos and related hotel, food and beverage, entertainment and other facilities. On December 20, 2000, we acquired substantially all the assets of two gaming and entertainment facilities located in Kansas City, Missouri and St. Charles, Missouri from subsidiaries of Station Casinos, Inc. On January 29, 2001, in a separate transaction, we sold substantially all the assets of The Reserve Hotel and Casino, located in Henderson, Nevada, to a subsidiary of Station Casinos. As a result of these transactions, we currently own and operate six casino properties in five distinct markets through our wholly owned subsidiaries. Our properties currently consist of the following:

Ameristar Kansas City, a casino and related hotel and other facilities located seven miles from downtown Kansas City;

Ameristar Council Bluffs, a riverboat casino and related land-based hotel and other facilities in Council Bluffs, Iowa across the Missouri River from Omaha, Nebraska;

Ameristar St. Charles, a casino and related facilities located on the Missouri River, situated immediately north of the Interstate 70 bridge in the St. Louis metropolitan area;

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Ameristar Vicksburg, a riverboat-themed dockside casino and related land-based facilities, located in Vicksburg, Mississippi; and

Cactus Petes Resort Casino and The Horseshu Hotel & Casino, two casino-hotels located in Jackpot, Nevada at the Idaho border. See "Business" for additional information regarding our operating properties.

Certain of our operations are seasonal in nature. In particular, in Jackpot, the months of March through October are the strongest. As a result, the second and third calendar quarters typically produce a disproportionate amount of the income from operations of the Jackpot Properties. In addition, adverse weather conditions may adversely affect the business of the Jackpot Properties, and operations during the winter months typically vary from year to year based on the severity of the winter weather conditions in the northwestern United States. To date, operations in Iowa and Missouri have experienced some seasonality, with the winter months being the slower periods. To date, operations at both Ameristar Vicksburg and The Reserve have not experienced any material seasonality.

Our quarterly and annual operating results may be affected by competitive pressures, the timing of the commencement of new gaming operations, the amount of preopening costs incurred, charges associated with debt refinancing and/or property acquisition and disposition transactions, construction at existing facilities and general weather conditions. Consequently, our operating results for any quarter or year are not necessarily comparable and may not be indicative of results to be expected for future periods.

44

50

RESULTS OF OPERATIONS

The following table highlights the consolidated cash flow information and results of operations of Ameristar's operating subsidiaries for its principal properties:

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
	(AMOUNTS IN THOUSANDS)		
CONSOLIDATED CASH FLOW INFORMATION:			
Cash flows provided by operations.....	\$ 23,123	\$ 34,287	\$ 38,836
Cash flows used in investing.....	(53,863)	(50,048)	(521,206)
Cash flows provided by financing.....	35,918	13,083	503,084
NET REVENUES:			
Jackpot Properties.....	\$ 54,671	\$ 58,294	\$ 60,314
Ameristar Vicksburg.....	68,538	76,930	82,555
Ameristar Council Bluffs.....	97,672	112,047	124,631
The Reserve.....	43,578	52,832	62,044
Ameristar Kansas City.....	--	--	7,986
Ameristar St. Charles.....	--	--	4,364
Corporate and other.....	223	183	112
Consolidated net revenues.....	\$264,682	\$300,286	\$ 342,006
ADJUSTED OPERATING INCOME (LOSS) (1):			
Jackpot Properties.....	\$ 9,638	\$ 10,619	\$ 10,595
Ameristar Vicksburg.....	13,562	15,392	16,041

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Ameristar Council Bluffs.....	17,230	20,714	22,060
The Reserve.....	(16,092)	(7,089)	(168)
Ameristar Kansas City.....	--	--	1,168
Ameristar St. Charles.....	--	--	597
Corporate and other.....	(10,389)	(14,091)	(15,771)
	-----	-----	-----
Consolidated operating income.....	\$ 13,949	\$ 25,545	\$ 34,522
	=====	=====	=====
ADJUSTED OPERATING INCOME (LOSS) MARGINS(1):			
Jackpot Properties.....	17.6%	18.2%	17.6%
Ameristar Vicksburg.....	19.8%	20.0%	19.4%
Ameristar Council Bluffs.....	17.6%	18.5%	17.7%
The Reserve.....	(36.9%)	(13.4%)	(.3%)
Ameristar Kansas City.....	--	--	14.6%
Ameristar St. Charles.....	--	--	13.7%
Consolidated operating income margin.....	5.3%	8.5%	10.1%
EBITDA(2):			
Jackpot Properties.....	\$ 13,163	\$ 13,743	\$ 14,215
Ameristar Vicksburg.....	20,231	21,092	22,945
Ameristar Council Bluffs.....	24,322	28,430	32,053
The Reserve.....	(9,519)	426	6,146
Ameristar Kansas City.....			1,459
Ameristar St. Charles.....			715
Corporate and other.....	(10,057)	(13,686)	(15,227)
	-----	-----	-----
Consolidated EBITDA.....	\$ 38,140	\$ 50,005	\$ 62,306
	=====	=====	=====

See footnotes on following page.

45

51

YEAR ENDED DECEMBER 31,

1998 1999 2000

(AMOUNTS IN THOUSANDS)

EBITDA MARGINS(2):			
Jackpot Properties.....	24.1%	23.6%	23.6%
Ameristar Vicksburg.....	29.5%	27.4%	27.8%
Ameristar Council Bluffs.....	24.9%	25.4%	25.7%
The Reserve.....	(21.8%)	0.8%	9.9%
Ameristar Kansas City.....	--	--	18.3%
Ameristar St. Charles.....	--	--	16.4%
Consolidated EBITDA margin.....	14.4%	16.7%	18.2%

(1) Adjusted operating income is income from operations (as reported) before The Reserve's preopening costs in 1998 and before the impairment loss on assets held for sale in 2000.

(2) EBITDA consists of income from operations plus depreciation and amortization and impairment loss on assets held for sale. EBITDA Margin is EBITDA as a percentage of net revenues.

Year Ended December 31, 2000 Versus Year Ended December 31, 1999

Ameristar experienced an overall growth in net revenues and operating cash flow for the twelve months ended December 31, 2000 compared to 1999. The results of operations for the year ended December 31, 2000 have been significantly impacted by the following events:

- We completed acquisitions of the Kansas City and St. Charles properties in late December of 2000. The inclusion of 11 days of operations at the two new Missouri properties resulted in an increase to net revenues of \$12.4 million for the year-ended December 31, 2000.
- We also completed significant casino and parking expansions at the Iowa and Mississippi properties in late 1999 and early 2000. In addition, a number of new generation multi-coin slot machines have been installed throughout our properties and the strategic implementation of enhanced marketing programs has been introduced, aimed at increasing revenues and profitability. Our philosophy of reinvesting in our properties is continuing with ongoing renovation and enhancement projects at Ameristar Council Bluffs and Ameristar Vicksburg.
- We agreed on October 17, 2000 to sell substantially all of the assets of The Reserve Hotel and Casino for approximately \$71.8 million. The sale of The Reserve closed in late January 2001. The sale resulted in an impairment loss of \$57.2 million, which reduced operating income for the year-ended December 31, 2000. As a result, we reported a \$22.6 million loss from operations for the year-ended December 31, 2000 as compared to a \$25.5 million income from operations for 1999, despite increases in revenue and cash flows from operations.

Net revenues for the year ended December 31, 2000 were \$342.0 million compared to \$300.3 million for 1999, an increase of \$41.7 million or 13.9 percent. This growth results from casino and parking expansions at our Iowa and Mississippi properties, the introduction of new generation multi-coin slot machines throughout our properties, the strategic implementation of enhanced marketing programs and the additional revenues provided by the two new Missouri properties. A significant amount of the increase in net revenues was due to the previously mentioned acquisition of the Kansas City and St. Charles properties on December 20, 2000, though each of our properties experiences an increase in revenues.

Loss from operations (including the impairment loss) for the twelve months ended December 31, 2000 was \$22.6 million compared to income from operations of \$25.5 million for 1999. Excluding the impairment loss, operations produced an increase in operating income of \$9.0 million or 35.3 percent for the twelve months ended December 31, 2000, as compared to the prior year. These increases in operating income prior to the impairment loss resulted primarily from increased revenues at all the properties, partially offset by operating expense increases at the properties (particularly marketing costs) and development costs related to our unsuccessful bid for a gaming license in South St. Louis County, Missouri.

We incurred an extraordinary loss of \$10.0 million (\$6.6 million net of tax) for the retirement of our \$100 million subordinated notes in December 2000. These notes were retired in connection with the refinancing for the purchase of the Missouri properties.

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

We incurred a net loss of \$40.3 million for the year-ended December 31, 2000, compared to net income of \$0.2 million in 1999. The net loss was a result of the \$57.2 million impairment of assets (\$37.1 million net of tax) and the \$10.0 million (\$6.6 million net of tax) extraordinary loss on the retirement of debt. Net income in 2000, prior to these unusual and non-recurring transactions, was \$3.4 million compared to net income of \$0.2 million in 1999. Earnings per share, prior to these unusual and non-recurring transactions, was \$0.17 for 2000 compared to \$0.01 for 1999.

Ameristar Council Bluffs had total net revenues of \$124.6 million for the year ended December 31, 2000 compared to \$112 million in 1999, an increase of \$12.6 million and 11.3 percent. The increase was primarily driven by increased slot revenues, offset slightly by lower table games revenues. The slot increase of \$13.9 million is attributable to the addition of the third deck of the boat in late 1999 (which increased

47

53

the number of gaming positions by approximately 349), having the largest number of new generation multi-coin slot machines in the market, having an aggressive new cash-back program and overall continued growth in the Iowa gaming market. The decrease in table win of \$1.4 million from 1999 to 2000 was the result of a 1.6 percentage point decline in table games hold percentage, which more than offset the increase in table drop of \$0.9 million.

Net revenues at Ameristar Vicksburg for the year ended December 31, 2000 was \$82.6 million compared to \$76.9 million in 1999, an increase of \$5.7 million or 7.4 percent. The property experienced an increase in slot revenue of \$5.5 million or 9.8 percent. The increase in net revenues is largely due to the casino expansion in the fall of 1999, the implementation of new generation multi-coin slot machines, an increase in slot machine count and improved marketing strategies.

The Jackpot properties produced net revenues of \$60.3 million for the year ended December 31, 2000 compared to \$58.3 million in 1999, an increase \$2.0 million or 3.4 percent. The increased revenues are primarily attributable to slot machine upgrades and improved marketing programs. Increased slot revenues of \$1.9 million over prior year were attributed to enhanced slot product, timely slot conversions and effective marketing programs.

The Reserve had net revenues for the year ended December 31, 2000 of \$62 million, an improvement of \$9.2 million or 17.4 percent over the 1999 net revenues of \$52.8 million. Slot revenue was the primary component of net revenues, comprising nearly 70 percent of the net revenues for the year. Slot revenue of \$43.1 million exceeded the prior year by \$7.2 million, or 20.0 percent. This improvement is primarily attributable to the implementation of various strategies to drive revenues and gain market share.

The company-wide operating expense ratio for 2000 improved to 89.9 percent of net revenues (before the asset impairment loss of \$57.2 million in connection with the sale of The Reserve) compared to 91.5 percent of net revenues in 1999. The improvement in this ratio is primarily the result of increased revenues, partially offset by operating expense increases at the properties and corporate office and \$1.9 million in development costs related to our unsuccessful bid for a gaming license in South St. Louis County, Missouri.

Casino costs and expenses for the year ended December 31, 2000 increased \$20.6 million or 18.0 percent, from \$114.4 million in 1999 to \$134.9 million in 2000. As a percentage of casino revenues, casino expenses increased to 47.1 percent in 2000 compared to 46.2 percent in 1999. The increase in casino

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

expenses as a percentage of casino revenues was due to an increase in cash back to players and an aggressive marketing strategy implemented in the second quarter of 2000. This cost increase was partially offset by other efficiencies in casino operations.

Food and beverage costs and expenses increased \$1.9 million to \$35.1 million in 2000 compared to \$33.2 million in 1999. Food and beverage expense-to-revenue ratio decreased to 65.5 percent in 2000 compared to 67.6 percent in 1999. This improvement is primarily related to improved operational efficiencies experienced during 2000.

Rooms expenses increased by \$0.5 million to \$6.9 million in 2000 from \$6.4 million in 1999. Room expense-to-revenue ratio increased to 38.3 percent in 2000 compared to 37.0 percent in 1999. The increase is primarily related to increases in payroll and benefits and the addition of the Kansas City property with a 184 room hotel for part of December.

Selling, general and administrative costs and expenses (including utilities and maintenance and business development costs) increased \$4.3 million or 5.0 percent from prior year. The increase was due primarily to \$1.9 million in development costs related to our unsuccessful bid for a gaming license in South St. Louis County, Missouri, increases in marketing costs associated with the implementation of an aggressive marketing strategy in the second quarter of 2000, increases in corporate overhead related to increased corporate staffing levels and increases in employee compensation at Ameristar Council Bluffs, Ameristar Vicksburg and the Jackpot Properties, partially offset by a decrease in such costs at The Reserve.

48

54

Depreciation expenses of \$27.8 million for 2000 represented an increase of \$3.3 million over 1999. The increases are attributed to the addition of the Missouri properties along with the new third deck and parking garage at Council Bluffs and improvements at the Vicksburg facilities.

Interest expense, net of capitalized interest of \$1.4 million in 2000 and \$0.6 million in 1999, was \$28.3 million for the year ended December 31, 2000 compared to \$24.4 million in 1999, an increase of \$3.9 million or 15.8 percent. The increased interest expense relates primarily to increased debt incurred to finance construction of the third deck and parking garage at Council Bluffs and the casino expansion at Vicksburg and the purchase of Kansas City and St. Charles properties in December. In addition, our average borrowing rate was 10.6 percent in 2000 compared to 9.8 percent in 1999, reflective of higher interest rates in the general economy throughout much of 2000. Interest was capitalized on borrowings for construction related to Ameristar Vicksburg, Ameristar Council Bluffs and Ameristar St. Charles after the December 20, 2000 acquisition.

Our effective tax benefit on losses was 34.8% in 2000 and the effective tax rate on income was 62.4% in 1999 (versus the Federal statutory rate of 35%). The differences from the statutory rates are due to the effects of certain expenses incurred by us, which are not deductible for Federal income tax purposes.

Year Ended December 31, 1999 Versus Year Ended December 31, 1998

Ameristar Council Bluffs had total net revenues of \$112.0 million for the year ended December 31, 1999 compared to \$97.7 million in 1998, an increase of 14.7 percent. The increase is attributed to the popularity of, and the resulting increased revenues from, the enhanced slot product placed in service during the fourth quarter of 1998 and the first quarter of 1999, the completion of the third level casino expansion in the fourth quarter of 1999, which increased the

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

number of gaming positions by approximately 400, as well as continued growth in the gaming market.

Net revenues for Ameristar Vicksburg were \$76.9 million for the year ended December 31, 1999 compared with \$68.5 million for the prior year, an increase of 12.2 percent. This increase in revenues in 1999 compared to 1998 is due primarily to an increase in slot revenue and an increase in hotel revenue from a full year of operating the new hotel facility. The hotel contributed \$2.8 million in net revenues for 1999 compared to \$1.3 million for 1998 when it was opened for a partial year beginning in June 1998. Management believes Ameristar Vicksburg will continue to experience growth due to its superior hotel, casino and restaurant facilities relative to the competing properties in the Vicksburg market.

The Jackpot Properties produced net revenues of \$58.3 million for the year ended December 31, 1999 compared to \$54.7 million in the prior year, an increase of 6.6 percent. The improvement was due primarily to an increase in casino revenues resulting from a higher hold percentage on table games and upgrades to the slot product.

The Reserve produced net revenues of \$52.8 million for the year ended December 31, 1999 compared to revenues of \$43.6 million in the 325 days in 1998 following its opening, an increase of 21.2 percent. In addition to the additional days open in 1999, the increase in revenue was attributable to increased direct-mail marketing and other marketing programs. As a result of these programs, The Reserve generated improved play from both slot machines and table games and increased its hotel occupancy rate. We are continuing to seek further operating improvement for additional revenue enhancement.

The company-wide operating expense ratio for 1999 improved to 91.5 percent of net revenues compared to 98.7 percent of net revenues in 1998 (94.7 percent before The Reserve preopening costs). The improvement in this ratio is primarily the result of the improved operating performance at The Reserve, partially offset by an increase in corporate overhead related to increased corporate staffing levels and development costs, and the greater centralization of certain management functions.

Casino costs and expenses for the year ended December 31, 1999 increased by \$11.0 million or 10.6 percent to \$114.4 million from \$103.4 million in 1998. As a percentage of casino revenues, casino expenses decreased to 46.2 percent in 1999 compared to 47.8 percent in 1998. The decrease was due primarily to the improved performance of The Reserve casino operations compared to the startup

49

55

operational inefficiencies experienced in the prior year, partially offset by a slight increase in casino expenses at Ameristar Council Bluffs relating to increases in employee compensation and benefits.

Food and beverage costs and expenses increased \$1.5 million to \$33.2 million in 1999 compared to \$31.7 million in 1998 primarily due to increased revenue. Food and beverage expense-to-revenue ratio decreased to 67.5 percent in 1999 compared to 69.1 percent in 1998. This improvement is primarily related to the improved operational efficiencies experienced during 1999 at The Reserve.

Rooms expenses increased by \$0.6 million to \$6.4 million in 1999 from \$5.8 million in 1998. The increase was primarily due to increases in costs resulting from a full year of operations of the hotels in Vicksburg and at The Reserve, compared to a partial year of operations at both properties in 1998.

Selling, general and administrative costs and expenses (including

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

utilities and maintenance and business development costs) increased \$10.5 million or 13.9 percent from 1998 to 1999. The increase was due primarily to an increase in corporate overhead related to increased corporate staffing levels and future business development costs and increases in marketing costs and employee compensation at Ameristar Council Bluffs, Ameristar Vicksburg and the Jackpot Properties, partially offset by a decrease in such costs at The Reserve.

Depreciation expense increased \$0.3 million or 1.1 percent from 1998 to 1999 as our depreciable base increased by including The Reserve and the Ameristar Vicksburg hotel for the entire year, partially offset by certain five-year assets in Vicksburg that are now fully depreciated and are no longer included in depreciation expense in 1999.

Interest expense, net of capitalized interest of \$1.4 million in 1998 and \$0.6 million in 1999, increased \$1.8 million or 7.7 percent from 1998 to 1999. This increase primarily reflects the additional debt incurred to finance our various expansion projects (such as adding a third level to the casino at Ameristar Council Bluffs, completing restaurant and meeting room enhancements at The Reserve, and completing an expansion to the casino, remodeling restaurants and completing other site improvements at Ameristar Vicksburg) and higher interest rates on those borrowings. With the opening of The Reserve in February 1998 and the Ameristar Vicksburg Hotel in June 1998, the capitalization of interest on funds borrowed to construct these projects was discontinued. Interest was capitalized on borrowings for construction related to Ameristar Vicksburg and Ameristar Council Bluffs improvements during 1999. Our average borrowing rate was 9.8 percent in 1999 compared to 10.3 percent in 1998. The borrowing rate decreased due to the favorable effect of lower interest rates during the first half of 1999.

