



THE INNOVATION GROUP



AND AT THE SYMPOSIUM ON RACING & Gaming DEC. 4-7, 2006, TUCSON

Client and Company News for November 2006



The Innovation Group of Companies

A little more than two years ago, The Innovation Group was the resource of choice for financial analysis, market assessments, management advice and other consulting services for the gaming, leisure and hospitality industries. Today, there are three more affiliates under the "Innovation" banner to complete the circle of services needed by the industry.

Often, when a plan for a development was studied and shown to be viable, the next step was funding. So, in 2004, Innovation Capital was formed as a resource for raising capital, handling mergers & acquisitions and other financial services.

Frequently, the outcome of an Innovation Group analysis showed the need for a realignment of marketing, branding or other promotional considerations. So, in 2005, Innovation Marketing was created to provide full service marketing, advertising and public relations services.

And since a feasible, fundable project needs to get up and operating, Innovation Project Development has now been created to provide those construction management services in an owner's rep capacity.

Together, the four companies are connected as The Innovation Group of Companies. Each has its own management structure, but shares the synergy of having the experience and expertise of the related affiliates to draw upon when necessary. Visit our new website, www.innovationgroupofcompanies.com, to access the websites of the individual affiliates. All four affiliates will be represented at our G2E booth, #3265. We hope you'll drop by and let us explain our unique approach to one-stop-shopping.

Steve Rittvo
Chairman
The Innovation Group of Companies



INNOVATION PROJECT DEVELOPMENT

Among the Innovation Group and its affiliates, there have been the capabilities to analyze and advise on a project, raise the capital for it and market it. Now, there's an affiliate that can even help build it. Innovation Project Development, the newest of the Innovation Group of Companies, is an owner's rep project management company which provides a range of services from pre-construction conceptualization and planning to total development oversight.



The strength of Innovation Project Development (IPD) comes from not only the depth of understanding of the gaming industry of the all the other affiliates, but that IPD has a ringer.

Innovation Project Development is headed by Bob Kelly, former corporate vice president international and new development design and construction for Harrah's Operating Companies, Las Vegas. Bob's career began with Grand Casinos, which was acquired by Caesars and, which, itself, was acquired by Harrah's. In all, Bob spent 16

Paul Girvan looks at the Gulf Coast

The Mississippi coast gaming market could



hit the \$2 billion mark in just a few years. That was the opinion of Paul Girvan, The Innovation Group managing director, as quoted in South Mississippi's Sun Herald recently. In "Hitting the Mark," by Tom Wilemon, Paul is quoted describing how he expects the market to come back fairly rapidly and surpass its pre-Katrina levels. "Obviously moving forward," said Paul, "we've got a lot of huge developments coming in, which have the potential to push this market up to the \$2 billion level by the end of this decade."

Read the whole story at:

<http://www.sunherald.com/mld/sunherald/15448450.htm>

Innovation Group report cited in Indiana



The Innovation Group's revenue projections for the new casino resort in French

Lick, Indiana were cited in "Big profits fuel casino power struggle," by J.K. Wall on IndyStar.com. Our gaming market assessment and pro formas for the development included revenue projections of \$136 million in 2011, which the Indiana Gaming Commission refers to in the story. The "power struggle mentioned in the headline is in reference to buyout offers between Cook Group and Lauth Property Group to gain sole ownership of the property. Read the whole story at:

<http://www.indystar.com/apps/pbcs.dll/article?AID=/20060822/BUSINESS/608220383>

Matt Sodl follows the money

As more and more casino developments are moving forward, seemingly as fast as



they can, Matt Sodl, managing director of Innovation Capital, says some clients are looking at deals with a more cautious eye. In "Betting The Ranch On Casinos" in BusinessWeek online, Matt is quoted on saying that rising costs of land, construction and insurance have some investors looking more closely. "People are starting to scratch their heads," said Matt. "They're not sure they can make the numbers work." Read the whole story at:

http://www.businessweek.com/magazine/content/06_39/b4002082.htm?chan=top+news_top+news+index_after+work

Matt Sodl on the Harrah's Buyout

Matt Sodl of Innovation Capital was quoted on the news of the Harrah's buyout offer. In "Harrah's targeted for buyout," an article by Tom Wilemon in the Gulf Coast's Sun Herald, Matt was quoted on the significance of the offer, and comments on how the new owners will likely rationalize the Harrah's development pipeline and existing properties. Matt said he thought



the new owners would consider

Biloxi a core asset in that process. "Whether they go where Harrah's was going to invest in all the projects that were on the table in Biloxi remains to be seen," Matt said. Read the whole story at:

