

AMERISTAR CASINOS INC

Form 10-Q

August 14, 2003

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM 10-Q**

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

**For the quarterly period ended June 30, 2003**

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**

**88-0304799**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. employer  
identification no.)

**3773 Howard Hughes Parkway  
Suite 490 South  
Las Vegas, Nevada 89109**

(Address of principal executive offices)  
**(702) 567-7000**

(Registrant's telephone number, including area code)

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 whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes  No

As of August 8, 2003, 26,488,403 shares of Common Stock of the registrant were issued and outstanding.

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**AMERISTAR CASINOS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Amounts in Thousands)  
(Unaudited)

**ASSETS**

|  | <b>December 31,<br/>2002</b> | <b>June 30,<br/>2003</b>    |
|--|------------------------------|-----------------------------|
|  | <u>                    </u>  | <u>                    </u> |
| <b>CURRENT ASSETS:</b>   |                              |                             |
| Cash and cash equivalents  | \$ 90,573                    | \$ 102,241                  |
| Accounts receivable, net   | 4,952                        | 3,988                       |
| Income tax refund receivable   | 11,614                       | 1,215                       |
| Inventories  | 6,585                        | 6,366                       |
| Prepaid expenses   | 9,413                        | 7,513                       |
| Deferred income taxes  | 8,545                        | 10,281                      |
| Assets held for sale   | 335                          | 305                         |
|  | <u>                    </u>  | <u>                    </u> |
| Total current assets   | 132,017                      | 131,909                     |
|  | <u>                    </u>  | <u>                    </u> |
| PROPERTY AND EQUIPMENT, net of accumulated depreciation and<br>amortization of \$186,986 and \$215,471, respectively | 916,377                      | 913,838                     |
| EXCESS OF PURCHASE PRICE OVER FAIR MARKET VALUE OF<br>NET ASSETS ACQUIRED  | 82,020                       | 81,418                      |
| DEPOSITS AND OTHER ASSETS  | 26,893                       | 26,481                      |
|  | <u>                    </u>  | <u>                    </u> |
| <b>TOTAL ASSETS</b>  | <b>\$1,157,307</b>           | <b>\$1,153,646</b>          |
|  | <u>                    </u>  | <u>                    </u> |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>   |                              |                             |
| <b>CURRENT LIABILITIES:</b>  |                              |                             |
| Accounts payable   | \$ 17,044                    | \$ 10,411                   |
| Construction contracts payable   | 26,510                       | 12,089                      |
| Accrued liabilities  | 63,343                       | 69,155                      |
| Current obligations under capitalized leases   | 1,231                        | 1,294                       |
| Current maturities of long-term debt   | 36,628                       | 35,268                      |
|  | <u>                    </u>  | <u>                    </u> |
| Total current liabilities  | 144,756                      | 128,217                     |
|  | <u>                    </u>  | <u>                    </u> |
| OBLIGATIONS UNDER CAPITALIZED LEASES, net of current<br>maturities   | 953                          | 289                         |
| LONG-TERM DEBT, net of current maturities  | 759,712                      | 729,636                     |
| DEFERRED INCOME TAXES AND OTHER LONG-TERM LIABILITIES  | 49,690                       | 64,045                      |
| COMMITMENTS AND CONTINGENCIES  |                              |                             |
| <b>STOCKHOLDERS EQUITY:</b>  |                              |                             |
| Preferred stock, \$.01 par value: Authorized 30,000,000 shares;<br>issued None                                       |                              |                             |
|  | 262                          | 265                         |

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Common stock, \$.01 par value: Authorized 60,000,000 shares;  
issued and outstanding 26,244,985 shares at December 31, 2002  
and 26,484,456 shares at June 30, 2003

|   |                    |                    |
|---|--------------------|--------------------|
| Additional paid-in capital                        | 146,631            | 148,749            |
| Accumulated other comprehensive loss              | (2,960)            | (2,005)            |
| Retained earnings                                 | 58,263             | 84,450             |
|   | <u>          </u>  | <u>          </u>  |
| Total stockholders' equity                        | 202,196            | 231,459            |
|   | <u>          </u>  | <u>          </u>  |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> | <b>\$1,157,307</b> | <b>\$1,153,646</b> |
|   | <u>          </u>  | <u>          </u>  |

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

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**AMERISTAR CASINOS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in Thousands, Except Per Share Data)  
(Unaudited)