Our effective tax rate on income was 62.4% in 1999 and the tax benefit on losses was 33.4% in 1998 versus the Federal statutory rate of 34% and 35%, respectively. The differences from the statutory rates are due to the effects of certain expenses incurred by us that are not deductible for Federal income tax purposes. The total of these expenses did not vary significantly between periods, however the lower absolute level of income before taxes in 1999 caused a greater impact to the effective tax rate for 1999.

Year Ended December 31, 1998 Versus Year Ended December 31, 1997

Ameristar Council Bluffs had total net revenues of \$97.7 million in 1998 compared to \$87.8 million in 1997, an increase of 11.3 percent. This represents growth in the market share of Ameristar Council Bluffs and in the Council Bluffs gaming market in general.

Net revenues for Ameristar Vicksburg were \$68.5 million for the year ended December 31, 1998 compared with \$64.0 million for the prior year, an increase of 7.0 percent. This increase in revenues in 1998 compared to 1997 is due to an increase in casino revenue of \$3.4 million and a \$1.1 million increase in hotel revenue due to the new hotel facility. Management believes Ameristar Vicksburg maintained and will continue to hold its leading position in the Vicksburg market through effective promotional strategies and by continuing to provide customers with superior service and quality gaming and non-gaming products.

50

56

The Jackpot Properties produced stable net revenues of \$54.7 million and \$54.5 million for the years ended December 31, 1998 and 1997, respectively. A 2.0 percent increase in casino revenue in 1998 was offset by minimal decreases in food and beverage, rooms and other revenues.

The Reserve produced net revenues of \$43.6 million from its opening on

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

February 10, 1998 to December 31, 1998.

The operating expense ratio for 1998 increased to 98.7 percent (94.7 percent before preopening) compared to 86.4 percent of net revenues in 1997. The increase in this ratio is primarily a result of the initial operating performance of The Reserve. Excluding the \$34.6 million of revenues and \$70.3 million in operating expenses at The Reserve, operating expenses were 86.4 percent of net revenue, which is comparable to 1997.

Casino costs and expenses increased by \$24.7 million or 31.3 percent from \$78.7 million in 1997 to \$103.4 million in 1998. As a percentage of casino revenues, casino expenses increased to 47.8 percent in 1998 compared to 45.5 percent in 1997. The majority of the increase in expense (\$19.4 million) was associated with the opening of The Reserve and an increase of \$4.6 million in expenses at Ameristar Council Bluffs associated with additional gaming revenue of \$8.4 million.

Food and beverage costs and expenses increased \$11.9 million in 1998 compared to 1997 primarily due to the opening of The Reserve and partially offset by improvements in this area at the Jackpot Properties and Ameristar Vicksburg. Food and beverage expense-to-revenue ratio increased to 69.1 percent in 1998 compared to 64.5 percent in 1997. This increase is directly related to the startup operational inefficiencies experienced in 1998 at The Reserve.

Rooms expenses increased by \$2.7 million to \$5.8 million in 1998 from \$3.1 million in 1997. The increase was the result of seven months of operations of the new hotel in Vicksburg and almost 11 months of operations at The Reserve.

Selling, general and administrative costs and expenses (including utilities and maintenance and business development costs) increased \$23.6 million or 45.5 percent from 1997 to 1998. Most of the increase was a result of the opening of The Reserve and additional expenses associated with salaries, marketing and professional fees at the corporate level.

Depreciation expense increased \$7.8 million or 47.9 percent from 1997 to 1998 as our depreciable base increased with the opening of The Reserve and the Ameristar Vicksburg hotel.

Preopening costs of \$10.6 million were expensed during 1998 related to the opening of The Reserve.

Interest expense, net of capitalized interest of \$4.7 million in 1997 and \$1.4 million in 1998, increased \$10.6 million or 87.5 percent from 1997. This increase primarily reflects the additional debt outstanding to finance our expansion and higher interest rates on those borrowings. With the opening of The Reserve in February 1998 and the Ameristar Vicksburg Hotel in June 1998, the capitalization of interest on funds borrowed to construct these projects was discontinued. Subsequent interest costs were reflected as an expense on the statement of operations rather than as an additional cost of the projects on the balance sheet. Interest was capitalized on borrowings to construct The Reserve and the Ameristar Vicksburg hotel during 1997 and 1998 until the projects commenced operations. Our average borrowing rate was 10.3% in 1998 compared to 9.9% in 1997. The borrowing rate increased due to the issuance of \$100 million in 10.5% senior subordinated notes in mid-1997 and an increase in LIBOR.

Our effective tax rate on income was 36.5% in 1997 and the tax benefit on losses was 33.4% in 1998 versus the Federal statutory rate of 35%. The differences from the statutory rates are due to the effects of certain expenses incurred by us that are not deductible for Federal income tax purposes.

LIQUIDITY AND CAPITAL RESOURCES

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Cash flows provided by operating activities were \$38.8 million, \$34.3 million and \$23.1 million for the years ended December 31, 2000, 1999 and 1998, respectively. The increases in 2000 and 1999 were

51

57

due primarily to the increase in operating income from improved operations at all of our properties. Cash flows used in investing activities were \$521.2 million, \$50.0 million and \$53.9 million for the years ended December 31, 2000, 1999 and 1998, respectively. The acquisitions of Ameristar Kansas City and Ameristar St. Charles in December 2000 utilized approximately \$487 million in cash.

During the year ended December 31, 2000, we made capital expenditures of \$33.4 million, comprised of \$13.1 million related to expansion and remodeling projects at Ameristar Council Bluffs (including the completion of the 1,000 space parking garage), \$11.7 million in remodeling projects and equipment at Ameristar Vicksburg, and other capital expenditures for equipment and maintenance at each of our properties. Capital expenditures for the year ended December 31, 1999 were approximately \$57.6 million, consisting of approximately \$26.9 million at Ameristar Council Bluffs including adding a third deck to the casino and constructing the parking garage, \$16.6 million at Ameristar Vicksburg including expanding the casino, remodeling restaurants and other site improvements, and other capital expenditures for remodeling and land purchases at The Reserve and maintenance projects at the Jackpot Properties. In 1998, we made capital expenditures of \$32.3 million, primarily related to the completion of The Reserve and the hotel at Ameristar Vicksburg.

Cash flows provided by financing activities were \$503.1 million, \$13.1 million and \$35.9 million for the years ended December 31, 2000, 1999 and 1998, respectively. In December 2000, we refinanced substantially all of its long-term debt and borrowed funds for the acquisitions of Ameristar Kansas City and Ameristar St. Charles, as described more fully below. Cash flows from financing activities decreased from \$35.9 million in 1998 to \$13.1 million in 1999 as a result of a reduced amount of borrowings required to fund capital expenditure projects. Borrowings in 1998 related primarily to the completion of The Reserve and the hotel at Ameristar Vicksburg.

On December 20, 2000, we refinanced substantially all our long-term debt through \$575 million of new senior credit facilities with a group of lenders led by affiliates of Deutsche Bank AG and a \$300 million senior subordinated credit facility with a group of lenders also led by affiliates of Deutsche Bank AG. In connection with the refinancing, we repurchased \$100 million in aggregate principal amount of our 10.5% Senior Subordinated Notes due 2004 and repaid and terminated our previous \$115 million revolving credit facility and approximately \$30.2 million of other indebtedness.

On January 29, 2001, we completed the sale of The Reserve to Station Casinos for \$71.8 million. The proceeds of the sale were used (1) to partially repay and permanently reduce the revolving loan commitment and the term loan A under our senior credit facilities by a total of \$50 million, (2) to repay revolving loans under our senior credit facilities (which may be reborrowed), and (3) to repay certain indebtedness associated with the assets sold in the transaction. On February 2, 2001, we issued \$380 million in aggregate principal amount of our old 10 3/4% Senior Subordinated Notes due 2009. The net proceeds of the offering of the old notes were used (1) to repay the \$300 million in principal amount outstanding under our senior subordinated credit facility and accrued interest thereon, (2) to partially repay and permanently reduce the term loan B and the term loan C under our senior credit facilities by a total of \$50 million, (3) to repay revolving loans under our senior credit facilities (which may be reborrowed) and (4) for working capital purposes. Thus, we currently have

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

\$475 million of senior credit facilities as follows:

- \$75 million revolving credit facility maturing in 2005 (\$25 million of which is dedicated to the completion of the St. Charles expansion and will be available for general working capital purposes thereafter);
- \$75 million revolving credit/term loan facility maturing in 2005 (dedicated to the completion of the St. Charles expansion);
- \$50 million term loan A maturing in 2005;
- \$148.1 million term loan B maturing in 2006; and
- \$126.9 million term loan C maturing in 2007.

52

58

The senior credit facilities bear interest at variable interest rates based on LIBOR (for Eurodollar loans) or the prime rate (for base rate loans) plus a margin. For the revolving credit facility, the revolving credit/term facility and the term loan A, the margin is based on our leverage ratio, which is the ratio of our consolidated debt to latest twelve months EBITDA, as defined, and ranges from 1.50% to 3.25% in the case of Eurodollar loans and from 0.50% to 2.25% in the case of base rate loans. For the term loan B and the term loan C, the margins are fixed at 3.75% and 4.00%, respectively, in the case of Eurodollar loans, and at 2.75% and 3.00%, respectively, in the case of base rate loans. The senior credit facilities contain certain affirmative and negative covenants, including promises to maintain certain financial ratios and tests within defined parameters, including a fixed charge coverage ratio test and senior and total debt ratio tests, as defined.

We have entered into an interest rate collar agreement to manage interest expense which is subject to fluctuation due to the variable-rate nature of the debt under our senior credit facilities. Under the agreement, which covers \$50.0 million of borrowings under the senior credit facilities, we have a LIBOR floor rate of 5.39 percent and a LIBOR ceiling rate of 6.75 percent, plus the applicable margin. In 1999, we paid approximately \$49,000 in additional interest as a result of this agreement. We did not incur any additional interest in connection with this agreement in 2000. The agreement terminates on June 30, 2003. We continue to monitor interest rate markets and expect to enter into interest rate collar or swap agreements for additional amounts of principal under our senior credit facilities as market conditions warrant.

Our \$380 million old 10 3/4% Senior Subordinated Notes due 2009 were issued by Ameristar on February 2, 2001 and are guaranteed by each of our subsidiaries. The old notes are unsecured senior subordinated obligations of Ameristar and rank junior to all of our existing and future senior debt, including borrowings under our senior credit facilities. The guarantees by our subsidiaries are unsecured senior subordinated obligations of each of our subsidiaries and rank junior to all existing and future senior debt of our subsidiaries, including guarantees of borrowings under our senior credit facilities. The old notes may be redeemed by us on or after February 15, 2006 in accordance with their terms and include certain affirmative and negative covenants, including limitations on our ability to incur additional debt.

The old 10 3/4% senior subordinated notes were issued by Ameristar, and all of Ameristar's current subsidiaries (the "Guarantors") have jointly and severally, and fully and unconditionally, guaranteed the old notes. Each of the Guarantors is a wholly owned subsidiary of Ameristar, and the Guarantors constitute all of Ameristar's direct and indirect subsidiaries. Ameristar is a

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

holding company with no operations or material assets independent of those of the Guarantors, other than its investment in the Guarantors, and the aggregate assets, liabilities, earnings and equity of the Guarantors are substantially equivalent to our assets, liabilities, earnings and equity on a consolidated basis. Separate financial statements and certain other disclosures concerning the Guarantors are not presented because, in the opinion of management, such information is not material to investors. Other than customary restrictions imposed by applicable corporate statutes, there are no restrictions on the ability of the Guarantors to transfer funds to Ameristar in the form of cash dividends, loans or advances.

We exercised purchase options on two parcels of land at the Ameristar Vicksburg site in 2000. Both purchases were financed primarily with promissory notes issued to the sellers totaling \$5.8 million with principal repayments of \$250,000 in 2001, \$1.2 million in 2010 and \$4.3 million in 2024. Each promissory note is payable in monthly installments and bears interest at various rates, approximating 10.0% at December 31, 2000.

During the third quarter of 2000, we entered into four-year capital lease agreements and purchase money financing arrangements to acquire slot machines in the amounts of approximately \$1.0 million at Cactus Petes and approximately \$4.5 million at Ameristar Vicksburg at an interest rate of approximately 10.4%. In addition, in the fourth quarter of 2000, we entered into purchase money financing arrangements for slot machines and other equipment in the amount of approximately \$1.6 million at Ameristar Council Bluffs, approximately \$0.6 million at Cactus Petes and approximately \$0.4 million at Ameristar Vicksburg.

53

59

In addition to the capital requirements mentioned above, Ameristar St. Charles will incur costs related to the expansion of the property. Our current plans call for us to invest approximately \$110 million to complete an expansion at Ameristar St. Charles, in which the former owner invested approximately \$169 million prior to our acquisition of the property. Following the completion of the St. Charles expansion, the property will have available for future expansion up to an additional 70,000 square feet of gaming space and approximately 65,000 square feet of additional space in the land-based pavilion, each of which will require only interior build-out for completion. In 2001, we expect to complete an approximate \$7.4 million renovation and enhancement project at Ameristar Council Bluffs and an approximately \$10.0 million renovation and enhancement project at Ameristar Vicksburg.

We historically have funded our daily operations through net cash provided by operating activities and our significant capital expenditures primarily through bank debt and other debt financing. We believe that our cash flow from operations, cash and cash equivalents and availability under our senior credit facilities will support our operations and liquidity requirements, including capital expenditure plans, for the foreseeable future. While we have availability under our senior credit facilities to fund up to \$100 million of the St. Charles expansion costs, we expect to finance a significant portion of these costs from our cash flows from operations. As a result, we do not expect to draw the full amount dedicated under our senior credit facilities to complete the St. Charles expansion. At March 15, 2001, we had \$123.6 million of available borrowing capacity under our senior credit facilities, including the \$100 million dedicated to the St. Charles expansion.

We have not declared any dividends on our common stock during the last three fiscal years, and we intend for the foreseeable future to retain all earnings for use in the development of our business instead of paying cash dividends. In addition, as described above, the senior credit facilities include covenants that may restrict or prohibit the payment of dividends.

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," which we will adopt in the first quarter of 2001. Because of our limited use of derivative instruments to hedge interest rate risk on a portion of our variable rate debt, the adoption of SFAS No. 133 will not have a significant impact on our results of operations or financial position. We continue to monitor interest rate markets and expect to enter into interest rate collar or swap agreements for additional amounts of principal under our senior credit facilities as market conditions warrant. We will account for any such agreements in accordance with SFAS No. 133.

In November 2000, the Emerging Issues Task Force (EITF) of the FASB reached a consensus on EITF 00-14, "Accounting for Certain Sales Incentives." EITF 00-14 requires that discounts which result in a reduction in or refund of the selling price of a product or service in a single exchange transaction be recorded as a reduction of revenues. We will adopt EITF 00-14 in the second quarter of 2001, including reclassifying prior period amounts for programs where we offer customers "free plays" or coupons for gaming activity. The amount of "free plays" and coupons to date has not been significant. Our accounting policy related to free or discounted rooms, food and beverage and other services already complies with EITF 00-14.

In February 2001, the EITF reached a partial consensus on EITF 00-22, "Accounting for 'Points' and Certain Other Time-Based or Volume-Based Sales Incentive Offers, and Offers for Free Products or Services to be Delivered in the Future." The consensus requires that vendors recognize the cash rebate or refund obligation associated with time- or volume-based cash rebates as a reduction of revenue based on a "systematic and rational allocation of the cost of honoring rebates or refunds earned and claimed to each of the underlying revenue transactions that result in progress by the customer toward earning the rebate or refund." The liability for such obligations should be based on the estimated amount of rebates or refunds to be ultimately earned, including an estimation of "breakage" if it can be reasonably estimated. The consensus is applicable beginning in the first quarter of 2001.

54

60

Our players' clubs allow customers to earn certain complimentary services and/or cash rebates based on the volume of the customers' gaming activity. We currently account for our players' clubs in accordance with EITF 00-22, except that we record the charge for progress towards the complimentary services/cash rebates as a casino department expense instead of a reduction of revenue. We will change the classification for these charges, which totaled \$7.9 million in the year ended December 31, 2000, in the first quarter of 2001, including reclassifying prior period amounts.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Except for certain long-term debt outstanding at December 31, 2000 in the aggregate amount of \$477.3 million (collectively, the "Variable Rate Debt"), all of our other long-term debt bears interest at fixed rates. The Variable Rate Debt bears interest equal to LIBOR (in the case of Eurodollar loans) or the prime interest rate (in the case of base rate loans), plus an applicable margin. At December 31, 2000, the average interest rate applicable to the Variable Rate Debt was 12.1%. An increase of one percentage point in the average interest rate applicable to the Variable Rate Debt outstanding at December 31, 2000, would increase our annual interest costs by approximately \$4.8 million. We entered into an interest rate collar agreement with WFB to manage the effects of

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

fluctuations in the interest rate applicable to up to \$50.0 million in LIBOR draws prorated under the revolving credit/term facility and the term loan A.

Although we manage our short-term cash assets with a view to maximizing return with minimal risk, we do not invest in market rate sensitive instruments for trading or other purposes and we are not exposed to foreign currency exchange risks or commodity price risks in our portfolio transactions.

55

61

BUSINESS

We are a leading multi-jurisdictional gaming company that owns and operates casinos and related hotel and entertainment facilities with six properties in operation in Missouri, Iowa, Mississippi and Nevada. All of our principal operations are conducted through wholly owned subsidiaries of Ameristar. Our properties are:

Ameristar Kansas City: Ameristar Kansas City is a casino and related hotel and other facilities located seven miles from downtown Kansas City. The casino opened in 1997 and is the newest and largest gaming facility in the Kansas City market. It features an historic Missouri riverboat theme, including a 184-room hotel, approximately 140,000 square feet of gaming space, 3,294 slot machines and 161 table games. Ameristar Kansas City offers a fully-integrated gaming, dining, lodging and entertainment experience in a spacious, land-based atmosphere specifically designed to attract customers from the greater Kansas City area, as well as strong visitor and overnight markets. Ameristar Kansas City was recently named the top tourist attraction in Missouri by a local Kansas City magazine.

Ameristar Council Bluffs: Ameristar Council Bluffs is a riverboat casino and related land-based hotel and other facilities located in Council Bluffs, Iowa across the Missouri River from Omaha, Nebraska. We designed and operate Ameristar Council Bluffs as a destination resort to serve as the entertainment centerpiece for the region. The property currently features 444 hotel rooms, approximately 38,500 square feet of gaming space, 1,480 slot machines and 46 table games. In 1999, Ameristar Council Bluffs was awarded the prestigious Four-Diamond designation from the AAA and is the only riverboat property in the nation to carry such designation.