<http://www.sunherald.com/mld/sunherald/15665164.htm>

[Back to Top](#)

years in construction management with this succession of gaming giants, giving him an opportunity to acquire an unparalleled expertise in all phases of project concept, design and development. As president of Innovation Project Development, Bob oversees a team of seasoned professionals in representing owner's interests in carrying through the vision of a project to its opening. In addition, IPD provides consulting advice on issues dealing with various individual aspects of project development.



Some of the projects that Innovation Project Development staff has been responsible for



include Paris Las Vegas, Sandia Resort & Casino, Grand Casinos nationwide, Flamingo Las Vegas, the new

MGM Resort Casino at Foxwoods and dozens more. In addition to projects throughout the United States, staff members have also overseen construction projects in the Bahamas, Canada, Japan, the United Kingdom, Singapore, South Africa, Spain, Uruguay and other locations.

Learn more about them from Bob Kelly and other IPD staffers at G2E, Booth 3265. Or visit our new website at innovationpd.com



Come see us at G2E, Booth 3265

The Innovation Group and members of all of the The Innovation Group of Companies will be on hand to greet you in one of the most comfortable booths on the floor.



Two new websites in the family

With the formation of Innovation Project Development and The Innovation Group of Companies, we also created websites to give fuller pictures of their capabilities. The

website for the Innovation Group of Companies, www.innovationgroupofcompanies.com is mainly a gateway to the websites of the four member companies. The website for Innovation Project Development, www.innovationpd.com, gives a broad overview of the company's capabilities, services offered, staff and previous clients. We hope you find them as informative and user friendly as we intended.



Custom research for a fraction of the price.

In the course of undertaking 2,500 in-depth surveys to produce our recent research publication, *Portrait of American Gamblers*, we gathered an incredible amount of data. And even though *Portrait* is comprehensive enough to be of benefit to strategic development and marketing decisions at all levels, much of the data behind it can be cross-tabulated to suit custom situations. This can be a very economical way to obtain a custom primary research study. *Portrait of American Gamblers* shows how gamblers' attitudes compare to those of the general population and breaks down most of the responses by age, income and region of the country. But, by re-analyzing that data, we can also generate subsets to show how those responses compare with customers who favor a specific casino or a specific game, to a specific demographic, to occupations, to smoking preference

Portrait of American Gamblers EXAMPLE

Most Important Casino Attributes (Entertainment):

	Echo			
	Boomers	Xers	Boomers	Matures
	%	%	%	%
Nightlife and live entertainment	65	56	48	33
Concerts	49	40	37	24
Production Shows	22	25	26	25
Boxing	24	20	12	6
Adult Revue Show	16	13	8	9

and much more. The list of topics at the end of this article is an indication of some of the fields that can be cross-tabulated.

The information in a subset analysis can be tailored to the strategic focus you indicate, and the report itself is designed to allow you to quickly and easily make accurate assessments of a large amount of consumer preference information as it applies to your specific situation. The potential also exists to enhance the

Steve Rittvo and members of The Innovation Group, Innovation Capital, Innovation Marketing and Innovation Project Development will be there to catch up on what you've been up to and fill you in on the latest from our group.

Some of us are also speakers, so be sure and check our schedule below:

Joe Witterschein, The Innovation Group

E-Marketing: Building on Both Your Brand & Customer Relationships

Wednesday, November 15, 2006, 11:45 am - 12:45 pm

Stephen J. Szapor, Jr., The Innovation Group, and Meredith Vaughan, Innovation Marketing

Innovation Marketing: Market Research Tools for Today's Environment

Wednesday, November 15, 2006, 3:15 pm - 4:15 pm

Steve Rittvo, The Innovation Group of Companies

Key Success Drivers: Different Models

Thursday, November 16, 2006, 8:00am - 9:00 am

Matt Sodl, Innovation Capital

Finding Financing: How to Fund Expansion Projects and Marketing Efforts

Thursday, November 16, 2006, 8:00 am - 9:00 am



The Symposium on Racing and Gaming

December 4-7, 2006

Westin La Paloma Resort

Tucson, Arizona

ua.rtip.org

560.621.5660

Don't miss this outstanding conference on the racing and racino industry. The Innovation Group helped plan and coordinate the gaming panels.