|   | Three Months<br>Ended June 30, |                  | Six Months<br>Ended June 30, |                  |
|---|--------------------------------|------------------|------------------------------|------------------|
|   | 2002                           | 2003             | 2002                         | 2003             |
| <b>REVENUES:</b>                                |                                |                  |                              |                  |
| Casino  | \$ 162,345                     | \$ 188,128       | \$ 318,670                   | \$ 371,888       |
| Food and beverage                               | 19,167                         | 24,734           | 37,683                       | 49,500           |
| Rooms   | 6,519                          | 6,565            | 12,137                       | 12,071           |
| Other   | 4,495                          | 5,787            | 8,640                        | 10,437           |
|   | <u>192,526</u>                 | <u>225,214</u>   | <u>377,130</u>               | <u>443,896</u>   |
| Less: Promotional allowances                    | 26,235                         | 30,388           | 48,044                       | 60,550           |
| Net revenues                                    | <u>166,291</u>                 | <u>194,826</u>   | <u>329,086</u>               | <u>383,346</u>   |
| <b>OPERATING EXPENSES:</b>                      |                                |                  |                              |                  |
| Casino  | 69,221                         | 86,142           | 136,272                      | 170,661          |
| Food and beverage                               | 11,923                         | 13,917           | 23,125                       | 28,030           |
| Rooms   | 1,859                          | 1,460            | 3,673                        | 3,061            |
| Other   | 3,165                          | 2,501            | 5,916                        | 5,909            |
| Selling, general and administrative             | 35,057                         | 35,604           | 69,373                       | 69,989           |
| Depreciation and amortization                   | 10,327                         | 15,767           | 20,423                       | 30,778           |
| Impairment loss on assets held for sale         | 4,136                          | 88               | 4,136                        | 540              |
| Preopening expenses                             | 1,326                          |                  | 1,476                        |                  |
| Total operating expenses                        | <u>137,014</u>                 | <u>155,479</u>   | <u>264,394</u>               | <u>308,968</u>   |
| Income from operations                          | 29,277                         | 39,347           | 64,692                       | 74,378           |
| <b>OTHER INCOME (EXPENSE):</b>                  |                                |                  |                              |                  |
| Interest income                                 | 38                             | 104              | 86                           | 211              |
| Interest expense, net                           | (9,356)                        | (16,635)         | (19,996)                     | (33,229)         |
| Other   | (48)                           | 147              | (97)                         | 34               |
| INCOME BEFORE INCOME TAX<br>PROVISION           | <u>19,911</u>                  | <u>22,963</u>    | <u>44,685</u>                | <u>41,394</u>    |
| Income tax provision                            | 7,280                          | 8,496            | 16,606                       | 15,207           |
| NET INCOME                                      | <u>\$ 12,631</u>               | <u>\$ 14,467</u> | <u>\$ 28,079</u>             | <u>\$ 26,187</u> |
| <b>EARNINGS PER SHARE:</b>                      |                                |                  |                              |                  |
| Net income:                                     |                                |                  |                              |                  |
| Basic   | \$ 0.48                        | \$ 0.55          | \$ 1.08                      | \$ 1.00          |
| Diluted   | \$ 0.47                        | \$ 0.54          | \$ 1.04                      | \$ 0.97          |
| <b>WEIGHTED AVERAGE SHARES<br/>OUTSTANDING:</b> |                                |                  |                              |                  |
| Basic   | 26,078                         | 26,377           | 26,021                       | 26,318           |

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|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Diluted | 27,112 | 27,012 | 27,042 | 26,866 |
|---------|--------|--------|--------|--------|

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



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**AMERISTAR CASINOS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in Thousands)  
(Unaudited)

|   | Six Months<br>Ended June 30, |            |
|---|------------------------------|------------|
|   | 2002                         | 2003       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |                              |            |
| Net income  | 28,079                       | \$ 26,187  |
| Adjustments to reconcile net income to net cash provided by operating activities: |                              |            |
| Depreciation and amortization   | 20,423                       | 30,778     |
| Amortization of debt issuance costs and debt discounts                            | 2,242                        | 2,498      |
| Change in value of interest rate collar agreement                                 | (314)                        | (1,013)    |
| Net increase in deferred compensation liability                                   | 2,332                        | 281        |
| Impairment loss on assets held for sale   | 4,136                        | 540        |
| Net loss (gain) on disposition of assets  | 41                           | (34)       |
| Change in deferred income taxes   | 16,158                       | 14,088     |
| Decrease in accounts receivable, net  | 1,560                        | 964        |
| Decrease in income tax refund receivable  |                              | 10,399     |
| Decrease (increase) in inventories  | (89)                         | 219        |
| Decrease in prepaid expenses  | 1,021                        | 1,900      |
| Decrease in assets held for sale  |                              | 30         |
| Decrease in accounts payable  | (3,292)                      | (6,633)    |
| Increase in accrued liabilities   | 3,949                        | 5,812      |
| Total adjustments   | 48,167                       | 59,829     |
| Net cash provided by operating activities   | 76,246                       | 86,016     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                      |                              |            |
| Capital expenditures  | (164,657)                    | (29,221)   |
| Increase (decrease) in construction contracts payable                             | 13,925                       | (14,421)   |
| Proceeds from sale of assets  | 44                           | 476        |
| Decrease (increase) in deposits and other non-current assets                      | (2,717)                      | 145        |
| Net cash used in investing activities   | (153,405)                    | (43,021)   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                      |                              |            |
| Proceeds from issuance of long-term debt  | 85,677                       |            |
| Principal payments of long-term debt and capitalized leases                       | (4,247)                      | (32,346)   |
| Debt issuance costs and amendment fees  | (936)                        | (160)      |
| Proceeds from stock option exercises  | 1,343                        | 1,179      |
| Net cash provided by (used in) financing activities                               | 81,837                       | (31,327)   |
| NET INCREASE IN CASH AND CASH EQUIVALENTS   | 4,678                        | 11,668     |
| CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD                                     | 41,143                       | 90,573     |
| CASH AND CASH EQUIVALENTS END OF PERIOD   | \$ 45,821                    | \$ 102,241 |

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|  | <u>          </u> | <u>          </u> |
|--|-------------------|-------------------|
| <b>SUPPLEMENTAL CASH FLOW DISCLOSURES:</b>                             |                   |                   |
| Cash paid for interest, net of amounts capitalized                     | \$ 13,314         | \$ 30,852         |
|  | <u>          </u> | <u>          </u> |
| Cash paid for federal and state income taxes (net of refunds received) | \$ 6,338          | \$ (9,746)        |
|  | <u>          </u> | <u>          </u> |

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

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**AMERISTAR CASINOS, INC. AND SUBSIDIARIES  
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 Principles of consolidation and basis of presentation**

