

AMERISTAR CASINOS INC

Form 10-K

March 16, 2007

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2006

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 0-22494

AMERISTAR CASINOS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Nevada

State or Other Jurisdiction of
Incorporation or Organization

88-0304799

(I.R.S. Employer Identification No.)

3773 Howard Hughes Parkway

Suite 490 South

Las Vegas, Nevada 89169

(Address of Principal Executive Offices)

Registrant's Telephone Number, including area code: **(702) 567-7000**

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, \$.01 par value

(Title of Class)

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the

Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-Accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates (all persons other than executive officers and directors) computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most

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recently-completed second fiscal quarter: approximately \$489,457,441, based on the last reported sale price of the registrant's Common Stock on the Nasdaq National Market on June 30, 2006.

As of March 1, 2007, 56,805,847 shares of Common Stock of the registrant were outstanding.

Portions of the registrant's definitive Proxy Statement for its 2007 Annual Meeting of Stockholders (which has not been filed as of the date of this filing) are incorporated by reference into Part III.

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Unless the context indicates otherwise, all references in this Report to Ameristar or ACI refer to Ameristar Casinos, Inc. and all references to the Company, we, our, ours or us refer to Ameristar and its consolidated subsidiaries, collectively. This Report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act, including management's plans and objectives for our business, operations and financial performance. These forward-looking statements generally can be identified by the context of the statement or the use of forward-looking terminology, such as believes, estimates, anticipates, intends, expects, plans, is confident that or words of similar meaning, with reference to us or our management. Similarly, statements that describe our future plans, objectives, strategies, financial results, financial position, operational expectations or goals are forward-looking statements. Although management believes that the assumptions underlying the forward-looking statements are reasonable, these assumptions and the forward-looking statements are subject to various factors, risks and uncertainties, many of which are beyond our control. Accordingly, actual results could differ materially from those contemplated by any forward-looking statements. In addition to the other cautionary statements relating to certain forward-looking statements throughout this Report, attention is directed to Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of some of the factors, risks and uncertainties that could materially affect the outcome of future results contemplated by forward-looking statements.

You should also be aware that while we communicate from time to time with securities analysts, we do not disclose to them any material non-public information, internal forecasts or other confidential business information. Therefore, you should not assume that we agree with any statement or report issued by any analyst, irrespective of the content of the statement or report. To the extent that reports issued by securities analysts contain projections, forecasts or opinions, those reports are not our responsibility. Furthermore, we do not undertake any duty to update any earnings guidance or other forward-looking statements that we may publicly issue, and you should not assume that information set forth in any publicly issued forward-looking statements remains accurate.

PART I

Item 1. Business

Introduction

We were deeply saddened by the loss of our founder and former Chairman and Chief Executive Officer, Craig H. Neilsen, on November 19, 2006. Craig served as our principal officer from the Company's inception until his death. Under Craig's guidance, the Company grew from two casinos in Jackpot, Nevada to seven leading properties across the country. Craig was an incredible man: a highly successful business leader; an enthusiastic entrepreneur; a generous philanthropist; and a beloved family member. He not only founded and built Ameristar into the company it is today, he also established the culture, values and principles that have made the Company so successful. Going forward, we are focused on building upon the legacy Craig left us by continuing our strategies, refining them as necessary and growing the Company.

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Ameristar is a leading developer, owner and operator of casino entertainment facilities in local and regional markets. Our seven properties in six markets exemplify the highest quality in design and construction and offer outstanding dining, lodging and entertainment options along with state-of-the-art gaming technology. We seek to maximize profitability in each of our markets through key operating strategies, which include:

1. Developing the highest quality facilities in our markets with a wide range of amenities;
2. Leading our markets in the gaming experience;
3. Building the Ameristar brand; and
4. Employing a collaborative, hands-on management approach.

Our casinos feature spacious gaming floors and typically have the greatest number of games in our markets. Our properties emphasize slot play and offer state-of-the-art slot machines, virtually all of which incorporate convenient ticket-in, ticket-out technology, and the newest multi-coin nickel and penny denomination games. We also offer a wide range of popular table games, including blackjack, craps and roulette, and live poker in the majority of our markets. We generally emphasize competitive minimum and maximum betting limits based on each market. Our gaming revenues are derived, and we expect them to continue to be derived, from a broad base of customers, and we do not depend upon high-stakes players.

We offer a greater variety of dining choices than the other casinos in our markets. Our signature restaurant concepts include warm and intimate steakhouses, elaborate buffets and 24-hour casual dining restaurants, along with sports bars featuring the most advanced audio-visual technology in their markets. Whether in our upscale steakhouses or quick service delis, our emphasis is on quality in all aspects of the dining experience – food, service, ambiance, facilities – at every price point. The private Star Clubs offer our Star Awards members an exclusive place to relax at all Ameristar-branded properties. Our total entertainment strategy includes a wide range of entertainment, showcasing live local, regional and national talent.

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The following table presents selected statistical and other information concerning our properties as of March 1, 2007.

	Ameristar	Ameristar	Ameristar	Ameristar	Ameristar	The Jackpot
	St. Charles	Kansas City	Council Bluffs	Vicksburg	Black Hawk ⁽¹⁾	Properties ⁽²⁾
Opening Year	1994	1997	1996	1994	2001	1956
Acquisition Year	2000	2000			2004	
Casino Square Footage (approx.)	130,000 ⁽³⁾	140,000	38,500 ⁽³⁾	44,500 ⁽³⁾	55,871	29,000
Slot Machines (approx.)	3,234	3,033	1,651	1,499	1,636	993
Table Games	98 ⁽⁴⁾	105 ⁽⁴⁾	31	36	26 ⁽⁴⁾	35 ⁽⁴⁾
Hotel Rooms		184	444 ⁽⁵⁾	149		416
Restaurants/Bars	7/6	11/9 ⁽⁶⁾	4/4	3/3	3/3	5/4
Restaurant/Bar Seating Capacity	1,613/166	1,910/507 ⁽⁶⁾	1,030/61	870/47	479/112	534/113
Guest Parking Spaces (approx.)	4,000	7,150	3,000	1,200	1,553	1,107
Other Amenities	Conference and Meeting Center featuring two ballrooms, five meeting rooms and an executive board room providing 19,200 square feet of meeting space, which opened September 2006;	1,400-Seat Entertainment Facility; 18-Screen Movie Theater ⁽⁷⁾ ; 85-seat VIP Players Club; Gift Shop; Kids Quest Children s Activity Center ⁽⁷⁾ ; Amusement Arcade ⁽⁷⁾	Meeting Space; 75-seat VIP Players Club; Indoor Swimming Pool; Exercise Facility; Gift Shop; Kids Quest Children s Activity Center ⁽⁷⁾ ; Amusement Arcade	Meeting Space; Swimming Pool; Gift Shop; Service Station; Convenience Store; Subway Restaurant Franchise; RV Park	78-seat VIP Players Club; Starbucks Coffee Bar; Gift Shop	3,550-Seat Outdoor Entertainment Facility; 318-Seat Showroom; Meeting Space; Sports Book ⁽⁷⁾ ; Swimming Pool; Gift Shop; Service Station; General Store; Amusement Arcade; Styling Salon; RV Park; Tennis Courts

(1) We acquired Ameristar Black Hawk on December 21, 2004.

(2) Includes the operations of Cactus Petes Resort Casino and The Horseshu

Hotel & Casino.

- (3) The Ameristar St. Charles casino was increased to 130,000 square feet of gaming space on August 6, 2002 upon the opening of a completely new casino-entertainment facility. Expansions of the casinos at Ameristar Council Bluffs and Ameristar Vicksburg opened in November 1999 and December 1999, respectively.
- (4) Includes 19 poker tables at Ameristar St. Charles, 15 poker tables at Ameristar Kansas City, 14 poker tables at Ameristar Black Hawk and 6 poker tables at the Jackpot Properties.
- (5) Includes 284 rooms operated by affiliates of Kineth Hospitality Corporation and located on land owned by us and leased to affiliates of Kineth.
- (6) Includes a 52-seat food court and Arthur Bryant's Barbeque restaurant leased to and operated by third parties.
- (7) Leased to and/or operated by a third

party.

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Ameristar St. Charles. The 130,000 square-foot casino floor ranks Ameristar St. Charles among the 15 largest state-licensed casinos in the U.S. The two-level gaming area accommodates 3,234 slot and video poker machines and 98 table games, including a 19-table poker room.

Seven restaurants offer a range of choices, such as the upscale 47 Port Street Grill steakhouse; the King Cat Club martini bar; the Landmark Buffet with its multiple serving stations; and the Southern front-porch inspired Pearl's Oyster Bar. The 24-hour Falcon Diner recreates the American diner; it is complemented by a gourmet pastry and coffee bar. The Bottleneck Blues Bar features Southern cuisine as well as live headline entertainment. Amerisports Bar & Grill boasts a 34-foot-long video wall and two high-tech, giant video screens, which complement the state-of-the-art audio-video system.

In September 2006, we opened a new \$20 million conference center, featuring two ballrooms, five meeting rooms and an executive board room, totaling 19,200 square feet of meeting space.

The property is located immediately north of the Interstate 70 bridge over the Missouri River in the St. Louis metropolitan area, strategically situated to attract patrons from the St. Charles and greater St. Louis area, as well as tourists from outside the region. The property is also in close proximity to the St. Charles convention facility. Interstate 70 is a 10-lane, east-west freeway offering easy accessibility to, and direct visibility of, the Ameristar St. Charles site. A local transportation development district plans to soon commence a road improvement project adjacent to Ameristar St. Charles that we believe will greatly improve access to our property.

Ameristar Kansas City. Our largest property, Ameristar Kansas City, ranks among the 10 largest state-licensed casino floors in the U.S. The 140,000 square-foot casino floor offers a spacious layout and flow. The casino features 3,033 slot and video poker machines and 105 table games, including a 15-table poker room.

Dining at Ameristar Kansas City reflects our strategy to offer more choices: guests can select from 11 restaurants and nine bars/lounges. The Great Plains Cattle Co. steakhouse has a unique Kansas City-inspired atmosphere. Bugatti's Little Italy Café is recognized as a "Don't Miss Dining Venue" in the *Zagat Survey*. The 24-hour Falcon Diner mirrors our Ameristar St. Charles diner. At the Horizons Buffet, guests can experience eight culinary stations. The Amerisports Brew Pub features state-of-the-art video and audio technology on 41 screens. The Brew Pub is also home to an exhibition brewery for Ameristar's award-winning private label beers. We lease space to three national brands in an open-seating food court: Burger King, Sbarro Pizza, and Cold Stone Creamery.

The property also features a wide scope of entertainment options. The Star Pavilion seats approximately 1,400 and showcases headline entertainers and professional boxing. The Depot #9 Stage and Saloon showcases local and regional bands. Finally, the casino cabaret provides nightly entertainment on the gaming floor.

A 184-room, four-diamond-quality hotel, as well as a state-of-the-art 18-screen movie theater complex, gift shop, video game arcade and Kids Quest activity center, complete the amenities at Ameristar Kansas City. All are easily accessible via ample surface parking or a 2,650-space parking garage.

Located seven miles from downtown Kansas City, Missouri, Ameristar Kansas City is specifically designed to attract customers from the greater Kansas City area, as well as regional overnight guests. The property is in close proximity to the Interstate 435 bridge. Interstate 435 is a six-lane, north-south expressway offering easy access to, and direct visibility of, Ameristar Kansas City.

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Ameristar Council Bluffs. Ameristar Council Bluffs features 38,500 square feet of gaming space with 1,651 slot machines and 31 table games.

The Ameristar Hotel and Main Street Pavilion comprise the property's landside facilities. The property's 160 rooms include eight luxury suites and 32 upscale King Whirlpool rooms. Ameristar Council Bluffs has earned the American Automobile Association Four-Diamond designation for the past nine years. On land, guests also find the exclusive Star Club players lounge; the upscale Waterfront Grill steakhouse; the Heritage Buffet with its multiple cooking stations; and the Prairie Mill Cafe & Bakery, a 24-hour specialty restaurant and fresh bakery and coffee bar.

The Amerisports Bar and Cabaret offers dining and live entertainment, as well as 42 television screens. The property also has a casino cabaret featuring nightly entertainment. Other amenities include a Kids Quest activity center, fitness facility, indoor pool, gift shop, an ice cream and sweet shop and convention space.

We are currently considering several options to expand the gaming space, restaurants and other amenities at the Council Bluffs property.

Located across the Missouri River from Omaha, the property is adjacent to the Nebraska Avenue exit on Interstate 29, immediately north of the junction of Interstate 29 and Interstate 80.

Ameristar Vicksburg. Ameristar Vicksburg has been the long-time market leader, attributable to its superior location, premier product quality and outstanding dining and entertainment options.

The three-level dockside casino is significantly wider than other riverboat casinos in our market, providing a spacious feel. The casino features 44,500 square feet of gaming space, with 1,499 slot machines and 36 table games.

The Bottleneck Blues Bar, which is a Delta-style blues club with live entertainment and gaming, and the Casino Cabaret round out the property's entertainment offerings. Restaurants include Bourbon's, overlooking the Mississippi River; the Bottleneck Blues Bar Express Café, with regionally influenced express-service menu selections; and the 400-seat Heritage Buffet, with seven specialty food stations and private meeting facilities.

The property features a 149-room hotel, which earned a Three-Diamond rating from the American Automobile Association.

Ameristar Vicksburg is located one-quarter mile north of Interstate 20 in Vicksburg, Mississippi. The property is visible from the highway exit ramp and is the closest casino to I-20, a major east-west thoroughfare that connects Atlanta and Dallas. Ameristar Vicksburg caters primarily to guests from the Vicksburg and Jackson, Mississippi and Monroe, Louisiana areas. The nearby Vicksburg National Military Park attracts more than one million visitors annually.

Ameristar Black Hawk. We acquired Mountain High Casino in Black Hawk, Colorado on December 21, 2004. In April 2006, the property was rebranded as Ameristar Black Hawk, following a reconfiguration and expansion of the gaming area, introduction of cashless slot technology and other gaming equipment upgrades and renovation and rebranding of the restaurants. In addition, the parking garage was expanded, nearly doubling its capacity to 1,550 spaces. Ameristar Black Hawk is one of the largest casinos in Colorado and offers 55,871 square feet for gaming, with 1,636 slot machines and 26 table games, including 14 poker tables.

Amenities at the property include The Timberline Grill, an upscale steak and seafood restaurant; the seven-station Centennial Buffet, a casino deli featuring grilled items and stone-fired pizza, a Merk & Tyler Gift Shop and a Starbucks Coffee Bar. Bar 8042, in the heart of the casino, showcases local and regional live entertainment.

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Ameristar Black Hawk is located in the center of the Black Hawk gaming district, approximately 40 miles west of Denver, Colorado, and caters primarily to patrons from the Denver metropolitan area.

The Jackpot Properties. Cactus Petes Resort Casino and The Horseshu Hotel & Casino are both located in Jackpot, Nevada, just south of the Idaho border. The Jackpot properties have been operating since 1956. Together, the Jackpot properties feature approximately 29,000 square feet of gaming space with 993 slot machines and 35 table games, including 6 poker tables, as well as a sports book.

The properties' resort amenities include 416 hotel rooms, with 30 deluxe hot-tub suites; an Olympic-sized pool and heated spa; a styling salon; lighted tennis courts; a recreational vehicle park; and access to a nearby 18-hole golf course. In addition, a general store and a service station serve guests and regional travelers. Dining selections include an extensive buffet, Plateau Steaks and Seafood, a 24-hour casual dining restaurant, a casual Mexican Grill and a Pizza Hut. Cactus Petes' Gala Showroom features nationally known entertainment.

Cactus Petes and The Horseshu have long held Four Diamond and Three Diamond ratings, respectively, from the American Automobile Association.

The properties are located on Nevada State Highway 93, a major regional north-south route, and serve customers primarily from Idaho, and secondarily from Oregon, Washington, Montana, northern California and the southwestern Canadian provinces.

Construction Projects

The following table summarizes our current major construction projects.

Property	Estimated Total Project Costs	Expected Completion Date
Ameristar St. Charles	\$265 million	December 2007
Ameristar Black Hawk	\$220 million	2nd half of 2009
Ameristar Vicksburg	Phase I \$80 million Phase II \$18 million	Phase I March 2008 Phase II 2nd half of 2008

At Ameristar St. Charles, we continue to make progress on the construction of our 400-room all-suite hotel, which we believe is designed to surpass four-diamond-quality standards. With its indoor/outdoor swimming pool and 7,000-square-foot destination full-service spa, we believe it will be the premier hotel in greater St. Louis. Standard guest suites measure at least 628 square feet. The hotel will also have 12 enhanced suites, including 10 spa suites and two presidential suites. This project also includes an additional 2,000-space parking garage. One thousand spaces of the garage were completed in February 2007 and the remaining 1,000 spaces are scheduled to be completed along with the hotel in December 2007. We believe that these improvements will help to increase our competitiveness and market share in St. Louis.

The construction of the four-diamond-quality hotel is progressing at Ameristar Black Hawk. The 33-story tower's 536 well-appointed, oversized rooms will feature upscale furnishings and amenities. The tower will include a versatile meeting and ballroom center and will also have Black Hawk's only full-service spa, an enclosed rooftop swimming pool and indoor/outdoor whirlpool facilities. Once completed, Ameristar Black Hawk will offer destination resort amenities and services that we believe are unprecedented in the Denver gaming market.

The current casino and parking expansion project at Ameristar Vicksburg consists of two phases. The first phase will require dry-docking of the vessel and will add 800 gaming positions, two new restaurants, a VIP club, retail space and a 1,000-space parking garage. We believe these improvements will help to alleviate long-standing capacity constraints, provide more convenient access and increase our long-time market dominance in Vicksburg. The second phase of the project will feature improvements to the existing casino layout and flow as well as enhancements to existing non-gaming amenities. In addition, we expect to commence a hotel renovation in August 2007.

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For additional information on the St. Charles, Black Hawk and Vicksburg construction projects, see Item 1A. Risk Factors.