Ameristar St. Charles: Ameristar St. Charles is a casino and entertainment facility situated immediately north of the Interstate 70 bridge in the St. Louis metropolitan area. The casino complex is strategically located to attract customers from the St. Charles and greater St. Louis area. The casino opened in 1994 and features approximately 45,000 square feet of gaming space, 1,875 slot machines and 40 table games. We intend to continue with a partially-completed expansion of the property that will result in a casino and entertainment facility with at least 70,000 square feet of gaming space, 2,400 slot machines and 60 table games, as well as expanded entertainment facilities. This expansion is expected to be completed in mid-2002.

Ameristar Vicksburg: Ameristar Vicksburg is a riverboat-themed dockside casino and related hotel and other land-based facilities located in Vicksburg, Mississippi. The casino is located one-quarter mile north of Interstate 20, the main east-west thoroughfare connecting Atlanta and Dallas, approximately 45 miles west of Jackson, Mississippi. We opened Ameristar Vicksburg in 1994 and recently completed a renovation and enhancement of the casino facilities in which we added approximately 1,000 new generation multi-coin slot machines, while also refurbishing much of the non-casino facilities. The property features a 150-room hotel, approximately 39,000 square feet of gaming space, 1,200 slot machines and 50 table games.

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

The Jackpot Properties: Cactus Petes Resort Casino and The Horseshu Hotel & Casino are two casino-hotels located in Jackpot, Nevada at the Idaho border. The Jackpot Properties have been operated since 1956 and serve customers primarily from Idaho, Oregon, Washington, Montana, northern California and southwestern Canadian provinces. Together, the Jackpot Properties feature 420 hotel rooms, approximately 28,500 square feet of gaming space, 1,028 slot machines and 29 table games. We market the Jackpot Properties to three separate markets: budget, quality and luxury and the properties offer hotel rooms, food and other amenities at levels that are affordable for each of these customer bases. Cactus Petes is rated a Four-Diamond property by the AAA and has been named "Best Hotel/Resort" in rural Nevada by Nevada Magazine for the last two years.

The Reserve: In addition to the six properties that we currently own, until January 29, 2001, we owned The Reserve Hotel Casino in Henderson, Nevada, a suburb of Las Vegas. The Reserve features an African safari and big game reserve theme that includes statues of elephants, giraffes and other animals. On January 29, 2001, we sold The Reserve to Station Casinos, Inc. for \$71.8 million in cash. See

56

62

"Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

BUSINESS AND MARKETING STRATEGIES

Our business strategy is to: (1) emphasize quality dining, lodging, entertainment and other non-gaming amenities at affordable prices to complement and enhance our gaming operations, (2) promote our properties as entertainment destinations, (3) construct and expand facilities appropriate to individual markets, (4) emphasize courteous and responsive service to develop customer loyalty and (5) utilize marketing programs to promote customer retention. In selecting markets, we seek strong demographics and a favorable competitive environment. We believe this strategy will continue to distinguish us from our competitors, many of whom outside of Las Vegas have not emphasized non-gaming amenities in their operations to the same extent as us. Within markets, we look for sites with attractive, prominent locations and ease of access that will support the size and scope of our development plans.

Our properties emphasize slot machine play, and we invest on an ongoing basis in new slot equipment to promote customer satisfaction and loyalty. To this end, we added more than 1,000 new generation multi-coin slot machines to our properties in 2000. All of our properties include table games such as blackjack, craps and roulette. In addition, Cactus Petes, Ameristar Vicksburg and the two Missouri properties offer poker and the Jackpot Properties offer keno and sports book wagering. We generally emphasize competitive minimum and maximum betting limits based on each market.

Our gaming revenues are derived and are expected to continue to be derived from a broad base of customers, and we do not depend upon high-stakes players. We extend credit to our Nevada and Mississippi gaming customers only in limited circumstances and limited amounts on a short-term basis and in accordance with the credit restrictions imposed by gaming regulatory authorities. The Iowa and Missouri gaming statutes prohibit the issuance of casino credit.

Our marketing strategy is to develop a loyal customer base by promoting the quality of our gaming, leisure and entertainment amenities that emphasize high standards of service and customer satisfaction. We use players clubs at each property to identify and retain preferred players and develop promotions

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

and special events to encourage increased gaming activity by these customers. Our marketing programs also include a number of promotions, designed primarily to increase the frequency of customer visits within local markets, as well as tour and travel promotional packages in certain markets. We use direct mail promotions and a variety of advertising media to market our properties, including print, television, radio, outdoor and internet advertising.

EXPANSION PLANS

St. Charles Expansion

We intend to complete an expansion of Ameristar St. Charles that includes a man-made protective basin containing two new gaming vessels, a new retail and entertainment complex featuring an approximately 550-seat buffet, a well-appointed steakhouse and an entertainment lounge. Our current plans provide that upon completion of the expansion, the casino will have approximately 2,400 slot machines and 60 table games in a total of approximately 70,000 square feet of gaming space located on two floors of the gaming vessel and will be similar in design to Ameristar Kansas City. We are considering an alternative design that would further expand the casino among other enhancements. The expansion project will result in the opening of an entirely new gaming and entertainment facility at our St. Charles location and allow us to sell the existing barge facilities or utilize them for alternative purposes.

Prior to our acquisition of Ameristar St. Charles, the former owner invested approximately \$169 million in the expansion project and completed building the protective basin, the porte cochere and the external physical structure of the new gaming vessels and a majority of the structure of the new restaurant and entertainment complex. In June 1997, the former owner of Ameristar St. Charles halted construction on the St. Charles expansion project. We estimate the remaining cost to complete the

57

63

construction of the expansion project, as currently planned, to be approximately \$110 million, including furniture, fixture and equipment costs that we estimate to be approximately \$20 million. A substantial portion of the construction materials, equipment and fixtures for the St. Charles expansion were previously purchased by the former owner. Following the completion of the St. Charles expansion, the property will have available for future expansion up to an additional 70,000 square feet of gaming space and approximately 65,000 square feet of additional space in the land-based pavilion, each of which will require only interior build-out for completion. A substantial portion of this future expansion space has already been constructed by the former owner of the property. In addition, a substantial portion of the construction materials, equipment and fixtures for the future casino expansion space has been purchased.

The construction is not expected to disrupt current operations of the casino gaming facilities because the currently operating gaming facilities are separate from the expansion project. We intend to complete the St. Charles expansion through a guaranteed maximum price construction contract. We plan to finance the construction of the St. Charles expansion with cash flow from operations and borrowings under our senior credit facilities. In connection with the acquisition of the St. Charles property, we assumed the contract with the general contractor for the St. Charles expansion and are negotiating to modify this contract to reflect our design changes. Furthermore, substantially all of the subcontracts for the expansion project remain in effect.

We believe the St. Charles expansion project fulfills a strategic need in the St. Louis market and that, upon completion of the expansion, Ameristar St. Charles will be the premier gaming facility in the St. Louis market. We

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

anticipate the expansion project will be completed in mid-2002.

General Expansion Strategy

We seek to expand our operations through a variety of means, including entering new North American markets created by the legalization of casino gaming, developing new casinos or buying existing casinos in established North American casino gaming markets, expanding through continued growth at our existing properties, and selectively pursuing expansion projects through Native American reservations in North America. Although our preference is to own and operate each of our gaming properties, we also consider expansion opportunities involving management contracts or joint ventures.

Consistent with our expansion strategy, we recently acquired two properties in Kansas City and St. Charles, Missouri, expanded the casino, remodeled restaurants and added parking at Ameristar Vicksburg and added a third deck to the casino and a parking garage at Ameristar Council Bluffs. We consider enhancement projects for each property on an ongoing basis. In doing so, we evaluate the operating performance of each property, the anticipated relative costs and benefits of the projects under consideration, the availability of cash flow and debt financing to fund capital expenditures and competitive and other relevant factors.

We believe that our long-term success in our current markets and expanding into new markets will depend in part on our ability to distinguish our operations from those of our competitors. Our strategy of including quality non-gaming amenities in our facilities, such as lodging, dining and entertainment, is intended to provide these competitive distinctions. The scope of non-gaming amenities to be offered at existing properties and future expansion projects will be determined in part by competitive factors within a particular market and the nature of our participation in a particular project. In addition, we believe the selection of attractive expansion markets and quality locations within those markets will continue to be important to our growth. In selecting expansion opportunities, we seek a strong demographic market with a favorable competitive environment and a site in the market with an attractive, prominent location and ease of access that will support the size and scope of our development plans.

PROPERTY PROFILES

The following table presents selected statistical and other information concerning our properties as of March 15, 2001.

	AMERISTAR KANSAS CITY	AMERISTAR COUNCIL BLUFFS	AMERISTAR ST. CHARLES	AMERISTAR VICKSBURG
	-----	-----	-----	-----
Opening Date.....	January 1997	January 1996	May 1994	February 199
Casino Square Footage (approx.).....	140,000	38,500	45,000	39,000
Slot Machines.....	3,294	1,480	1,875	1,200
Table Games.....	161	46	40	50
Hotel Rooms.....	184	444(1)	--	150
Restaurants/Bars.....	15/11	5/6	3/3	3/4
Restaurant/Bar Seating Capacity.....	2,513/379	1,093/191	400/40	564/46
Guest Parking				

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Spaces.....	5,000	3,000	4,000	1,700
Other Amenities.....	Kids Quest Children's Activity Center(2); 1,400- seat Entertainment Facility, 18-screen Movie Theater(2); Video Arcade; Gift Shop	Kids Quest Children's Activity Center(2); Meeting Space; Indoor Swimming Pool & Spa; Exercise Facility; Gift Shop; Amusement Arcade	Entertainment lounge; Gift shop	Entertainment lounge; Gift
Operating Subsidiary.....	Ameristar Casino Kansas City, Inc. ("ACKCI")	Ameristar Casino Council Bluffs, Inc. ("ACCBI")	Ameristar Casino St. Charles, Inc. ("ACSCI")	Ameristar Cas Vicksburg, In ("ACVI")

 (1) Includes 284 rooms operated by affiliates of Kinseth Hospitality Corporation and located on land owned by us and leased to affiliates of Kinseth.

(2) Operated by a third party.

AMERISTAR KANSAS CITY

Ameristar Kansas City originally opened in January 1997 and we acquired the property in December 2000. The property is a master-planned gaming and entertainment destination facility featuring an historic Missouri riverboat theme and is strategically located to attract customers from the greater Kansas City area, as well as tourists from outside the region. The property is located on approximately 183 acres immediately east of the heavily traveled Interstate 435 bridge, seven miles east of downtown Kansas City. Ameristar Kansas City's marketing programs are specifically designed to effectively target and capture repeat customer demand from the local customer base and also capture the strong visitor and overnight markets. We believe that Ameristar Kansas City has specific advantages relative to other gaming facilities in the region and that it is the premier gaming facility in the Kansas City market. The site is adjacent to the Interstate 435 bridge, which supports an average traffic flow of approximately 88,000 cars per day. Interstate 435 is a six-lane, north-south expressway offering quick and easy accessibility and direct visibility of the site.

We believe the Ameristar Kansas City facility offers a full Las Vegas-style gaming experience in the Midwest. The Ameristar Kansas City facility features:

- two permanently docked gaming vessels situated in a man-made protective basin with an historic Missouri riverboat theme,
- an approximately 140,000 square-foot gaming space with approximately 3,294 slot and video poker machines and 161 table games, including a poker room,

- a land-based 184-room hotel and 5,000 parking spaces, and
- a land-based entertainment center with seven full-service restaurants, several fast-food outlets, eleven bars and lounges, a 1,400-seat Grand Pavilion, a Kid's Quest child-care facility, an 18-

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

screen movie theater complex, a 5,700-square foot non-gaming video arcade and a gift shop.

Ameristar Kansas City's restaurants offer a variety of high-quality food at reasonable prices. Restaurants include an all-you-can-eat live action buffet featuring Italian, Mexican, Chinese, barbecue, and traditional American fare, a restaurant featuring fine Italian cuisine and a wine bar with an extensive selection, a restaurant featuring southwestern foods, a restaurant featuring fresh Louisiana style seafood, and a restaurant featuring a wide selection of micro-brewed lagers and an assortment of American and Bavarian cuisine. In addition, Ameristar Kansas City leases space to a well-known Kansas City favorite, Arthur Bryant's Barbeque. Furthermore, among other awards and distinctions, the property's restaurants were voted "Best of Kansas City" in five different categories in Kansas City Magazine's 2000 Annual Readers Survey.

Market. The Kansas City gaming market is the twelfth largest in the United States with gaming revenues for the year ended December 31, 2000 of \$559 million. The Kansas City market consists of four casinos located in Kansas City, including Ameristar Kansas City, and a fifth located approximately 50 miles north in St. Joseph, Missouri. The Kansas City market has over 1.4 million adults residing within a 50 mile radius and is insulated from other gaming markets, with no significant competition within 100 miles.

In September 1999, Missouri began allowing continuous boarding on riverboats in the St. Louis market and in November 1999, Missouri began allowing continuous boarding on riverboats in the Kansas City market. Prior to this policy change, casino patrons were permitted to board gaming facilities only during the first 45 minutes of each two-hour period. In August 2000, Missouri legislation became effective authorizing the use of slot machines that exchange paper currency into electronic credit instead of tokens, so that patrons are not required to manually deposit tokens into gaming machines. This change allows for faster, more convenient play, especially on new generation, multi-coin slot machines that have proven popular in other gaming jurisdictions without such regulations.

Competition. Ameristar Kansas City competes primarily with three other gaming operations located in and around Kansas City, Missouri. Gaming has been approved by local voters in jurisdictions near Kansas City, including St. Joseph, Missouri, which is located approximately 50 miles north of Kansas City and currently has one riverboat gaming operation. Since the opening of Ameristar Kansas City in 1997, Sam's Town, the closest casino to Ameristar Kansas City, closed, and Boyd Gaming, the owner of Sam's Town, sold most of Sam's Town's assets to Harrah's Entertainment Inc. Sam's Town has remained closed since its acquisition by Harrah's, which has announced its intention to sell the property with a covenant restricting its use to non-gaming purposes.

In June 2000, Isle of Capri purchased the Flamingo Hilton and commenced a substantial renovation of the property, which was partially completed in the first quarter of 2001 and is expected to be completed in the second quarter of 2001. We believe that during this construction period, Isle facility patrons were displaced by the construction and many frequented Harrah's North Kansas City.

In May 2000, Harrah's North Kansas City, located approximately five miles from Ameristar Kansas City and currently the closest operating casino to Ameristar Kansas City, announced plans for facilities enhancements including consolidation of gaming space onto one expanded vessel. We cannot be sure what effect, if any, this will have on our operations or our ability to compete in the Kansas City market.

In April 2000, the Boonville City Council approved the Isle of Capri riverboat gaming operation on a site that has received preliminary site and

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

development approval from the Missouri Gaming Commission and which is located approximately 105 miles from Ameristar Kansas City. Boonville is located in an area that is not currently served by Missouri gaming facilities.

60

66

AMERISTAR COUNCIL BLUFFS

We opened Ameristar Council Bluffs in January 1996 under one of three gaming licenses currently issued for the Council Bluffs gaming market. Ameristar Council Bluffs is located on the bank of the Missouri River across from Omaha, Nebraska and is adjacent to the Nebraska Avenue exit on Interstate 29 immediately north of the junction of Interstate 29 and Interstate 80. We designed Ameristar Council Bluffs as a destination resort intended to serve as an entertainment centerpiece of the region. Ameristar Council Bluffs features architecture reminiscent of a gateway river town in the late 1800s. The design complements existing characteristics of Council Bluffs while giving the property its own distinctive personality. Ameristar Council Bluffs opened in stages during 1996 and early 1997. The approximately 50-acre Ameristar Council Bluffs site is large enough to accommodate future land-based expansion. In 1999, Ameristar Council Bluffs was awarded the prestigious Four-Diamond designation from the AAA and the property is the only riverboat property in the nation to carry this designation.

The Council Bluffs Casino is an approximately 52,000 square foot three-level, cruising riverboat measuring 272 feet long by 98 feet wide with a casino of approximately 38,500 square feet. The third level addition to the riverboat was completed in November 1999, increasing the number of gaming positions by approximately 400. By building the vessel with high ceilings and making it 98 feet wide, the casino has the spacious feel of a land-based facility. Escalators and an elevator connect all levels of the riverboat. The casino is open 24 hours a day, seven days a week and is required to make a two-hour cruise a minimum of 100 days per year during the "excursion season," which is defined as April 1 through October 31. If the riverboat fails to satisfy this cruising requirement, it will not be allowed to operate during the balance of the year. However, we believe that the Iowa Racing and Gaming Commission would grant a waiver from this requirement should dangerous cruising conditions preclude the riverboat from making the minimum number of cruises.

Guests enter the riverboat from shore via an enclosed ramp from the 68,000-square foot Main Street Pavilion and from the newly completed, fully enclosed parking garage. The Main Street Pavilion is a self-contained complex featuring an Ameristar hotel, restaurants and entertainment options for children and adults. The interior of the Pavilion is designed to replicate a Victorian-era main street. The main level of the Pavilion includes a buffet, a 24-hour coffee shop, a steak house and a sports bar cabaret, all of which are operated by us. Rising above the Pavilion is a five-story, 160-room, full-service Ameristar hotel that offers a panoramic view of the Missouri River and the Council Bluffs Casino. The Main Street Pavilion also includes a children's activity center operated by New Horizon Kids Quest, Inc. and owned by a joint venture between that company and Ameristar Council Bluffs. A 1,000 space parking garage, adjacent to the pavilion, was completed in Spring 2000.

In September 2000, Ameristar Council Bluffs completed the new 100-seat Atrium restaurant adjacent to the casino entrance as well as an expanded and enhanced VIP Lounge. In addition, as part of an approximately \$7.4 million capital improvement program, we are currently renovating and enhancing the first two levels of the casino at Ameristar Council Bluffs, as well as refurbishing the sports bar and converting the 24-hour coffee shop to a 24-hour bakery and restaurant.

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

We have leased a portion of the Ameristar Council Bluffs site to an affiliate of Iowa-based Kineth Hospitality Corporation for a 188-room, limited-service Holiday Inn Suites hotel that opened on March 31, 1997 and was expanded during 1999. Kineth developed and operates this hotel. The Holiday Inn Suites hotel and the Main Street Pavilion are connected by a climate-controlled walkway that also connects to the indoor pool and spa and the exercise room. We have leased another portion of the Ameristar Council Bluffs site to another affiliate of Kineth for a 96-room Hampton Inn hotel. Kineth developed and operates this hotel, which is connected to the Holiday Inn Suites Hotel and the Main Street Pavilion by climate-controlled walkways. The Hampton Inn hotel opened on March 2, 2001.

Market. Council Bluffs has a population of approximately 54,000 people. Council Bluffs forms part of the greater Omaha, Nebraska/Council Bluffs, Iowa metropolitan area, which has a population of approximately 690,000. Approximately 1.0 million people live within a 50-mile radius, and approximately 1.7 million people live within a 100-mile radius, of Council Bluffs. The median household income of the

61

67

greater metropolitan area is approximately \$42,000, with an unemployment rate of approximately 2.1%. Based on available data, Council Bluffs is currently the strongest gaming market in Iowa. Gaming revenues in the Council Bluffs gaming market for the year ended December 31, 2000 were \$347 million, an increase of \$20 million over 1999.