The accompanying condensed consolidated financial statements include the accounts of Ameristar Casinos, Inc. ( ACI ) and its wholly owned subsidiaries (collectively, the Company ). Through its subsidiaries, the Company owns and operates six casino properties in five markets. The Company s properties consist of Ameristar Casino St. Charles, located in St. Charles, Missouri serving the St. Louis metropolitan area; Ameristar Casino Hotel Kansas City, located in Kansas City, Missouri; Ameristar Casino Hotel Council Bluffs, located in Council Bluffs, Iowa serving the Omaha, Nebraska/Council Bluffs metropolitan area; Ameristar Casino Hotel Vicksburg, located in Vicksburg, Mississippi; and Cactus Petes Resort Casino and The Horseshu Hotel & Casino, located in Jackpot, Nevada at the Idaho border. The Company views each property as an operating segment and all such operating segments have been aggregated into one reporting segment. All significant intercompany transactions have been eliminated.

The accompanying condensed consolidated financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, the condensed consolidated financial statements do not include all of the disclosures required by generally accepted accounting principles. However, they do contain all adjustments (consisting of normal recurring adjustments) that, in the opinion of management, are necessary to present fairly the Company s financial position and its results of operations for the interim periods included therein. The interim results reflected in these financial statements are not necessarily indicative of results to be expected for the full fiscal year.

Certain of the Company s accounting policies require that the Company apply significant judgment in defining the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. The Company s judgments are based in part on its historical experience, terms of existing contracts, observance of trends in the gaming industry and information available from other outside sources. There is no assurance, however, that actual results will conform to estimates. To provide an understanding of the methodology the Company applies in the preparation of the condensed consolidated financial statements, significant accounting policies and the basis of presentation are discussed where appropriate in Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations of this Quarterly Report. In addition, critical accounting policies and estimates are also discussed in Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and the notes to the Company s audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2002.

The accompanying condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2002.

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Certain reclassifications, having no effect on net income, have been made to the prior periods' condensed consolidated financial statements to conform to the current periods' presentation. The Company previously recorded expense related to its point-based complimentary goods and services/cash rebates of \$4.8 million and \$9.1 million for the quarter and six months ended June 30, 2002, respectively, as a reduction of casino revenue. The Company has reclassified these charges as an increase to promotional allowances to be consistent with industry practice.

**Note 2 Long-term debt**

At June 30, 2003, the Company's principal long-term debt was composed of \$380.8 million of senior credit facilities and \$380.0 million in aggregate principal amount of 10.75% senior subordinated notes due 2009. At June 30, 2003, the senior credit facilities consisted of a \$75 million revolving credit facility with no outstanding debt and three term loans aggregating \$380.8 million in outstanding debt. At June 30, 2003, the amount of the revolving credit facility available for borrowing was \$67.6 million, after giving effect to \$7.4 million of outstanding letters of credit. Each of the facilities bears interest at a variable rate equal to, at the Company's option, LIBOR (in the case of Eurodollar loans) or the prime rate (in the case of base rate loans), plus an applicable margin. The senior credit facilities and the indenture governing the senior subordinated notes require the Company to comply with various financial and other covenants. At June 30, 2003, the Company was in compliance with all covenants.

The Company seeks to manage interest rate risk associated with variable rate borrowings through balancing fixed-rate and variable-rate borrowings and the use of derivative financial instruments designated as cash flow hedges. Derivative financial instruments are recognized as assets or liabilities, with changes in fair value affecting net income or comprehensive income (loss). Under an interest rate swap agreement entered into in April 2001, the interest rate on \$100 million of LIBOR-based borrowings under the senior credit facilities is fixed at 5.07% plus the applicable margin. As of June 30, 2003, the liability associated with the swap agreement was \$3.0 million. As a result of the interest rate swap agreement, the Company paid \$1.0 million and \$0.8 million of additional interest expense for the three months ended June 30, 2003 and 2002, respectively, and \$1.9 million and \$1.6 million for the six months ended June 30, 2003 and 2002, respectively.

Under an interest rate collar agreement entered into in 1998, \$50.0 million of LIBOR-based borrowings under the revolving credit/term loan facility and term loan A of the senior credit facilities have a LIBOR floor rate of 5.39% and a LIBOR ceiling rate of 6.75%, plus the applicable margin. The collar agreement terminated on June 30, 2003. At June 30, 2003 and December 31, 2002, the value of the collar agreement was \$0 and \$1.0 million, respectively. The value of the collar agreement was recorded as a liability in other long-term liabilities as of December 31, 2002. During the three months ended June 30, 2003 and 2002, the Company reduced interest expense by \$0.5 million and \$0.2 million, respectively, as a result of a decrease in the liability associated with the collar agreement. The collar agreement reduced interest expense by \$1.0 million and \$0.3 million for the six months ended June 30, 2003 and 2002, respectively.