Our Operating Strategies

We seek to maximize profitability in each of our markets through key operating strategies, which include: (1) developing the highest quality facilities in our markets with a wide range of amenities; (2) leading our markets in the gaming experience; (3) building the Ameristar brand; and (4) employing a collaborative, hands-on management approach. These strategies are designed to create a complete entertainment experience and provide courteous and efficient service that meets or exceeds our guests' expectations.

The core components of our operating strategies are as follows:

High Quality Facilities; Diverse Range of Amenities

We believe we have designed and built the highest quality state-of-the-art facilities in each of the markets in which we operate. Inherent in our project development process is the effective collaboration, coordination and cooperation of our operations and design/construction teams. As a result, our facilities are of superior design and quality and include cutting-edge technology, which provides our guests with an exciting and complete entertainment experience.

We feel that the number and diversity of our amenities is key to attracting customers and developing repeat business. We seek to broaden our appeal by offering more amenities than our competition. We believe that more choices attract a broader range of customers. Our properties offer restaurants ranging from casual to upscale, and customers can choose from entertainment options ranging from cabaret lounges and sports bars to outdoor amphitheaters and multipurpose entertainment pavilions. Some examples of our non-gaming amenities that have proven successful are our high-tech Amerisports Bars (Council Bluffs, St. Charles and Kansas City), our signature steakhouses (Company-wide), the Falcon Diner (St. Charles and Kansas City) and our unique Bottleneck Blues Bars (Vicksburg and St. Charles). In addition, our properties regularly feature nationally known entertainers, including Bryan Adams, Tony Bennett, Boyz II Men, Toni Braxton, Melissa Etheridge, Aretha Franklin, Heart, LL Cool J, Lynyrd Skynyrd, Montgomery Gentry and Kenny Rogers.

Leading Our Markets in the Gaming Experience

We are committed to creating the most advanced casino floor and providing a state-of-the-art gaming experience for our guests. This includes the combination of the right games, in the right places, with convenient access to other amenities that creates a more entertaining experience while on the casino floor. Slot machines are the core driver of our casino business and that is why we are constantly reviewing and analyzing new developments in game and system technologies. In the recent past, we led our markets in the introduction of ticket-in, ticket-out (TITO) technology and fully implementing coinless slot machines at our Ameristar-branded properties. We were also the first operator in our markets to identify the value of the new-generation nickel and penny video reel slot machines and responded by rapidly introducing a large supply of these machines to our casino floors. In addition, we provide convenient redemption options, such as directly inserting cash offers into slot machines and redemption of points at kiosks for cash back. We believe that we gained a significant competitive advantage by being the first casino operator in our markets to recognize the popularity of TITO and video reel slot machines with the gaming public. That is why we continue to examine and evaluate new emerging technologies and games such as server-based gaming, which gives customers the ability to download their favorite games, and automatic table tracking systems, which track the table game customers' play through the use of radio frequency identification (RFID) technology. While looking at new opportunities, we also make sure to continue our focus on our current slot floors to ensure strong slot utilization and slot machine win per unit trends. Guests know that they can depend on Ameristar to provide a mix of the most popular games in a comfortable and exciting environment.

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Building the Ameristar Brand

The Ameristar brand exceeds our guests' expectations with more gaming, entertainment and dining experiences than our competitors in our respective markets. Our branding and marketing efforts support this position through traditional media channels (television, print, radio and outdoor advertising) as well as targeted direct mail and email. Our multi-tiered players' clubs are designed to identify and reward guests based on their level of play. Our best players receive enhanced personalized service and additional benefits through our hosting and ambassador teams.

Hands-on Management

We believe we have enhanced our revenues and minimized our costs by centralizing strategic aspects of our Company while simultaneously practicing a hands-on management approach at the property and corporate levels. We have centralized the strategic aspects of operations, marketing, food and beverage, hotel and gaming. In administration, we have centralized many aspects of purchasing, payroll, human resources, information technology and other departments. The consolidation of these strategic functions allows our properties to focus on the operational aspects of our business, including guest service, player development, recruiting, selection, training, development and labor relations and food quality. To fully benefit from this management style, we also build into our processes a high level of collaboration and communication among all our properties and the corporate team. Since our inception, we have developed a number of best practice processes and strategies for our operations due to this approach. Working together permits us to continually refine these processes and at the same time more efficiently manage our business.

Growth Strategies

We anticipate that our growth will come from disciplined expansions at selected properties and through strategic acquisitions and new developments.

We continuously review the operating performance of each of our existing properties and the feasibility of enhancing their performance through targeted capital expenditure programs. In doing so, we assess the anticipated relative costs and benefits of the projects under consideration, the availability of cash flows and debt financing to fund capital expenditures and competitive and other relevant factors. For example, we believe there are substantial further growth opportunities that will be realized from the expansions currently underway at our properties in St. Charles, Black Hawk and Vicksburg. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for further information regarding our ongoing and planned internal capital improvement projects.

In addition to internal expansion opportunities, we are currently pursuing external expansion opportunities to broaden our overall distribution and increase scale and diversification. In the near term, we are focusing on the potential acquisition of existing casino-entertainment properties that can be improved through the implementation of our development and operational expertise. We also consider new development opportunities in existing and emerging domestic and select international markets. Longer term, we contemplate large development projects in major national markets. Although our preference is to own and operate each of our gaming properties, we may also consider expansion opportunities involving management contracts or joint ventures.

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The following table presents a summary of the market characteristics and market performance of our Ameristar-branded properties as of December 31, 2006.

	Ameristar St. Charles	Ameristar Kansas City	Ameristar Council Bluffs	Ameristar Vicksburg	Ameristar Black Hawk (1)
Adult population within 50 miles	1.9 million	1.5 million	700,000	400,000	2.0 million
Adult population within 100 miles	2.8 million	2.0 million	1.2 million	1.0 million	2.8 million
No. of market participants	5	4	3	4	26
2006 annual market gaming revenue \$ in millions	\$ 991.0	\$ 714.6	\$ 478.0	\$ 290.3	\$ 629.0
2006 market growth rate	3.3%	3.8%	10.1%	6.3%	4.1%
2006 market share	30.7%	36.3%	38.5%	46.5%	12.6%
2005 market share	31.9%	36.7%	43.1%	46.7%	8.9%
2006 market share rank	#2	#1	#2	#1	Not reported

(1) The Black Hawk market includes Black Hawk and Central City, Colorado.

Jackpot, Nevada is just across the border from the State of Idaho. The primary market area for the Jackpot Properties is Twin Falls (located approximately 45 miles north of Jackpot) and Boise (located approximately 150 miles from Jackpot). The primary market area comprises approximately 600,000 adults. The balance of the Jackpot properties' customers comes primarily from the northwestern United States and southwestern Canada. As of December 31, 2006, the Jackpot properties had 62% of the slot machines and 73% of the table games in the Jackpot market.

Competition***St. Charles***

Ameristar St. Charles competes with four other gaming operations located in the metropolitan St. Louis area. Two of these competitors are located in the State of Illinois. Unlike the State of Missouri, Illinois does not impose a \$500 per person, per two-hour session buy-in limit, does not require a casino-issued identification card to enter a casino and allows credit play. However, Illinois casinos are limited in the number of gaming positions allowed and are subject to a higher rate of gaming taxes than Missouri casinos.

Although there were no major capital improvements or expansions in the St. Louis market in 2006, several announced capital projects related to casino entertainment facilities are expected to be completed within the next two years. Development is underway on an approximately \$485 million casino entertainment complex at Laclede's Landing in downtown St. Louis, approximately 22 miles from Ameristar St. Charles. The new facility, which will incorporate a remodeled Embassy Suites hotel, is slated to open in late 2007 and will feature a mix of restaurants, conference space, and a 90,000 square-foot casino. This developer is also currently in the process of completing site work for a development project in Lemay, which is located in the southeastern portion of St. Louis County, approximately 30 miles from our St. Charles property. The Lemay project is expected to include a \$375 million hotel and casino entertainment complex and is currently slated for opening in late 2008. The existing President casino in downtown St. Louis was purchased by the Laclede's Landing developer. This operator has not yet announced its long-term plans for this casino.

In East St. Louis, Illinois, a gaming operator continues to develop a \$150 million casino barge project that is expected to upgrade the current facility in phases prior to the opening of the Laclede's Landing project. The initial phase is a \$50 million expansion project that will replace the existing 25,000 square-foot casino. The new casino will consist of 36,000 square feet of casino space and will be located several hundred feet away, which will likely minimize construction disruption. Phase one is expected to be completed in the summer of

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2007. The second and third phases of the project will include additional restaurants and hotel rooms, a new entertainment facility and a parking garage. Estimated completion dates for the second and third phases have not been announced.

The addition of two gaming licenses in the St. Louis market, as well as any replacement or upgrade to the existing downtown St. Louis or Alton casinos, would result in additional competition for Ameristar St. Charles. The State of Illinois has one dormant gaming license that it has announced it intends to reissue in the greater Chicago area. Accordingly, we do not anticipate any new competition in the Illinois portion of the St. Louis market.

Kansas City

Ameristar Kansas City competes with three other gaming operations located in and around Kansas City, Missouri. A competitor in Riverside, Missouri, located approximately 13 miles from Ameristar Kansas City, is currently constructing a 258-room hotel and replacing its parking garage. The project is slated for completion in the second quarter of 2007.

The Kansas City market is currently insulated from other casino gaming markets, with no competing markets within 50 miles. The diverse amenity base of the Kansas City area casinos should serve to mitigate the impact of outer market table games play on the Kansas City region. However, see Item 1A. Risk Factors for information concerning proposed legislation that would legalize various forms of commercial gaming in Kansas, in close proximity to Ameristar Kansas City.

Council Bluffs

Ameristar Council Bluffs operates one of three gaming licenses issued for the Council Bluffs gaming market pursuant to an operating agreement with Iowa West Racing Association. The two other competitors are operated by a single company and consist of another riverboat casino and a pari-mutuel racetrack casino. In March 2006, the competing racetrack casino opened an \$87 million expansion of its land-based facility, which includes 68,000 square feet of gaming space, a 1,200-space parking garage and several other non-gaming amenities. In 2006, the competitor re-branded the casino and began to offer table games, poker and video poker in addition to slots. The expansion and the additional gaming options offered by the racetrack casino have resulted in increased competition for Ameristar Council Bluffs.

The Council Bluffs market is currently insulated from other casino gaming markets, with the nearest competing gaming jurisdiction located approximately 90 miles away. In 2006, a referendum on the statewide ballot that would have legalized video keno machines was defeated, and another measure that would have legalized casino gaming was ruled invalid by the Nebraska Supreme Court. In the future, the State of Nebraska may again consider legalization of casino gaming which, if passed, would likely result in increased competition for Ameristar Council Bluffs. See Item 1A. Risk Factors for further discussion of these matters.

Table of Contents***Vicksburg***

Ameristar Vicksburg competes with three other gaming operations located in Vicksburg. In July 2006, one of our competitors in Vicksburg was acquired by a privately owned company. The new owner has not yet disclosed its plans for the property. Another competitor is currently undergoing an expansion project that will create additional restaurant space and is slated for completion in mid-2007. Since the third quarter of 2006, the Vicksburg market has returned to relatively normal business volumes following the reopening of several casinos in the Mississippi Gulf Coast region that had closed as a result of Hurricane Katrina in August 2005.

Several potential gaming sites still exist in or near Vicksburg and from time to time potential competitors have proposed the development of additional casinos. In early 2005, the Mississippi Gaming Commission granted preliminary approval for the fifth and sixth casino licenses in the Vicksburg market. One developer has proposed building a \$200 million casino facility, which includes a 250-room hotel, parking garage and other non-gaming amenities. This project was originally planned to commence at the beginning of 2006, but a recent announcement indicated the commencement of construction will be delayed to late 2007. The other proposal calls for the construction of a \$40 million casino facility with limited amenities. To proceed, additional approvals are required from the Mississippi Gaming Commission. In early 2006, a third gaming company secured preliminary approval for a seventh license in the market. This developer's casino project is expected to cost \$200 million and will include a golf course as part of the overall project. At this time, the earliest any of these projects might open is late 2008. In addition, proposals have been made from time to time to develop other Native American casinos in Louisiana and Mississippi, some of which could be competitive with the Vicksburg market if completed.

The Vicksburg market also faces regional competition from two casinos owned by a Native American tribe in Philadelphia, Mississippi, located about 70 miles east of Jackson and 115 miles east of Vicksburg. Vicksburg is also subject to competition from four casinos and one slots-only racetrack in Shreveport and Bossier City, Louisiana, located approximately 175 miles from Vicksburg.

Black Hawk

Ameristar Black Hawk competes with approximately 25 other gaming operations located in the Black Hawk-Central City gaming market in Colorado. Of the casinos in the market, only five are considered large competitors, with over 20,000 square feet of gaming space. Ameristar has the largest single gaming floor and parking garage of any casino in the Black Hawk market. Ameristar's primary competitor is one of the first major casinos encountered when entering Black Hawk from Denver via Route 119. This competitor's primary casino is connected via a skywalk to an adjacent casino the operator also owns, thereby offering increased availability of hotel rooms, parking capacity and gaming positions to consumers.

The Black Hawk-Central City gaming market is currently insulated from other casino gaming markets, with no competing markets within 50 miles. However, there have been several proposals for the development of a Native American casino located in the Denver metropolitan area. Should a casino development in the Denver area occur, the Black Hawk-Central City market would face increased competition. See Item 1A. Risk Factors for more information.

Jackpot

The Jackpot properties compete with four other hotels and motels (three of which also have casinos) in Jackpot. There were no major capital improvements or expansions in the Jackpot market in 2006. In 2005, a private development company proposed to construct a 200-room casino in Jackpot. It is unclear at this time whether the developer will obtain the necessary local permit approvals and secure financing for this project. We are not aware of any other expansion plans by existing or potential competitors in Jackpot in the near future. In the State of Idaho, casinos on Native American land operate video lottery terminals (VLTs), which are similar to slot machines. One casino near Pocatello has approximately 950 VLTs and is operated by the Shoshone-Bannock Tribes. In 2006, the federal court of appeals ruled that the Shoshone-Bannock Tribes

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could operate an unlimited number of VLTs at their casino.

In addition, casino gaming on Native American lands in both western Washington and northeastern Oregon has been in operation for several years and casinos also operate in Alberta, Canada.

Other

In addition to the competition that our properties face from other casinos in their geographic markets, we also compete, to a lesser extent, with casinos in other locations, including major tourist destinations such as Las Vegas, with gaming on cruise ships and with other forms of gaming in the United States, including state-sponsored lotteries, racetracks, off-track wagering, Internet and other account wagering and card parlors.

Employees and Labor Relations

As of March 1, 2007, we employed approximately 7,200 full- and part-time employees. None of our employees is employed pursuant to collective bargaining or other union arrangements. We believe our employee relations are good.

Incorporation

Ameristar was incorporated in Nevada in 1993.

Government Regulation

The ownership and operation of casino gaming facilities are subject to extensive state and local regulation. 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 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.

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 permanently moored (dockside) casinos, powered (excursion) riverboat casinos and barges and to determine the number, location and type of excursion gambling boats allowed each licensee. Due to safety concerns, all gaming vessels on the Missouri River are permitted to be moored in moats within 1,000 feet of the river. Gaming licenses are initially issued for two one-year periods and must be renewed every two years thereafter. The gaming licenses at Ameristar Kansas City and Ameristar St. Charles are next subject to renewal in December 2008. 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 our wholly owned Missouri subsidiaries 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:

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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 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 pledge or grant of a security interest.

Under the Missouri Act, all members of our Board of Directors, 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 such persons required to obtain occupational licenses have obtained or applied for 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 an 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 \$1 million 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 \$2 per gaming customer per two-hour cruise 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, subject to certain conditions, for the use of credit and debit cards and the cashing of 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 and annual 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 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 buy-in 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 space limitations through the adoption of rules and regulations. Additionally,

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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 licensees currently operating riverboat gaming operations in Missouri are authorized to conduct all or a portion of their operations on a dockside basis, and open and continuous boarding is permitted.

The Missouri Act requires each licensee to post a bond or other security to guarantee that the licensee complies with its statutory obligations. The Missouri Act also 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 a time period determined by the Missouri Gaming Commission.

To promote safety, the Missouri Gaming Commission has required that gaming entertainment barges obtain annual certification from the American Bureau of Shipping.

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 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. The sale of alcoholic beverages produced at the Brew Pub at Ameristar Kansas City is subject to licensing, control and regulation by the City of Kansas City, Missouri, Clay County, the State of Missouri and the Division of Alcohol, Tobacco and Firearms of the U.S. Treasury Department.

Iowa

Ameristar's Council Bluffs operations are conducted by our wholly owned subsidiary, Ameristar Casino Council Bluffs, Inc. (ACCBI), and are subject to Chapter 99F of the Iowa Code and the regulations promulgated thereunder. ACCBI'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 an excursion boat or moored barge. Gambling game means any game of chance authorized by the Iowa Gaming Commission. In 2004, the Iowa legislature eliminated the mandatory cruising requirement for an excursion gambling boat, and ACCBI's riverboat is now classified as a permanently moored vessel.

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

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exemption from federal income taxation under Section 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 Iowa West Racing Association, a not-for-profit corporation organized for the purpose of facilitating riverboat gaming in Council Bluffs (the

Association). The Association has entered into a sponsorship agreement with ACCBI authorizing ACCBI to operate riverboat gaming operations in Council Bluffs under the Association's gaming license (the Operator's Contract), and the Iowa Gaming Commission has approved this contract. The term of the Operator's Contract runs until March 31, 2010.

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, most recently reauthorized by referendum in 2002 the gambling games conducted by ACCBI, a reauthorization referendum must be submitted to the electorate in the general election to be held in 2010 and each eight years thereafter. Each such referendum requires the affirmative vote of a majority of the persons voting thereon. In the event a reauthorization referendum is defeated in 2010 or thereafter, the licenses granted to the Association and ACCBI would not be subject to renewal and ACCBI would be required to cease conducting gambling games. After a referendum has been held which defeated a proposal to conduct gambling games on excursion gambling boats, another referendum on a proposal to conduct gambling games on excursion gambling boats may not be held for at least eight years.