MORE

Innovation Capital

Investment Bankers

Largest Bridge Loan Financing in History of Native American Market

basic premise of the subset analysis by creating a more defined consumer focus through the cross-tabulation of multiple subsets. An example of the value of this would be an analysis that focuses on gamers with a certain attribute who reside within a specified geographic region (e.g. preferences of slot players in the Chicagoland market). As long as the initial subset sample is large enough to maintain statistical validity through the additional subset tabulations, the possibilities are virtually limitless.

SUBSET EXAMPLE		
Interest in Table Games		
	Non-Racino Gambler	Racino Gambler
Extremely/Very Interested in: %	%	%
Blackjack	53	56
Poker	31	41
Roulette	21	26
Craps	22	26
Bingo	23	21
Caribbean Stud, Pai Gow	11	17
Live Keno	13	14
Baccarat	6	7

To discuss in-depth market segment analyses, please contact Dennis Marzella, Executive Vice

President/Partner, Research and Brand Strategy, Yesawich, Pepperdine, Brown & Russell, at 407-875-1111 or dennis_marzella@ypbr.com.

Portrait of American Gamblers, the currently available bound version, is a joint publication of The Innovation Group and Yesawich, Pepperdine, Brown & Russell, the country's leading marketing services firm specializing in the travel and leisure industries. *Portrait of American Gamblers* reaches beyond the kind of information you can get from Players Club databases, delving into the realm of what truly motivates casino customers to pick a destination, pick a casino brand, pick a game or visit a new casino.

Portrait of American Gamblers provides the kind of information on the habits and attitudes of casino customers that our clients are regularly seeking. What makes it different from other research reports is that it's not merely a count of how many gamers are playing where, but it's an examination of the evolving lifestyles and motivations that influence gaming behavior. We asked our subjects questions such as what drew them to the casino in the first place and about their future interest in visiting specific gaming destinations, specific casinos and specific hotel/resort brands. To give warranted attention to the rapidly growing segment of Native American casinos, we included several questions about customers' experience with these properties as well. We also included some in-depth questions on the non-gaming life of customers by probing their travel habits, media preferences, lifestyle, demographics and social values.

From the hundreds of gaming studies done by The Innovation Group over the past 12 years, for clients ranging from major casino companies to Native American tribes to governmental bodies, we have come to know the nature of information that's integral to the making of sound strategic decisions. Now, we've made a wealth of this information available to everyone. You

Innovation Capital acted as placement agent and financial advisor on the recent \$85 million senior secured term loan closed by the Snoqualmie Entertainment Authority, a business enterprise of the Snoqualmie Indian Tribe. The funds enabled the tribe to acquire land that was put into federal trust and was subsequently proclaimed as the Tribe's Initial Reservation, clearing the way for development of a \$300 million casino resort to be operated by the Authority. This new gaming property will be among the closest casino resorts to the Seattle market.

October 23, 2006

Snoqualmie Entertainment Authority

a business enterprise of the Snoqualmie Indian Tribe



CASINO SNOQUALMIE

\$85,510,000

Senior Secured Term Loan
Enabled the Tribe to Complete
Land-in-Trust Process

*Innovation Capital acted as
placement agent on this transaction*

Other Recent Transactions

October 12, 2006



President Casinos, Inc.

has entered into a

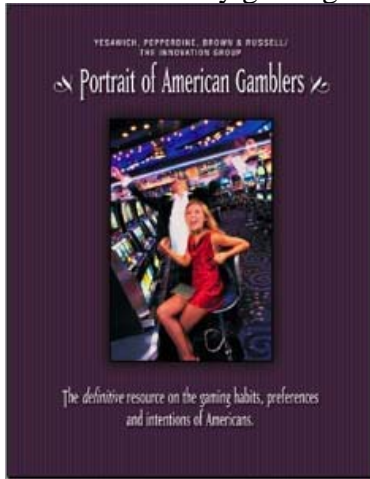
Settlement Agreement

with

PINNACLE
ENTERTAINMENT

*Innovation Capital acted as financial
advisor to the Official Committee
of Equity Security Holders*

can order your copy by going to the Publications section of www.ypbr.com. Reasonably priced at \$995, it's sure to become an essential to any gaming library.