**Table of Contents****Note 3 Earnings per share**

The weighted average number of shares of common stock and common stock equivalents used in the computation of basic and diluted earnings per share is set forth in the table below. All outstanding stock options with an exercise price lower than the market price as of the last day of each period presented have been included in the calculation of diluted earnings per share.

|   | Three Months<br>Ended June 30, |        | Six Months<br>Ended June 30, |        |
|---|--------------------------------|--------|------------------------------|--------|
|   | 2002                           | 2003   | 2002                         | 2003   |
|   | (Amounts in Thousands)         |        |                              |        |
| Weighted average number of shares outstanding<br>basic earnings per share   | 26,078                         | 26,377 | 26,021                       | 26,318 |
| Dilutive effect of stock options  | 1,034                          | 635    | 1,021                        | 548    |
| Weighted average number of shares outstanding<br>diluted earnings per share | 27,112                         | 27,012 | 27,042                       | 26,866 |

**Note 4 Commitments and contingencies**

The Company's employee health care benefits program is self-funded up to a maximum amount per claim. Claims in excess of this maximum amount are fully insured through a stop-loss insurance policy. Accruals are based on claims filed and estimates of claims incurred but not reported. At December 31, 2002 and June 30, 2003, the Company's liabilities for unpaid and incurred but not reported claims totaled \$3.6 million and \$4.2 million, respectively, and are included in accrued liabilities in the accompanying condensed consolidated balance sheets. While the total cost of claims incurred depends on future developments, in management's opinion, recorded reserves are adequate to cover the payment of future claims.

**Note 5 Comprehensive income**

Comprehensive income represents all changes in stockholders' equity from non-owner sources during each period presented. Comprehensive income includes changes in the fair value of the interest rate swap agreement described in Note 2 above.

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|   | Three Months<br>Ended June 30, |           | Six Months<br>Ended June 30, |           |
|---|--------------------------------|-----------|------------------------------|-----------|
|   | 2002                           | 2003      | 2002                         | 2003      |
|   | (Amounts in Thousands)         |           |                              |           |
| Net income  | \$ 12,631                      | \$ 14,467 | \$ 28,079                    | \$ 26,187 |
| Adjustment to fair value of the interest rate swap<br>agreement (net of tax effect) | (1,057)                        | 538       | (426)                        | 955       |
| Comprehensive income  | \$ 11,574                      | \$ 15,005 | \$ 27,653                    | \$ 27,142 |

**Note 6 Accounting for Stock-Based Compensation**

In December 2002, the Financial Accounting Standards Board ( FASB ) issued Statement of Financial Accounting Standards ( SFAS ) No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure-an Amendment of FASB Statement No. 123. SFAS No. 148 amends SFAS No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value-based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results and specifies the form, content and location of those disclosures. The Company adopted the disclosure requirements of SFAS No. 148 as of December 31, 2002.

The Company does not currently plan to transition to the fair value-based method and will continue to account for stock incentive plans in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees ( APB No. 25 ). Under SFAS No. 123, all employee stock option grants are considered compensatory. SFAS No. 123 provides, among other things, that companies may elect to account for employee stock options using APB No. 25. Had compensation cost for these plans been determined in accordance with the fair value-based method, the Company's net income and earnings per share would have been adjusted to the pro forma amounts in the following table.

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|   | Three Months<br>Ended June 30, |                  | Six Months<br>Ended June 30, |                  |
|---|--------------------------------|------------------|------------------------------|------------------|
|   | 2002                           | 2003             | 2002                         | 2003             |
| (Dollars in Thousands, Except Per Share Data)                           |                                |                  |                              |                  |
| <b>Net income:</b>  |                                |                  |                              |                  |
| As reported   | \$ 12,631                      | \$ 14,467        | \$ 28,079                    | \$ 26,187        |
| Deduct: compensation expense under fair value-based method (net of tax) | (668)                          | (899)            | (993)                        | (1,103)          |
| <b>Pro forma</b>  | <b>\$ 11,963</b>               | <b>\$ 13,568</b> | <b>\$ 27,086</b>             | <b>\$ 25,084</b> |
| <b>Basic earnings per share:</b>  |                                |                  |                              |                  |
| As reported   | \$ 0.48                        | \$ 0.55          | \$ 1.08                      | \$ 1.00          |
| Pro forma (net of tax)  | \$ 0.46                        | \$ 0.51          | \$ 1.04                      | \$ 0.95          |
| <b>Diluted earnings per share:</b>                                      |                                |                  |                              |                  |
| As reported   | \$ 0.47                        | \$ 0.54          | \$ 1.04                      | \$ 0.97          |
| Pro forma (net of tax)  | \$ 0.44                        | \$ 0.50          | \$ 1.00                      | \$ 0.93          |

For purposes of computing the pro forma compensation expense, the fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: risk-free interest rates of 2.9% as of June 30, 2003 and 4.1% as of June 30, 2002; no expected dividend yields for the periods presented; expected lives of 6 years as of June 30, 2003 and 5 years as of June 30, 2002; and expected volatility of 52% as of June 30, 2003 and 54% as of June 30, 2002. The estimated weighted-average fair value per share of options granted was \$4.66 as of June 30, 2003 and \$3.68 as of June 30, 2002.

**Note 7- Recently issued accounting standards**

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and hedging activities under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. The Company adopted the provisions of SFAS No. 149 that relate to SFAS 133 Implementation Issues on April 1, 2003. The Company adopted the provisions related to contracts entered into or modified after June 30, 2003 on July 1, 2003. Management does not believe the adoption of this accounting standard will have a material impact on the Company's financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The Company adopted SFAS No. 150 effective July 1, 2003. Management does not believe the adoption of this accounting standard will have a material impact on the Company's financial position or results of operations.

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**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Overview**

We develop, own and operate casinos and related hotel, food and beverage, entertainment and other facilities, with six properties in operation in Missouri, Iowa, Mississippi and Nevada. Our properties consist of Ameristar Casino St. Charles, located in St. Charles, Missouri serving the St. Louis metropolitan area; Ameristar Casino Hotel Kansas City, located in Kansas City, Missouri; Ameristar Casino Hotel Council Bluffs, located in Council Bluffs, Iowa serving the Omaha, Nebraska/Council Bluffs metropolitan area; Ameristar Casino Hotel Vicksburg, located in Vicksburg, Mississippi; and Cactus Petes Resort Casino and The Horseshu Hotel & Casino, located in Jackpot, Nevada at the Idaho border.