Substantially all of ACCBI's material transactions are subject to review and approval by the Iowa Gaming Commission. Written and oral contracts and business arrangements involving a related party or in which the term exceeds three years or the total value exceeds \$100,000 are agreements that qualify for submission to and approval by the Iowa Gaming Commission ("Qualifying Agreements"). Qualifying Agreements are limited to: (1) obligations that expense, encumber or lend ACCBI assets to anyone other than a not-for-profit entity or a unit of government for the payment of taxes and utilities; (2) any disposal of ACCBI assets or the provision of goods and services at less than market value to anyone other than a not-for-profit entity or a unit of government; (3) a previously approved Qualifying Agreement, if consideration exceeds the approved amount by the greater of \$100,000 or 25%; and (4) any type of contract, regardless of value or term, where a third party provides electronic access to cash or credit for a patron of the facility. Each Qualifying Agreement must be submitted to the Iowa Gaming Commission within 30 days of execution. Iowa Gaming Commission approval must be obtained prior to implementation, unless the Qualifying Agreement contains a written clause stating that the agreement is subject to Iowa Gaming Commission approval. Qualifying Agreements that are ongoing or open-ended need only be submitted on initiation, unless there is a material change in terms or noncompliance with the requirement that consideration be given to the use of Iowa resources, goods and services. 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 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 require ACCBI to provide a list of persons holding beneficial ownership interests in ACCBI of less than 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.

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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 5% of the first \$1.0 million of annual adjusted gross receipts, 10% of the next \$2.0 million of annual adjusted gross receipts and 22% of annual adjusted gross receipts over \$3.0 million for an excursion gambling boat. 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 a graduated fee equal to 5% of the first \$30 million of annual adjusted gross receipts, 4% of the next \$30 million of annual adjusted gross receipts, 3% of the next \$30 million of annual adjusted gross receipts, 2% of the next \$30 million of annual adjusted gross receipts and 0.5% of the next \$30 million of annual adjusted gross receipts (up to \$150 million of annual adjusted gross receipts).

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 must be renewed every two years. The Iowa Gaming Commission has broad discretion to deny or revoke any occupational license.

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 liquor ordinances adopted by local authorities. A local authority may adopt ordinances governing establishments that are located within their jurisdiction. Local ordinances may be more restrictive than state law, but they may not conflict with state law. The ABD and the local authorities have full power to suspend or revoke any license for the serving of alcoholic beverages.

Mississippi

The ownership and operation of casino gaming facilities in the State of 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) 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 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 the safeguarding of assets and revenues, providing for 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

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us and our Mississippi gaming operations.

The Mississippi Act provides for legalized gaming in each of the 14 counties that border the Gulf Coast or the Mississippi River, but only if the voters in the county have not voted to prohibit gaming in that county. Currently, gaming is permissible in nine of the 14 eligible counties in the state and gaming operations take place in seven counties. Traditionally, Mississippi law required gaming vessels to be located on the Mississippi River or on navigable waters in eligible counties along the Mississippi River or in the waters lying south of the counties along the Mississippi Gulf Coast. Recently, however, the Mississippi legislature amended the Mississippi Act to permit licensees in the three counties along the Gulf Coast to establish land-based casino operations provided that the gaming areas do not extend more than 800 feet beyond the 19-year mean high water line, except in Harrison County, where the 800-foot limit can be extended as far as the southern boundary of Highway 90.

The Mississippi Act permits unlimited stakes gaming on a 24-hour basis and does not restrict the percentage of space which may be utilized for gaming. The Mississippi Act permits substantially all traditional casino games and gaming devices.

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. As the sole stockholder of Ameristar Casino Vicksburg, Inc. (ACVI), we are registered under the Mississippi Act as a publicly traded corporation (a Registered Corporation). As a Registered Corporation, we are required periodically to submit detailed financial and operating reports to the Mississippi Commission and furnish any other information which the Mississippi Commission may require. If we are unable to continue to satisfy the registration requirements of the Mississippi Act, we and any Mississippi Gaming Subsidiary cannot own or operate gaming facilities in Mississippi. No person may become a stockholder of or receive any percentage of profits from a Mississippi Gaming Subsidiary without first obtaining licenses and approvals from the Mississippi Commission. We have obtained such approvals in connection with our ownership of ACVI.

A 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. There are no limitations on the number of gaming licenses that may be issued in Mississippi. Gaming licenses require the payment of periodic fees and taxes, 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 most recently was granted a renewal of its gaming license by the Mississippi Commission on January 25, 2006. This license expires on January 24, 2009.

Certain of our officers and employees and the officers, directors and certain key employees of our Mississippi Gaming Subsidiary must be found suitable or approved by the Mississippi Commission. We believe that we have obtained, applied for or are in the process of applying for all necessary findings of suitability with respect to such persons affiliated with Ameristar or ACVI, 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 or ACVI 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 reasonable. Changes in certain licensed positions, including changes in any person's corporate position or title, must be reported to the Mississippi Commission. In addition to having authority to deny an application for a finding of suitability, the Mississippi Commission has jurisdiction to disapprove a change in such person's corporate position or title and such changes must be reported to the Mississippi Commission. The Mississippi Commission has the power to require us and any Mississippi Gaming Subsidiary 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. Determinations of suitability or questions pertaining to licensing are not subject to judicial review in Mississippi.

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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, as reported to the Securities and Exchange Commission, 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 any 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. 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.

The Mississippi Commission generally has exercised its discretion to require a finding of suitability of any beneficial owner of more than 5% of any class of voting securities of a Registered Corporation. However, under certain circumstances, an institutional investor, as defined in the Mississippi Commission's regulations, which acquires more than 10% but not more than 15% of the voting securities of a Registered Corporation may apply to the Mississippi 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 corporate charter, bylaws, management, policies or operations of the Registered Corporation or any of its gaming affiliates, or any other action which the Mississippi Commission finds to be inconsistent with holding the voting securities for investment purposes only. Activities that are not deemed to be inconsistent with holding voting securities for investment purposes 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 the Registered Corporation's management, policies or operations; and (3) such other activities as the Mississippi Commission may determine to be consistent with such investment intent.

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 Mississippi Commission may be found unsuitable. The same restrictions apply to a record owner of our securities 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 our securities beyond such time as the Mississippi Commission prescribes may be guilty of a misdemeanor. 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 any Mississippi Gaming Subsidiary owned by us, 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 fair market value.

We may be required to disclose to the Mississippi Commission, upon request, the identities of the holders of our debt or other securities. In addition, under the Mississippi Act, the Mississippi Commission, in its discretion, may require the holder of any debt security of a Registered Corporation to file an application, be investigated and be found suitable to own the debt security if the Mississippi Commission has reason to believe that the holder's ownership of such debt securities would be inconsistent with the declared policies of the State.

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 instruments exercises a material influence over the gaming operations of the entity in question. Any holder of debt securities required

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to apply for a finding of suitability must pay all investigative fees and costs of the Mississippi Commission in connection with such an investigation.

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) 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.

Each Mississippi Gaming Subsidiary must maintain in Mississippi a current ledger with respect to the ownership of its equity securities and we must maintain in Mississippi a current list of our stockholders, which must reflect the record ownership of each outstanding share of any class of our equity securities. 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. We 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. We have received from the Mississippi Commission a waiver of this legend requirement. The Mississippi Commission has the power to impose additional restrictions on the holders of our 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. A Registered Corporation may not make a public offering of its 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 with respect to public offerings and private placements of securities, subject to certain conditions, including the ability of the Mississippi Commission to issue a stop order with respect to any such offering if the staff determines it would be necessary to do so.

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 securities issued by an affiliated company, without the prior approval of the Mississippi Commission. A 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 or its holding companies 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, but we must obtain separate prior approvals from the Mississippi Commission for pledges and stock restrictions imposed in connection with certain financing transactions. Moreover, the regulations of the Mississippi Commission require us to file a Loan to Licensees Report within 30 days following certain financing transactions and the offering of certain debt securities. If the Mississippi Commission were to deem it appropriate, the Mississippi Commission could order any such transaction rescinded.

Changes in control of us through merger, consolidation, acquisition of assets, management or consulting agreements or any act or conduct by a person by which he or she obtains control may not occur without the

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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 also may 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 operators 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 (such as repurchases which treat holders differently) 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 the 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 we 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 us and our affiliates. We previously have obtained a waiver of foreign gaming approval from the Mississippi Commission for operations in other states in which we conduct 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.

The Mississippi Commission has imposed on us the requirement to adopt and maintain a Company-wide gaming compliance program, and has approved our existing Gaming Compliance Program that was previously approved by the Nevada regulatory authorities as satisfying this requirement. See Nevada.

If the Mississippi Commission were to determine that we or ACVI had violated a gaming law or regulation, the Mississippi Commission could limit, condition, suspend or revoke our approvals and the license of ACVI, subject to compliance with certain statutory and regulatory procedures. In addition, we, ACVI and the persons involved could be subject to substantial fines for each separate violation. Because of such a violation, the Mississippi Commission could attempt to appoint a supervisor to operate the 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 of 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 counties and cities in which a Mississippi Gaming Subsidiary's operations are conducted. Depending upon the particular fee or tax involved, these fees and taxes are payable either monthly, quarterly or annually. Gaming taxes are based upon the following: (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 the current maximum tax rate imposed is 8% of all

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gaming receipts in excess of \$134,000 per month. The foregoing license fees we pay are allowed as a credit against ACVI's Mississippi income tax liability for the year paid. The gross revenues fee imposed by the City of Vicksburg equals approximately 4% of 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 adequate parking facilities in close proximity to the casino complex and infrastructure facilities, such as hotels, which amount to at least 100% of the casino cost. The Mississippi Commission's current infrastructure requirement applies to new casinos or acquisitions of closed casinos. Ameristar Vicksburg was grandfathered under a prior version of that regulation that required that the infrastructure investment be equal to only 25% or more of the casino cost.

The sale of alcoholic beverages at Ameristar Vicksburg is subject to licensing, control and regulation by the Alcoholic Beverage Control Division of the Mississippi State Tax Commission (the ABC) and by the City of Vicksburg. Ameristar Vicksburg is located in a designated special resort area, which allows ACVI to serve alcoholic beverages on a 24-hour basis. If ABC regulations are violated, the ABC has the power to limit, condition, suspend or revoke any license for the serving of alcoholic beverages or to place such licensee on probation with or without conditions. Certain officers and managers of ACVI must be investigated by the ABC in connection with ACVI's liquor permit and changes in certain key positions must be approved by the ABC.

Colorado

As prescribed by the Colorado Limited Gaming Act of 1991 (the Colorado Act), the ownership and operation of limited stakes gaming facilities in Colorado are subject to the Colorado Gaming Regulations (the Colorado Regulations) and final authority of the Colorado Limited Gaming Control Commission (the Colorado Commission). The Colorado Act also created the Colorado Division of Gaming within the Colorado Department of Revenue to license, supervise and enforce the conduct of limited stakes gaming in Colorado.

Ameristar Casino Black Hawk, Inc. (ACBHI) holds operator and retail gaming licenses for Ameristar Casino Black Hawk issued by the Colorado Commission. The Colorado Act requires that applications for renewal of operator and retail gaming licenses be filed annually with the Commission not less than 120 days prior to the expiration of the current licenses. ACBHI's operator and retail gaming licenses were most recently renewed by the Colorado Commission on December 16, 2006.

The Colorado Act declares public policy on limited stakes gaming to be that: (1) the success of limited stakes gaming is dependent upon public confidence and trust that licensed limited stakes gaming is conducted honestly and competitively; the rights of the creditors of licensees are protected; and gaming is free from criminal and corruptive elements; (2) public confidence and trust can be maintained only by strict regulation of all persons, locations, practices, associations and activities related to the operation of licensed gaming establishments and the manufacture or distribution of gaming devices and equipment; (3) all establishments where limited gaming is conducted and where gambling devices are operated, and all manufacturers, sellers and distributors of certain gambling devices and equipment, must therefore be licensed, controlled and assisted to protect the public health, safety, good order and the general welfare of the inhabitants of the state to foster the stability and success of limited stakes gaming and to preserve the economy, policies and free competition in Colorado; and (4) no applicant for a license or other affirmative Colorado Commission approval has any right to a license or to the granting of the approval sought. Having the authority to impose fines, the Colorado Commission has broad discretion to issue, condition, suspend for up to six months, revoke, limit or restrict at any time the following licenses: slot machine manufacturer or distributor, operator, retail gaming, support and key employee gaming licenses. With limited exceptions applicable to licensees that are publicly traded entities, no person may sell, lease, purchase, convey or acquire any interest in a retail gaming or operator license or business without the prior approval of the Colorado Commission. Any license issued or other Colorado Commission approval granted pursuant to the Colorado Act is a revocable privilege, and no holder acquires any vested rights therein.

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Pursuant to an amendment to the Colorado Constitution (the Colorado Amendment), limited stakes gaming became lawful in the cities of Central City, Black Hawk and Cripple Creek on October 1, 1991. Limited stakes gaming means a maximum single bet of \$5 on slot machines and in the card games of blackjack and poker.

Limited stakes gaming is confined to the commercial districts of these cities as defined by Central City on October 7, 1981, by Black Hawk on May 4, 1978, and by Cripple Creek on December 3, 1973. In addition, the Colorado Amendment restricts limited stakes gaming to structures that conform to the architectural styles and designs that were common to the areas prior to World War I, and that conform to the requirements of applicable city ordinances regardless of the age of the structures. Under the Colorado Amendment, no more than 35% of the square footage of any building and no more than 50% of any one floor of any building may be used for limited stakes gaming. Persons under the age of 21 cannot participate in limited stakes gaming. The Colorado Amendment also prohibits limited stakes gaming between the hours of 2:00 a.m. and 8:00 a.m. and allows limited stakes gaming to occur in establishments licensed to sell alcoholic beverages.

The Colorado Amendment requires an annual tax of up to 40% on the total amount wagered less all payouts to players. With respect to games of poker, the tax is calculated based on the sums wagered which are retained by the licensee as compensation, which must be consistent with the minimum and maximum amounts established by the Colorado Commission. Annually the Colorado Commission, as mandated by the Colorado Regulations, conducts rule-making hearings concerning the gaming tax rate and device fee rate for the subsequent gaming year. However, rigid compliance with the Colorado Regulations is not mandatory and shall in no way be construed to limit the time periods or subject matters which the Colorado Commission may consider in determining the various tax rates. Generally, the Colorado Commission receives testimony during its April, May and June meetings prior to making a determination regarding the tax rate for the subsequent year. The current gaming tax rate structure, which has been in effect since 1999, is:

0.25% up to and including \$2 million of the subject amounts;

2% on amounts from \$2 million to \$4 million;

4% on amounts from \$4 million to \$5 million;

11% on amounts from \$5 million to \$10 million;

16% on amounts from \$10 million to \$15 million; and

20% on amounts over \$15 million.

The City of Black Hawk also assesses three monthly device fees that are based on the number of slot machines operated. Those consist of a \$62.50 fee per device, a business improvement district device fee of \$7.42 per device and a transportation device fee of \$6.41 per device.

The Colorado Commission has enacted Rule 4.5, which imposes requirements on publicly traded corporations holding gaming licenses in Colorado and on gaming licenses owned directly or indirectly by a publicly traded corporation, whether through a subsidiary or intermediary company. The term publicly traded corporation includes corporations, firms, limited liability companies, trusts, partnerships and other forms of business organizations. Such requirements automatically apply to any ownership interest held by a publicly traded corporation, holding company or intermediary company thereof, where the ownership interest directly or indirectly is, or will be upon approval of the Colorado Commission, 5% or more of the entire licensee. In any event, if the Colorado Commission determines that a publicly traded corporation or a subsidiary, intermediary company or holding company has the actual ability to exercise influence over a licensee, regardless of the percentage of ownership possessed by such entity, the Colorado Commission may require the entity to comply with the disclosure regulations contained in Rule 4.5.

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Under Rule 4.5, gaming licensees, affiliated companies and controlling persons commencing a public offering of voting securities must notify the Colorado Commission no later than 10 business days after the initial filing of a registration statement with the Securities and Exchange Commission. Licensed publicly traded corporations are also required to send proxy statements to the Division of Gaming within five days after their distribution. Licensees to whom Rule 4.5 applies must include in their charter documents provisions that restrict the rights of the licensees to issue voting interests or securities except in accordance with the Colorado Act and the Colorado Regulations; limit the rights of persons to transfer voting interests or securities of licensees except in accordance with the Colorado Act and the Colorado Regulations; and provide that holders of voting interests or securities of licensees found unsuitable by the Colorado Commission may, within 60 days of such finding of unsuitability, be required to sell their interests or securities back to the issuer at the lesser of the cash equivalent of the holders' investment or the market price as of the date of the finding of unsuitability. Alternatively, the holders may, within 60 days after the finding of unsuitability, transfer the voting interests or securities to a suitable person, as determined by the Colorado Commission. Until the voting interests or securities are held by suitable persons, the issuer may not pay dividends or interest, the securities may not be voted and may not be included in the voting or securities of the issuer, and the issuer may not pay any remuneration in any form to the holders of the securities.

Pursuant to Rule 4.5, persons who acquire direct or indirect beneficial ownership of (a) 5% or more of any class of voting securities of a publicly traded corporation that is required to include in its articles of incorporation the Rule 4.5 charter language provisions; or (b) 5% or more of the beneficial interest in a gaming licensee directly or indirectly through any class of voting securities of any holding company or intermediary company of a licensee, referred to as qualifying persons, shall notify the Division of Gaming within 10 days of such acquisition, are required to submit all requested information and are subject to a finding of suitability as required by the Division of Gaming or the Colorado Commission. Licensees also must notify any qualifying persons of these requirements. A qualifying person other than an institutional investor whose interest equals 10% or more must apply to the Colorado Commission for a finding of suitability within 45 days after acquiring such securities. Licensees must also notify any qualifying persons of these requirements. Whether or not notified, qualifying persons are responsible for complying with these requirements.