Competition. Three gaming licenses have been issued for the Council Bluffs gaming market to Iowa West Racing Association. We operate our casino at Ameristar Council Bluffs pursuant to an operating agreement with Iowa West Racing Association. The other casinos operating under these licenses are Harveys Casino Hotel, which operates a riverboat casino in close proximity to Ameristar Council Bluffs, and Bluffs Run Casino, a year-round dog track and casino owned by a subsidiary of Harveys Casino Resorts, the parent company of Harveys, which acquired the property from Iowa West Racing Association in October 1999. Bluffs Run's gaming license limits the casino to the operation of reel-style and video slot machines that meet the definition of "games of chance" under the Iowa statutes. Bluffs Run, which opened in March 1995, has approximately 1,500 slot machines, a restaurant, a buffet, and lounge entertainment. We believe that Bluffs Run will continue to provide significant competition due to its advantage of being the only land-based facility in the market. Harveys, which opened in 1996, also provides serious competition for Ameristar Council Bluffs. Harveys added a third level to its riverboat in early 1998, adding approximately 200 slot machines, and built a 1,600-space parking garage in 1999.

AMERISTAR ST. CHARLES

Ameristar St. Charles originally opened in May 1994 and we acquired the property in December 2000. The property is a master-planned gaming and entertainment destination facility featuring an historic Missouri riverboat theme and is located on approximately 52 acres immediately north of the Interstate 70 bridge in the St. Louis metropolitan area. The casino complex is strategically located to attract customers from the St. Charles and greater St. Louis area, as well as tourists from outside the region. Interstate 70 is a 10-lane, east-west freeway offering quick and easy accessibility to and direct visibility of the Ameristar St. Charles site for the 188,000 vehicles, on average, that use the highway per day.

In April 2000, a reconfiguration of the two gaming vessels at Ameristar St. Charles was completed. In response to the new continuous boarding rules that went into effect in the St. Louis market in September 1999, all of the gaming

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

operations of Ameristar St. Charles were moved to a barge which contains 45,000 square feet of gaming and entertainment space. Ameristar St. Charles features approximately 1,875 slot and video poker machines and 40 table games, and non-casino amenities including a 250-seat buffet, a distinctive steak house, a deli, three bars, an entertainment lounge and a gift shop. As described above in "-- Expansion Plans," our current plans call for us to invest approximately \$110 million to complete an expansion at the property in mid-2002.

In May 1996, construction of an elevated roadway and a 4,000-space five-story parking structure was completed. The parking facility is constructed above the existing flood plain. The elevated roadway and parking structure provide improved access to the gaming facilities and significantly diminish Ameristar St. Charles' susceptibility to closure during the spring flooding season.

Market. The St. Louis gaming market is the ninth largest in the United States with gaming revenues for year ended December 31, 2000 of \$684 million. The St. Louis market, which overlaps two jurisdictions, Missouri and Illinois, consists of five casinos, including Ameristar St. Charles. There are approximately 1.8 million adults living within 50 miles and 2.7 million adults living within 100 miles of St. Louis, making it the third largest gaming market in the United States in terms of local population, and the St. Louis market is insulated from other gaming markets.

Competition. Ameristar St. Charles competes primarily with four other gaming operations located in and around St. Louis, Missouri. Two of these competitors are located in Illinois, which does not impose the \$500 loss limit that is imposed by Missouri. One of the competitors is a facility located in Maryland Heights that opened in April 1997 and is located five miles from Ameristar St. Charles. Ameristar

62

68

St. Charles experienced a decline in revenues following the opening of the Maryland Heights facility. Prior to Harrah's acquisition of Players International, Inc. on May 22, 2000, Harrah's and Players operated separate but adjacent facilities at Maryland Heights. Since Harrah's acquisition of Players, Harrah's has been in the process of consolidating both facilities into one operation. In addition, gaming has been approved by local voters in jurisdictions and other cities and counties along the Mississippi and Missouri Rivers near St. Louis, including two casinos in the outlying market area which were approved but have not been opened. This increasing competition could have a material adverse effect on Ameristar St. Charles' business.

AMERISTAR VICKSBURG

Ameristar Vicksburg, which opened in February 1994, represents our first expansion project outside of Jackpot. Ameristar Vicksburg is a riverboat-themed dockside casino and related land-based hotel and other facilities located in Vicksburg, Mississippi. We believe Ameristar Vicksburg provides superior and larger facilities than its current competitors in the Vicksburg area and has competitive advantages by virtue of its close proximity to Interstate 20. Nonetheless, Vicksburg is a competitive gaming market and Ameristar Vicksburg's operations to date have been dependent to a substantial degree upon a continuous casino marketing and promotional campaign.

The permanently moored, dockside casino is approximately 315 feet long and approximately 120 feet wide. Due to the width of the Ameristar Vicksburg, the casino and restaurants have the spacious feel of a land-based facility. Ameristar Vicksburg has three levels, which are connected by escalators and elevators. The casino is on the lower and middle levels and has wide aisles with

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

an open feel that provides a comfortable and inviting atmosphere. During 1999, the casino floor was upgraded and expanded, with more than 250 new gaming positions being added, including the installation of new generation multi-coin slots and the replacement of 232 older slot machines. A \$10.0 million renovation and enhancement project is currently in progress that will refurbish the first two levels of the casino, including new cages, lounges, players club and promotions booths, and add a VIP slot area. This project also will replace the showroom with a blues club featuring a saloon, entertainment and gaming. Ameristar Vicksburg is open 24 hours a day, seven days a week.

Ameristar Vicksburg offers a variety of food and beverage options including three restaurants and four bars. The restaurants include a new upscale steakhouse, which opened in December 1999, a buffet and a 24-hour casual dining restaurant which was remodeled during 1999. One of the bars offers live cabaret-style entertainment. In addition, approximately 600 new parking spaces were added during 1999, bringing the total number of guest parking spaces to over 1,700.

We believe Ameristar Vicksburg's competitive advantages include its location, the size and design of the project and the range and quality of its amenities. The primary locational advantages of Ameristar Vicksburg are its proximity to Interstate 20 and its ease of access. As discussed above, Ameristar Vicksburg is significantly wider than typical riverboat casinos. As part of a long-term plan to enhance Ameristar Vicksburg, we acquired 18 acres of raw land across from the main entrance to the property for the future development of additional improvements. We constructed a 150-room hotel, which opened in June 1998, on a portion of this parcel. In addition, we believe the overall range and quality of the facilities, food service and entertainment at Ameristar Vicksburg are superior to those available at its existing competitors.

Market. The primary market for Ameristar Vicksburg is residents of the Jackson and Vicksburg, Mississippi and Monroe, Louisiana areas; tourists coming to Vicksburg primarily to visit the Vicksburg National Military Park; and other traffic traveling on Interstate 20, a major east-west thoroughfare that connects Atlanta and Dallas.

Vicksburg, with a population of approximately 30,000 persons, is located 45 miles west of Jackson, the capital of Mississippi. According to the 1990 U.S. Census, the Jackson and Vicksburg metropolitan areas had a total population of approximately 460,000 persons. Approximately 1.5 million people live within a 100-mile radius of Vicksburg. The Vicksburg National Military Park, located within three miles

63

69

of Ameristar Vicksburg, draws over 1.0 million registered visitors a year. Interstate 20 (which connects Atlanta and Dallas) passes directly through Vicksburg. According to the Mississippi Department of Transportation, approximately 8.0 million vehicles drove across the Interstate 20 bridge at Vicksburg during 1999. As of December 31, 2000, Vicksburg had approximately 1,900 lodging rooms. Gaming revenues in the Vicksburg gaming market for the 52 weeks ended December 31, 2000 were approximately \$230.2 million.

Competition. Ameristar Vicksburg is subject to competition from three local competitors and from casinos in Shreveport and Bossier City, Louisiana. Ameristar Vicksburg is also subject to competition from a Native American casino in Philadelphia, Mississippi, which recently announced plans to construct an additional gaming and hotel facility near the existing property. Ameristar Vicksburg has approximately 1,600 gaming positions. Several potential gaming sites still exist in Warren County and Vicksburg and from time to time potential competitors propose the development of additional casinos in or near Vicksburg,

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

including a current proposal to develop a Native American casino in Louisiana near Vicksburg. We are currently involved in legal proceedings in which it is alleged that we and certain other parties engaged in conduct to oppose the development of a casino between Vicksburg and Jackson in violation of Mississippi's antitrust and gaming regulatory laws. See "Item 3. Legal Proceedings."

THE JACKPOT PROPERTIES

The Jackpot Properties, which have been operating since 1956, have been designed and developed and are marketed to appeal to three separate markets: budget, quality and luxury. We set prices for hotel rooms, food and other non-gaming amenities at levels that are affordable to its separate customer bases. Our objective is to be perceived by our customers as providing good value and high quality for the price charged. We promote Cactus Petes as a destination resort primarily in the northwestern United States and southwestern Canada. The Jackpot Properties are open 24 hours a day, seven days a week.

Cactus Petes completed a major expansion project in 1991. In addition, we substantially completed a remodeling of the casino at The Horseshu in late 1997. Cactus Petes has received a Four-Diamond rating from the AAA annually since 1993 and The Horseshu Hotel has a Three-Diamond rating from the AAA. The food and beverage operations at the Jackpot Properties include a buffet, a fine dining restaurant, a 24-hour casual dining restaurant, a coffee shop and a snack bar, a showroom that features nationally known entertainment, and cocktail lounges with entertainment.

Market. We believe that approximately 50% of the customer base of the Jackpot Properties consists of residents of Idaho who generally frequent the properties on an overnight or turnaround basis. The balance of the Jackpot Properties' customers come primarily from Oregon, Washington, Montana, northern California and the southwestern Canadian provinces. Although many of the customers from beyond southern Idaho are tourists traveling to other destinations, a significant portion of these customers come to Jackpot as a final destination.

Competition. We have developed a dominant share of the market capacity in Jackpot. The Jackpot Properties compete with four other hotels and motels (three of which also have casinos). As of December 31, 2000, the Jackpot Properties accounted for approximately 55% of the lodging rooms, 62% of the slot machines and 73% of the table games in Jackpot. We believe Cactus Petes offers a more attractive environment and a broader and higher quality range of gaming and leisure activities than those of its competitors. We are not aware of any expansion plans by existing or potential competitors in Jackpot.

Casinos with video lottery terminals ("VLT") similar to slot machines are operated on Native American land in Idaho, including one near Pocatello with approximately 200 VLT machines that has been operated by the Shoshone-Bannock Tribes (the "S-B Tribes"). The S-B Tribes recently entered into a compact with the State of Idaho allowing gaming on the S-B Tribes' lands to the extent permitted under Idaho law as to be determined by a federal court pursuant to currently pending proceedings. The State is contending in this litigation that VLT terminals are not permitted under Idaho law. A recent proposal to amend Idaho law and compacts between the State of Idaho and three tribes with reservations in Northern Idaho would permit these tribes to operate VLT terminals but place limits on the expansion of gaming by

these tribes. The S-B Tribes are not covered by this proposal, but the outcome of the litigation under the compact with the S-B tribes could be affected if

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Idaho law is amended as has been proposed. The Idaho legislature did not approve the bills to amend Idaho law or ratify the amended compacts with the other tribes during the 2001 legislative session, but similar legislation may be introduced in the future. In addition, casino gaming on Native American lands in both western Washington and northeast Oregon has been in operation for several years, and casinos also operate in Alberta, Canada. See "Risk Factors -- Risks Related to Our Business."

EMPLOYEES

As of March 15, 2001, we employed approximately 6,400 employees. None of our current employees is employed pursuant to collective bargaining or other union arrangements. We believe our employee relations are good.

PROPERTIES

Ameristar Kansas City. Ameristar Kansas City is located on approximately 150 acres of property, approximately 33 acres of which we lease and the balance of which we own. The site is east of and adjacent to Interstate 435 along the north bank of the Missouri River. The site, which is approximately seven miles east of downtown Kansas City, may be accessed via the Missouri Highway 210 exit on Interstate 435. The leased property is under lease with the Birmingham Drainage District for a 10-year initial term that commenced in 1995; the lease grants us eight 10-year renewal options. Approximately 2.9 acres of the Ameristar Kansas City site is ground leased by us for the use of a child care facility.

Ameristar Council Bluffs. Ameristar Council Bluffs is located on an approximately 50-acre site along the bank of the Missouri River and adjacent to the Nebraska Avenue exit on Interstate 29 immediately north of the junction of Interstates 29 and 80. We own approximately 27 acres of this site and have rights to use the remaining portion of the site that is owned by the State of Iowa for a 50-year term. We have leased 0.623 acres of the Ameristar Council Bluffs site to an affiliate of Kineth Hospitality Corporation for the development and operation of a 188-room limited service Holiday Inn Suites Hotel that opened on March 31, 1997 and was expanded during 1999. We have also leased 0.426 acres of the Ameristar Council Bluffs site to another affiliate of Kineth for the development and operation of a 96-room Hampton Inn hotel, which is expected to open in March 2001. All of our interests in Ameristar Council Bluffs serve as collateral for our obligations under the senior credit facilities.

Ameristar St. Charles. Ameristar St. Charles is located on approximately 52 acres which we own along the west bank of the Missouri River immediately north of Interstate 70. Access to the property may be obtained via the Fifth Street exit on Interstate 70.

Ameristar Vicksburg. In connection with the development of Ameristar Vicksburg, we acquired eight parcels in Vicksburg along Washington Street near Interstate 20. These parcels comprise approximately 48 acres, approximately 34 of which are developable. Substantially all of Ameristar Vicksburg's assets are pledged to secure our obligations under the senior credit facilities. In addition, we have developed a 20-acre mobile home park with 30 single- and 20 double-wide mobile homes. This mobile home park is located seven miles from Ameristar Vicksburg and sites are available for rent by employees and other persons. The mobile home park rental rates are competitive with the local market.

The Jackpot Properties. Cactus Petes is located on a 35-acre site and The Horseshu is located on a 30-acre site, both of which we own. The Cactus Petes and The Horseshu sites are across from each other on U.S. Highway 93. We also own 239 housing units in Jackpot, including 90 units in two apartment complexes developed as United States Department of Agriculture Rural Economic and

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Community Development Services Multi-Family Housing Program ("USDA") projects. These housing units support the primary operations of the Jackpot Properties. The Jackpot Properties are subject to deeds of trust securing our obligations under the senior credit facilities, and the USDA housing projects are subject to mortgage loans in favor of the USDA.

65

71

We own a gas station adjacent to Highway 93 in Jackpot, which we operate under a franchise from Chevron. We believe that this facility is in material compliance with applicable environmental and other regulatory requirements. We have previously operated two other gas stations at the Jackpot Properties, one of which was abandoned prior to the adoption of modern environmental abandonment standards. Although management believes that all tanks for this gas station were removed in the mid-1970s, we have not conducted tests for the presence of any environmental contamination from this gas station. We believe that the likelihood of a material unfavorable outcome with respect to potential environmental liabilities relating to this former gas station is remote.

Other Properties. We lease approximately 29,400 square feet of office space in various locations, including for our executive offices in Las Vegas, Nevada.

LEGAL PROCEEDINGS

E.L. Pennebaker, Jr., et. al. v. Ameristar Casinos, Inc., et. al. On February 23, 1998, E.L. Pennebaker, Jr. filed a complaint in the Circuit Court of Pike County, Mississippi against Ameristar, Harrah's Vicksburg Corporation ("HVC"), Riverboat Corporation of Mississippi-Vicksburg ("RCMV"), and Deposit Guaranty National Bank ("DGNB"). The matter is pending as case number 98-0047-B (the "Pennebaker case"). The complaint was amended in February 1998 to add James F. Belisle, Multi Gaming Management, Inc. and Multi Gaming Management of Mississippi, Inc. as additional plaintiffs. The complaint was further amended in March 1999 to modify the specific claims alleged by the plaintiffs. The plaintiffs are property owners or claim to have contract rights in a proposed casino/racetrack development along the Big Black River in Warren County, Mississippi. They allege they would have profited if the Mississippi Gaming Commission had found suitable for a casino a location along that river that was controlled by Horseshoe Gaming, Inc. or its affiliates. The plaintiffs further allege that the defendants entered into an agreement to hinder trade and restrain competition in the gaming industry in violation of the antitrust laws and the gaming laws of Mississippi. Specifically, the plaintiffs allege the defendants conducted an aggressive campaign in opposition to the application of Horseshoe Gaming, Inc. for a gaming site on the Big Black River. The plaintiffs also allege that the defendants tortiously interfered with the plaintiffs' business relations. The plaintiffs allege compensatory damages of \$38 million and punitive damages of \$200 million.

The trial in this case was held in October 1999, following which the jury rendered joint and several verdicts in favor of the plaintiffs against Ameristar, HVC and DGNB on the conspiracy count and against Ameristar and HVC on the restraint of trade and tortiously interference counts. RCMV settled with the plaintiffs prior to trial, and the damage amounts have been reduced by the settlement amount paid by RCMV. The net damages awarded to the plaintiffs total \$3,792,000, of which Ameristar's pro rata portion is \$1,685,333. These damages are compensatory only as the court did not allow the jury to consider an award of punitive damages. Judgment was entered on November 8, 1999, and we and the other defendants have appealed the case to the Mississippi Supreme Court, and we otherwise intend to vigorously defend against the plaintiffs' claims. Post-judgment interest on the damages will accrue at the rate of 8 percent per annum, and if an appeal is unsuccessful, the plaintiffs would also be entitled

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

to a premium of 15% of the damages amount. Subsequent to the appeal being taken, DGNB settled with the plaintiffs, and the judgment has been reduced accordingly.

Mr. Pennebaker has also filed a petition with the Mississippi Gaming Commission requesting that the Mississippi Gaming Commission order Ameristar, HVC and RCMV to stop opposing the approval and construction of a casino on the Big Black River and for such other corrective and punitive action that the Mississippi Gaming Commission might find appropriate. We have been advised that no action is required by it in connection with this petition unless requested by the Mississippi Gaming Commission.

Walter H. Gibbes, Jr. and Margaret S. Dozier v. Ameristar Casinos, Inc. et al. On November 22, 1999, Mr. Gibbes and Ms. Dozier filed a complaint in the Circuit Court of Pike County, Mississippi against Ameristar, HVC, Isle of Capri Casinos, Inc. (the parent company of RCMV; "ICC") and DGNB. The matter is pending as case no. 99-0157-B. We believe that the plaintiffs were partners with

66

72

Mr. Pennebaker in a partnership that held an option to a real estate parcel along the Big Black River that is adjacent to the parcel that was the subject of the Horseshoe Gaming, Inc. application. The allegations in the complaint are substantially the same as those in the complaint in the case previously brought by the plaintiffs in the Pennebaker case. The plaintiffs seek \$4,567,500 in actual damages and an unspecified amount of punitive damages.