We recently completed, or are currently undertaking, several capital expenditure projects at our properties. These projects include the following:

*New Casino and Entertainment Facility at Ameristar St. Charles.* We opened the new casino and entertainment facility at Ameristar St. Charles on August 6, 2002. The new facility features 130,000 square feet of casino and entertainment space consisting of approximately 3,330 slot machines, 95 table games (including a 12-table poker room) and a wide variety of dining and entertainment amenities. The prior facility had approximately 78% fewer gaming positions and limited amenities. Comparability of operating results in the second quarters of 2002 and 2003 is significantly affected by the opening of the new facility as described below.

*New Parking Garage at Ameristar Kansas City.* In July 2002, construction of the new 2,650-space parking garage at Ameristar Kansas City was completed.

*Renovation and Enhancement Project at Ameristar Kansas City.* In July 2002, we began a substantial renovation and enhancement project at Ameristar Kansas City. This project has been substantially completed and includes a comprehensive renovation of the casino area, the widespread implementation of ticket-in, ticket-out slot machines and the addition of the Great Plains Cattle Co., Falcon Diner, Depot No. 9 Stage and Bar, Pearl's Oyster Bar and an open-seating food court with three popular national chain outlets.



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In our renovation of the casino area, we have opened up large sections of a wall dividing the casino floor, added escalators in the central portions of the casino floor to improve access to the second level, removed a large portion of the wall that separated the casino from the streetscape to improve visibility into the casino, and replaced the carpet and other finishes throughout the casino. In addition, we added slot machines to the half of the mezzanine level that was previously not being used, which brought the total slot count up to approximately 3,150 machines. We have relocated and renovated the poker room and high-limit area. We believe these changes substantially improve the layout and flow of the casino area, enhance the overall excitement of the casino and improve customer satisfaction.

Final completion of the renovation and enhancement project is expected in the third quarter of 2003. On August 14, 2003, we opened the 330-seat Amerisports Brew Pub, which has a high-tech video system with seven rear projection screens, each capable of displaying multiple events, along with three large plasma screens and 17 televisions. We believe this system has the capability to broadcast more sporting events simultaneously than any other venue in the United States. On September 12-13, we will introduce the renovated facility with a grand reopening celebration featuring a free Martina McBride concert and a world-class fireworks display.

The total construction cost of this project is expected to be approximately \$40.0 million, of which we had expended approximately \$29.6 million through June 30, 2003.

*Renovations and Enhancements at Ameristar Vicksburg.* We plan to remodel a large portion of the third level of the casino vessel, including constructing a meeting room, completely renovating the Veranda Buffet, expanding and renovating the kitchen area and enhancing certain common areas. We commenced construction in July 2003 and anticipate completing the project by December 2003.

The construction cost is estimated to be approximately \$7.0 million.

Our quarterly and annual operating results may be affected by, among other things, competitive pressures, gaming tax increases, the commencement of new gaming operations, the amount of preopening expenses, charges associated with debt refinancing or property acquisition and disposition transactions, construction at existing facilities 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.

**Table of Contents****Results of Operations**

The following table highlights our consolidated results of operations and certain other financial information for our properties:

**AMERISTAR CASINOS, INC. AND SUBSIDIARIES**  
**SUMMARY CONSOLIDATED FINANCIAL DATA**  
(Amounts in Thousands)  
(Unaudited)

|                                       | Three Months<br>Ended June 30, |            | Six Months<br>Ended June 30, |            |
|---------------------------------------|--------------------------------|------------|------------------------------|------------|
|                                       | 2002                           | 2003       | 2002                         | 2003       |
| <b>Net revenues</b>                   |                                |            |                              |            |
| Ameristar St. Charles                 | \$ 38,820                      | \$ 64,170  | \$ 76,938                    | \$ 125,837 |
| Ameristar Kansas City                 | 52,529                         | 52,540     | 104,196                      | 104,350    |
| Ameristar Council Bluffs              | 36,579                         | 38,850     | 72,727                       | 76,465     |
| Ameristar Vicksburg                   | 23,054                         | 23,392     | 45,846                       | 47,281     |
| Jackpot Properties                    | 15,309                         | 15,744     | 29,204                       | 29,375     |
| Corporate and other                   |                                | 130        | 175                          | 38         |
| Consolidated net revenues             | \$ 166,291                     | \$ 194,826 | \$ 329,086                   | \$ 383,346 |
| <b>Operating income (loss) (1)</b>    |                                |            |                              |            |
| Ameristar St. Charles                 | \$ 5,677                       | \$ 16,177  | \$ 16,945                    | \$ 30,657  |
| Ameristar Kansas City                 | 10,615                         | 10,924     | 22,696                       | 21,865     |
| Ameristar Council Bluffs              | 9,920                          | 11,457     | 19,901                       | 21,379     |
| Ameristar Vicksburg                   | 6,410                          | 5,254      | 13,035                       | 11,192     |
| Jackpot Properties                    | 3,175                          | 3,399      | 5,742                        | 5,055      |
| Corporate and other                   | (6,520)                        | (7,864)    | (13,627)                     | (15,770)   |
| Consolidated operating income         | \$ 29,277                      | \$ 39,347  | \$ 64,692                    | \$ 74,378  |
| <b>Operating income margins (1)</b>   |                                |            |                              |            |
| Ameristar St. Charles                 | 14.6%                          | 25.2%      | 22.0%                        | 24.4%      |
| Ameristar Kansas City                 | 20.2%                          | 20.8%      | 21.8%                        | 21.0%      |
| Ameristar Council Bluffs              | 27.1%                          | 29.5%      | 27.4%                        | 28.0%      |
| Ameristar Vicksburg                   | 27.8%                          | 22.5%      | 28.4%                        | 23.7%      |
| Jackpot Properties                    | 20.7%                          | 21.6%      | 19.7%                        | 17.2%      |
| Consolidated operating income margins | 17.6%                          | 20.2%      | 19.7%                        | 19.4%      |