A qualifying person who is an institutional investor under Rule 4.5 and who, individually or in association with others, acquires, directly or indirectly, the beneficial ownership of 15% or more of any class of voting securities must apply to the Colorado Commission for a finding of suitability within 45 days after acquiring such interests.

The Colorado Regulations provide for exemption from the requirements for a finding of suitability when the Colorado Commission finds such action to be consistent with the purposes of the Colorado Act.

Pursuant to Rule 4.5, persons found unsuitable by the Colorado Commission must be removed from any position as an officer, director or employee of a licensee, or from a holding or intermediary company. Such unsuitable persons also are prohibited from any beneficial ownership of the voting securities of any such entities. Licensees, or affiliated entities of licensees, are subject to sanctions for paying dividends or distributions to persons found unsuitable by the Colorado Commission, or for recognizing voting rights of, or paying a salary or any remuneration for services to, unsuitable persons. Licensees or their affiliated entities also may be sanctioned for failing to pursue efforts to require unsuitable persons to relinquish their interest. The Colorado Commission may determine that anyone with a material relationship to, or material involvement with, a licensee or an affiliated company must apply for a finding of suitability or must apply for a key employee license.

The Colorado Regulations require that every officer, director and stockholder of private corporations or equivalent office or ownership holders for non-corporate applicants, and every officer, director or stockholder holding either a 5% or greater interest or controlling interest of a publicly traded corporation or owners of an applicant or licensee, shall be a person of good moral character and submit to a full background investigation conducted by the Division of Gaming and the Colorado Commission. The Colorado Commission may require any person having an interest in a license to undergo a full background investigation and pay the cost of

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investigation in the same manner as an applicant.

The sale of alcoholic beverages in gaming establishments is subject to strict licensing, control and regulation by State and local authorities. Alcoholic beverage licenses are revocable and nontransferable. State and local licensing authorities have full power to limit, condition, suspend for as long as six months or revoke any such licenses.

There are various classes of retail liquor licenses which may be issued under the Colorado Liquor Code. A gaming licensee may sell malt, vinous or spirituous liquors only by the individual drink for consumption on the premises. An application for an alcoholic beverage license in Colorado requires notice, posting and a public hearing before the local liquor licensing authority prior to approval. The Colorado Department of Revenue's Liquor Enforcement Division must also approve the application. ACBHI has been approved for a hotel and restaurant liquor license by both the local Black Hawk licensing authority and the State Division of Liquor Enforcement for Ameristar Black Hawk.

Nevada

The ownership and operation of casino gaming facilities in Nevada are subject to: (1) the Nevada Gaming Control Act and the regulations promulgated thereunder (collectively, the 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 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 owns and 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

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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 30 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 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. An institutional investor that has obtained a waiver may, in certain circumstances, hold up to 19% of a Registered Corporation's voting securities and maintain its waiver for a limited period of time. 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

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owners. The applicant is 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 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 such 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 its jurisdiction.

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 24, 2005, the Nevada 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 (Affiliate). The Shelf Approval also includes 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 to place restrictions upon the transfer of, and enter into agreements not to encumber the equity securities of, CPI. 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. 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 investment merits of the securities offered. Any representation to the contrary is unlawful. Our application to extend the shelf approval for an additional two years will be considered by the Nevada Commission on March 22, 2007.

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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 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 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.

Ameristar has adopted and maintains a Gaming Compliance Program (Program) that has been approved by the Chairman of the Nevada Board. The Program is designed to assist our efforts to maintain compliance with the gaming laws of the various jurisdictions under which we conduct our gaming operations. Under the Program, a Compliance Committee, assisted by a Compliance Officer, conducts reviews of specified types of proposed business and employment transactions and relationships and other matters related to regulatory requirements, and advises the Board of Directors and management accordingly. The Compliance Committee's activities are designed primarily to help assure the suitability of business associations of the Company and its affiliates.

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: (1) a percentage of the gross revenues received; (2) the number of gaming devices operated; or (3) the number of table games operated. A live entertainment tax is also paid by certain casino operations where entertainment is furnished in connection with admission fees, the selling or serving of food and refreshments, or the selling of merchandise.

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 employ, contract with or associate with a person in the foreign operation who has been denied a license or finding of suitability in Nevada on the ground of unsuitability.

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Other Jurisdictions

We expect to be subject to rigorous regulatory standards, which may or may not be similar to the foregoing standards, in each jurisdiction in which we may seek to conduct gaming operations in the future. There can be no assurance that statutes or regulations adopted or fees and taxes imposed by other jurisdictions will permit us to operate profitably.

Federal Regulation of Slot Machines

We are required to make annual filings with the U.S. Department of Justice in connection with the sale, distribution or operation of slot machines. All requisite filings for the current year have been made.

Other Regulations

In January 2006, our Council Bluffs casino vessel became classified as a permanently moored vessel under the authority of the Iowa Department of Natural Resources and ceased to be subject to United States Coast Guard regulations and inspection requirements. As a permanently moored vessel, it will be required to undergo annual inspections by the Iowa Department of Natural Resources and an underwater hull inspection every 10 years, with the next underwater inspection due in 2016.

Our business is subject to various federal, state and local laws and regulations in addition to those discussed above. These laws and regulations include but are not limited to those concerning employees, taxation, zoning and building codes and marketing and advertising. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations or material differences in interpretations by courts or governmental authorities could adversely affect our business.

Web Access to Periodic Reports

Our Internet website address is www.ameristar.com. We make available free of charge through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission.

Item 1A. Risk Factors

The gaming industry is very competitive and increased competition could have a material adverse effect on our future operations.

The gaming industry is very competitive and we face dynamic competitive pressures in each of our markets. Several of our competitors are larger and have greater financial and other resources. We may choose or be required to take actions in response to competitors that may increase our marketing costs and other operating expenses.

Our operating properties are located in jurisdictions that restrict gaming to certain areas or are adjacent to states that prohibit or restrict gaming operations. 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 or near a market area of one of our properties could result in a significant increase in competition and have a material adverse effect on our business, financial condition and results of operations. Economic difficulties faced by state governments, as well as the increased acceptance of gaming as a leisure activity, could lead to intensified political pressure for the expansion of legalized gaming.

From time to time, legislation and ballot measures have been unsuccessfully proposed in Kansas, Nebraska and Colorado for the legalization or expansion of gaming. In Nebraska, a referendum on the statewide ballot that would have legalized video keno machines was defeated in November 2006, and another measure that

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would have legalized casino gaming was ruled invalid by the Nebraska Supreme Court. In Kansas, there are currently bills pending in the legislature that would legalize various forms of commercial gaming. The expanded legalization of gaming in greater Omaha or Kansas City, in close proximity to our existing facilities, and the additional competition resulting from the subsequent development of competing gaming properties could have a material adverse effect on us.

The Missouri Gaming Commission is investigating gaming license applications for new casino facilities in downtown St. Louis and southeastern St. Louis County, approximately 22 miles and 30 miles, respectively, from Ameristar St. Charles. The casino facility in downtown St. Louis is scheduled to open in late 2007. The southeastern St. Louis County facility, which is being developed by the same operator, is currently scheduled to open in late 2008. St. Louis city officials and members of the Missouri Gaming Commission have also stated that they would like to see a currently operating casino in downtown St. Louis, which is owned by the same operator, improved. The additional two new gaming operations in the St. Louis market, as well as any upgrade to the existing downtown St. Louis casino, will result in significant additional competition for Ameristar St. Charles.

In January 2007, city officials of Sugar Creek, Missouri, located approximately seven miles from Ameristar Kansas City, requested the Missouri Gaming Commission to consider granting an additional gaming license in the Kansas City market and notified the Commission that the city is negotiating an agreement with a privately held casino operator for the operator to develop a casino-based entertainment resort in Sugar Creek. If the Commission were to grant a casino license for this location, the additional competition could materially adversely affect Ameristar Kansas City's business.

In March 2006, our competitor that operates the pari-mutuel racetrack casino in Council Bluffs rebranded the property as part of a major expansion and renovation. The property now features significantly more gaming space, 1,900 slot machines, 62 table games, a poker room and additional non-gaming amenities. Prior to a change in Iowa law in 2004, racetrack casinos were not permitted to offer table games or video poker machines. The operating results of Ameristar Council Bluffs have been adversely affected by this additional competition, and we expect that will continue to be the case.

Our principal competitors in the St. Louis and Black Hawk markets have also recently completed, or will soon complete, significant expansions of their facilities. In Vicksburg, several potential gaming sites still exist, and three companies have received preliminary Mississippi Gaming Commission approval for the development of new casinos, although it is not certain if or when those properties will be developed.

Native American gaming facilities in some instances operate under regulatory and financial requirements that are less stringent than those imposed on state-licensed casinos, which could provide them with a competitive advantage and lead to increased competition in our markets. We believe that operating results at our Jackpot properties have been adversely affected by intensified competition from an Idaho Native American facility that is closer to a portion of our market area. From time to time, the legislatures in Kansas and Nebraska consider legislation that would allow various forms of Native American gaming in close proximity to our properties in Kansas City and Council Bluffs. Additionally, two federally recognized tribes have asserted land claims in Colorado and are attempting to have land in metropolitan Denver placed in trust by the federal government to be used for casino gaming.

The entry into our current markets of additional competitors could have a material adverse effect on 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. Furthermore, increases in the popularity of, and competition from, Internet and other account wagering and gaming services, which allow customers to wager on a wide variety of sporting events and play Las Vegas-style casino games from home, could have a material adverse effect on our business, financial condition, operating results and prospects.

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If the jurisdictions in which we operate increase gaming taxes and fees, our results could be adversely affected.

State and local authorities raise a significant amount of revenue through taxes and fees on gaming activities. From time to time, legislators and government officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. Periods of economic downturn and budget deficits may intensify the efforts of state and local governments to raise revenues through increases in gaming taxes.

In 2004, in response to an Iowa Supreme Court ruling that decreased the gaming taxes payable by casinos at pari-mutuel racetracks, the Iowa legislature approved an increase in the maximum tax rate on gaming revenues of all casinos from 20% to 22%, which became effective July 1, 2004. This tax increase has negatively impacted operating income at Ameristar Council Bluffs and will continue to do so.

Several bills have been introduced in the Missouri legislature in recent years that would increase the gaming tax rate. A bill is pending in the current session that would raise the adjusted gross gaming receipts tax by one percentage point, cap the number of casino licenses and repeal the \$500 buy-in limit. It is too early to predict the outcome of this proposed legislation.

In Colorado, the Colorado Limited Gaming Control Commission has the authority to establish the gaming tax rate on an annual basis, up to a maximum rate of 40% of gross receipts, without further legislative action. The current rate of 20% on gross receipts over \$15.0 million has been in effect since 1996.

If the jurisdictions in which we operate were to further increase gaming taxes or fees, depending on the magnitude of the increase and any offsetting factors (such as the elimination of the buy-in limit in Missouri), our financial condition and results of operations could be materially adversely affected.

Our business is subject to restrictions and limitations imposed by gaming regulatory authorities that could adversely affect us.

The ownership and operation of casino gaming facilities are subject to extensive state and local regulation. The States of Missouri, Iowa, Mississippi, Colorado and Nevada and the applicable local authorities require various licenses, findings of suitability, registrations, permits and approvals to be held by us and our subsidiaries. The Missouri Gaming Commission, the Iowa Racing and Gaming Commission, the Mississippi Gaming Commission, the Colorado Limited Gaming Control 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 Missouri, Iowa, Mississippi, Colorado or Nevada subsidiaries, respectively, for any cause deemed reasonable by such licensing authority. Our gaming licenses in Missouri need to be renewed every two years, our gaming licenses in Iowa and Colorado must be renewed or continued every year, and our gaming license in Mississippi must be renewed every three years. 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 could have a material adverse effect on our business, financial condition and results of operations.

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 licenses and related approvals are deemed to be privileges under the laws of all the jurisdictions in which we operate. 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.

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Financial leverage may impair our financial condition and restrict our operations.

Our leverage ratio (as defined in our senior credit facilities) increased from 3.07:1 as of December 31, 2005 to 3.33:1 as of December 31, 2006, while our total indebtedness increased from \$780.4 million as of December 31, 2005 to \$883.0 million as of December 31, 2006. As we proceed with our planned capital improvement projects and aggressively seek to grow our business over the next three years, we anticipate that our total debt will increase significantly. The degree to which we are leveraged could have important adverse consequences to our business, including:

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 flows from operations for the payment of interest on our debt and reducing our ability to use our cash flows to fund working capital, capital expenditures, acquisitions, stock repurchases, dividends 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 less leveraged competitors.

The agreement governing our senior credit facilities contains covenants that may restrict our ability to, among other things, borrow money, pay dividends, make capital expenditures and effect a consolidation, merger or disposal of substantially all of our assets. Although the covenants in our senior credit facilities are subject to various exceptions that are intended to allow us to operate without undue restraint in certain anticipated circumstances, we cannot assure you that these covenants will not adversely affect our ability to finance future operations or capital needs or to engage in other activities that may be in our best interest. In addition, our long-term debt requires 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. A breach of any of these covenants would result in a default under our senior credit facilities. 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. In addition, our senior credit facilities are secured by first priority security interests on substantially all of our real and personal property, including the capital stock of our subsidiaries. If we are unable to pay all amounts declared due and payable in the event of a default, the lenders could foreclose on these assets.

We are subject to the risk of rising interest rates.

All of our borrowings under our senior credit facilities bear interest at variable rates. As of February 28, 2007, we had \$881.0 million outstanding under our senior credit facilities. If short-term interest rates rise, our interest cost will increase, which will adversely affect our net income and available cash.

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: (1) shortages of materials (including slot machines or other gaming equipment); (2) shortages of skilled labor or work stoppages; (3) unforeseen construction scheduling, engineering, environmental or geological problems; (4) weather interference, floods, hurricanes, fires or other casualty losses; (5) unanticipated cost increases; (6) delays or increased costs in obtaining required governmental permits and approvals; and (7) construction period disruption to existing operations.

Our anticipated costs and construction periods for construction projects are based upon budgets, conceptual

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design documents and construction schedule estimates prepared by us in consultation with our architects, consultants and contractors. The cost of any construction project undertaken by us may vary significantly from initial expectations, and we may have a limited amount of capital resources to fund cost overruns on any project. The major hurricanes experienced in the Gulf Coast region in 2005 and the resulting reconstruction efforts have exacerbated shortages of certain construction materials and labor and resulted in increased construction costs. If we cannot finance cost overruns on a timely basis, the completion of one or more projects may be delayed until adequate cash flows 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 on time, if at all, 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. In this regard, on February 1, 2007, we reported that there have been significant cost increases of \$25.0 million and \$40.0 million over our previous budgets on our St. Charles and Black Hawk hotel projects, respectively, and that our Black Hawk and Vicksburg projects will be completed much later than originally announced, due to various factors.

We employ fast-track design and construction methods in most 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, often involve greater construction costs than otherwise would be incurred and may increase the risk of disputes with contractors, all of which could have a material adverse effect on our business, financial condition and results of operations.

Unforeseen Geological Conditions May Continue to Affect Our Black Hawk Construction Project. In 2006, as we blasted a portion of the mountain to prepare the foundation for our new hotel under construction at Ameristar Black Hawk, we discovered a subsurface fracture that resulted in a rockslide. The process of clearing debris from the rockslide and additional engineering required to continue the blasting has delayed the estimated completion date of the project by several months and resulted in additional project costs. In late February 2007, we identified additional fissures. Our preliminary evaluation indicates that the fissures will delay the completion of the project by approximately three to four months, to the second half of 2009, and may result in additional construction costs. Our Black Hawk project may experience additional delays and/or cost increases due to the unforeseeable site conditions.

Our Expansion Project at Ameristar Vicksburg Presents Unique Engineering and Construction Challenges. We are expanding the casino vessel at Ameristar Vicksburg and connecting it to the new parking garage under construction at the site. In order to do so, we will be required to pour a concrete foundation and rest the vessel on permanent supports (similar in design to a dry-dock) while the vessel remains in the existing cofferdam basin. We plan to do this while the vessel remains in water and without suspending operations at the casino. This project presents significant engineering and construction challenges and we believe that our combination of methods has never before been attempted under comparable conditions. We have not been able to procure on practicable terms contractual protections and insurance coverage sufficient to protect us against all possible losses arising out of the project. If the casino vessel were to sustain significant damage or be required to cease operations for an extended period, our business may be materially adversely affected. Additionally, the project may experience delays and cost increases due to complexities associated with dry-docking the vessel.

Construction Dependent upon Available Financing and Cash Flows from 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 earnings before interest, taxes, depreciation and amortization expense (EBITDA) 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 flows or borrowing capacity will be sufficient to allow us to undertake or complete current or future construction projects.

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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 flows.

Worsening economic conditions or geopolitical circumstances may adversely affect our business.

Our business may be adversely affected by economic downturns and instability, as we are dependent on discretionary spending by our customers. Any worsening of current economic conditions or significant increases in energy prices could cause fewer people to spend money at our properties and could adversely affect our revenues. Other geopolitical events, such as terrorism or the threat of terrorism, may deter customers from visiting our properties.

We have limited opportunities to develop new properties.

The casino gaming industry has limited new development opportunities. Most jurisdictions in which casino gaming is currently permitted place numerical and/or geographical limitations on the issuance of new gaming licenses. Although a number of jurisdictions in the United States and foreign countries are considering legalizing or expanding casino gaming, in some cases new gaming operations may be restricted to specific locations, such as pari-mutuel racetracks. Moreover, it is not clear whether the tax, land use planning and regulatory structures that may be applicable to any new gaming opportunity would make the development and operation of a casino financially acceptable. We expect that there will be intense competition for any attractive new opportunities that do arise, and many of the companies competing for such opportunities will have greater resources and name recognition than we do. Therefore, we cannot assure you that we will be able to successfully expand our business through new development.

Our business may be adversely affected by legislation prohibiting tobacco smoking.

Legislation in various forms to ban indoor tobacco smoking has recently been enacted or introduced in many states and local jurisdictions, including several of the jurisdictions in which we operate. In 2006, statewide smoking bans were enacted by the legislature in Colorado and by voter initiative in Nevada, both of which contain exemptions for casino floors. Recently, a bill was introduced in the Colorado legislature that would repeal the casino floor exemption. If additional restrictions on smoking are enacted in jurisdictions in which we operate, particularly if such restrictions are not applicable to all competitive facilities in that gaming market, our business could be materially adversely affected.