The defendants have removed this case to the United States District Court for the Southern District of Mississippi on diversity jurisdiction and federal question grounds. The case is now pending in federal court as case no. 3:99cv911WS. The plaintiffs filed a motion to remand the case back to the Pike County circuit court. Subsequent to the filing of this motion, ICC settled with the plaintiffs, but the federal district court was not advised of the settlement. Subsequently, the federal district court granted the plaintiffs' motion to remand the case to state court on the grounds that ICC's citizenship was not diverse. The other defendants have filed a motion seeking the federal court to vacate its prior ruling, which motion is still pending. We intend to continue to vigorously defend against this cause of action.

Other Legal Proceedings and Claims. From time to time, we are a party to litigation which arises in the ordinary course of business. Except for the matters described or referred to above, we are not currently a party to any litigation that management believes would be likely to have a material adverse effect on us.

67

73

GOVERNMENT REGULATIONS

The ownership and operation of casino gaming facilities are subject to extensive state and local regulations. We are required to obtain and maintain gaming licenses in each of the jurisdictions in which we conduct gaming. The limitation, conditioning or suspension of gaming licenses could (and the revocation or non-renewal of gaming licenses, or the failure to reauthorize gaming in certain jurisdictions, would) materially adversely affect our operations in that jurisdiction. In addition, changes in law that restrict or prohibit our gaming operations in any jurisdiction could have a material adverse effect on us.

NEVADA. The ownership and operation of casino gaming facilities in Nevada are subject to: (1) the Nevada Gaming Control Act and the regulations

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

promulgated thereunder (collectively, "Nevada Act"); and (2) various local regulations. Our operations are subject to the licensing and regulatory control of the Nevada Gaming Commission ("Nevada Commission"), the Nevada State Gaming Control Board ("Nevada Board"), and, in the case of the Jackpot Properties, the Liquor Board of Elko County. The Nevada Commission, the Nevada Board and the Liquor Board of Elko County are collectively referred to in this section as the "Nevada Gaming Authorities."

The laws, regulations and supervisory procedures of the Nevada Gaming Authorities are based upon declarations of public policy which are concerned with, among other things, (1) the prevention of unsavory or unsuitable persons from having a direct or indirect involvement with gaming at any time or in any capacity; (2) the establishment and maintenance of effective controls over the financial practices of licensees, including the establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues, (3) providing reliable record keeping and requiring the filing of periodic reports with the Nevada Gaming Authorities; (4) the prevention of cheating and fraudulent practices; and (5) providing a source of state and local revenues through taxation and licensing fees. Change in such laws, regulations and procedures could have an adverse effect on our gaming operations.

Cactus Pete's, Inc. ("CPI"), which operates the Jackpot Properties, is required to be licensed by the Nevada Gaming Authorities. The gaming licenses require the periodic payment of fees and taxes and are not transferable. Ameristar is registered by the Nevada Commission as a publicly traded corporation (a "Registered Corporation") and has been found suitable to own the stock of CPI, which is a corporate licensee (a "Corporate Licensee") under the terms of the Nevada Act. As a Registered Corporation, Ameristar is required periodically to submit detailed financial and operating reports to the Nevada Commission and furnish any other information that the Nevada Commission may require. No person may become a stockholder of, or receive any percentage of profits from, a Corporate Licensee without first obtaining licenses and approvals from the Nevada Gaming Authorities. Ameristar and CPI have obtained from the Nevada Gaming Authorities the various registrations, findings of suitability, approvals, permits and licenses currently required in order to engage in gaming activities in Nevada.

The Nevada Gaming Authorities may investigate any individual who has a material relationship to, or material involvement with, CPI or Ameristar in order to determine whether such individual is suitable or should be licensed as a business associate of a gaming licensee. Officers, directors and certain key employees of CPI must file applications with the Nevada Gaming Authorities and may be required to be licensed or found suitable by the Nevada Gaming Authorities. Officers, directors and key employees of Ameristar who are actively and directly involved in gaming activities of CPI may be required to be reviewed or found suitable by the Nevada Gaming Authorities. The Nevada Gaming Authorities may deny an application for licensing for any cause that they deem reasonable. A finding of suitability is comparable to licensing, and both require submission of detailed personal and financial information followed by a thorough investigation. The applicant for licensing or a finding of suitability must pay all the costs of the investigation. Changes in licensed positions must be reported to the Nevada Gaming Authorities, and in addition to their authority to deny an application for a finding of suitability or licensure, the Nevada Gaming Authorities have jurisdiction to disapprove a change in a corporate position.

If the Nevada Gaming Authorities were to find an officer, director or key employee unsuitable for licensing or unsuitable to continue having a relationship with CPI or Ameristar, the companies involved would have to sever all relationships with such person. In addition, the Nevada Commission may require

CPI or Ameristar to terminate the employment of any person who refuses to file appropriate applications. Determinations of suitability or of questions pertaining to licensing are not subject to judicial review in Nevada.

CPI and Ameristar are required to submit detailed financial and operating reports to the Nevada Commission. Substantially all material loans, leases, sales of securities and similar financing transactions by Ameristar and CPI must be reported to, or approved by, the Nevada Commission.

If it were determined that the Nevada Act was violated by CPI, the gaming licenses it holds or has applied for could be limited, denied, conditioned, suspended or revoked, subject to compliance with certain statutory and regulatory procedures. In addition, CPI, Ameristar and the persons involved could be subject to substantial fines for each separate violation of the Nevada Act at the discretion of the Nevada Commission. Further, a supervisor could be appointed by the Nevada Commission to operate CPI's gaming properties and, under certain circumstances, earnings generated during the supervisor's appointment (except for the reasonable rental value of the premises) could be forfeited to the State of Nevada. Limitation, conditioning or suspension of any gaming license or the appointment of a supervisor could (and denial or revocation of any gaming license would) materially adversely affect our gaming operations.

Any beneficial holder of Ameristar's voting securities, regardless of the number of shares owned, may be required to file an application, be investigated, and have his suitability as a beneficial holder of Ameristar's voting securities determined if the Nevada Commission has reason to believe that such ownership would otherwise be inconsistent with the declared policy of the State of Nevada. The applicant must pay all costs of investigation incurred by the Nevada Gaming Authorities in conducting any such investigation.

The Nevada Act requires any person who acquires beneficial ownership of more than 5% of a Registered Corporation's voting securities to report the acquisition to the Nevada Commission. The Nevada Act requires that beneficial owners of more than 10% of a Registered Corporation's voting securities apply to the Nevada Commission for a finding of suitability within thirty days after the Chairman of the Nevada Board mails the written notice requiring such filing. Under certain circumstances, an "institutional investor", as defined in the Nevada Act, which acquires more than 10%, but not more than 15%, of a Registered Corporation's voting securities may apply to the Nevada Commission for a waiver of such finding of suitability if such institutional investor holds the voting securities for investment purposes only. An institutional investor shall not be deemed to hold voting securities for investment purposes unless the voting securities were acquired and are held in the ordinary course of business as an institutional investor and not for the purpose of causing, directly or indirectly, the election of a majority of the members of the board of directors of the Registered Corporation, any change in the Registered Corporation's corporate charter, bylaws, management, policies or operations of the Registered Corporation, or any of its gaming affiliates, or any other action which the Nevada Commission finds to be inconsistent with holding the Registered Corporation's voting securities for investment purposes only. Activities which are not deemed to be inconsistent with holding voting securities for investment purposes only include (1) voting on all matters voted on by stockholders; (2) making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in its management, policies or operations; and (3) such other activities as the Nevada Commission may determine to be consistent with such investment intent. If the beneficial holder of voting securities who must be found suitable is a corporation, partnership or trust, it must submit detailed business and financial information including a list of beneficial owners. The applicant is

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

required to pay all costs of investigation.

Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Nevada Commission or the Chairman of the Nevada Board, may be found unsuitable. The same restrictions apply to a record owner if the record owner, after request, fails to identify the beneficial owner. Any stockholder found unsuitable and who holds, directly or indirectly, any beneficial ownership of the common stock of a Registered Corporation beyond such period of time as may be

69

75

prescribed by the Nevada Commission may be guilty of a criminal offense. Ameristar is subject to disciplinary action if, after it receives notice that a person is unsuitable to be a stockholder or to have any other relationship with Ameristar or CPI, Ameristar, (1) pays that person any dividend or interest upon voting securities of Ameristar, (2) allows that person to exercise, directly or indirectly, any voting right conferred through securities held by the person, (3) pays remuneration in any form to that person for services rendered or otherwise, or (4) fails to pursue all lawful efforts to require such unsuitable person to relinquish his voting securities including, if necessary, the immediate purchase of said voting securities by Ameristar, for cash at fair market value. Additionally, the Liquor Board of Elko County has the authority to approve all persons owning or controlling the stock of any corporation controlling a gaming license within their jurisdictions.

The Nevada Commission may, at its discretion, require the holder of any debt security of a Registered Corporation to file applications, be investigated and be found suitable to own the debt security of a Registered Corporation if it has reason to believe that such holder's acquisition of such ownership would otherwise be inconsistent with the declared policy of the State of Nevada. If the Nevada Commission determines that a person is unsuitable to own such security, then pursuant to the Nevada Act, the Registered Corporation can be sanctioned, including the loss of its approvals, if without the prior approval of the Nevada Commission, it (1) pays to the unsuitable person any dividend, interest, or any distribution whatsoever; (2) recognizes any voting right by such unsuitable person in connection with such securities; (3) pays the unsuitable person remuneration in any form; or (4) makes any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation or similar transaction.

Ameristar is required to maintain a current stock ledger in Nevada, which may be examined by the Nevada Gaming Authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Nevada Gaming Authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. Ameristar is also required to render maximum assistance in determining the identity of the beneficial owner. The Nevada Commission has the power to require Ameristar stock certificates to bear a legend indicating that the securities are subject to the Nevada Act. However, to date, the Nevada Commission has not imposed such a requirement on Ameristar.

Ameristar may not make a public offering of its securities without the prior approval of the Nevada Commission if the securities or the proceeds therefrom are intended to be used to construct, acquire or finance gaming facilities in Nevada, or to retire or extend obligations incurred for such purposes. On March 22, 2001, the Nevada Gaming Commission granted us approval to make public offerings for a period of two years, subject to specified conditions (the "Shelf Approval"). The Shelf Approval also applies to any company we wholly own that is a publicly traded corporation or would become a publicly traded corporation pursuant to a public offering. The Shelf Approval also includes

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

approval for CPI to guarantee any security issued by, and to hypothecate its assets to secure the payment or performance of any obligations evidenced by a security issued by, us or an affiliate in a public offering. The Shelf Approval also includes approval of Stock Restrictions. The Shelf Approval, however, may be rescinded for good cause without prior notice upon the issuance of an interlocutory stop order by the Chairman of the Nevada Board. In addition, restrictions on the transfer of an equity security issued by a Corporate Licensee, and agreements not to encumber such securities (collectively, "Stock Restrictions") are ineffective without the prior approval of the Nevada Commission. The Shelf Approval does not constitute a finding, recommendation or approval by the Nevada Commission or the Nevada Board as to the accuracy or adequacy of the prospectus or the investment merits of the securities offered. Any representation to the contrary is unlawful. The exchange offer will be made pursuant to the Shelf Approval.

Changes in control of Ameristar through merger, consolidation, stock or asset acquisitions, management or consulting agreements, or any act or conduct by a person whereby he obtains control, may not occur without the prior approval of the Nevada Commission. Entities seeking to acquire control of a Registered Corporation must satisfy the Nevada Board and Nevada Commission in a variety of stringent standards prior to assuming control of such Registered Corporation. The Nevada Commission may also require controlling stockholders, officers, directors and other persons having a material relationship or

70

76

involvement with the entity proposing to acquire control, to be investigated and licensed as part of the approval process relating to the transaction.

The Nevada legislature has declared that some corporate acquisitions opposed by management, repurchases of voting securities and corporate defense tactics affecting Nevada Corporate Licensee gaming licensees, and Registered Corporations that are affiliated with those operations, may be injurious to stable and productive corporate gaming. The Nevada Commission has established a regulatory scheme to ameliorate the potentially adverse effects of these business practices upon Nevada's gaming industry and to further Nevada's policy to (1) assure the financial stability of Corporate Licensees and their affiliates; (2) preserve the beneficial aspects of conducting business in the corporate form; and (3) promote a neutral environment for the orderly governance of corporate affairs. Approvals are, in certain circumstances, required from the Nevada Commission before the Registered Corporation can make exceptional repurchases of voting securities above the current market price thereof and before a corporate acquisition opposed by management can be consummated. The Nevada Act also requires prior approval of a plan of recapitalization proposed by the Registered Corporation's Board of Directors in response to a tender offer made directly to the Registered Corporation's stockholders for the purposes of acquiring control of the Registered Corporation.

License fees and taxes, computed in various ways depending on the type of gaming or activity involved, are payable to the State of Nevada and to the counties and cities in which the Nevada licensee's respective operations are conducted. Depending upon the particular fee or tax involved, these fees and taxes are payable monthly, quarterly or annually and are based upon either (1) a percentage of the gross revenues received; (2) the number of gaming devices operated; or (3) the number of table games operated. The license fee payable to the State of Nevada is based upon "gaming receipts" (generally defined as gross receipts less payouts to customers as winnings) and equals 3% of gaming receipts of \$50,000 or less per month, 4% of gaming receipts over \$50,000 and less than \$134,000 per month, and 6.25% of gaming receipts over \$134,000 per month. A casino entertainment tax is also paid by casino operations where entertainment is furnished in connection with the selling or serving of food and refreshments, or the selling of merchandise.

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Any person who is licensed, required to be licensed, registered, required to be registered, or is under common control with such persons (collectively, "Licensees"), and who proposes to become involved in a gaming venture outside of Nevada is required to deposit with the Nevada Board, and thereafter maintain, a revolving fund in the amount of \$10,000 to pay the expenses of investigation of the Nevada Board of their participation in such foreign gaming. The revolving fund is subject to increase or decrease at the discretion of the Nevada Commission. Thereafter, Licensees are required to comply with certain reporting requirements imposed by the Nevada Act. Licensees are also subject to disciplinary action by the Nevada Commission if they knowingly violate any laws of the foreign jurisdiction pertaining to the foreign gaming operation, fail to conduct the foreign gaming operation in accordance with the standards of honesty and integrity required of Nevada gaming operations, engage in activities or enters into associations that are harmful to the State of Nevada or its ability to collect gaming taxes and fees, or employs, contracts with or associates with a person in the foreign operation who has been denied a license or finding of suitability in Nevada on the ground of unsuitability.

MISSOURI. The ownership and operation of riverboat and dockside gaming facilities in Missouri are subject to extensive state and local regulation, but primarily the licensing and regulatory control of the Missouri Gaming Commission. The Missouri Riverboat Gaming Act (the "Missouri Act") provides for the licensing and regulation of riverboat and dockside gaming operations on the Mississippi and Missouri Rivers in the State of Missouri and the licensing and regulation of persons who distribute gaming equipment and supplies to gaming licensees.

The Missouri Gaming Commission has discretion to approve gaming license applications for both permanently moored ("dockside") riverboat casinos and powered ("excursion") riverboat casinos and determine the number, location and type of excursion gambling boat allowed each licensee. Due to safety concerns, all gaming vessels on the Missouri River are permitted to be moored in moats set back from the river. Gaming licenses are initially issued for two one-year periods and must be renewed every two years

71

77

thereafter. No gaming licensee may pledge or transfer in any way any license, or any interest in a license, issued by the Missouri Gaming Commission. As a result, the gaming licenses of Ameristar Casino Kansas City, Inc. and Ameristar Casino St. Charles, Inc. were not pledged to secure our senior credit facilities.

The issuance, transfer and pledge of ownership interests in a gaming licensee are also subject to strict notice and approval requirements. Missouri Gaming Commission regulations prohibit a licensee from doing any of the following without at least 60 days prior notice to the Missouri Gaming Commission, and during such period, the Missouri Gaming Commission may disapprove the transaction or require the transaction be delayed pending further investigation:

- any transfer or issuance of an ownership interest in a gaming licensee that is not a publicly held entity or a holding company that is not a publicly held entity, and
- any pledge or grant of a security interest in an ownership interest in a gaming licensee that is not a publicly held entity or a holding company that is not a publicly held entity;

provided that no ownership interest may be transferred in any way pursuant to

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

any pledge or security interest without separate notice to the Missouri Gaming Commission at least 30 days prior to such transfer, which restriction must be specifically included in the grant of a security interest.

Under the Missouri Act, certain members of our management and certain of our employees associated with our gaming business are required to obtain and maintain occupational licenses. Currently, all of our management required to obtain occupational licenses have obtained them. The Missouri Gaming Commission may deny an application for a license for any cause that it deems reasonable.

Substantially all loans, leases, sales of securities and similar financing transactions by a gaming licensee must be reported to and approved by the Missouri Gaming Commission. Missouri Gaming Commission regulations require a licensee to notify the Missouri Gaming Commission of its intention to consummate any of the following transactions at least 15 days prior to such consummation, and the Missouri Gaming Commission may reopen the licensing hearing prior to or following the consummation date to consider the effect of the transaction on the licensee's suitability:

- any issuance of ownership interest in a publicly held gaming licensee or a publicly held holding company, if such issuance would involve, directly or indirectly, an amount of ownership interest equaling 5% or greater of the ownership interest in the gaming licensee or holding company after the issuance is complete,
- any private incurrence of debt equal to or exceeding one million dollars by a gaming licensee or holding company that is affiliated with the holder of a license,
- any public issuance of debt by a gaming licensee or holding company that is affiliated with the holder of a license, and
- any significant related party transaction as defined in the regulations.

The Missouri Gaming Commission may waive or reduce the 15-day notice requirement.

The Missouri Act imposes operational requirements on riverboat operators, including a charge of two dollars per gaming customer that licensees must pay to the Missouri Gaming Commission, certain minimum payout requirements, a 20% tax on adjusted gross receipts, prohibitions against providing credit to gaming customers (except for the use of credit cards and cashing checks) and a requirement that each licensee reimburse the Missouri Gaming Commission for all costs of any Missouri Gaming Commission staff necessary to protect the public on the licensee's riverboat. Licensees must also submit audited quarterly financial reports to the Missouri Gaming Commission and pay the associated auditing fees. Other areas of operation which are subject to regulation under Missouri rules are the size, denomination and handling of chips and tokens, the surveillance methods and computer monitoring of electronic games, accounting and audit methods and procedures, and approval of an extensive internal control system. The Missouri rules also require that all of an operator's purchases of chips, tokens, dice, playing cards and electronic gaming devices must be acquired from suppliers licensed by the Missouri Gaming Commission, or another person or entity approved by the Missouri Gaming Commission. The Missouri Act provides for a loss limit of \$500 per person per two-hour "cruise". Although the Missouri Act provides no limit on the amount of riverboat space that may be used for gaming, the Missouri Gaming Commission can impose

72

78

space limitations through the adoption of rules and regulations. Additionally,

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

United States Coast Guard safety regulations could affect the amount of riverboat space that may be devoted to gaming. The Missouri Act also includes requirements as to the form of riverboats, which must resemble Missouri's riverboat history to the extent practicable and include certain non-gaming amenities. All nine licensees currently operating riverboat gaming operations in Missouri are authorized to conduct all or a portion of their operations on a dockside basis.