- (1) For the three months ended June 30, 2002 and 2003, operating income and operating income margins include impairment charges related to assets held for sale at the properties of \$4.1 million and \$0.1 million, respectively, and preopening expenses related to the St. Charles facility of \$1.3 million and \$0, respectively. For the six months ended June 30, 2002 and 2003, operating income and operating income margins include impairment charges related to assets held for sale at the properties of \$4.1 million and \$0.5 million, respectively, and preopening expenses related to the St. Charles facility of \$1.5 million and \$0, respectively.

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Consolidated net revenues for the second quarter of 2003 increased \$28.5 million, or 17.2%, to \$194.8 million from the second quarter of 2002. For the six months ended June 30, 2003, net revenues increased \$54.3 million or 16.5%, from the corresponding 2002 period. The increases were primarily driven by the new Ameristar St. Charles, which opened in August 2002.

Consolidated operating income for the three and six months ended June 30, 2003 increased 34.4% and 15.0%, respectively. Operating income for the second quarter of 2003 improved at all but one of our properties. The improvement was largely attributable to the implementation of more effective and efficient marketing programs, new slot product and related technology and cost containment strategies. Consolidated operating income in 2002 was negatively impacted by preopening and impairment charges related to the opening of the new St. Charles facility. For the second quarter of 2002, impairment and preopening charges were \$4.1 million and \$1.3 million, respectively, compared to \$0.1 million and \$0 for the second quarter of 2003.

Consolidated depreciation and amortization expense increased \$5.4 million and \$10.4 million, respectively, for the three and six months ended June 30, 2003. The increases are primarily due to the completion of the new St. Charles facility in August 2002.

Net interest expense for the quarter ended June 30, 2003 was \$16.6 million, up 77.8% from \$9.4 million for the quarter ended June 30, 2002. Net interest expense for the six months ended June 30, 2003 was \$33.2 million, up 66.2% from \$20.0 million for the six months ended June 30, 2002. The increase in net interest expense was due to the cessation of capitalization of interest on the new St. Charles facility when it opened in August 2002. Capitalized interest associated with our ongoing construction projects decreased \$7.4 million and \$13.0 million, respectively, for the three and six months ended June 30, 2003. During 2003, we had a lower weighted-average interest rate due to the May 2002 amendment of our credit agreement and an increase in the credit rating on a portion of our senior credit facilities in September 2002. The impact of the lower weighted-average interest rate was offset by a higher weighted-average debt level as a result of \$115.0 million borrowed under the senior credit facilities between April 1 and December 31 of 2002.

Our consolidated net income for the quarter ended June 30, 2003 increased to \$14.5 million from \$12.6 million for the quarter ended June 30, 2002. Consolidated net income for the six months ended June 30, 2003 decreased to \$26.2 million from \$28.1 million in the same period in 2002. Consolidated net income in 2003 was negatively impacted by the substantial increases in depreciation expense and interest expense (net of capitalized interest associated with our ongoing construction projects as discussed above).

Diluted earnings per share for the quarter ended June 30, 2003 improved to \$0.54 compared to \$0.47 for the same period in 2002. Diluted earnings per share for the six months ended June 30, 2003 was \$0.97 compared to \$1.04 for the six months ended June 30, 2002.

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*Ameristar St. Charles*

For the three and six months ended June 30, 2003, net revenues at Ameristar St. Charles increased 65.3% and 63.6%, respectively. Net revenues were driven by substantial increases in gaming volume and food and beverage revenues from growth in market share during 2003. Our market share was 31.0% for the second quarter of 2003 compared to 21.1% in the prior-year quarter. Since the opening of the new facility in August 2002, Ameristar St. Charles has been the market share leader in the St. Louis market.<sup>1</sup> Food and beverage revenues increased 194.6% and 205.8%, respectively, for the three and six months ended June 30, 2003, due to the addition of a wide variety of restaurant venues with increased seating capacity.

Operating income increased by 185.0% and 80.9%, respectively, for the three and six months ended June 30, 2003, compared to the prior-year periods. Excluding impairment charges and preopening expenses, operating income increased by 48.4% and 37.3% for the same periods. In addition to revenue growth following the third quarter 2002 opening, the increases in operating income were generated through a combination of labor cost management, improvements in operational processes and systems and more effective and efficient marketing programs. Depreciation expense at Ameristar St. Charles increased by \$4.6 million and \$9.2 million, respectively, for the three and six months ended June 30, 2003 due to the opening of the new facility.

*Ameristar Kansas City*

Net revenues at Ameristar Kansas City remained stable at \$52.5 million and \$104.4 million for the three and six months ended June 30, 2003. The property also maintained its market share of 33.8% for the three months ended June 30, 2003 compared to the same period in 2002. Net revenues during 2003 were negatively impacted by construction disruption related to the renovation and improvement projects designed to enhance the property's casino and non-gaming amenities. These projects, which began in the third quarter of 2002, have been substantially completed and have included a comprehensive renovation of the casino area, the widespread implementation of ticket-in, ticket-out slot machines and the addition of the Great Plains Cattle Co., Falcon Diner, Depot No. 9 Stage and Bar, Pearl's Oyster Bar and an open-seating food court with three popular national chain outlets. Final completion of the renovation and improvement projects is expected in the third quarter of 2003 with the opening of the Amerisports Brew Pub and a casino cabaret featuring live, Las Vegas-style entertainment.