The Estate of Craig H. Neilsen owns a majority of our common stock and controls our affairs.

Craig H. Neilsen, our founder and former Chairman of the Board and Chief Executive Officer, died on November 19, 2006. At the time of his death, Mr. Neilsen beneficially owned approximately 56% of our outstanding Common Stock. As a result of his death, these shares passed by operation of law to Mr. Neilsen's estate (the Estate). The co-personal representatives of the Estate are Ray H. Neilsen, our Co-Chairman of the Board and Vice President of Operations and Special Projects, and Gordon R. Kanofsky, our Co-Chairman of the Board and Executive Vice President. Accordingly, Messrs. Neilsen and Kanofsky jointly have the ability to control our operations and affairs, including the election of the entire Board of Directors and, except as otherwise provided by law, other matters that may be submitted to a vote of the stockholders, including a merger, consolidation or sale of our assets. As a result, actions that may be supported by a majority of the other stockholders, including the issuance of additional shares of Common Stock to finance acquisitions or other growth opportunities, could be blocked by Messrs. Neilsen and Kanofsky. In addition, the Estate's ownership affects the liquidity in the market for our Common Stock.

Craig H. Neilsen's estate plan provides that 25,000,000 shares of our Common Stock owned by the Estate (or approximately 44% of our shares currently outstanding) will ultimately pass to The Craig H. Neilsen Foundation, a private foundation primarily focused on funding spinal cord injury research and treatment (the Foundation). Messrs. Neilsen and Kanofsky serve as the co-trustees of the Foundation, and they also serve

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on the Foundation's five-person board of directors. As officers and/or directors of ACI, personal representatives of the Estate and trustees and directors of the Foundation, Messrs. Neilsen and Kanofsky are subject to certain conflicts of interest.

A change in control could result in the acceleration of our debt obligations.

Certain changes in control could result in the acceleration of our senior credit facilities. This acceleration could be triggered in the event the Estate or its beneficiaries, including the Foundation, sell a substantial number of shares of our Common Stock, which they might have to do in order to pay estate tax liabilities or satisfy legal requirements applicable to shareholdings by private foundations. We cannot assure you that we would be able to repay any indebtedness that is accelerated as a result of a change in control, and this would likely materially adversely affect our financial condition.

Our business may be materially impacted by an act of terrorism or by additional security requirements that may be imposed on us.

The U.S. Department of Homeland Security has stated that places where large numbers of people congregate, including hotels, are subject to a heightened risk of terrorism. An act of terrorism affecting one of our properties, whether or not covered by insurance, or otherwise affecting the travel and tourism industry in the United States, may have a material adverse effect on our business. Additionally, our business may become subject to increased security measures designed to prevent terrorist acts.

Our business may be adversely affected by our ability to retain and attract key personnel.

We depend on the continued performance of our entire senior executive team, including John M. Boushy, our Chief Executive Officer and President, who joined us in August 2006 and became Chief Executive Officer following Mr. Neilsen's unexpected death in November 2006. As a result, if we lose the services of any of our key executives or our senior property management personnel and cannot replace such persons in a timely manner, it could have an adverse effect on our business.

We have experienced and expect to continue to experience strong competition in hiring and retaining qualified property and corporate management personnel, including competition from numerous Native American gaming facilities that are not subject to the same taxation regimes as we are and therefore may be willing and able to pay higher rates of compensation. We currently have a number of vacancies in key corporate and property management positions. Recruiting and retaining qualified management personnel is particularly difficult at Ameristar Vicksburg, Ameristar Black Hawk and the Jackpot properties due to their geographic locations. If we are unable to successfully recruit and retain qualified management personnel at our properties or at our corporate level, our results of operations could be adversely affected.

As we recruit personnel, we expect successful candidates to exhibit a collaborative, communicative and collegial nature. We also employ a high degree of centralization in a highly decentralized industry. We use multi-faceted recruitment, assessment and interviewing approaches that include several levels of interactions and interviews over a period of time. These factors create risk in attracting management personnel in a timely fashion, as well as hiring candidates we expect to be successful within our company.

Adverse weather conditions or natural disasters in the areas in which we operate could have an adverse effect on our results of operations and financial condition.

Adverse weather conditions, particularly flooding, heavy snowfall and other extreme conditions, as well as natural disasters, can deter our customers from traveling or make it difficult for them to visit our properties. If any of our properties were to experience prolonged adverse weather conditions, or if multiple properties were to simultaneously experience adverse weather conditions, our results of operations and financial condition

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would be adversely affected.

We have very limited insurance coverage for earthquake damage at our properties. Several of our properties, particularly Ameristar St. Charles, are located near historically active earthquake faults. In the event one of our properties were to sustain significant damage from an earthquake, our business could be materially adversely affected. ***Any loss from service of our riverboat and barge facilities for any reason could materially adversely affect us.***

Our riverboat and barge facilities could be lost from service due to casualty, mechanical failure, extended or extraordinary maintenance, floods or other severe weather conditions.

The Ameristar Vicksburg site has experienced ongoing geologic instability that requires periodic maintenance and improvements. Although we have reinforced the cofferdam basin in which the vessel currently floats and where we are dry-docking the vessel on a concrete foundation, 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 barge facility from service for any period of time likely would adversely affect our operating results and borrowing capacity under our long-term debt facilities in an amount that we are unable to reasonably estimate. It could also result in the occurrence of a default under our credit agreement.

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, which could adversely affect our 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.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Ameristar St. Charles. Ameristar St. Charles is located on approximately 58 acres that we own along the west bank of the Missouri River immediately north of Interstate 70. Ameristar St. Charles owns various other real property in the region, including undeveloped land held for possible future wetlands remediation.

Ameristar Kansas City. Ameristar Kansas City is located on approximately 183 acres of property that we own. The site is east of and adjacent to Interstate 435 along the north bank of the Missouri River.

Ameristar Council Bluffs. Ameristar Council Bluffs is located on an approximately 69-acre site along the bank of the Missouri River. We own approximately 46 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 term expiring in 2045. We lease approximately one acre of the Ameristar Council Bluffs site to affiliates of Kineth Hospitality Corporation for the operation of a 188-room limited service Holiday Inn Suites Hotel and a 96-room Hampton Inn Hotel.

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Ameristar Vicksburg. Ameristar Vicksburg is located on two parcels, totaling approximately 50 acres, that we own in Vicksburg, Mississippi on either side of Washington Street near Interstate 20. We own or lease various other properties in the vicinity that are not part of our facility, including a service station and convenience store and a recreational vehicle park that we operate.

Ameristar Black Hawk. Ameristar Black Hawk is located on a site of approximately 5.7 acres that we own on the north side of Colorado Highway 119 in Black Hawk, Colorado. We own or lease various other properties in the vicinity that are not part of our facility, including approximately 100 acres of largely hillside land across Richman Street from the casino site, a portion of which is currently used for overflow parking.

The Jackpot Properties. We own approximately 116 acres in or around Jackpot, Nevada, including the 35-acre site of Cactus Petes and the 25-acre site of The Horseshu. The Cactus Petes and Horseshu sites are across from each other on U.S. Highway 93. We also own 288 housing units in Jackpot that support the primary operations of the Jackpot properties.

Other. We lease office and warehouse space in various locations outside of our operating properties, including our corporate offices in Las Vegas, Nevada. We own or lease other real property in various locations in the United States that is used in connection with our business.

Substantially all of our real property collateralizes our obligations under our senior credit facilities.

Item 3. Legal Proceedings

From time to time, we are a party to litigation, most of which arises in the ordinary course of business. We are not currently a party to any litigation that management believes would be likely to have a material impact on our financial position, results of operations or cash flows.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Table of Contents**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****(a) Market Information**

Our Common Stock is traded on the Nasdaq Global Select Market under the symbol ASCA. The price per share of common stock presented below represents the highest and lowest sales prices for our Common Stock on the Nasdaq Global Select Market (formerly the Nasdaq National Market) during each calendar quarter indicated.

	High	Low
2006		
First Quarter	\$25.79	\$21.35
Second Quarter	26.57	17.98
Third Quarter	23.22	16.73
Fourth Quarter	33.41	21.66
2005		
First Quarter	\$28.99	\$20.47
Second Quarter	29.13	23.83
Third Quarter	30.31	20.04
Fourth Quarter	24.97	18.12

On June 20, 2005, we effected a 2-for-1 stock split. All share and per-share information in this Report has been retroactively adjusted to reflect the stock split.

(b) Holders

As of March 1, 2007, there were approximately 149 holders of record of our Common Stock.

(c) Dividends

We have paid consecutive quarterly dividends on our Common Stock since 2004. Future dividends will depend upon our earnings, financial condition and other factors.

In 2005, we paid quarterly cash dividends of \$0.078125 per share on our Common Stock, for an annual total of \$0.3125 per share. In 2006, we paid quarterly cash dividends of \$0.09375 per share, for an annual total of \$0.375 per share. On February 15, 2007, our Board of Directors increased the quarterly cash dividend to \$0.1025 per share, commencing with the dividend paid in the first quarter of 2007.

Our senior credit facilities obligate us to comply with certain covenants that place limitations on the payment of dividends. We are limited to paying no more than \$40.0 million annually for dividends under the agreement governing the senior credit facilities. For the years ended December 31, 2006 and 2005, we paid dividends totaling \$21.1 million and \$17.4 million, respectively. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources and Note 5 Long-term debt of Notes to Consolidated Financial Statements.

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The following data have been derived from our audited consolidated financial statements and should be read in conjunction with those statements, certain of which are included in this Report.

AMERISTAR CASINOS, INC.
CONSOLIDATED SELECTED FINANCIAL DATA

Statement of income data (1):	2006	For the years ended December 31,			2002
		2005	2004	2003	
		(Amounts in Thousands, Except Per Share Data)			
REVENUES:					
Casino	\$ 1,008,311	\$ 974,178	\$ 856,901	\$ 760,376	\$ 678,642
Food and beverage	131,795	125,918	114,010	103,176	80,783
Rooms	27,972	25,355	26,082	25,136	22,824
Other	29,082	26,041	23,166	21,557	19,387
	1,197,160	1,151,492	1,020,159	910,245	801,636
Less: Promotional allowances	196,862	190,134	165,461	128,278	103,673
Net revenues	1,000,298	961,358	854,698	781,967	697,963
OPERATING EXPENSES:					
Casino	439,101	431,101	379,909	349,845	297,476
Food and beverage	68,744	66,299	63,758	59,747	53,963
Rooms	6,780	6,454	6,565	6,343	6,826
Other	18,749	16,503	13,687	12,522	13,962
Selling, general and administrative	200,588	186,050	157,907	149,292	150,228
Depreciation and amortization	93,889	85,366	73,236	63,599	48,711
Impairment loss on assets held for sale	931	869	174	687	5,213
Preopening costs					6,401
Total operating expenses	828,782	792,642	695,236	642,035	582,780
INCOME FROM OPERATIONS	171,516	168,716	159,462	139,932	115,183
OTHER INCOME (EXPENSE):					
Interest income	2,746	830	245	330	174
Interest expense, net	(50,291)	(60,913)	(57,003)	(64,261)	(51,206)
Loss on early retirement of debt	(26,264)	(2,074)	(923)	(701)	
Net gain (loss) on disposition of assets	683	(1,655)	(904)	288	(272)
Income before income tax provision	98,390	104,904	100,877	75,588	63,879
Income tax provision	38,825	38,619	38,898	27,968	23,345
NET INCOME	\$ 59,565	\$ 66,285	\$ 61,979	\$ 47,620	\$ 40,534

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AMERISTAR CASINOS, INC.
CONSOLIDATED SELECTED FINANCIAL DATA
(continued)

STATEMENT OF INCOME DATA (CONTINUED):	For the years ended December 31,				
	2006	2005	2004	2003	2002
	(Amounts in Thousands, Except Per Share Data)				
EARNINGS PER SHARE:					
Basic	\$ 1.06	\$ 1.19	\$ 1.15	\$ 0.90	\$ 0.78
Diluted	\$ 1.04	\$ 1.16	\$ 1.11	\$ 0.88	\$ 0.75
WEIGHTED AVERAGE SHARES OUTSTANDING:					
Basic	56,155	55,664	54,114	52,846	52,214
Diluted	57,327	57,127	55,653	54,240	53,984

BALANCE SHEET AND OTHER DATA:	December 31,				
	2006	2005	2004	2003	2002
	(Amounts in Thousands)				
Cash and cash equivalents	\$ 101,140	\$ 106,145	\$ 86,523	\$ 78,220	\$ 90,573
Total assets	1,541,475	1,383,986	1,315,469	1,155,250	1,173,492
Total long-term debt, net of current maturities	878,668	776,029	761,799	713,044	760,665
Stockholders' equity (2)	434,164	383,710	321,300	255,843	202,196
Capital expenditures	249,123	177,789	89,633	69,219	255,530

(1) We opened the new Ameristar St. Charles facility on August 6, 2002.

We acquired Ameristar Black Hawk (formerly Mountain High Casino) on December 21, 2004.

(2) Dividends of \$21.1 million, \$17.4 million and \$13.6 million were paid in 2006, 2005 and 2004, respectively. The annual dividend per share was \$0.375 in 2006,

\$0.3125 in 2005
and \$0.25 in
2004. No
dividends were
paid in 2002 or
2003.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in conjunction with our Consolidated Financial Statements and the Notes thereto included in this Report. The information in this section and in this Report generally includes forward-looking statements. See Item 1A. Risk Factors.

Overview

We develop, own and operate casinos and related hotel, food and beverage, entertainment and other facilities, with seven properties in operation in Missouri, Iowa, Mississippi, Colorado and Nevada. Our portfolio of casinos consists of: Ameristar St. Charles, serving greater St. Louis, Missouri; Ameristar Kansas City, serving the Kansas City, Missouri metropolitan area; Ameristar Council Bluffs, serving Omaha, Nebraska and southwestern Iowa; Ameristar Vicksburg, serving Jackson, Mississippi and Monroe, Louisiana; Cactus Petes and The Horseshu in Jackpot, Nevada, serving Idaho and the Pacific Northwest; and Ameristar Black Hawk, serving the Denver, Colorado metropolitan area. We acquired Ameristar Black Hawk on December 21, 2004.

Our financial results are dependent upon the number of patrons that we attract to our properties and the amounts those patrons spend per visit. Management uses various metrics to evaluate these factors. Key metrics include:

Slots handle / Table games drop measurements of gaming volume;

Win / Hold percentages the percentage of handle or drop that is won by the casino and recorded as casino revenue;

Hotel occupancy rate the average percentage of available hotel rooms occupied during a period;

Average daily room rate average price of occupied hotel rooms per day;

REVPAR revenue per available room is a summary measure of hotel results that combines average daily room rate and hotel occupancy rate;

Market share share of gross gaming revenues in each of our markets other than Jackpot and our share of gaming devices in the Jackpot market (Nevada does not publish separate gaming revenue statistics for this market);

Fair share percentage a percentage of gross gaming revenues based on the number of gaming positions relative to the total gaming positions in the market;

Admissions the number of patrons who enter our casinos in jurisdictions that record admissions; and

Win per admission the amount of gaming revenues generated per admission.

Our operating results may be affected by, among other things, competitive factors, gaming tax increases, the commencement of new gaming operations, charges associated with debt refinancing or property acquisition and disposition transactions, construction at existing facilities, general public sentiment regarding travel, overall economic conditions affecting the disposable income of our patrons and weather conditions affecting our properties.

Consequently, our operating results for any quarter or year are not necessarily comparable and may not be indicative of future periods' results.

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The following significant factors and trends should be considered in analyzing our operating performance:

Ameristar Black Hawk. On April 1, 2006, we rebranded our renovated and expanded casino in Black Hawk, Colorado. Ameristar Black Hawk, formerly known as Mountain High, now features an expanded parking garage with 1,550 parking spaces, refurbished and rebranded dining venues, additional gaming space, 1,600 slot machines and an upscale Star Club for our top players. For the last three quarters of 2006, the property experienced significant growth in business volume and strong improvement in financial performance following the casino expansion and rebranding, as evidenced by increases in net revenues and operating income of 67.9% and 494.6%, respectively, over the last three quarters of 2005. The property's financial performance was adversely impacted by construction disruption throughout 2005 and during the first quarter of 2006. Additionally, Ameristar Black Hawk was adversely affected during most of the third quarter of 2005 by the temporary closure of a principal highway connecting Black Hawk and Denver.

Post-hurricane improvement at Ameristar Vicksburg. In 2006, Ameristar Vicksburg increased operating income by \$4.8 million, or 12.4%, over 2005. The improved financial performance of this property is mostly attributable to reduced Mississippi Gulf Coast gaming capacity caused by Hurricane Katrina in August 2005. In 2006, business volumes and our financial performance continued to surpass results prior to Hurricane Katrina despite the reopening of several Gulf Coast casinos during the year. During the fourth quarter of 2006, we began to experience declines in our Vicksburg property's financial performance relative to the 2005 fourth quarter. We expect the property's business volumes and financial performance for each of the first three quarters of 2007 to decline, as compared to the same quarterly periods in 2006, mostly as a result of the restored Gulf Coast gaming capacity.

Increased competition for Ameristar Council Bluffs. Ameristar Council Bluffs faced enhanced competition following the March 2006 completion of a major expansion and rebranding of a nearby land-based casino. For the year ended December 31, 2006, our Council Bluffs property experienced a \$5.5 million (9.7%) decrease in operating income and a 2.3 percentage point decline in operating income margin as compared to 2005. During 2005, our Council Bluffs property benefited from significant construction disruption and a reduced number of available slot machines at the competing casino.

Profit maximization. We continue to see the positive impact from our efforts to utilize promotional allowances and labor more efficiently. During the last two quarters of 2006, we decreased our promotional allowances as a percentage of gaming revenues by 1.6 percentage points compared to the same period in the prior year, and we expect this trend to continue in 2007. In addition to more effective promotional spending, we are continuing to achieve further efficiencies through improved labor management and cost containment practices. The successful application of these strategies was most evident at our St. Charles property, where revenues declined \$1.2 million from the prior year while operating income margin improved 0.7 percentage point over 2005.