Missouri gaming regulations have been modified in recent years to benefit gaming operations. In September 1999 the Missouri Gaming Commission began allowing open and continuous boarding on the riverboats in the St. Louis market and in November 1999 the Missouri Gaming Commission began allowing open and continuous boarding on area riverboats in the Kansas City market. This change eliminated the prior mandated two-hour simulated cruise times, which had limited boarding at any gaming vessel to only 45 minutes at the beginning of each two-hour period. The Missouri Act now authorizes the exchange of currency into electronic credits so that patrons are no longer forced to manually feed tokens into gaming machines at the start of play. This allows faster, more convenient play, especially in multi-coin games which have proven popular in other gaming jurisdictions.

The Missouri Act requires each licensee to post a bond or other surety to guarantee that the licensee complies with its statutory obligations. In addition, the Missouri Act gives the Missouri Gaming Commission the authority to require gaming licensees to post a bond or other form of security to the State of Missouri to, among other things, guarantee the completion of an expansion of a gaming facility within the later of a time period determined by the Missouri Gaming Commission or August 28, 2003. The failure to complete an approved expansion project within the prescribed time period may, pursuant to the Missouri Act, constitute sufficient grounds for not renewing the gaming license for the gaming facility.

To promote safety, the Missouri Gaming Commission has required that gaming entertainment barges obtain annual certification from the American Bureau of Shipping. On January 8, 1999, the American Bureau of Shipping decertified the gaming barges and other ancillary barges now operated by Ameristar St. Charles, as a result of low water levels on the Missouri River and the build up of silt and debris under these barges. At that time, the Missouri Gaming Commission expressed concern regarding the effect of the low water level on the barges. However, the Missouri Gaming Commission allowed the former owner to keep the St. Charles property open because of steps taken to remedy the problem. The American Bureau of Shipping subsequently recertified the St. Charles facility in November 1999. While the former owner previously took steps to reduce the possibility that this will happen again, including additional dredging of materials from under the barges, we cannot assure you that this condition will not recur and, if so, require the closure of a property for a significant amount of time.

If the Missouri Gaming Commission decides that a gaming subsidiary violated a gaming law or regulation, the Missouri Gaming Commission could limit, condition, suspend or revoke the license of the gaming subsidiary. In addition, a gaming subsidiary, its parent company and the persons involved could be subject to substantial fines for each separate violation. Limitation, conditioning or suspension of any gaming license could (and revocation of any gaming license would) materially adversely affect Ameristar and our gaming subsidiaries' gaming operations.

The Missouri Gaming Commission regulates the issuance of excursion liquor licenses, which authorize the licensee to serve, offer for sale, or sell intoxicating liquor aboard any excursion gambling boat or facility immediately adjacent to and contiguous with the excursion gambling boat, which is owned and operated, by the licensee. An excursion liquor license is granted for a one year term by the Missouri Gaming Commission and is renewable annually. The Commission

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

can discipline an excursion liquor licensee for any violation of Missouri law or the Missouri Gaming Commission's rules. Licensees are responsible for the conduct of their business and for any act or conduct of any employee on the premises that is in violation of the Missouri Act or the rules of the Missouri Gaming Commission. Missouri Gaming Commission liquor control regulations also include prohibitions on certain intoxicating liquor promotions and a ban on fees accepted for advertising products. Only Class A licensees can obtain a liquor license from the Missouri Gaming Commission. Class A licenses are licenses granted by the commission to allow the holder to conduct gambling games on an excursion gambling boat and to operate an excursion gambling boat.

73

79

MISSISSIPPI. The ownership and operation of casino facilities in Mississippi are subject to extensive state and local regulation, but primarily the licensing and regulatory control of the Mississippi Gaming Commission (the "Mississippi Commission").

The Mississippi Gaming Control Act (the "Mississippi Act"), which legalized dockside casino gaming in Mississippi, is similar to the Nevada Gaming Control Act. The Mississippi Commission has adopted regulations that are also similar in many respects to the Nevada gaming regulations.

The laws, regulations and supervisory procedures of Mississippi and the Mississippi Commission are based upon declarations of public policy that are concerned with, among other things, (1) the prevention of unsavory or unsuitable persons from having direct or indirect involvement with gaming at any time or in any capacity; (2) the establishment and maintenance of responsible accounting practices and procedures; (3) the maintenance of effective controls over the financial practices of licensees, including the establishment of minimum procedures for internal fiscal affairs and safeguarding of assets and revenues, providing reliable record keeping and requiring the filing of periodic reports with the Mississippi Commission; (4) the prevention of cheating and fraudulent practices; (5) providing a source of state and local revenues through taxation and licensing fees; and (6) ensuring that gaming licensees, to the extent practicable, employ Mississippi residents. The regulations are subject to amendment and interpretation by the Mississippi Commission. We believe that our compliance with the licensing procedures and regulatory requirements of the Mississippi Commission will not affect the marketability of our securities. Changes in Mississippi laws or regulations may limit or otherwise materially affect the types of gaming that may be conducted and such changes, if enacted, could have an adverse effect on us and our Mississippi gaming operations.

The Mississippi Act provides for legalized dockside gaming at the discretion of the fourteen counties that border the Gulf Coast or the Mississippi River, but only if the voters in such counties have not voted to prohibit gaming in that county. In recent years, certain anti-gaming groups proposed for adoption through the initiative and referendum process certain amendments to the Mississippi Constitution, which would prohibit gaming in the state. The proposals were declared illegal by the Mississippi courts on constitutional and procedural grounds. The latest ruling was appealed to the Mississippi Supreme Court, which affirmed the decision of the lower court. If another such proposal were to be offered and if a sufficient number of signatures were to be gathered to place a legal initiative on the ballot, it is possible for the voters of Mississippi to consider such a proposal in November 2002.

As of March 15, 2001, dockside gaming was permissible in nine of the fourteen eligible counties in the state and gaming operations had commenced in Adams, Coahoma, Hancock, Harrison, Tunica, Warren and Washington counties. Under Mississippi law, gaming vessels must be located on the Mississippi River or on

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

navigable waters in eligible counties along the Mississippi River or in the waters lying south of the counties along the Mississippi Gulf Coast. In December 1996, the Mississippi Commission rejected an application for the development of a casino on a site on the Big Black River in Warren County near Interstate 20 between Jackson and Vicksburg, which decision was appealed by an adjoining landowner and the license applicant. In December 1997, a Mississippi circuit court issued an order reversing the decision of the Mississippi Commission and remanded the application to the Mississippi Commission for further proceedings. The decision of the court was appealed by the Mississippi Commission to the Mississippi Supreme Court and oral argument was heard by the Supreme Court on March 6, 2000. The Mississippi Commission has also adopted a regulation that prohibits gaming on the Big Black River, however, the Mississippi Commission has taken the position that the Mississippi Commission may be prohibited from applying the regulation to the existing applicant that appealed the initial siting decision. In addition, Ameristar is involved in legal proceedings in which it is alleged that Ameristar and certain other parties engaged in conduct to oppose this application in violation of Mississippi's antitrust and gaming regulatory laws. See "Item 3. Legal Proceedings."

The Mississippi Act permits unlimited stakes gaming on permanently moored vessels on a 24-hour basis and does not restrict the percentage of space that may be utilized for gaming. There are no limitations on the number of gaming licenses that may be issued in Mississippi.

74

80

We and any subsidiary of ours that operates a casino in Mississippi (a "Mississippi Gaming Subsidiary") are subject to the licensing and regulatory control of the Mississippi Commission. Ameristar Casinos, Inc. is registered as a publicly traded holding company (a "Registered Corporation") of Ameristar Casino Vicksburg, Inc. ("ACVI") under the Mississippi Act. A Registered Corporation is required periodically to submit detailed financial and operating reports to the Mississippi Commission and furnish any other information that the Mississippi Commission may require. If we are unable to continue to satisfy the registration requirements of the Mississippi Act, we and our Mississippi Gaming Subsidiaries cannot own or operate gaming facilities in Mississippi. Each Mississippi Gaming Subsidiary must maintain a gaming license from the Mississippi Commission to operate a casino in Mississippi. Such licenses are issued by the Mississippi Commission subject to certain conditions, including continued compliance with all applicable state laws and regulations.

Gaming licenses are not transferable, are issued for a three-year period (and may be continued for two additional three-year periods) and must be renewed periodically thereafter. ACVI was granted a renewal of its gaming license by the Mississippi Commission on December 18, 1999. No person may become a stockholder of or receive any percentage of profits from a Mississippi Gaming Subsidiary of a Registered Corporation without first obtaining licenses and approvals from the Mississippi Commission. We have obtained such approvals in connection with the licensing of our Mississippi Gaming Subsidiary.

Certain of Ameristar's officers and employees and the officers, directors and certain key employees of our Mississippi Gaming Subsidiary must be found suitable or be licensed by the Mississippi Commission. We believe that we have obtained or applied for all necessary findings of suitability with respect to such persons associated with Ameristar or our Mississippi Gaming Subsidiary, although the Mississippi Commission, in its discretion, may require additional persons to file applications for findings of suitability. In addition, any person having a material relationship or involvement with Ameristar may be required to be found suitable, in which case those persons must pay the costs and fees associated with such investigation. The Mississippi Commission may deny an application for a finding of suitability for any cause that it deems

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

reasonable. Changes in certain licensed positions must be reported to the Mississippi Commission. In addition to its authority to deny an application for a finding of suitability, the Mississippi Commission has jurisdiction to disapprove a change in a person's corporate position or title and such changes must be reported to the Mississippi Commission. The Mississippi Commission has the power to require any Mississippi Gaming Subsidiary or Ameristar to suspend or dismiss officers, directors and other key employees or sever relationships with other persons who refuse to file appropriate applications or whom the authorities find unsuitable to act in such capacities.

At any time, the Mississippi Commission has the power to investigate and require the finding of suitability of any record or beneficial stockholder of Ameristar. The Mississippi Act requires any person who acquires more than 5% of any class of voting securities of a Registered Corporation to report the acquisition to the Mississippi Commission, and such person may be required to be found suitable. Also, any person who becomes a beneficial owner of more than 10% of a class of voting securities of a Registered Corporation, as reported to the Securities and Exchange Commission, must apply for a finding of suitability by the Mississippi Commission and must pay the costs and fees that the Mississippi Commission incurs in conducting the investigation. The Mississippi Commission has generally exercised its discretion to require a finding of suitability of any beneficial owner of more than 5% of a class of a Registered Corporation's voting securities. However, the Mississippi Commission has adopted a policy that permits certain institutional investors to own beneficially up to 15% of a class of a Registered Corporation's voting securities without a finding of suitability. If a stockholder who must be found suitable is a corporation, partnership or trust, it must submit detailed business and financial information, including a list of beneficial owners.

Any person who fails or refuses to apply for a finding of suitability or a license within thirty (30) days after being ordered to do so by the Mississippi Commission may be found unsuitable. The same restrictions apply to a record owner if the record owner, after request, fails to identify the beneficial owner. Any person found unsuitable and who holds, directly or indirectly, any beneficial ownership of such securities beyond such time as the Mississippi Commission prescribes, may be guilty of a misdemeanor.

75

81

We may be subject to disciplinary action if, after receiving notice that a person is unsuitable to be a stockholder or to have any other relationship with us or our Mississippi Gaming Subsidiary, the company involved: (1) pays the unsuitable person any dividend or other distribution upon such person's voting securities; (2) recognizes the exercise, directly or indirectly, of any voting rights conferred by securities held by the unsuitable person; (3) pays the unsuitable person any remuneration in any form for services rendered or otherwise, except in certain limited and specific circumstances; or (4) fails to pursue all lawful efforts to require the unsuitable person to divest himself of the securities, including, if necessary, the immediate purchase of the securities for cash at a fair market value.

We may be required to disclose to the Mississippi Commission, upon request, the identities of the holders of any of our debt or other securities. In addition, under the Mississippi Act, the Mississippi Commission may, in its discretion require the holder of any debt security of a Registered Corporation to file applications, be investigated and be found suitable to own the debt security if it has reason to believe that the ownership would be inconsistent with the declared policies of the State of Mississippi. If the Mississippi Commission determines that a person is unsuitable to own a debt security, then the Registered Corporation may be sanctioned, including the loss of its approvals, if without the prior approval of the Mississippi Commission it: (1)

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

pays to the unsuitable person any dividend, interest, or any distribution whatsoever; (2) recognizes any voting right by the unsuitable person in connection with those securities; (3) pays the unsuitable person remuneration in any form; or (4) makes any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation, or similar transaction. Although the Mississippi Commission generally does not require the individual holders of obligations such as notes to be investigated and found suitable, the Mississippi Commission retains the discretion to do so for any reason, including but not limited to, a default, or where the holder of the debt instrument exercises a material influence over the gaming operations of the entity in question. Any holder of debt securities required to apply for a finding of suitability must pay all investigative fees and costs of the Mississippi Commission in connection with such an investigation.

Each Mississippi Gaming Subsidiary must maintain in Mississippi a current ledger with respect to ownership of its equity securities and each Registered Corporation must maintain in Mississippi a current list of its stockholders, which must reflect the record ownership of each outstanding share of any class of equity security issued by such corporation. The ledger and stockholder lists must be available for inspection by the Mississippi Commission at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Mississippi Commission. A failure to make such disclosure may be grounds for finding the record holder unsuitable. Ameristar must also render maximum assistance in determining the identity of the beneficial owner.

The Mississippi Act requires that the certificates representing securities of a Registered Corporation bear a legend indicating that the securities are subject to the Mississippi Act and the regulations of the Mississippi Commission. Ameristar has received from the Mississippi Commission a waiver from this legend requirement. The Mississippi Commission has the power to impose additional restrictions on the holders of securities at any time.

Substantially all material loans, leases, sales of securities and similar financing transactions by a Registered Corporation or a Mississippi Gaming Subsidiary must be reported to or approved by the Mississippi Commission. A Mississippi Gaming Subsidiary may not make a public offering of its securities, but may pledge or mortgage casino facilities. We may not make an issuance or a public offering of our securities without the prior approval of the Mississippi Commission if any part of the proceeds of the offering is to be used to finance the construction, acquisition or operation of gaming facilities in Mississippi or to retire or extend obligations incurred for those purposes. Such approval, if given, does not constitute a recommendation or approval of the investment merits of the securities subject to the offering. We have received a waiver of the prior approval requirement for our securities offerings, subject to certain conditions.

76

82

Under the regulations of the Mississippi Commission, a Mississippi Gaming Subsidiary may not guarantee a security issued by an affiliated company pursuant to a public offering, or pledge its assets to secure payment or performance of the obligations evidenced by the security issued by the affiliated company, without the prior approval of the Mississippi Commission. The pledge of the stock of a Mississippi Gaming Subsidiary and the foreclosure of such a pledge are ineffective without the prior approval of the Mississippi Commission. Moreover, restrictions on the transfer of an equity security issued by a Mississippi Gaming Subsidiary and agreements not to encumber such securities are ineffective without the prior approval of the Mississippi Commission. We have obtained approvals from the Mississippi Commission for such guarantees, pledges and restrictions in connection with offerings of securities, subject to certain

restrictions.

Changes in control of Ameristar or our Mississippi Gaming Subsidiary through merger, consolidation, acquisition of assets, management or consulting agreements, or any act or conduct by a person by which such person obtains control, may not occur without the prior approval of the Mississippi Commission. Entities seeking to acquire control of a Registered Corporation must satisfy the Mississippi Commission in a variety of stringent standards prior to assuming control of the Registered Corporation. The Mississippi Commission may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control, to be investigated and licensed as part of the approval process relating to the transaction.

The Mississippi legislature has declared that some corporate acquisitions opposed by management, repurchases of voting securities and other corporate defense tactics that affect corporate gaming licensees in Mississippi and Registered Corporations may be injurious to stable and productive corporate gaming. The Mississippi Commission has established a regulatory scheme to ameliorate the potentially adverse effects of these business practices upon Mississippi's gaming industry and to further Mississippi's policy to (1) assure the financial stability of corporate gaming operations and their affiliates; (2) preserve the beneficial aspects of conducting business in the corporate form; and (3) promote a neutral environment for the orderly governance of corporate affairs. Approvals are, in certain circumstances, required from the Mississippi Commission before a Registered Corporation may make exceptional repurchases of voting securities in excess of the current market price and before a corporate acquisition opposed by management can be consummated. Mississippi's gaming regulations also require prior approval by the Mississippi Commission of a plan of recapitalization proposed by a Registered Corporation's Board of Directors in response to a tender offer made directly to the Registered Corporation's stockholders for the purpose of acquiring control of the Registered Corporation.

Neither Ameristar nor any Mississippi Gaming Subsidiary may engage in gaming activities in Mississippi while also conducting gaming operations outside of Mississippi without approval of the Mississippi Commission. The Mississippi Commission may require determinations that, among other things, there are means for the Mississippi Commission to have access to information concerning the out-of-state gaming operations of Ameristar and our affiliates. We have previously obtained a waiver of foreign gaming approval from the Mississippi Commission for operations in other states in which Ameristar conducts gaming operations and will be required to obtain the approval or a waiver of such approval from the Mississippi Commission prior to engaging in any additional future gaming operations outside of Mississippi.

If the Mississippi Commission determined that we violated a gaming law or regulation, the Mississippi Commission could limit, condition, suspend or revoke our approvals and the license of the Mississippi Gaming Subsidiary, subject to compliance with certain statutory and regulatory procedures. In addition, we, the Mississippi Gaming Subsidiary and the persons involved could be subject to substantial fines for each separate violation. Because of such a violation, the Mississippi Commission could seek to appoint a supervisor to operate our Mississippi casino facilities. Limitation, conditioning or suspension of any gaming license or approval or the appointment of a supervisor could (and revocation of any gaming license or approval would) materially adversely affect us, our gaming operations and our results from operations.

License fees and taxes, computed in various ways depending on the type of gaming or activity involved, are payable to the State of Mississippi and to the

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

counties and cities in which a Mississippi Gaming Subsidiary's respective operations are conducted. Depending upon the particular fee or tax involved, these fees and taxes are payable either monthly, quarterly or annually and are based upon (1) a percentage of the gross gaming revenues received by the casino operation, (2) the number of gaming devices operated by the casino, or (3) the number of table games operated by the casino. The license fee payable to the State of Mississippi is based upon "gaming receipts" (generally defined as gross receipts less payouts to customers as winnings) and equals 4% of gaming receipts of \$50,000 or less per month, 6% of gaming receipts over \$50,000 and not in excess of \$134,000 per month, and 8% of gaming receipts in excess of \$134,000 per month. The foregoing license fees are allowed as a credit against the Mississippi Gaming Subsidiary's Mississippi income tax liability for the year paid. The gross revenue fee imposed by the City of Vicksburg equals approximately 4% of the gaming receipts.