Topics covered in the study include:

- Incidence of day and overnight casino visitation during the previous 12 months
- Previous day and overnight visitation of specific gaming destinations
- Previous day and overnight visitation of specific casinos
- Future interest in visiting specific gaming destinations
- Future interest in visiting specific

casinos

- Future day and overnight casino visitation intentions and frequency
- Preferred casino hotel/resort brands
- Visitation and experience with Native American casinos
- Average expenditures on gambling, entertainment, food and beverage, lodging and shopping for both day and overnight casino visits
- Desirability of specific attributes when selecting a casino (e.g., brand name, proximity, food and beverage, entertainment, nightlife, sporting events, architectural/design theme, ambiance, recreational amenities, parking, smoking, promotions, player recognition/reward clubs, etc.)
- Preferred games (e.g., slots, table games, etc.)
- Interest in specific casino slots (e.g., mechanical reel slot machines, video slot machines, video poker, video lottery terminals, Class II machines, etc.)
- Interest in specific table games (e.g., baccarat, bingo, blackjack, craps, live keno, poker, roulette, etc.)
- Players Club program membership and preferences
- Influence of specific promotional offers when selecting a casino
- Vacation habits
- Leisure time habits and preferences
- Social values
- Media habits
- General consumption preferences and behavior
- Political and religious affiliations
- Demography

To order your copy of YPB&R/The Innovation Group's Portrait of American Gamblers visit the [Publications section of www.ypbr.com](http://www.ypbr.com).

[Back to Top](#)

Pending

\$37,000,000 Cash
\$2,000,000 Contingent Payment



has acquired



*Innovation Capital rendered a
fairness opinion in connection
with this transaction*

Subscribe to the
Innovation Capital Gaming Newsweekly

An electronic weekly publication compiling gaming-related news, provided by Innovation Capital, an investment banking firm with a practice dedicated to the gaming, hospitality, and entertainment industries. *To start receiving your copy, email:*

ajdye@innovation-capital.com

For more information about Innovation Capital, LLC, please visit our website at www.innovation-capital.com

Please feel free to contact:

Matt Sodl, Managing Director, at 310-335-2085 or
msodl@innovation-capital.com

Rob Stephens, Director, at 303-339-4520 or
rstephens@innovation-capital.com

Milton Sumption, Vice President, at 303-339-4520 or
msumption@innovation-capital.com

Member: NASD/SIPC

University of Arizona at Tucson's Race Track Industry Program (RTIP) puts on the definitive racetrack/racino conference in the world. What began as a symposium on the racetrack industry in 1973, has integrated the gaming side of the business and now receives international recognition for this annual symposium. Topics presented include current

issues and trends of importance to the pari-mutuel industry including simulcasting, marketing, casino and in-home gaming and regulation.

Symposium panelists represent the Who's Who of the racing industry as well as specialists from outside the field of racing. The broad cross-section of participants makes the Symposium on Racing the largest industry-wide conference in the world. The Innovation Group is honored to have been chosen to work with the university in coordinating the gaming panels again this year.

We hope you plan to attend this valuable conference.

The Symposium on Racing and Gaming

December 4-7, 2006

Westin La Paloma Resort

Tucson, Arizona

ua.rtip.org

560.621.5660

[Back to Top](#)

For more information on The Innovation Group of Companies, visit <http://www.InnovationGroupOfCompanies.com> or contact [Steve Rittvo](#) or [Stephen J. Szapor, Jr.](#)



Denver Office: 7852 South Elati Street, Suite 100
Littleton, Colorado 80120
303.798.7711 voice, 303.798.7171 fax

New Orleans Office: 400 North Peters Street, Suite 200
New Orleans, Louisiana 70130
504.523.0888 voice, 504.523.0899 fax

Atlantic City Office: 6601 Ventnor Avenue, Suite 11
Ventnor, New Jersey 08406
609.487.9585 voice, 609.487.9590 fax

Aspen Office: 231 Midland Avenue, Suite 204
Basalt Colorado 80120
New Phone: 970.927.1400 voice, 970.927.3955 fax

Minneapolis Office: 480 W 78th Street, Suite 110
Chanhassen, Minnesota. 55317
952.906.3831 voice, 952.906.3821 fax

To be removed from this mailing list, reply to this email with "Remove" typed in the subject line.