Promotional spending and marketing. For the year ended December 31, 2006, promotional allowances at our properties increased \$6.7 million (3.5%) over 2005. The increase in our rate of promotional spending was partially attributable to our ongoing efforts to strengthen the Ameristar brand through targeted marketing, as evidenced by an overall 4.9% increase in rated play from 2005 to 2006. In addition to improving rated play, our marketing and promotional spending in 2006 also increased, particularly in the first quarter of 2006, as a result of competitive pressures in the Missouri and Iowa markets. As indicated above, we believe we addressed these competitive challenges with more efficient promotional spending, resulting in decreased promotional allowances in the second half of 2006 as compared to the last six months of 2005.

Renovations and enhancements at Ameristar St. Charles. At Ameristar St. Charles, we continue to make progress on the construction of a 400-room, all-suite hotel with an indoor/outdoor swimming

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pool and a 7,000 square-foot full-service spa, and an additional 2,000-space parking garage. The hotel is designed to surpass four-diamond-quality standards and we believe it will be the premier hotel in greater St. Louis. We completed and opened 19,200 square feet of new meeting and conference facilities in the third quarter of 2006 and the initial 1,000 spaces of the parking garage in February 2007. The total cost of these ongoing and recently completed projects is expected to be \$265.0 million, representing an increase of \$25.0 million over the original budget. The revised cost is mostly attributable to upgraded design and finishes intended to enhance the guest experience, greater-than-anticipated site preparation costs and an increase in the cost of materials. The completion date of the hotel and the remainder of the project is expected to be December 2007. We believe these new amenities will allow us to further enhance our competitive position in the St. Louis market.

Ameristar Black Hawk hotel project. The construction of our four-diamond quality hotel is progressing at Ameristar Black Hawk. The 33-story tower's 536 well-appointed, oversized rooms will feature upscale furnishings and amenities. The tower will include a versatile meeting and ballroom center and will also have Black Hawk's only full-service spa, an enclosed rooftop swimming pool and indoor/outdoor whirlpool facilities. Once completed, Ameristar Black Hawk will offer destination resort amenities and services that we believe are unprecedented in the Denver gaming market. The hotel's scheduled completion date has been delayed until the second half of 2009, primarily due to unforeseen site conditions and inclement weather. The cost of the hotel is expected to be \$220.0 million, representing an increase of \$40.0 million over the previous budget. The revised cost estimate is mostly attributable to an increase in materials costs, the unforeseen site conditions and upgraded finishes and amenities designed to enhance the guest experience.

Expansion project at Ameristar Vicksburg. We are continuing to progress with a multi-phase casino and parking expansion project at Ameristar Vicksburg. The first phase of the project will require dry-docking the vessel and will add 800 gaming positions, two new restaurants, a VIP club, retail space and a parking garage to the property, and is expected to be completed by March 2008. We believe these improvements will help to alleviate long-standing capacity constraints, provide more convenient access and increase our long-time market dominance in Vicksburg. The second phase of the project will feature improvements to the existing casino layout and flow as well as enhancements to existing non-gaming amenities, and is expected to be completed in the second half of 2008. The total cost for both phases of the project is expected to be \$98.0 million. In addition to the Vicksburg projects noted above, we expect to commence a \$12 million renovation of the hotel in August 2007.

External development costs. Development activities have contributed to our corporate expense as we continue to pursue growth through acquisition and other development opportunities. Development-related costs totaled \$3.2 million in 2006 compared to \$6.6 million in 2005. The decrease in costs is mostly attributable to reduced efforts in the United Kingdom and the termination in November 2005 of our pursuit of a casino license application in Pennsylvania. In April 2006, we submitted a proposal to acquire a publicly traded U.S.-based gaming operator. The gaming operator received several competing proposals and we ultimately determined not to further pursue the acquisition. In connection with this proposed acquisition, professional fees and internal costs totaled approximately \$0.9 million. As part of our continued pursuit of external expansion opportunities, we expect to incur future development costs, the amounts of which we cannot currently determine.

Stock-based compensation expense. On January 1, 2006, we adopted SFAS No. 123(R), which requires the recognition of compensation expense in an amount equal to the fair value of share-based payments (e.g., stock options) granted to employees. The adoption of SFAS No. 123(R) resulted in a pre-tax non-cash operating expense of \$7.8 million for the year ended December 31, 2006.

Table of Contents**Results of Operations****Selected Financial Measures by Property**

The following table sets forth certain information concerning our consolidated cash flows and the results of operations of our operating properties:

	Years ended December 31,		
	2006	2005	2004
	(Dollars in Thousands)		
Consolidated Cash Flow Information:			
Net cash provided by operating activities	\$ 169,538	\$ 197,459	\$ 176,504
Net cash used in investing activities	\$ (237,681)	\$ (175,849)	\$ (208,658)
Net cash provided by (used in) financing activities	\$ 63,138	\$ (1,988)	\$ 40,457
Net Revenues:			
Ameristar St. Charles	\$ 284,841	\$ 286,028	\$ 278,887
Ameristar Kansas City	252,991	247,586	234,432
Ameristar Council Bluffs	181,840	186,367	171,755
Ameristar Vicksburg	135,236	126,089	107,440
Jackpot Properties	68,698	63,939	60,160
Ameristar Black Hawk (1)	76,692	51,349	2,024
Consolidated net revenues	\$ 1,000,298	\$ 961,358	\$ 854,698
Operating Income (Loss):			
Ameristar St. Charles	\$ 64,842	\$ 63,268	\$ 67,125
Ameristar Kansas City	47,625	48,226	44,803
Ameristar Council Bluffs	50,950	56,452	50,656
Ameristar Vicksburg	43,630	38,812	27,592
Jackpot Properties	12,812	10,851	8,962
Ameristar Black Hawk (1)	7,555	304	851
Corporate and other	(55,898)	(49,197)	(40,527)
Consolidated operating income	\$ 171,516	\$ 168,716	\$ 159,462
Operating Income Margins:			
Ameristar St. Charles	22.8%	22.1%	24.1%
Ameristar Kansas City	18.8%	19.5%	19.1%
Ameristar Council Bluffs	28.0%	30.3%	29.5%
Ameristar Vicksburg	32.3%	30.8%	25.7%
Jackpot Properties	18.6%	17.0%	14.9%
Ameristar Black Hawk (1)	9.9%	0.6%	42.0%
Consolidated operating income margin	17.1%	17.5%	18.7%

(1) We acquired Ameristar Black Hawk on December 21, 2004.

Accordingly,
Ameristar Black
Hawk s
operating results
are included
only since the
acquisition date
for 2004 and for
the full years
2005 and 2006.

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The following table presents detail of our net revenues:

	Years ended December 31,		
	2006	2005	2004
	(Amounts in Thousands)		
Casino Revenues:			
Slots	\$ 897,728	\$ 860,948	\$ 747,247
Table games	110,583	113,230	109,654
Casino revenues	1,008,311	974,178	856,901
Non-Casino Revenues:			
Food and beverage	131,795	125,918	114,010
Rooms	27,972	25,355	26,082
Other	29,082	26,041	23,166
Non-casino revenues	188,849	177,314	163,258
	1,197,160	1,151,492	1,020,159
Less: Promotional Allowances	(196,862)	(190,134)	(165,461)
Total Net Revenues	\$ 1,000,298	\$ 961,358	\$ 854,698

Year Ended December 31, 2006 Versus Year Ended December 31, 2005***Net Revenues***

Consolidated net revenues for the year ended December 31, 2006 increased 4.1% over 2005. The increase in consolidated net revenues was primarily attributable to increases over the prior year of 49.4% at Ameristar Black Hawk and 7.3% at Ameristar Vicksburg, partially offset by a 2.4% decrease at Ameristar Council Bluffs. The Black Hawk property benefited from the rebranding and reduced construction disruption following the completion of the initial phase of our expansion activities in the first quarter of 2006. Our Vicksburg property's improved financial performance and the 6.3% growth in the overall Vicksburg market are mostly attributable to the third quarter 2005 closure of the Mississippi Gulf Coast casinos following Hurricane Katrina.

Consolidated casino revenues for 2006 increased \$34.1 million over the prior year, principally due to a \$25.5 million (50.9%) increase in slot revenues at Ameristar Black Hawk, which now features an additional 600 slot machines on its expanded casino floor. We further believe consolidated casino revenues increased in part as a result of the continued successful implementation of our targeted marketing programs, as evidenced by an overall increase in rated play at our properties over 2005. For the years ended December 31, 2006 and 2005, promotional allowances as a percentage of casino revenues remained unchanged at 19.5%. Our strategy to maximize profitability through efficient promotional spending during the second half of 2006 offset the increased promotional spending during the first half of 2006 that was primarily caused by competitive pressures at our Council Bluffs and Missouri properties.

Operating Income

In 2006, consolidated operating income increased \$2.8 million, or 1.7%, over 2005, while consolidated operating income margin decreased by 0.4 percentage point from the prior year. The growth in operating income was substantially attributable to Ameristar Black Hawk's and Ameristar Vicksburg's strong financial performances. Ameristar Black Hawk's 2006 financial results included \$1.7 million in non-recurring costs related to the rebranding. The financial performance of our Black Hawk and Vicksburg properties was partially offset by the results of our Council Bluffs property, which experienced declines in operating income and the related margin from the prior year as a result of enhanced competition.

Consolidated operating income was adversely affected by the \$7.8 million in stock-based compensation expense we were required to recognize beginning in 2006. Consolidated operating income was also impacted by an \$8.5 million (10.0%) increase in depreciation and amortization expense over 2005, primarily due to \$5.3 million in depreciation expense from the capital improvements placed in service as part of the Ameristar Black

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Hawk expansion. We anticipate that depreciation expense will continue to rise as a result of our ongoing major capital projects at St. Charles, Black Hawk and Vicksburg. Finally, health benefit costs in 2006 decreased by \$2.9 million (9.7%) compared to the prior year. It is not possible to predict with accuracy future health benefit costs, as they are dependent on a number of factors beyond our control, including the frequency and severity of large claims. However, we would expect to experience an increase in health benefit costs in 2007.

Interest Expense

The following table summarizes information related to interest on our long-term debt:

	Years ended December 31,	
	2006	2005
	(Dollars in thousands)	
Interest cost	\$ 58,411	\$ 65,956
Less: Capitalized interest	(8,120)	(5,043)
Interest expense, net	\$ 50,291	\$ 60,913
Cash paid for interest, net of amounts capitalized	\$ 65,675	\$ 54,015
Weighted average total debt balance outstanding	\$ 838,256	\$ 755,343
Weighted average interest rate	6.8%	8.6%

For the year ended December 31, 2006, consolidated interest expense, net of amounts capitalized, decreased \$10.6 million (17.4%) from 2005. The decrease is due primarily to a reduced average interest rate resulting from a November 2005 refinancing of our senior secured credit facility and a February 2006 redemption of our senior subordinated notes with borrowings under our new credit facility at substantially lower interest rates. The interest savings resulting from the lower interest rates were partially offset by an increase from 2005 of \$82.9 million in the weighted average total debt balance outstanding. As we continue to progress on our major construction projects, we expect that our debt will increase further. Additionally, when we place those assets in service over the next three years, we will no longer capitalize the interest on the associated debt, which will cause our net interest expense to rise.

Income Tax Expense

Our effective income tax rate was 39.5% in 2006 and 36.8% in 2005. The federal income tax statutory rate was 35.0% in both years. The rise in our effective tax rates is mostly attributable to increased pre-tax income generated by our properties located in states with higher income tax rates.

Net Income

For the year ended December 31, 2006, consolidated net income decreased \$6.7 million, or 10.1%, from the year ended December 31, 2005. We incurred a pre-tax charge in the first quarter of 2006 relating to the loss on redemption of our senior subordinated notes of approximately \$26.3 million that adversely impacted diluted earnings per share by \$0.30. Additionally, diluted earnings per share for 2006 were negatively impacted by \$0.09 by the adoption of SFAS No. 123(R).

Table of Contents***Year Ended December 31, 2005 Versus Year Ended December 31, 2004******Net Revenues***

Consolidated net revenues for the year ended December 31, 2005 increased 12.5% over the prior year. All our Ameristar-branded properties improved their net revenues in 2005. At Ameristar Council Bluffs, our net revenues in 2005 increased over the prior year partially as a result of significant construction disruption and a reduced number of available slot machines at the competing racetrack casino. Our Vicksburg property's improved financial performance over 2004 and the overall growth in the Vicksburg market were mostly due to the closure of the Gulf Coast casinos following Hurricane Katrina. Our Black Hawk property contributed \$49.3 million to the increase in consolidated annual net revenues in 2005.

Casino revenues for the year ended December 31, 2005 increased \$117.3 million, or 13.7%, from 2004, including increases in slot and poker revenues of 15.2% and 17.2%, respectively. Our Black Hawk property contributed \$52.1 million to the increase in casino revenues over the 11-day period during which we owned the property in 2004. The increased gaming revenues are mostly attributable to the continued improvement in our slot product and the other factors described above. We further believe casino revenues increased in part as a result of our continued successful implementation of our targeted marketing programs, which is evidenced by the 7.8% increase in rated play at our Ameristar-branded properties (excluding our Black Hawk property) when compared to 2004.

Consolidated promotional allowances increased by \$24.7 million, or 14.9%, over the prior year, primarily as a result of increased competition in our Iowa and Missouri markets and our targeted marketing efforts mentioned above. The Black Hawk property also contributed \$10.3 million to the increase in consolidated promotional allowances during 2005.

Operating Income

In 2005, consolidated operating income increased \$9.3 million, or 5.8%, over 2004, while consolidated operating income margin decreased by 1.1 percentage points from the prior year. The growth in operating income was substantially attributable to Ameristar Vicksburg's strong financial performance following the closure of the Gulf Coast casinos by Hurricane Katrina. The Vicksburg property's financial results were somewhat offset by greater than expected construction disruption at our Black Hawk property, higher corporate costs and increased competitive pressures experienced by our Missouri and Iowa properties, which negatively impacted consolidated operating income and the related margin.

Additionally, consolidated operating income and the related margin were adversely impacted by increases in employee compensation and related benefits and depreciation expense at Ameristar St. Charles and by the temporary closure of a principal highway between Black Hawk and Denver in the third quarter of 2005.

We believe that the improvements in operating income and operating income margin at our Kansas City and Council Bluffs properties were mostly attributable to the effective implementation of cost-containment initiatives. Our Jackpot properties benefited from a reduction in entertainment and marketing costs.

Corporate expense for the year ended December 31, 2005 increased \$8.7 million, or 22.1%, over 2004, primarily as a result of additional employee compensation and benefit costs and increased development activities.

Interest Expense

Consolidated interest expense, net of amounts capitalized, was \$60.9 million in 2005 compared to \$57.0 million in 2004. Total interest cost in 2005 was \$66.0 million, an increase of \$7.3 million over 2004. The increase is due primarily to a rise in our average LIBOR-based interest rate on our senior credit facilities year-

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over-year and, to a lesser extent, an increase in our long-term debt level resulting from the \$115.0 million borrowed in December 2004 to acquire our Black Hawk property. The increases in the average interest rate and long-term debt level were partially offset by a \$1.0 million decrease in interest expense resulting from the termination of our interest rate swap agreement on March 31, 2004 and an increase in capitalized interest from \$1.7 million in 2004 to \$5.0 million in 2005. Capitalized interest in 2005 primarily related to the capital improvement projects at our Black Hawk property and the hotel room renovations at our Council Bluffs and Kansas City properties.

Income Tax Expense

Our effective income tax rate was 36.8% in 2005 and 38.6% in 2004. The federal income tax statutory rate was 35.0% in both years. The differences from the statutory rate are due to state income taxes and the effect of certain expenses we incurred that are not deductible for federal income tax purposes.

Net Income

Net income increased to \$66.3 million for the year ended December 31, 2005 compared to \$62.0 million in 2004 and diluted earnings per share increased to \$1.16 in 2005 from \$1.11 in 2004. Our net income and diluted earnings per share in 2005 increased primarily as a result of revenue growth for the reasons mentioned above, as partially offset by increases in depreciation expense, corporate costs and losses on early retirement of debt. Diluted earnings per share were negatively impacted by a 2.6% increase in the number of weighted average diluted shares outstanding in 2005 versus 2004.

Liquidity and Capital Resources*Cash Flows Summary*

Our cash flows consisted of the following:

	Years ended December 31,		
	2006	2005	2004
	(Amounts in Thousands)		
Net cash provided by operating activities	\$ 169,538	\$ 197,459	\$ 176,504
Cash flows from investing activities:			
Capital expenditures	(249,123)	(177,789)	(89,633)
Net cash paid for acquisition of Mountain High Casino			(114,171)
Increase (decrease) in construction contracts payable	16,157	4,437	(5,536)
Proceeds from sale of assets	1,368	896	879
Increase in deposits and other non-current assets	(6,083)	(3,393)	(197)
Net cash used in investing activities	(237,681)	(175,849)	(208,658)
Cash flows from financing activities:			
Debt borrowings	485,000	410,000	115,000
Principal payments of debt	(384,346)	(396,554)	(68,562)
Premium on early redemption of senior subordinated notes	(20,425)		
Cash dividends paid	(21,068)	(17,425)	(13,561)
Debt issuance costs	(153)	(5,134)	(88)
Excess tax benefit from stock option exercises	4,266		
Purchases of treasury stock	(8,014)		
Proceeds from stock option exercises	7,878	7,125	7,668
Net cash provided by (used in) financing activities	63,138	(1,988)	40,457

Net (decrease) increase in cash and cash equivalents	\$ (5,005)	\$ 19,622	\$ 8,303
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Cash flows from operating activities

Our business is primarily conducted on a cash basis. Accordingly, operating cash flows tend to follow trends in our operating income. The decline in operating cash flows from 2005 to 2006 was attributable in part to increases in income tax cash payments and debt service payments and the decrease in net income as discussed above. The increase in operating cash flows from 2004 to 2005 was chiefly the result of the improvement in consolidated operating income during 2005, a \$16.4 million increase in deferred taxes and positive changes in several of our working capital assets and liabilities.