The Mississippi Commission's regulations require as a condition of licensure or license renewal that an existing licensed gaming establishment's plan include a 500-car parking facility in close proximity to the casino complex and infrastructure facilities which amount to at least 25% of the casino cost. Ameristar believes that ACVI is in compliance with this requirement with the opening of a 150-room hotel in June 1998. The Mississippi Commission adopted amendments to the regulation that increase the infrastructure development requirement from 25% to 100% for new casinos (or upon acquisition of a closed casino), but grandfathered existing licensees.

IOWA. Ameristar's Council Bluffs operations are conducted by Ameristar Casino Council Bluffs, Inc. ("ACCBI") and are subject to Chapter 99F of the Iowa Code and the regulations promulgated thereunder. Ameristar's gaming operations are subject to the licensing and regulatory control of the Iowa Racing and Gaming Commission (the "Iowa Gaming Commission").

Under Iowa law, wagering on a "gambling game" is legal, when conducted by a licensee on an "excursion gambling boat." An "excursion gambling boat" is a self-propelled excursion boat. "Gambling game" means any game of chance authorized by the Iowa Gaming Commission. The excursion season is from April 1st through October 31st of each calendar year. The vessel must operate at least one excursion each day for 100 days during the excursion season to operate during the off season. Each excursion must consist of a minimum of two hours. The Council Bluffs casino satisfied the requirements of Iowa law for the conduct of off-season operations for the years of 1997 through 2000.

The legislation permitting riverboat gaming in Iowa authorizes the granting of licenses to "qualified sponsoring organizations." A "qualified sponsoring organization" is defined as a person or association that can show to the satisfaction of the Iowa Gaming Commission that the person or association is eligible for exemption from federal income taxation under sec. 501(c)(3), (4), (5), (6), (7), (8), (10) or (19) of the Internal Revenue Code (hereinafter "not-for-profit corporation"). The not-for-profit corporation is permitted to enter into operating agreements with persons qualified to conduct riverboat gaming operations. Such operators must be approved and licensed by the Iowa Gaming Commission. On January 27, 1995, the Iowa Gaming Commission authorized the issuance of a license to conduct gambling games on an excursion gambling boat to the Iowa West Racing Association, a not-for-profit corporation organized for the purpose of facilitating riverboat gaming in Council Bluffs, Iowa (the "Association"). The Association entered into an agreement with ACCBI authorizing ACCBI to operate riverboat gaming operations in Council Bluffs under the Association's gaming license (the "Operator's Contract"). The Iowa Gaming Commission approved this contract. The term of the Operator's Contract runs until December 31, 2002, with two five-year renewal options. The current license awarded by the Iowa Gaming Commission for the Ameristar Council Bluffs Casino expires on March 31, 2002.

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Under Iowa law, a license to conduct gambling games may be issued in a county only if the county electorate has approved such gambling games. Although the electorate of Pottawattamie County, which includes the City of Council Bluffs, approved by referendum the gambling games conducted by ACCBI, a reauthorization referendum must be submitted to the electorate in the general election to be held in 2002 and each eight years thereafter. Each such referendum requires the vote of a majority of the persons

78

84

voting thereon. If any such reauthorization referendum is defeated, Iowa law provides that any previously issued gaming license will remain valid and subject to periodic renewal for a total of nine years from the date of original issuance, subject to earlier revocation as discussed below. The original issuance date of the gaming license for Ameristar Council Bluffs was January 27, 1995.

Substantially all of ACCBI's material transactions are subject to review and approval by the Iowa Gaming Commission. All contracts or business arrangements, verbal or written, with any related party or in which the term exceeds three years or the total value of the contract exceeds \$50,000 must be submitted in advance to the Iowa Gaming Commission for approval. Additionally, contracts negotiated between ACCBI and a related party must be accompanied by economic and qualitative justification.

ACCBI is required to notify the Iowa Gaming Commission of the identity of each director, corporate officer and owner, partner, joint venturer, trustee or any other person who has a beneficial interest of five percent (5%) or more, direct or indirect, in ACCBI. The Iowa Gaming Commission may require ACCBI to submit background information on such persons. The Iowa Gaming Commission may request ACCBI to provide a list of persons holding beneficial ownership interests in ACCBI of less than five percent (5%). For purposes of these rules, "beneficial interest" includes all direct and indirect forms of ownership or control, voting power or investment power held through any contract, lien, lease, partnership, stockholding, syndication, joint venture, understanding, relationship, present or reversionary right, title or interest, or otherwise. The Iowa Gaming Commission may suspend or revoke the license of a licensee in which a director, corporate officer or holder of a beneficial interest includes or involves any person or entity which is found to be ineligible as a result of want of character, moral fitness, financial responsibility, professional responsibility or due to failure to meet other criteria employed by the Iowa Gaming Commission.

ACCBI must submit detailed financial, operating and other reports to the Iowa Gaming Commission. ACCBI must file weekly and monthly gaming reports indicating adjusted gross receipts received from gambling games and the total number and amount of money received from admissions. Additionally ACCBI must file annual financial statements covering all financial activities related to its operations for each fiscal year. ACCBI must also keep detailed records regarding its equity structure and owners.

Iowa has a graduated wagering tax equal to five percent (5%) of the first \$1.0 million of annual adjusted gross receipts, ten percent (10%) on the next \$2.0 million of annual adjusted gross receipts and twenty percent (20%) on annual adjusted gross receipts over \$3.0 million. In addition, the state charges other fees on a per customer basis. Additionally, ACCBI pays to the City of Council Bluffs a fee equal to \$0.50 per passenger.

Under the Operator's Contract, ACCBI also pays the Association an admissions fee of \$1.50 per passenger. ACCBI has interpreted the Operator's Contract to mean that a person may leave and re-enter Council Bluffs Casino (for

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

example, to visit the restaurants at Ameristar Council Bluffs) without ACCBI being obligated to pay an additional admissions fee to the Association. ACCBI received a letter from the Association in August 1996 in which the Association asserted that an additional fee is due each time a person enters the Council Bluffs Casino, including re-entries. The Association has advised us that the board of directors of the Association discussed a proposal to settle this dispute at an October 1997 meeting but declined to take any action either to approve the proposed settlement or to pursue the previously threatened claim. Accordingly, the Association has advised ACCBI that it does not currently intend to pursue this claim, but the Association has not formally waived or released the claim.

All persons participating in any capacity at a gaming facility, with the exception of certified law enforcement officers while they are working for the facility as uniformed officers, are required to obtain occupational licenses from the Iowa Gaming Commission. All such licenses require annual renewal. The Iowa Gaming Commission had broad discretion to deny or revoke any occupational license.

79

85

If the Iowa Gaming Commission decides that a gaming law or regulation has been violated, the Iowa Gaming Commission has the power to assess fines, revoke or suspend licenses or to take any other action as may be reasonable or appropriate to enforce the gaming rules and regulations.

ACCBI is subject to licensure by the Alcoholic Beverages Division ("ABD") of the Iowa Department of Commerce which administers and enforces the laws of the State of Iowa concerning alcoholic beverages. Additionally, ACCBI is subject to the liquor ordinances adopted by local authorities. A local authority may adopt ordinances governing establishments which are located within their jurisdiction. Local ordinances may be more restrictive than the state law, but they may not conflict with the state law. The ABD and the local authorities have full power to suspend or revoke any license for the serving of alcoholic beverages.

OTHER JURISDICTIONS. We expect to be subject to similar rigorous regulatory standards in each jurisdiction in which we seek to conduct gaming operations. There can be no assurance that regulations adopted or taxes imposed by other jurisdictions will permit profitable operations by us.

FEDERAL REGULATION OF SLOT MACHINES. We are required to make annual filings with the U.S. Attorney General in connection with the sale, distribution or operation of slot machines. All requisite filings for the most recent year and the current year have been made.

NON-GAMING REGULATIONS. The sale of alcoholic beverages by us is subject to the licensing, control and regulation in Jackpot by the Liquor Board of Elko County, in Vicksburg by both the City of Vicksburg and the Alcoholic Beverage Control Division of the Mississippi State Tax Commission, and in Council Bluffs by the Alcoholic Beverage Division of the Iowa Department of Commerce. The sale of alcoholic beverages by us at our Missouri properties is subject to the licensing, control and regulation by the Missouri Gaming Commission as described above and in Kansas City by Clay County. In Mississippi, Ameristar Vicksburg has been designated as a special resort area, which allows ACVI to serve alcoholic beverages on a 24-hour basis. In Nevada, the applicable liquor laws allow 24-hour service of alcoholic beverages without any additional permits. In Iowa, the applicable liquor laws allow the sale of liquor during legal hours, which are Monday through Saturday from 6 a.m. to 2 a.m. and Sunday from 8 a.m. to 2 a.m. All licenses are revocable and not transferable. The liquor license authorities described above (the "Liquor License Authorities") have the full

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

power to limit, condition, suspend or revoke any such license or to place a liquor licensee on probation with or without conditions. Any such disciplinary action could (and revocation would) have a material adverse effect upon the operations of our business.

Certain officers and managers of ACVI must be investigated by the applicable Liquor License Authorities in connection with its liquor permit. The applicable Liquor License Authorities must approve any changes in licensed positions.

All cruising vessels operated by us must comply with U.S. Coast Guard requirements as to safety and must hold a Certificate of Inspection. These requirements set limits on the operation of the vessel and require that each vessel be operated by a minimum complement of licensed personnel. Loss of the vessel's Inspection Certificate would preclude its use as a riverboat. Every five years, US flagged passenger vessels operating exclusively in fresh water must conduct a thorough dry-dock inspection of underwater machinery, valves and hull. The Ameristar Council Bluffs riverboat was due for its dry-dock inspection in November 2000, but we have been accepted into a United States Coast Guard program that has allowed us to extend the dry-dock requirement by undergoing a thorough underwater inspection. This underwater inspection has been completed and the Ameristar Council Bluffs riverboat has received a U.S. Coast Guard Certificate of Inspection valid through October 19, 2001. The underwater inspection program allows for an extension of the dry-dock requirement for up to 30 months. Based on the results of this inspection, Ameristar Council Bluffs has applied to the U.S. Coast Guard for such an extension. Currently, Ameristar Council Bluffs is the only one of our properties that operates a cruising vessel subject to these requirements. Less stringent rules apply to permanently moored vessels.

In order to comply with the federal Merchant Marine Act of 1936, as amended, and the federal Shipping Act of 1916, as amended, and applicable regulations thereunder, Ameristar's Bylaws contain

80

86

provisions designed to prevent persons who are not citizens of the United States from holding, in the aggregate, more than 24.9% of Ameristar's outstanding common stock.

All of our shipboard employees employed on U.S. Coast Guard-approved vessels, even those who have nothing to do with the actual operations of the vessel, such as dealers, waiters and security personnel, may be subject to the Jones Act, which, among other things, exempts those employees from state limits on workers' compensation awards.

81

87

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS. The table below sets forth information about our directors and executive officers.

NAME	AGE	POSITION
----	---	-----
Craig H. Neilsen.....	59	Chairman of the Board, President and Chief Executive Officer

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

		Senior Vice President of Finance, Treasurer, Secretary and
Thomas M. Steinbauer.....	50	Director
Gordon R. Kanofsky.....	45	Senior Vice President of Legal Affairs
Paul I. Corddry.....	64	Director
Larry A. Hodges.....	52	Director

Craig H. Neilsen. Mr. Neilsen has been Chairman of the Board of Directors, President and Chief Executive Officer of Ameristar Casinos, Inc. since its inception in August 1993. Since May 1984, Mr. Neilsen has been the President and Chairman of the Board of Directors of CPI. Mr. Neilsen has also been the President and sole director of each of our other subsidiaries since its inception. Mr. Neilsen has been actively involved in the development of all of our properties for more than 15 years. Mr. Neilsen also owns a controlling interest in several other closely held entities, most of which are engaged in real estate development and management operations unrelated to the business of Ameristar. Since 1987, Mr. Neilsen has devoted substantially all of his business time to the affairs of Ameristar.

Thomas M. Steinbauer. Mr. Steinbauer has been Senior Vice President of Finance of Ameristar Casinos, Inc. since 1995 and Treasurer and a Director since its inception. Mr. Steinbauer was appointed as Secretary of Ameristar Casinos, Inc. in June 1998. He served as Vice President of Finance and Administration and Secretary of Ameristar Casinos, Inc. from its inception until 1995. Mr. Steinbauer has more than 20 years of experience in the gaming industry in Nevada and elsewhere. From April 1989 to January 1991, Mr. Steinbauer was Vice President of Finance for Las Vegas Sands, Inc., the owner of the Sands Hotel & Casino in Las Vegas. From August 1988 to April 1989, he worked for McClaskey Enterprises as the General Manager of the Red Lion Inn & Casino, handling the day-to-day operations of seven different hotel and casino properties in northern Nevada. Mr. Steinbauer was Property Controller of Bally's Reno from 1987 to 1988. Prior to that time, Mr. Steinbauer was employed for 11 years by the Hilton Corporation and rose from an auditor to be the Casino Controller of the Flamingo Hilton in Las Vegas and later the Property Controller of the Reno Hilton. Mr. Steinbauer holds Bachelor of Science degrees in Business Administration and Accounting from the University of Nebraska -- Omaha.

Gordon R. Kanofsky. Mr. Kanofsky has been Senior Vice President of Legal Affairs of Ameristar Casinos, Inc. since September 1999. Mr. Kanofsky was in private law practice in Washington, D.C. and Los Angeles, California from 1980 to September 1999. While in private practice, Mr. Kanofsky represented Ameristar as special securities counsel and outside general counsel since April 1993 and April 1998, respectively. Mr. Kanofsky also represented several other gaming industry clients while in private practice. Mr. Kanofsky is a graduate of the Duke University School of Law and holds an undergraduate degree from Washington University in St. Louis.

Paul I. Corddry. Mr. Corddry became a Director of Ameristar Casinos, Inc. in March 1994. Mr. Corddry served for 28 years with H.J. Heinz Company, retiring from his position as Senior Vice President -- Europe in August 1992. Prior to that position, Mr. Corddry served as Senior Vice President in charge of several Heinz domestic affiliates, President of Ore-Ida Foods, Inc., a wholly owned subsidiary of Heinz, and General Manager of Product Marketing. Mr. Corddry was also a member of the Board of Directors of Heinz from September 1986 until his retirement. Prior to joining Heinz, Mr. Corddry held various brand management positions with Procter & Gamble Co. Since 1987, Mr. Corddry has served as a director of Albertson's, Inc., a major operator of grocery stores. He is also a member of the Board of Trustees of the American University in Cairo, Swarthmore College in Pennsylvania and the Corcoran Museum in Washington, D.C. Mr. Corddry has previously served on the boards of numerous food industry-related associations and educational, cultural and medical facilities, foundations and associations among other organizations.

Larry A. Hodges. Mr. Hodges became a Director of Ameristar Casinos, Inc. in March 1994. Mr. Hodges has more than 30 years experience in the retail food business. In April 1994, he became President and Chief Executive Officer of Mrs. Fields Inc., after serving as President of Food Barn Stores, Inc. from July 1991 to March 1994. He has been a director of Mrs. Fields since April 1993. From February 1990 to October 1991, Mr. Hodges served as president of his own company, Branshan Inc., which engaged in the business of providing management consulting services to food makers and retailers. Earlier, Mr. Hodges was with American Stores Company for 25 years, where he rose to the position of President of two substantial subsidiary corporations. Mr. Hodges' first management position was Vice President of Marketing for Alpha Beta Co., a major operator of grocery stores in the West. Mr. Hodges is also a director of Coinstar, Inc., an operator of automated, self-service coin counting and processing machines, Successories Inc., a manufacturer of motivational home and office decor, Mrs. Fields Original Cookies and the International Franchise Association.

KEY PERSONNEL. The table below sets forth information about key management personnel, including persons hired in connection with our acquisition of the Missouri properties.

NAME ----	AGE ---	POSITION -----
David Albrecht.....	45	Senior Vice President and General Manager of the Jackpot Properties
Thomas P. Burke.....	45	Senior Vice President and General Manager of Ameristar Kansas City
John V. Finamore.....	43	President of Missouri Operations
Ray Neilsen.....	37	Vice President of Brand Development and Acting General Manager of Ameristar Vicksburg
Anthony J. Raymon.....	48	Senior Vice President and General Manager of Ameristar St. Charles
Anthony Taeubel.....	38	Senior Vice President and General Manager of Ameristar Council Bluffs

David Albrecht. Mr. Albrecht has been our Senior Vice President and General Manager of the Jackpot Properties since November 1999 and has more than 20 years of resort and management experience. Mr. Albrecht is a long-time member of the Jackpot community, having served as the General Manager and Director of Golf at the Jackpot Golf Club for 10 years. He has been named "Golf Professional of the Year" and "Merchandiser of the Year" for the Rocky Mountain Section of the Professional Golfers Association and has received the Horton Smith Award for his work in providing educational outlets for PGA professionals. Mr. Albrecht has also served as the President of the Rocky Mountain Section of the PGA of America for four years.

Thomas P. Burke. Mr. Burke is our Senior Vice President and General Manager of Ameristar Kansas City. Mr. Burke was formerly the Vice President and General Manager of Station Casino Kansas City. Mr. Burke joined Station Casinos' Midwest Operations team in November 1996 as Assistant General Manager of Station Casino Kansas City and was promoted to Vice President and General Manager in 1999. Previously, he served as assistant general manager for the Majestic Star Casino in Gary, Indiana, and before that he served in management positions for American Gaming & Entertainment, the Trump Taj Mahal Casino Resort, the Trump

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

Castle Casino Resort and the Tropicana Hotel Resort, in Atlantic City, New Jersey and Melbourne, Australia. Mr. Burke earned a Bachelor of Arts in Economics from Rutgers University, New Brunswick, New Jersey, and a Masters in Business Administration from Monmouth University in West Long Branch, New Jersey.

John V. Finamore. Mr. Finamore is our President of Missouri Operations. Mr. Finamore is responsible for overall operations of Ameristar Kansas City and Ameristar St. Charles. Mr. Finamore formerly had similar responsibilities at Station Casinos. Mr. Finamore joined Station Casinos' Midwest Operations staff in 1997 as Vice President/General Manager of Station Casino Kansas City after serving as Vice President of Operations at Palace Station Hotel and Casino, one of Station Casinos' gaming and

83

89

entertainment properties in Las Vegas, Nevada. Mr. Finamore joined Station Casinos in 1994 as Vice President of Operations for Boulder Station Hotel & Casino during its successful first year of operations. In September 1995, he was named Vice President/General Manager of Barley's Casino & Brewing Co., a micro-brewery and casino property operated by Station Casinos in the Henderson/Green Valley area of Las Vegas. Before joining Station Casinos he served as General Manager of the Westin Hotel -- O'Hare in Chicago, Illinois. Mr. Finamore earned a Bachelor of Science in Hotel Administration from the Cornell University School of Hotel Administration in Ithaca, New York.