Operating income increased slightly for the three months ended June 30, 2003 and decreased slightly for the six months ended June 30, 2003 when compared with the same periods in 2002. In addition to the construction disruption, operating income during 2003 was negatively impacted by increases in depreciation expense due to newly constructed assets being placed in service.

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(1) All market share information in this report is based on gross gaming revenues.

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*Ameristar Council Bluffs*

Net revenues at Ameristar Council Bluffs increased 6.2% to \$38.9 million and 5.1% to \$76.5 million, respectively, for the three and six months ended June 30, 2003. The increases were due to the success of effective and efficient marketing strategies, the installation of new slot machines and the conversion of current slot machines to ticket-in, ticket-out technology. Ameristar Council Bluffs' market share increased to 38.7% for the quarter ended June 30, 2003 compared to 37.6% in the prior-year period. The property has now been the market share leader for 22 consecutive months.

Operating income at Ameristar Council Bluffs increased by 15.2% for the three months ended June 30, 2003 and 7.4% for the six months ended June 30, 2003. Operating margins also increased to 29.5% and 28.0% for the quarter and six months ended June 30, 2003, respectively, compared to 27.1% and 27.4% for the same periods in 2002, due to the implementation of cost containment strategies.

*Ameristar Vicksburg*

Ameristar Vicksburg reported increases in net revenues of 1.5% for the second quarter of 2003 compared to the second quarter of 2002 and 3.1% for the six months ended June 30, 2003 compared to the six months ended June 30, 2002. The improvements were the result of an increase in table games volume, partially offset by a decline in slot revenue due to lower volume and a slightly lower hold percentage. The property's market share decreased slightly, to 39.2% for the three months ended June 30, 2003 compared to 39.6% in the comparable period in 2002. Ameristar Vicksburg continues to maintain its long-time market leadership position.

Operating income decreased 18.0%, or \$1.2 million, and 14.1%, or \$1.8 million, respectively, for the three and six months ended June 30, 2003. The decline in operating income was in substantial part due to increases in health insurance expense of \$0.5 million and \$1.0 million, respectively, for the three and six months ended June 30, 2003, resulting from an increase in the number of large claims. The decline was also attributable to impairment charges for slot machines held for sale of \$0.1 million and \$0.5 million recorded in the three and six months ended June 30, 2003.

*Jackpot Properties*

Net revenues at the Jackpot Properties increased \$0.4 million, or 2.8%, in the second quarter of 2003 compared to the second quarter of 2002 and \$0.2 million, or 1.0%, for the six months ended June 30, 2003 compared to the same period in 2002. The increases were primarily attributable to lower participation fees on gaming equipment, which are reported as a reduction of slot revenues. The Jackpot Properties' financial results continue to be impacted by the sluggish Southern Idaho economy.

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The Jackpot Properties reported an increase in operating income of \$0.2 million, or 7.1%, for the second quarter of 2003 compared to the second quarter of 2002. The increases in operating income were the result of lower marketing and advertising expenses, which decreased 20.9%, attributable to the implementation of cost-efficient marketing and direct mail promotions. For the six months ended June 30, 2003, the Jackpot Properties reported a decrease in operating income of \$0.7 million, or 12.0%, due to increased health insurance expense and other employee benefits costs.

**Liquidity and Capital Resources**

Net cash provided by operations was \$86.0 million for the six months ended June 30, 2003 compared to \$76.2 million for the same period in 2002. This increase is due to improvements in our operating results, as discussed under **Results of Operations** above. The increase is also attributable to an income tax refund of \$10.7 million received during the six months ended June 30, 2003.

Net cash used in investing activities for the six months ended June 30, 2003 was \$43.0 million, compared to \$153.4 million for the six months ended June 30, 2002. Capital expenditures during 2003 totaled \$29.2 million and primarily included expenditures related to the ongoing renovation and enhancement projects at Ameristar Kansas City. During the first six months of 2002, we incurred \$164.7 million in capital expenditures, mainly associated with the construction of the new facility at Ameristar St. Charles that opened in August 2002 and the parking garage at Ameristar Kansas City that was completed in July 2002. Construction contracts payable decreased by \$14.4 million during the first six months of 2003 as a result of the payment of 2002 accrued invoices, compared to an increase of \$13.9 million during the first six months of 2002.

Net cash used in financing activities was \$31.3 million during the six months ended June 30, 2003, compared to \$81.8 million of net cash provided by financing activities for the six months ended June 30, 2002. We repaid \$32.3 million of long-term debt, including a \$12.1 million prepayment of equipment financing notes, in the first six months of 2003 compared to \$4.2 million of debt repayments in the same period in 2002. During the six months ended June 30, 2002, we also borrowed \$85.7 million under our senior credit facilities to fund capital expenditures.

During the six months ended June 30, 2003, our total debt decreased \$32.0 million to \$766.5 million. At June 30, 2003, our principal long-term debt was composed primarily of \$380.8 million of senior credit facilities and \$380.0 million in aggregate principal amount of 10.75% senior subordinated notes due 2009.

Required principal repayments under the senior credit facilities total approximately \$15.0 million for the remainder of 2003. In addition, we plan to prepay up to \$13.0 million of outstanding debt under the senior credit facilities during the remainder of 2003.