Cash flows from investing activities

We incurred \$249.1 million, \$177.8 million and \$89.6 million in capital expenditures (including capitalized interest) in 2006, 2005 and 2004, respectively. See *Capital expenditures* and *Liquidity* for further discussion of capital expenditures. During 2004, we paid \$114.2 million, net of \$3.6 million of acquired cash, issued \$2.5 million of Common Stock and assumed \$2.3 million of long-term debt in connection with the acquisition of our Black Hawk property.

Cash flows from financing activities

Cash flows provided by financing activities were significantly impacted by the following:

The February 15, 2006 redemption of our senior subordinated notes with borrowings under our revolving loan facility;

The November 10, 2005 borrowing of \$400.0 million as a term loan under our new credit facility, of which \$362.2 million was used to repay the principal amount of loans outstanding under our prior senior credit facilities, with the balance being held to provide funding for future capital needs;

Debt borrowings primarily to fund capital improvement projects;

The December 21, 2004 borrowing of \$115.0 million under our senior credit facilities in order to fund the acquisition of our Black Hawk property;

Principal payments on long-term debt;

Prepayments of \$26.0 million and \$65.0 million on our senior credit facilities in 2005 and 2004, respectively;

Dividend payments;

Proceeds from employee stock option exercises;

The repurchase of 0.4 million shares of Common Stock at a cost of \$8.0 million under our stock repurchase program during 2006; and

Debt issuance costs relating to the new credit facility.

As a result of several of the 2006 transactions described above, our total long-term debt outstanding (including current maturities) increased from \$780.4 million at December 31, 2005 to \$883.0 million at December 31, 2006.

Capital expenditures

In 2006, we incurred \$249.1 million in capital expenditures (of which \$8.1 million was capitalized interest). These expenditures were mostly funded with cash from operations and, to a lesser extent, with the borrowings

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under our senior credit facilities. Capital expenditures for the year ended December 31, 2006 included: \$92.3 million related to our expansion activities at Ameristar St. Charles; \$48.3 million for capital improvement projects at Ameristar Black Hawk; \$33.3 million for the acquisition of slot machines at all our properties; and \$22.4 million for the construction of a new parking garage and casino expansion at Ameristar Vicksburg.

During 2005, capital expenditures totaled \$177.8 million (of which \$5.0 million was capitalized interest) and included: \$57.2 million for capital improvement projects at our Black Hawk property; \$52.6 million for long-lived assets relating to various capital maintenance at all our properties; \$33.2 million for slot equipment and related technology; \$19.7 million related to the Council Bluffs and Kansas City hotel room renovations; and \$15.1 million for construction relating to the St. Charles parking garage, hotel and conference center.

Capital expenditures made in 2004 totaled \$89.6 million (of which \$1.7 million was capitalized interest) and included: \$36.9 million for slot equipment and related technology; \$35.2 million for long-lived assets relating to various capital maintenance at all our properties; \$10.9 million related to the Council Bluffs and Kansas City hotel room renovations; and \$6.6 million for information technology projects.

Our senior credit facilities limit our aggregate capital expenditures to \$1.0 billion during the period from November 10, 2005 to November 10, 2012.

Liquidity

At December 31, 2006, our principal debt outstanding consisted of \$485.0 million under the revolving loan facility and \$396.0 million under the term loan facility. As of December 31, 2006, the amount of the revolving loan facility available for borrowing was \$309.6 million, after giving effect to \$5.4 million of outstanding letters of credit. All mandatory principal repayments have been made through December 31, 2006.

As discussed above, on November 10, 2005, we obtained a \$1.2 billion senior secured credit facility that includes a \$400.0 million seven-year term loan facility and a five-year revolving loan facility with capacity for borrowing up to \$800.0 million. The proceeds from the term loan were primarily used to repay all \$362.2 million principal amount of loans outstanding under the replaced senior secured credit facilities. The new credit facility features lower interest rate add-ons compared to our previous senior secured credit facilities and, together with operating cash flows, will provide the funding for our existing capital improvement projects. We also used proceeds of the new facility to fund the redemption in February 2006 of our 10.75% senior subordinated notes, which we expect will result in a further significant reduction in our borrowing costs, as discussed below.

The revolving loan facility includes a \$75.0 million letter of credit sub-facility and a \$25.0 million swingline loan sub-facility. Upon the satisfaction of certain conditions, we will have the option to increase the total amount available under the new credit facility by up to an additional \$400.0 million, in the form of incremental term loans or additional borrowings under the revolving facility.

The agreement governing our senior credit facilities requires us to comply with various affirmative and negative financial and other covenants, including restrictions on the incurrence of additional indebtedness, restrictions on dividend payments and other restrictions and requirements to maintain certain financial ratios and tests. Certain changes in control could result in the acceleration of our senior credit facilities. As of December 31, 2006, we were in compliance with all applicable covenants.

On February 15, 2006, we redeemed all \$380.0 million outstanding principal amount of the senior subordinated notes at a redemption price of 105.375% of the principal amount, plus \$20.4 million in accrued and unpaid interest to the redemption date. The retirement of the notes resulted in a one-time charge for loss on early retirement of debt in the first quarter of 2006 of approximately \$26.3 million on a pre-tax basis.

At December 31, 2006, we had available \$212.5 million of state net operating loss carryforwards that relate to our Missouri properties and may be applied against future taxable income. At December 31, 2006, we also

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had available \$22.4 million of federal net operating loss carryforwards and \$27.3 million of state net operating loss carryforwards, which were acquired as part of the Ameristar Black Hawk acquisition. These acquired net operating loss carryforwards are subject to IRS change of ownership limitations. Accordingly, the future utilization of the carryforwards is subject to an annual base limitation of \$5.1 million that can be applied against future taxable income. The remaining unused federal and state net operating loss carryforwards will expire in 2019 through 2025. During the years ended December 31, 2006 and 2005, we made federal and state income tax payments totaling \$38.3 million and \$15.0 million, respectively.

As of December 31, 2006, in addition to the \$309.6 million available for borrowing under the senior credit facilities, we had \$101.1 million of cash and cash equivalents, approximately \$48.0 million of which were required for daily operations. Our capital expenditures in 2007 are expected to be approximately \$407.0 million. We anticipate spending approximately \$50.0 million on maintenance capital expenditures (including the acquisition of slot machines and other long-lived assets) and approximately \$357.0 million on internal expansion projects. Actual 2007 capital expenditures will depend on the start date of certain projects and the progress of construction through year-end. As described in more detail above, our current major internal expansion projects include: construction of the 400-room, all-suite hotel with an indoor/outdoor swimming pool and a 7,000 square-foot full-service spa, and an additional 2,000-space parking garage at Ameristar St. Charles; construction of the 536-room, four-diamond-quality hotel with related amenities and services at Ameristar Black Hawk; and the casino and parking expansion project and the planned hotel renovation at Ameristar Vicksburg.

Historically, we have funded our daily operations through net cash provided by operating activities and our significant capital expenditures primarily through operating cash flows, bank debt and other debt financing. We believe that our cash flows from operations, cash and cash equivalents and availability under our senior credit facilities will be able to support our operations and liquidity requirements, including all of our currently planned capital expenditures and dividend payments on our Common Stock. However, if our existing sources of cash are insufficient to meet such needs, we will be required to seek additional financing or scale back our capital plans. We would likely have to obtain additional debt financing if we undertake major acquisitions or new development projects. Any loss from service of our riverboat and barge facilities for any reason could materially adversely affect us, including our ability to fund daily operations and to satisfy debt covenants. Our ability to borrow funds under our senior credit facilities at any time is primarily dependent upon the amount of our EBITDA, as defined for purposes of our senior credit facilities, for the preceding four fiscal quarters.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Securities and Exchange Commission Regulation S-K.

Table of Contents**Contractual and Other Commitments**

The following table summarizes our material obligations and commitments to make future payments under certain contracts, including long-term debt obligations, capitalized leases, operating leases and certain construction contracts.

Contractual Obligations:	2007	Payments Due by Period (in Thousands)			Total
		2008-2009	2010-2011	After 2011	
Long-term debt instruments	\$ 4,344	\$ 8,699	\$587,034	\$282,935	\$ 883,012
Estimated interest payments on long-term debt (1)	63,937	144,357	97,914	21,693	327,901
Operating leases	3,703	1,538	974	851	7,066
Material construction contracts	228,216	47,395			275,611
Total	\$300,200	\$201,989	\$685,922	\$305,479	\$1,493,590

(1) Estimated interest payments on long-term debt are based on principal amounts outstanding after giving effect to projected borrowings in 2007 and forecasted LIBOR rates for our senior secured credit facilities.

Other Commitments:	Amount of Commitment Expiration Per Period (in Thousands)				Total
	2007	2008-2009	2010-2011	After 2011	
Letters of credit	\$ 5,373	\$	\$	\$	\$ 5,373

Our cash tax payments for 2007 are expected to be approximately \$31.0 million.

Another significant operating use of cash in 2007 is interest payments. Our cash interest payments, excluding capitalized interest, were \$65.7 million, \$59.1 million and \$54.3 million for the years ended December 31, 2006, 2005 and 2004, respectively. Cash interest payments may increase in 2007 as a result of a possible rise in interest rates and an expected increase in the average outstanding debt balance from anticipated borrowings under the \$800.0 million revolving loan facility to fund our capital improvement projects. For more information, see Note 5 Long-term debt of Notes to Consolidated Financial Statements.

We routinely enter into operational contracts in the ordinary course of our business, including construction contracts for projects that are not material to our business or financial condition as a whole. Our commitments relating

to these contracts are recognized as liabilities in our consolidated balance sheets when services are provided with respect to such contracts.

In December 2000, we assumed several agreements with the Missouri 210 Highway Transportation Development District (Development District) that had been entered into in order to assist the Development District in the financing of a highway improvement project in the area around the Ameristar Kansas City property prior to our purchase of that property. In order to pay for the highway improvement project, the Development District issued revenue bonds totaling \$9.0 million in principal amount with scheduled maturities from 2006 through 2011. We have issued an irrevocable standby letter of credit with a bank in support of obligations of the Development District for certain principal and interest on the revenue bonds. The amount outstanding under this letter of credit was \$2.6 million as of December 31, 2006 and may be subsequently reduced as principal and interest mature under the revenue bonds. Additionally, we are obligated to pay any shortfall in the event that amounts on deposit are insufficient to cover the obligations under the bonds as well as any costs incurred by the Development District that are not payable from the taxed revenues used to satisfy

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the bondholders. Through December 31, 2006, we had paid \$2.0 million in shortfalls and other costs. As required by the agreements, we anticipate that we will be reimbursed for these shortfall payments by the Development District from future available cash flow, as defined, and have recorded a corresponding receivable as of December 31, 2006.

At December 31, 2006, we had outstanding letters of credit in the amount of \$5.4 million, which reduced the amount available to borrow under our revolving loan facility. We do not have any other guarantees, contingent commitments or other material liabilities that are not reflected on our consolidated balance sheets. For more information, see Note 5 Long-term debt of Notes to Consolidated Financial Statements.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements. To prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States, we must make estimates and assumptions that affect the amounts reported in the consolidated financial statements. We regularly evaluate these estimates and assumptions, particularly in areas we consider to be critical accounting estimates, where changes in the estimates and assumptions could have a material impact on our results of operations, financial position and, generally to a lesser extent, cash flows. Senior management and the Audit Committee of our Board of Directors have reviewed the disclosures included herein about our critical accounting estimates, and have reviewed the processes to determine those estimates.

Property and Equipment

We have significant capital invested in our property and equipment, which represents approximately 84% of our total assets. Judgments are made in determining the estimated useful lives of assets, salvage values to be assigned to assets and if or when an asset has been impaired. The accuracy of these estimates affects the amount of depreciation expense recognized in our financial results and the extent to which we have a gain or loss on the disposal of the asset. We assign lives to our assets based on our standard policy, which we believe is representative of the useful life of each category of assets. We review the carrying value of our property and equipment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. The factors we consider in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors.

Excess of Purchase Price Over Fair Value of Net Assets Acquired

At December 31, 2006, we had approximately \$77.0 million in goodwill and other intangible assets on our consolidated balance sheet resulting from our acquisition of the Missouri properties in December 2000. As required by SFAS No. 142, we completed our annual assessment for impairment and determined that no goodwill impairment existed. The assessment requires the use of estimates about future operating results of each reporting unit to determine its estimated fair value. Changes in forecasted operations can materially affect these estimates.

Star Awards Program

Our customer reward program, Star Awards, allows customers to earn certain point-based cash rewards or complimentary goods and services based on the volume of the customers' gaming activity. Customers can accumulate reward points over time that they may redeem at their discretion under the terms of the program. The reward credit balance is forfeited if a customer does not earn any reward credits over any subsequent 12-month period. As a result of the ability of the customer to bank the reward points, we accrue the expense of reward points, after giving effect to estimated forfeitures, as they are earned. At December 31, 2006 and 2005, \$7.7 million and \$8.6 million, respectively, were accrued under this program. The value of these point-based cash rewards or complimentary goods and services are netted against revenue as a promotional allowance.

Table of Contents***Cash Coupons***

Our former, current and future gaming customers may be awarded, on a discretionary basis, cash coupons based, in part, on their play volume. The coupons are provided on a discretionary basis to induce future play, are redeemable within a short time period (generally seven days) and are redeemable only on a return visit. There is no ability to renew or extend the offer. We recognize a reduction in revenue as a promotional allowance for these coupons when the coupons are redeemed.

Self-Insurance Reserves

We are self-insured for various levels of general liability, workers' compensation and employee medical coverage. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accrued estimates of incurred but not reported claims. At December 31, 2006 and 2005, our estimated liabilities for unpaid and incurred but not reported claims totaled \$10.4 million and \$10.1 million, respectively. We utilize actuaries who consider historical loss experience and certain unusual claims in estimating these liabilities, based upon statistical data provided by the independent third party administrators of the various programs. We believe the use of this method to account for these liabilities provides a consistent and effective way to measure these highly judgmental accruals; however, changes in health care costs, accident or illness frequency and severity and other factors can materially affect the estimates for these liabilities.

Accounting for Share-Based Compensation

In December 2004, the Financial Accounting Standards Board issued SFAS No. 123(R), Share-Based Payment, which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. These fair values are calculated by using the Black-Scholes-Merton option pricing formula, which requires estimates for expected volatility, expected dividends, the risk-free interest rate and the term of the option. SFAS No. 123(R) revised SFAS No. 123 and superseded APB Opinion No. 25, Accounting for Stock Issued to Employees. Effective January 1, 2006, we adopted the provisions of SFAS No. 123(R) using the modified prospective application transition method. Under this transition method, the future compensation cost related to all equity instruments granted prior to but not yet vested as of adoption is recognized based on the grant-date fair value, which is estimated in accordance with the original provisions of SFAS No. 123. The grant-date fair value of the awards is generally recognized as expense over the service period. Under the provisions of SFAS No. 123(R), we are required to include an estimate of the number of awards that will be forfeited and update that number based on actual forfeitures. Previously, we had recognized the impact of forfeitures as they occurred. With respect to the determination of the pool of windfall tax benefits, we elected to use the transition election of FASB Staff Position No. FAS 123(R)-3 (the short-cut method) as of the adoption of SFAS No. 123(R).

Income Taxes

We are subject to federal income taxes in the United States and state income taxes in several states in which we operate. We account for income taxes according to SFAS No. 109, Accounting for Income Taxes. SFAS No. 109 requires the recognition of deferred tax assets, net of applicable reserves, related to net operating loss carryforwards and certain temporary differences. The standard requires recognition of a future tax benefit to the extent that realization of such benefit is more likely than not. Otherwise, a valuation allowance is applied.

At December 31, 2006, we had \$33.2 million of deferred tax assets and \$121.2 million of deferred tax liabilities. We believe that it is more likely than not that our deferred tax assets are fully realizable because of the future reversal of existing taxable temporary differences and future projected taxable income.

Our income tax returns are subject to examination by the IRS and other tax authorities. We regularly assess the potential outcomes of these examinations in determining the adequacy of our provision for income taxes and our income tax liabilities. To determine necessary reserves, we must make assumptions and judgments

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about potential actions by taxing authorities, partially based on historical precedent. Our estimate of the potential outcome of any uncertain tax issue is highly judgmental, and we believe we have adequately provided for any probable adverse outcomes related to uncertain tax matters. When actual results of tax examinations differ from our estimates, we adjust the income tax provision and our tax reserves in the period in which the examination issues are settled.

Recently Issued Accounting Standards**FIN 48**

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109, which clarifies the accounting for uncertainty in tax positions. FIN 48 provides that a company may recognize the impact of a tax position in its financial statements only if that position is more likely than not to be sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective in the first quarter of 2007, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. We are currently evaluating the impact of adopting FIN 48 on our financial statements.

SAB 108

In September 2006, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 108 (SAB 108), which addresses how the effects of prior year uncorrected financial statement misstatements should be considered in current year financial statements. SAB 108 requires registrants to quantify misstatements using both balance sheet and income statement approaches and to evaluate whether either approach results in quantifying an error that is material in light of relative quantitative and qualitative factors. The requirements of SAB 108 are effective for annual financial statements covering the first fiscal year ending after November 15, 2006. The adoption of SAB 108 in 2006 had no impact on our financial position or results of operations.

SFAS No. 157

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 clarifies how to measure fair value as permitted under other accounting pronouncements, but does not require any new fair value measurements. However, for some entities, the application of this statement will change current practice. We are required to adopt SFAS No. 157 as of January 1, 2008. The adoption of SFAS No. 157 is not expected to have a material impact on our financial position, results of operations or cash flows.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our senior credit facilities. As of December 31, 2006, we had \$881.0 million outstanding under our senior credit facilities, bearing interest at variable rates. The senior credit facilities bear 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, or add-on. At December 31, 2006, the average interest rate applicable to the senior credit facilities was 6.6%. An increase of one percentage point in the average interest rate applicable to the senior credit facilities outstanding at December 31, 2006 would increase our annual interest cost by approximately \$8.8 million.