Ray Neilsen. Mr. Neilsen is currently our Vice President of Brand Development and is the Acting General Manager at Ameristar Casino Vicksburg. Ray Neilsen is the son of Craig Neilsen and has worked in several managerial positions throughout Ameristar for the past 10 years and has over six years of experience in key management positions. He has been instrumental in establishing brand consistencies among the various Ameristar properties in a broad range of areas such as guest service, service standards and brand identity and has served in multiple jurisdictions for our company. As the General Manager of the Council Bluffs property, Mr. Neilsen successfully implemented significant property improvements including earning the prestigious Four Diamond rating from the American Automobile Association. Mr. Neilsen earned an MBA in International Management from the Monterey Institute of International Studies.

Anthony J. Raymon. Mr. Raymon is our Senior Vice President and General Manager of Ameristar St. Charles. Mr. Raymon formerly held the same positions for Stations Casinos and joined Station Casino St. Charles' executive staff in 1994 as Assistant General Manager for Station Casino St. Charles. A year later he was promoted to Vice President/General Manager. He was promoted to his current position in 1999. Prior to joining the Station Casino St. Charles, Mr. Raymon served as Vice President of Operations for Fitzgerald's Hotel and Casino in Reno, Nevada, where he was a member of the management team and helped opening five casinos in different parts of the United States. He earned an associate degree in information systems from Macomb County Community College in Warren, Michigan.

Anthony Taeubel. Mr. Taeubel is the Senior Vice President and General Manager of Ameristar Casino Council Bluffs and has 15 years of experience in the gaming industry. A former regulator with the Nevada Gaming Control Board, Mr. Taeubel has held positions in various areas of casino operations, including the Race and Sportsbook, the Cage, Finance and Administration. He has been employed by Ameristar for five years and assisted in opening the Council Bluffs property. Mr. Taeubel earned a bachelor's degree in Psychology from the University of Nevada, Reno and a Masters of Business from the University of Nevada, Las Vegas. Mr. Taeubel has also been an instructor in the Gaming Management Series of gaming education courses offered by the University of Nevada, Reno.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Until March 31, 1997, we leased certain office space in Twin Falls, Idaho, from Lynwood Shopping Center, a partnership in which Craig H. Neilsen has a controlling equity interest. In 1998, we paid previously accrued rent of \$15,573 related to this tenancy. In addition, in 1998, CPI paid \$20,614 in rent to Lynwood Shopping Center for CPI's readerboard sign (which was owned by Lynwood Shopping Center) and space provided for CPI's dealer school. The readerboard sign lease expired in July 1998, at which time CPI exercised an option to purchase the sign for \$22,989.

Commencing April 1, 1997, Neilsen & Company (a partnership in which Mr. Neilsen owns a controlling equity interest) leased from Lynwood Shopping Center certain of the office space previously leased by us. CPI concurrently subleased from Neilsen & Company the right to use certain offices in this space and the common areas through December 31, 2001. In 2000, CPI paid \$19,825 to Neilsen & Company for rent and expenses under this sublease in 2000 and 1999. There was no balance outstanding for rent or expenses at December 31, 2000. In 1999, CPI paid \$16,775 to Neilsen & Company for rent and expenses under this sublease in 1998 and 1999. An additional \$1,525 was accrued for rent and expenses under this sublease in 1999 and was outstanding at December 31, 1999. In 1998, rent and expenses under this sublease of \$17,892 were accrued and paid, and accrued rent and expenses for 1997 totaled \$14,634, which was paid in February 1998. These offices, and the readerboard sign and dealer school described above, support CPI's casino-hotel operations in Jackpot, Nevada, at the Idaho border due south of Twin Falls. The offices previously supported our executive offices, which are now located in Las Vegas, Nevada.

We lease from Neilsen & Company two condominiums located in Sun Valley, Idaho. These leases, which required us to pay an aggregate monthly rental rate of \$3,500 per month, expired on December 31, 1998. We have continued to lease the two condominiums on a month-to-month basis since January 1, 1999 at an aggregate monthly rental rate of \$3,675 plus maintenance, supply and utility costs (pending approval by our Board of Directors). The properties are made available by us at no charge to management personnel and certain business associates. We believe that the condominiums are a valuable asset in strengthening management morale and maintaining goodwill with important business contacts. We believe that the rental rates paid and proposed to be paid by us are within the range of rates generally charged for such properties in Sun Valley.

A portion of the services of one of our employees were provided to Neilsen & Company until July 1, 1997, at which time this employee terminated service with us and became an employee of Neilsen & Company. The total estimated amount due to us for these services at December 31, 1998 was approximately \$25,104 (\$13,104 for a portion of the 1996 services and \$12,000 for 1997 services), representing approximately half of the salary and additional payroll burden for this employee. Payment of the outstanding balance has been deferred pending an analysis of amounts due to Neilsen & Company from us for various services performed by Neilsen & Company and amounts due to us from Neilsen & Company for certain telephone expenses paid by us on behalf of Neilsen & Company. Among others, the services provided by Neilsen & Company to us included assistance with the relocation of our offices to Las Vegas, Nevada, litigation and arbitration support services, licensing application assistance and accounts payable assistance. In addition to the foregoing, Neilsen & Company provided services to us during 1999 and 2000 in connection with our license application for a potential casino project in South St. Louis County and provided services in 2000 in connection with our license applications for the Acquisitions. In

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

April 2001, Neilsen & Company billed us \$15,328 for the services that were provided in 1999 and \$15,098 for the services that were provided in 2000, which amounts were based on the number of hours that employees of Neilsen & Company spent in providing these services. Other than these license applications, Neilsen & Company has provided only minimal services to us since 1997.

Mr. Neilsen is the president, director and sole stockholder of Intermountain Express, Inc. ("Intermountain"), a transportation concern that provided CPI with package delivery services between

85

91

Jackpot and Twin Falls, Idaho until mid-2000. Intermountain also contracted with CPI for the use of CPI's drivers by Intermountain until mid-2000. In 2000, CPI paid \$29,975 to Intermountain for package delivery services in 1999 and 2000. CPI charged Intermountain \$9,754 in 2000 for contracted driver services and miscellaneous fuel and van maintenance expenses provided by CPI in 2000. During 2000, Intermountain paid all of the amount charged together with \$7,422 that was outstanding at December 31, 1999 for such services performed in 1999. There was no outstanding balance due from CPI to Intermountain or from Intermountain to CPI at December 31, 2000. In 1999, CPI paid \$35,475 to Intermountain for package delivery services in 1998 and 1999. An additional \$10,110 was accrued for services provided in 1999 and was outstanding at December 31, 1999. CPI charged Intermountain \$28,491 in 1999 for contracted driver services and miscellaneous fuel and van maintenance expenses provided by CPI in 1998 and 1999, of which \$7,422 remained outstanding at December 31, 1999. In 1998, CPI paid \$54,198 to Intermountain for package delivery services in 1997 and 1998. An additional \$3,755 was accrued for services provided in 1998 and was outstanding at December 31, 1998. CPI charged Intermountain \$31,415 in 1998 for contracted driver services and miscellaneous fuel and van maintenance expenses paid for or provided by CPI in 1997 and 1998, of which \$8,910 remained outstanding at December 31, 1998. We believe that these relationships between CPI and Intermountain have been beneficial to us.

In addition, Intermountain leased a van owned by CPI for use in connection with the package delivery services provided by Intermountain to CPI. Intermountain owed CPI \$11,400 in van rental payments accrued at the rate of \$100 per week in 1993, 1994 and early 1995. Van rental payments were not accrued since early 1995 pending the completion of discussions concerning the possible sale of the van by CPI to Intermountain and the settlement of the outstanding van rental balance. In January 1998, CPI and Intermountain reached an agreement for the forgiveness by CPI of the accrued van rental amount in excess of \$1,250 and a sale of the van by CPI to Intermountain for \$500. Intermountain has paid the \$1,750 due to CPI. We believe that this transaction was fair to us based on the condition of the van and the past services and payments received by CPI from Intermountain.

We have adopted a policy requiring transactions with affiliates to be on terms no less favorable to us than could be obtained from unaffiliated parties. Each of the completed transactions described above has been approved by our Board of Directors. In the opinion of management, the terms of the above transactions were at least as fair to us as could have been obtained from unaffiliated parties.

Ray Neilsen, our Vice President of Brand Development and Acting General Manager at our Vicksburg property, is the son of Craig Neilsen, our President and Chief Executive Officer. Ray Neilsen has held various other positions with Ameristar for the past 10 years. In these various capacities, Ray Neilsen received salary and bonus compensation of \$157,000 in 2000, \$155,000 in 1999 and \$150,000 in 1998, as well as perquisites and other employee benefits. We have provided housing to Ray Neilsen since early 2000 when he temporarily relocated

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

to Vicksburg to become Acting General Manager of Ameristar Vicksburg. In addition, we pay approximately \$3,600 per month for Ray Neilsen's housing related expenses in Las Vegas.

86

92

DESCRIPTION OF EXISTING INDEBTEDNESS

In December 2000, concurrently with the Acquisitions, we entered into a \$575 million senior credit agreement with a syndicate of lenders led by an affiliate of Deutsche Bank AG as administrative agent. After the repayment of a portion of the senior credit facilities with a portion of the proceeds from the offering of the old notes and the Disposition, we currently have \$475 million senior credit facilities that consist of:

- a \$75 million revolving credit facility maturing in 2005 (\$25 million of which is dedicated to the completion of the St. Charles expansion and will be available for general working capital purposes thereafter);
- a \$75 million revolving credit/term facility that revolves for two years and then converts into a three year term loan maturing in 2005 (dedicated to the completion of the St. Charles expansion).
- a \$50 million term loan A maturing in 2005;
- a \$148.1 million term loan B maturing in 2006; and
- a \$126.9 million term loan C maturing in 2007.

The following description summarizes the material provisions of the senior credit agreement and is qualified in its entirety by reference to the agreement. A copy of that agreement is available from us or the initial purchasers upon request.

The senior credit facilities are guaranteed by all of our subsidiaries. The senior credit facilities are secured by a first priority security interests on substantially all of our and our subsidiaries' real and personal property, including the capital stock of our subsidiaries.

The senior credit agreement requires us to meet specified financial tests on an on-going basis, including minimum consolidated tangible net worth, maximum leverage and senior leverage ratios, minimum consolidated gross and adjusted fixed charge coverage ratios and minimum maintenance capital expenditures. In addition, the senior credit agreement includes customary representations and warranties, customary events of default, including a change of control, and other customary covenants, including covenants that limit our and our subsidiaries' ability to:

- prepay principal of or redeem or repurchase the exchange notes and the old notes, including upon any asset sale, change of control or similar event, or make certain modifications of the indenture governing the exchange notes and the old notes;
- incur additional debt;
- make capital expenditures;
- create or become subject to liens;
- make asset sales;

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

- merge with other entities or make acquisitions;
- make investments or advances; and
- pay dividends or make distributions.

We obtained the senior credit facilities (together with the \$300 million senior subordinated credit facility repaid with proceeds of the old notes):

- to effect the Acquisitions;
- to retire our former credit facility and other outstanding debt, including (through a tender offer completed in December 2000) all of our 10.5% senior subordinated notes;

87

93

- to finance fees and expenses associated with the Transactions;
- to finance the completion of expansion of the Ameristar St. Charles facilities; and
- for general corporate and working capital purposes.

We may use up to \$15 million of the revolving credit facility for letters of credit. As of December 31, 2000, pro forma for the Disposition, the offering of the old notes and the use of the proceeds therefrom, we would have had \$337.8 million of borrowings outstanding under our senior credit facilities. The senior credit agreement includes provisions permitting an increase in the aggregate amount of the revolving credit facility or the term loans by up to an aggregate of \$50 million, subject to certain conditions including the receipt from one or more lenders, in their sole discretion, of the additional commitments that may be requested.

Interest on outstanding balances under the senior credit agreement is determined adding a margin to the Eurodollar or base rate existing for each interest calculation date. For the revolving credit facility, the revolving term facility and the term loan A, the margin is based on our leverage ratio, which is the ratio of our consolidated debt to last twelve months EBITDA, as defined, and ranges from 1.50% to 3.25% in the case of Eurodollar loans and from 0.50% to 2.25% in the case of base rate loans. For the term loan B and the term loan C, the margins are fixed at 3.75% and 4.00%, respectively, in the case of Eurodollar loans, and at 2.75% and 3.00%, respectively, in the case of base rate loans. We also pay commitment fees on unused availabilities and agency fees in connection with the senior credit agreement.

Under the senior credit agreement, we are required to prepay the term loans (or if the term loans are fully repaid to repay and permanently reduce the revolving credit facilities) with 100% of the net proceeds of sales of equity, incurrence of certain debt (other than the exchange notes) and certain asset sales and 75% of excess cash flow. We may also voluntarily prepay the loans. We must pay a premium ranging from 1% to 2% in the event of any voluntary prepayment of the term loan B or the term loan C during the first two years or any prepayment of such loans out proceeds of the old notes.

In addition to our senior credit facilities and the old notes, as of December 31, 2000, after giving effect to the Disposition, we had approximately \$16.4 million of other indebtedness outstanding. This includes approximately \$8.3 million of purchase money indebtedness and capital lease financing for gaming equipment and other furniture, fixtures and equipment, \$5.4 million of

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

first mortgage financing issued to the sellers of parcels of land in Vicksburg, Mississippi and \$2.7 million of other indebtedness.

88

94

DESCRIPTION OF THE NOTES

The Company will issue the exchange notes for the old notes under the indenture that governs the old notes, dated as of February 2, 2001 (the "Indenture"), among itself, the Guarantors and U.S. Bank Trust National Association, as Trustee (the "Trustee"). The following is a summary of the material provisions of the Indenture. It does not include all of the provisions of the Indenture. We urge you to read the Indenture because it defines your rights. The terms of the exchange notes and the old notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "TIA"). A copy of the Indenture may be obtained from the Company or the Initial Purchaser. You can find definitions of certain capitalized terms used in this description under "-- Certain Definitions." For purposes of this section, references to the "Company" include only Ameristar Casinos, Inc. and not its Subsidiaries. We refer to the exchange notes and the old note (to the extent not exchanged for exchange notes) in this section as the "Notes."

The Notes are unsecured obligations of the Company, ranking subordinate in right of payment to all Senior Debt of the Company, *pari passu* in right of payment to all senior subordinated Indebtedness of the Company and senior in right of payment to all subordinated Indebtedness of the Company.

The Company will issue the exchange notes in fully registered form in denominations of \$1,000 and integral multiples thereof. The Trustee will initially act as Paying Agent and Registrar for the Notes. The Notes may be presented for registration or transfer and exchange at the offices of the Registrar. The Company may change any Paying Agent and Registrar without notice to holders of the Notes (the "Holders"). The Company will pay principal (and premium, if any) on the Notes at the Trustee's corporate office in New York, New York. At the Company's option, interest may be paid at the Trustee's corporate trust office or by check mailed to the registered address of Holders. Any old notes that remain outstanding after the completion of the Exchange Offer, together with the exchange notes, will be treated as a single class of securities under the Indenture.

PRINCIPAL, MATURITY AND INTEREST

The Company issued \$380.0 million in aggregate principal amount of old notes on February 2, 2001. The Notes will mature on February 15, 2009. Additional Notes may be issued from time to time, subject to the limitations set forth under "-- Certain Covenants -- Limitation on Incurrence of Additional Indebtedness." Interest on the Notes will accrue at the rate of 10 3/4% per annum and will be payable semiannually in cash on each February 15 and August 15 commencing on August 15, 2001, to the persons who are registered Holders at the close of business on the February 1 and August 1 immediately preceding the applicable interest payment date. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including February 2, 2001.

The Notes will not be entitled to the benefit of any mandatory sinking fund.

REDEMPTION

Optional Redemption. Except as described below, the Notes are not

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

redeemable before February 15, 2006. Thereafter, the Company may redeem the Notes at its option, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as percentages of the principal amount thereof) if redeemed during the twelve-month period commencing on February 15 of the years set forth below:

YEAR ----	PERCENTAGE -----
2006.....	105.375%
2007.....	102.688%
2008 and thereafter.....	100.000%

In addition, the Company must pay accrued and unpaid interest on the Notes redeemed.

89

95

Optional Redemption Upon Public Equity Offerings. At any time, or from time to time, on or prior to February 15, 2004, the Company may, at its option, use the net cash proceeds of one or more Public Equity Offerings (as defined below) to redeem up to 35% of the principal amount of the Notes issued under the Indenture at a redemption price of 110.75% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of redemption; provided that:

(1) at least 65% of the principal amount of Notes issued under the Indenture on the Issue Date remains outstanding immediately after any such redemption; and

(2) the Company makes such redemption not more than 90 days after the consummation of any such Public Equity Offering.

"Public Equity Offering" means an underwritten public offering of Qualified Capital Stock of the Company pursuant to a registration statement filed with the Commission in accordance with the Securities Act.

Redemption Based Upon Gaming Laws. Notwithstanding any other provision of the Indenture, if any Gaming Authority requires that a holder or beneficial owner of Notes must be licensed, qualified, found suitable or otherwise obtain any approval, consent, permit or finding under any applicable gaming law and such holder or beneficial owner (i) fails to apply therefor within 30 days (or such shorter period as may be required by the applicable Gaming Authority) after being requested to do so by the Gaming Authority or (ii) is denied such license or qualification or not found suitable or denied such other approval, consent, permit or finding or otherwise fails to qualify under applicable Gaming Regulations, the Company shall have the right, at its option:

(A) to require any such holder or beneficial owner to dispose of its Notes within 30 days (or such earlier date as may be required by the applicable Gaming Authority) of receipt of such notice or finding by such Gaming Authority or other failure to qualify under applicable Gaming Regulations, or

(B) to call for the redemption of the Notes of such holder or beneficial owner at a redemption price equal to

(a) the least of:

Edgar Filing: AMERISTAR CASINOS INC - Form S-4/A

(1) the principal amount thereof, together with accrued interest and Additional Interest, if any, to the earlier of the date of redemption or the date of the denial of license or qualification or of the finding of unsuitability or of the denial of such other approval, consent, permit or finding by such Gaming Authority or other failure to qualify under applicable Gaming Regulations,

(2) the price at which such holder or beneficial owner acquired the Notes, together with accrued interest and Additional Interest, if any, to the earlier of the date of redemption or the date of the denial of license or qualification or of the finding of unsuitability or of the denial of such other approval, consent, permit or finding by such Gaming Authority or other failure to qualify under applicable Gaming Regulations, and

(3) the fair market value of the Notes to be redeemed on the date of redemption;

or

(b) such other amount as may be required by applicable law or order of such Gaming Authority.

The Company shall notify the Trustee in writing of any such redemption as soon as practicable. The holder or beneficial owner applying for a license, qualification or a finding of suitability, or for any

90

96

other approval, consent, permit or finding must pay all costs of the licensure or investigation for such qualification or finding of suitability.

SELECTION AND NOTICE OF REDEMPTION

In the event that the Company chooses to redeem less than all of the Notes, selection of the Notes for redemption will be made by the Trustee either:

(1) in compliance with the requirements of the principal national securities ex