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We are currently reviewing our capital spending plans for the remainder of 2003 and we anticipate that capital expenditures for the full year will exceed the amount currently permitted under our senior credit facilities (approximately \$73 million) due to the acceleration of our implementation of coinless slots at our properties and the enhancement project underway at the Kansas City property. Accordingly, we expect to seek a waiver from the lenders under our senior credit facilities prior to the end of the year.

Our actual capital expenditures may vary based on budget modifications, construction schedule changes and other factors, including the limitation on capital expenditures under our senior credit facilities. We historically have funded our daily operations through operating cash flows 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 support our operations and liquidity requirements, including current capital expenditure plans, for the foreseeable future. At June 30, 2003, we had \$67.6 million available for borrowing under our revolving credit facility, and we had \$102.2 million of cash and cash equivalents, approximately \$45 million of which was required for daily operations.

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements as defined in Securities and Exchange Commission ( SEC ) Release No. 33-8182.

### **Critical Accounting Policies and Estimates**

We prepare our condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States. Certain of our accounting policies, including the estimated useful lives assigned to our assets, asset impairment, health benefit reserves, purchase price allocations made in connection with our acquisitions, the determination of bad debt reserves and the calculation of our income tax liabilities, require that we apply significant judgment in defining the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. Our judgments are based in part on our historical experience, terms of existing contracts, observance of trends in the gaming industry and information available from other outside sources. We cannot assure you that our actual results will conform to our estimates. For additional information on critical accounting policies and estimates, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and the notes to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2002.

### **Internal Control over Financial Reporting**

In June 2003, the SEC issued Release No. 33-8238, Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002. The rules of the SEC require that we assess and report annually on our internal control over financial reporting and

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require that our independent public accountants attest to our assessment. We will be required to issue our first report on internal control over financial reporting in our Annual Report on Form 10-K for the year ending December 31, 2004. We have developed a formal plan to achieve compliance with these requirements and have commenced the implementation of this plan.

**Forward-Looking Statements**

This Quarterly Report contains certain forward-looking statements, including the plans and objectives of management for our business, operations and economic performance. These forward-looking statements generally can be identified by the context of the statement or the use of words such as believes, anticipates, intends, expects, plans, or words of similar meaning, in relation to us or our management. Similarly, statements that describe our future operating performance, financial results, plans, objectives, strategies 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, including but not limited to uncertainties concerning operating cash flow in future periods, our borrowing capacity under the senior credit facilities or any replacement financing, our properties' future operating performance, our ability to undertake and complete capital expenditure projects, changes in competitive conditions, regulatory restrictions and changes in regulation or legislation (including gaming tax laws) that could affect us. Accordingly, actual results could differ materially from those contemplated by any forward-looking statement. In addition to the other cautionary statements relating to certain forward-looking statements throughout this Quarterly Report, attention is directed to Item 1. Business Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2002 for a discussion of the factors, risks and uncertainties that could affect our future results.



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**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

As of June 30, 2003, we had \$380.8 million outstanding under the senior credit facilities bearing interest at variable rates (as described more fully in Note 2 of Notes to Unaudited Condensed Consolidated Financial Statements). Of this amount, \$100.0 million is covered by an interest rate swap agreement that fixes the interest rate thereon. Other than the borrowings under the senior credit facilities that are not covered by the interest rate swap agreement and \$1.1 million in other long-term debt outstanding at June 30, 2003 (collectively, the Variable Rate Debt), all of our long-term debt bears interest at fixed rates. The senior credit facilities bear interest equal to LIBOR (in the case of Eurodollar loans) or the prime rate (in the case of base rate loans), plus an applicable margin. At June 30, 2003, the weighted average interest rate applicable to the Variable Rate Debt was 4.0%. An increase of one percentage point in the weighted average interest rate applicable to the Variable Rate Debt outstanding at June 30, 2003 would increase our annual interest cost by approximately \$2.8 million. We continue to monitor interest rate markets and may enter into interest rate collar or swap agreements for additional amounts of principal under the senior credit facilities as market conditions warrant.

Although we manage our short-term cash assets with a view to maximizing return with minimal risk, we do not invest in market rate-sensitive instruments for trading or other purposes and we have no material exposure to foreign currency exchange risks or commodity price risks.

**Item 4. Controls and Procedures**

(a) Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of management, including our President and Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report pursuant to Rule 13a-15 of the Securities Exchange Act of 1934, as amended. Based upon that evaluation, our President and Chief Executive Officer and our Chief Financial Officer and other members of management concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to us (including our consolidated subsidiaries) required to be included in our periodic filings with the Securities and Exchange Commission.

(b) Changes in Internal Control Over Financial Reporting

No changes in our internal control over financial reporting have come to management's attention during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Table of Contents****PART II. OTHER INFORMATION****Item 6. Exhibits and Reports on Form 8-K**

## (a) Exhibits

| <b>Exhibit Number</b> | <b>Description of Exhibit</b>  | <b>Method of Filing</b>       |
|-----------------------|--|-------------------------------|
| 31.1                  | Certification of Craig H. Neilsen, Chairman, President and Chief Executive Officer, 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 |

## (b) Reports on Form 8-K

On April 30, 2003, we filed a Current Report on Form 8-K in which we furnished, pursuant to Items 9 and 12, our press release regarding our results of operations for the first quarter of 2003.

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SIGNATURE

Pursuant to the requirements 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

Date: August 14, 2003

By: /s/ THOMAS M. STEINBAUER

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

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