Substantially all of our long-term debt is subject to variable interest rates. We continue to monitor interest

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rate markets and, in order to control interest rate risk, may enter into interest rate collar or swap agreements or other derivative instruments as market conditions warrant. We may also choose to refinance a portion of our variable rate debt through the issuance of long-term fixed-rate securities.

Item 8. Financial Statements and Supplementary Data

The Reports of Independent Registered Public Accounting Firm appear at pages F-2 through F-4 hereof, and our Consolidated Financial Statements and Notes to Consolidated Financial Statements appear at pages F-5 through F-26 hereof.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934 (the Exchange Act), that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and President and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and President and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2006. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and President and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

(b) Management's Annual Report on Internal Control over Financial Reporting and Report of Independent Registered Public Accounting Firm

The information required to be furnished pursuant to this item is set forth under the captions Management's Annual Report on Internal Control over Financial Reporting and Report of Independent Registered Public Accounting Firm and is included in this Annual Report at pages F-1 through F-4.

(c) Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d) under the Exchange Act, our management, including our Chief Executive Officer and President and our Chief Financial Officer, has evaluated our internal control over financial reporting to determine whether any changes occurred during the fourth fiscal quarter of 2006 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, there was no such change during the fourth fiscal quarter of 2006.

Item 9B. Other Information

Not applicable.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item will be set forth under the captions Proposal No. 1 - Election of Directors and Section 16(a) Beneficial Ownership Reporting Compliance in the definitive Proxy Statement for our 2007 Annual Meeting of Stockholders (our Proxy Statement) to be filed with the Securities and Exchange Commission in April 2007 and is incorporated herein by this reference.

Item 11. Executive Compensation

The information required by this Item will be set forth under the caption Executive Compensation in our Proxy Statement and is incorporated herein by this reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item will be set forth under the captions Proposal No. 1 - Election of Directors Security Ownership of Certain Beneficial Owners and Management and Executive Compensation Equity Compensation Plan Information in our Proxy Statement and is incorporated herein by this reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item will be set forth under the captions Proposal No. 1 - Election of Directors and Transactions with Related Persons in our Proxy Statement and is incorporated herein by this reference.

Item 14. Principal Accounting Fees and Services

The information required by this Item will be set forth under the caption Independent Registered Public Accounting Firm in our Proxy Statement and is incorporated herein by this reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

The following are filed as part of this Report:

- (a) 1. Financial Statements

Management's Annual Report on Internal Control over Financial Reporting

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2006 and 2005

Consolidated Statements of Income for the years ended December 31, 2006, 2005 and 2004

Consolidated Statements of Stockholders' Equity and Comprehensive Income for the years ended December 31, 2006, 2005 and 2004

Consolidated Statements of Cash Flows for the years ended December 31, 2006, 2005 and 2004

Table of Contents**Notes to Consolidated Financial Statements**(a) 2. **Financial Statement Schedules**

All schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under related instructions or are inapplicable and therefore have been omitted.

(a) 3. **Exhibits**

The following exhibits are filed or incorporated by reference as part of this Report. Certain of the listed exhibits are incorporated by reference to previously filed reports of ACI under the Exchange Act, including Forms 10-K, 10-Q and 8-K. These reports have been filed with the Securities and Exchange Commission under File No. 0-22494.

Exhibit Number	Description of Exhibit	Method of Filing
3(i)(a)	Articles of Incorporation of ACI	Incorporated by reference to Exhibit 3.1 to Registration Statement on Form S-1 filed by ACI under the Securities Act of 1933, as amended (File No. 33-68936) (the Form S-1).
3(i)(b)	Certificate of Amendment to Articles of Incorporation of ACI	Incorporated by reference to Exhibit 3.1 to ACI's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.
3(i)(c)	Certificate of Change Pursuant to NRS 78.209	Incorporated by reference to Exhibit 3(i).1 to ACI's Current Report on Form 8-K filed on June 8, 2005.
3(ii)	Bylaws of ACI	Incorporated by reference to Exhibit 3.2 to ACI's Annual Report on Form 10-K for the year ended December 31, 1995.
4.1	Specimen Common Stock Certificate	Incorporated by reference to Exhibit 4 to Amendment No. 2 to the Form S-1.
4.2	Credit Agreement dated as of November 10, 2005 among ACI, the various Lenders party thereto from time to time, Wells Fargo Bank, N.A., as Joint Lead Arranger and Syndication Agent, Deutsche Bank Securities Inc., as Joint Lead Arranger, the Documentation Agents and Managing Agents party thereto, and Deutsche Bank Trust Company Americas, as Administrative Agent (exhibits and schedules omitted) (the Credit Agreement)	Incorporated by reference to Exhibit 4.2 to ACI's Annual Report on Form 10-K for the year ended December 31, 2005 (the 2005 10-K).

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Exhibit Number	Description of Exhibit	Method of Filing
4.3	First Amendment to Credit Agreement, dated as of August 21, 2006, among ACI, the various Lenders party to the Credit Agreement and Deutsche Bank Trust Company Americas, as Administrative Agent.	Incorporated by reference to Exhibit 4.1 to ACI's Current Report on Form 8-K filed on August 24, 2006.
*10.1(a)	Employment Agreement dated November 15, 1993 between ACI and Thomas M. Steinbauer	Incorporated by reference to Exhibit 10.1(a) to ACI's Annual Report on Form 10-K for the year ended December 31, 1994.
*10.1(b)	Amendment No. 1 to Employment Agreement dated as of October 5, 2001 between ACI and Thomas M. Steinbauer	Incorporated by reference to Exhibit 10.2 to ACI's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001 (the September 2001 10-Q).
*10.1(c)	Amendment No. 2 to Employment Agreement dated as of August 15, 2002 between ACI and Thomas M. Steinbauer	Incorporated by reference to Exhibit 10.2 to ACI's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002 (the September 2002 10-Q).
*10.1(d)	Amended and Restated Executive Employment Agreement dated as of March 11, 2002 between ACI and Gordon R. Kanofsky	Incorporated by reference to Exhibit 10.1(c) to ACI's Annual Report on Form 10-K for the year ended December 31, 2001 (the 2001 10-K).
*10.1(e)	Amendment to Amended and Restated Executive Employment Agreement dated as of August 16, 2002 between ACI and Gordon R. Kanofsky	Incorporated by reference to Exhibit 10.3 to the September 2002 10-Q.
*10.1(f)	Executive Employment Agreement dated as of March 13, 2002 between ACI and Peter C. Walsh	Incorporated by reference to Exhibit 10.1(d) to the 2001 10-K.
*10.1(g)	Amendment to Executive Employment Agreement dated as of August 16, 2002 between ACI and Peter C. Walsh	Incorporated by reference to Exhibit 10.4 to the September 2002 10-Q.
*10.1(h)	Executive Employment Agreement dated as of June 5, 2002 between ACI and Angela R. Baker (now known as Angela R. Frost)	Incorporated by reference to Exhibit 10.1(g) to ACI's Annual Report on Form 10-K for the year ended December 31, 2002 (the 2002 10-K).
*10.1(i)		

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	Executive Employment Agreement, dated as of July 28, 2006, between ACI and John M. Boushy	Incorporated by reference to Exhibit 10.1 to ACI s Current Report on Form 8-K filed on August 2, 2006 (the August 2006 8-K).
*10.2	Restricted Stock Agreement, dated July 28, 2006, between ACI and John M. Boushy	Incorporated by reference to Exhibit 10.2 to the August 2006 8-K.
*10.3(a)	Ameristar Casinos, Inc. Management Stock Option Incentive Plan, as amended and restated	Incorporated by reference to Exhibit 10.3 to ACI s Quarterly Report on Form 10-Q for the quarter ended September 30, 1996.

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Exhibit Number	Description of Exhibit	Method of Filing
*10.3(b)	Amendment to Ameristar Casinos, Inc. Amended and Restated Management Stock Option Incentive Plan	Incorporated by reference to Exhibit 10.3 to the September 2001 10-Q.
*10.3(c)	Second Amendment to Ameristar Casinos, Inc. Amended and Restated Management Stock Option Incentive Plan	Incorporated by reference to Exhibit 10.3(c) to the 2002 10-K.
*10.4(a)	Ameristar Casinos, Inc. Amended and Restated 1999 Stock Incentive Plan, effective as of June 17, 2005	Incorporated by reference to Exhibit 10.1 to ACI's Current Report on Form 8-K filed on June 22, 2005.
*10.4(b)	Form of Stock Option Agreement under Ameristar Casinos, Inc. Amended and Restated 1999 Stock Incentive Plan	Filed electronically herewith.
*10.5	Ameristar Casinos, Inc. 2002 Non-Employee Directors' Stock Election Plan	Incorporated by reference to Appendix A to the definitive Proxy Statement filed by ACI under cover of Schedule 14A on April 30, 2002 (the 2002 Proxy Statement).
*10.6	Ameristar Casinos, Inc. Performance-Based Bonus Plan for Craig H. Neilsen	Incorporated by reference to Appendix B to the 2002 Proxy Statement.
*10.7	Form of Indemnification Agreement between ACI and each of its directors and executive officers	Incorporated by reference to Exhibit 10.33 to Amendment No. 2 to the Form S-1.
10.8	Second Amended and Restated Excursion Boat Sponsorship and Operations Agreement dated as of November 18, 2004 between Iowa West Racing Association and ACCBI	Incorporated by reference to Exhibit 10.9 to ACI's Annual Report on Form 10-K for the year ended December 31, 2004.
10.9	Settlement, Use and Management Agreement and DNR Permit, dated May 15, 1995, between the State of Iowa acting through the Iowa Department of Natural Resources and ACCBI as assignee of Koch Fuels, Inc.	Incorporated by reference to Exhibits 10.12 and 99.1 to ACI's Annual Report on Form 10-K for the year ended December 31, 1996.
*10.10	Ameristar Casinos, Inc. Deferred Compensation Plan	Incorporated by reference to Exhibit 10.14 to ACI's Annual Report on Form 10-K for the year ended December 31, 2000.
*10.11		

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Master Trust Agreement for Ameristar
Casinos, Inc. Deferred Compensation Plan,
dated as of April 1, 2001, between ACI and
Wilmington Trust Company

Incorporated by reference to Exhibit 10.15 to
the 2002 10-K.

*10.12 Amended and Restated Non-Qualified Stock
Option Agreement, dated as of December 16,
2004, between ACI and Craig H. Neilsen

Incorporated by reference to Exhibit 10.12 to
the 2005 10-K.

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Exhibit Number	Description of Exhibit	Method of Filing
*10.13	Performance Criteria for 2006, adopted on March 30, 2006 for purposes of the Ameristar Casinos, Inc. Performance-Based Bonus Plan for Craig H. Neilsen	Incorporated by reference to Exhibit 10.1 to ACI's Current Report on Form 8-K filed on April 4, 2006 (the April 2006 8-K).
*10.14	2006 Annual Bonus Program for Corporate Senior Management, adopted on March 30, 2006	Incorporated by reference to Exhibit 10.2 to the April 2006 8-K.
14	Ameristar Casinos, Inc. Code of Ethics for the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer	Filed electronically herewith.
21	Subsidiaries of ACI	Filed electronically herewith.
23.1	Consent of Independent Registered Public Accounting Firm Ernst & Young LLP	Filed electronically herewith.
23.2	Consent of Independent Registered Public Accounting Firm Deloitte & Touche LLP	Filed electronically herewith.
31.1	Certification of John M. Boushy, Chief Executive Officer and President, pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed electronically herewith.
31.2	Certification of Thomas M. Steinbauer, Senior Vice President of Finance, Chief Financial Officer and Treasurer, pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed electronically herewith.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed electronically herewith.
99.1	Agreement of ACI, dated as of March 15, 2006, to furnish the Securities and Exchange Commission certain instruments defining the rights of holders of certain long-term debt	Incorporated by reference to Exhibit 99.1 to the 2005 10-K.

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99.2 Ameristar Casinos, Inc. Code of Conduct for Directors, Officers and Team Members Incorporated by reference to ACI's Current Report on Form 8-K filed on May 3, 2004.

* Denotes a management contract or compensatory plan or arrangement.

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Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERISTAR CASINOS, INC.

(Registrant)

March 16, 2007

By: /s/ John M. Boushy

John M. Boushy

Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Name and Title	Date
/s/ John M. Boushy	John M. Boushy, Chief Executive Officer, President and Director (principal executive officer)	March 16, 2007
/s/ Thomas M. Steinbauer	Thomas M. Steinbauer, Senior Vice President of Finance, Chief Financial Officer, Treasurer and Director (principal financial officer)	March 16, 2007
/s/ Thomas L. Malone	Thomas L. Malone, Vice President of Finance and Chief Accounting Officer (principal accounting officer)	March 16, 2007
/s/ Ray H. Neilsen	Ray H. Neilsen, Co-Chairman of the Board	March 16, 2007
/s/ Gordon R. Kanofsky	Gordon R. Kanofsky, Co-Chairman of the Board	March 16, 2007
/s/ Larry A. Hodges	Larry A. Hodges, Director	March 16, 2007
/s/ Carl Brooks	Carl Brooks, Director	March 16, 2007
/s/ Leslie Nathanson Juris	Leslie Nathanson Juris, Director	March 16, 2007
/s/ J. William Richardson	J. William Richardson, Director	March 16, 2007
/s/ Luther P. Cochrane	Luther P. Cochrane, Director	March 16, 2007

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MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Ameristar Casinos, Inc. and subsidiaries (the Company) is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The Company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2006. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based on its assessment, management believes that, as of December 31, 2006, the Company's internal control over financial reporting is effective based on those criteria.

The Company's independent registered public accounting firm has audited management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, as stated in their report, appearing on page F-2, which expresses unqualified opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting as of December 31, 2006.

Ameristar Casinos, Inc.

Las Vegas, Nevada

March 16, 2007

/s/ John M. Boushy

/s/ Thomas M. Steinbauer

John M. Boushy
Chief Executive Officer and President

Thomas M. Steinbauer
Senior Vice President of Finance, Chief Financial
Officer and Treasurer

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Ameristar Casinos, Inc.:

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, that Ameristar Casinos, Inc. and its subsidiaries (the Company) maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2006 and 2005 and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the two years ended December 31, 2006 of the Company and our report dated March 12, 2007 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Las Vegas, Nevada
March 12, 2007

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Ameristar Casinos, Inc.:

We have audited the accompanying consolidated balance sheets of Ameristar Casinos, Inc. and its subsidiaries (the Company) as of December 31, 2006 and 2005, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the two years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2006 and 2005, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for Share-Based Payments in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004) on January 1, 2006.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 12, 2007 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Las Vegas, Nevada
March 12, 2007

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Ameristar Casinos, Inc.

Las Vegas, Nevada

We have audited the accompanying consolidated statements of income, stockholders' equity and comprehensive income, and cash flows of Ameristar Casinos, Inc. (a Nevada Corporation) and subsidiaries (the Company) for the year ended December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of Ameristar Casinos, Inc. and subsidiaries for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Las Vegas, Nevada

March 16, 2005

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AMERISTAR CASINOS, INC.
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands, Except Share Data)

	December 31,	
ASSETS	2006	2005
Current Assets:		
Cash and cash equivalents	\$ 101,140	\$ 106,145
Restricted cash	6,425	6,474
Accounts receivable, net	7,325	5,242
Income tax refunds receivable	2,164	
Inventories	7,241	6,926
Prepaid expenses	11,689	9,184
Deferred income taxes	3,508	5,672
 Total current assets	 139,492	 139,643
Property and Equipment, at cost:		
Buildings and improvements	1,090,777	1,015,443
Furniture, fixtures and equipment	404,709	358,192
	1,495,486	1,373,635
Less: accumulated depreciation and amortization	(477,780)	(391,014)
	1,017,706	982,621
 Land	 81,481	 75,524
Construction in progress	186,507	75,151
 Total property and equipment, net	 1,285,694	 1,133,296
 Excess of purchase price over fair market value of net assets acquired	 76,988	 78,192
Deposits and other assets	39,301	32,855
 TOTAL ASSETS	 \$ 1,541,475	 \$ 1,383,986
 LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts payable	\$ 14,443	\$ 12,627
Construction contracts payable	25,657	9,500
Income taxes payable		3,373
Accrued liabilities	71,462	83,889
Current maturities of long-term debt	4,344	4,374
 Total current liabilities	 115,906	 113,763
 Long-term debt, net of current maturities	 878,668	 776,029

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Deferred income taxes	91,528	94,445
Deferred compensation and other long-term liabilities	21,209	16,039
Commitments and contingencies (Note 11)		
Stockholders Equity:		
Preferred stock, \$.01 par value: Authorized - 30,000,000 shares; Issued none		
Common stock, \$.01 par value: Authorized - 120,000,000 shares; Issued 56,935,403 and 55,958,358 shares; Outstanding 56,524,567 and 55,958,358 shares	569	560
Additional paid-in capital	199,951	179,989
Treasury stock, at cost (410,836 shares)	(8,014)	
Retained earnings	241,658	203,161
Total stockholders equity	434,164	383,710
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 1,541,475	\$ 1,383,986

The accompanying notes are an integral part of these consolidated financial statements.

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AMERISTAR CASINOS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Per Share Data)

	Years ended December 31,		
	2006	2005	2004
Revenues:			
Casino	\$ 1,008,311	\$ 974,178	\$ 856,901
Food and beverage	131,795	125,918	114,010
Rooms	27,972	25,355	26,082
Other	29,082	26,041	23,166
	1,197,160	1,151,492	1,020,159
Less: Promotional allowances	196,862	190,134	165,461
Net revenues	1,000,298	961,358	854,698
Operating Expenses:			
Casino	439,101	431,101	379,909
Food and beverage	68,744	66,299	63,758
Rooms	6,780	6,454	6,565
Other	18,749	16,503	13,687
Selling, general and administrative	200,588	186,050	157,907
Depreciation and amortization	93,889	85,366	73,236
Impairment loss on assets held for sale	931	869	174
Total operating expenses	828,782	792,642	695,236