

MANDALAY RESORT GROUP  
Form 424B3  
September 05, 2003

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**PROSPECTUS**

**\$400,000,000**

## **Floating Rate Convertible Senior Debentures due 2033 and Common Stock Issuable Upon Conversion of the Debentures**

### **The Offering:**

We issued \$350,000,000 original principal amount of the debentures in a private placement on March 21, 2003 and an additional \$50,000,000 original principal amount of the debentures on April 2, 2003 pursuant to an option granted to the initial purchasers. This prospectus will be used by selling securityholders to resell their debentures and the common stock issuable upon conversion of their debentures. The debentures will mature on March 21, 2033. The debentures bear regular interest at an annual rate equal to 3-month LIBOR, reset quarterly, plus .75% which is payable quarterly in arrears on March 21, June 21, September 21 and December 21 of each year, beginning June 21, 2003, until March 21, 2008. After that date, we will not pay regular interest on the debentures prior to maturity. Instead, on March 21, 2033, the maturity date of the debentures, a holder will receive the accreted principal amount of a debenture, which will be equal to the original principal amount of \$1,000 per debenture increased daily by a variable yield beginning on March 21, 2008. The yield will be reset quarterly to a rate of 3-month LIBOR plus .75% per annum. Regardless of the level of 3-month LIBOR, however, this yield will not exceed 6.75% per annum. The debentures are unsecured and unsubordinated obligations of Mandalay Resort Group and rank equally with all of its other unsecured and unsubordinated indebtedness.

### **Convertibility of the Debentures:**

Holders may convert their debentures into a number of shares of our common stock determined as set forth in this prospectus, which we refer to as the Conversion Rate: (1) in any calendar quarter (commencing after June 30, 2003) if, as of the last day of the preceding calendar quarter, the closing sale price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of that preceding calendar quarter is more than 120% of the Base Conversion Price (initially 120% of \$57.30, or \$68.76), as defined herein, as of the last day of that preceding calendar quarter which we call the conversion trigger price, (2) if the debentures are assigned a credit rating, during any period in which the credit rating assigned to the debentures falls below a specified rating, (3) if the debentures have been called for redemption or (4) upon the occurrence of certain corporate transactions described in this prospectus. Upon conversion, we will have the right to deliver, in lieu of shares of our common stock, cash or a combination of cash and shares of common stock in an amount described in this prospectus. Our common stock is listed on the New York Stock Exchange under the symbol "MBG." On September 4, 2003, the last reported sale price of our common stock was \$39.95.

### **Contingent Interest:**

We will pay contingent interest to holders of the debentures during any six-month period from March 22 to September 21 or September 22 to March 21, commencing after March 21, 2008, if the average market price of the debentures for a five trading day measurement period preceding the applicable six-month period equals 120% or more of the accreted principal amount of the debentures. The contingent interest payable per debenture within any six-month period will equal an annual rate of .25% of the average market price of a debenture for the five trading day measuring period and will be payable on the June 21 and September 21 or December 21 and March 21, as the case may be, next succeeding the first day of the relevant six-month period. For United States federal income tax purposes, the debentures constitute contingent payment debt instruments. You should read the discussion under "Material United States Federal Income Tax Considerations" beginning on page 52.

### **Purchase of the Debentures by Us at the Option of the Holder:**

Holders may require us to purchase all or a portion of their debentures on March 21, 2008, 2013, 2018, 2023 and 2028 at prices calculated as described in "Description of Debentures Purchase of Debentures by Us at the Option of the Holder." We may choose to pay the purchase price in cash, shares of our common stock or a combination of cash and shares of our common stock. In addition, upon a change in control of Mandalay Resort Group, as defined in the indenture governing the debentures, occurring on or before March 21, 2008, each holder may require us to purchase for cash all or a portion of such holder's debentures at 100% of the original principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of purchase.

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## Redemption of the Debentures at Our Option:

We may redeem for cash all or a portion of the debentures at any time on or after March 21, 2008 at prices calculated as described in "Description of Debentures Redemption of Debentures at Our Option."

**Investing in the debentures involves risks that are described in the "Risk Factors" section beginning on page 17 of this prospectus.**

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We will not receive any of the proceeds from the sale of the debentures or the common stock by any of the selling securityholders. The debentures and the common stock may be offered in negotiated transactions or otherwise, at market prices prevailing at the time of sale or at negotiated prices. In addition, the common stock may be offered from time to time through ordinary brokerage transactions on the New York Stock Exchange. See "Plan of Distribution." The selling securityholders may be deemed to be "Underwriters" as defined in the Securities Act of 1933, as amended, or "Securities Act." If any broker-dealers are used by the selling securityholders, any commissions paid to broker-dealers and, if broker-dealers purchase any debentures or common stock as principals, any profits received by these broker-dealers on the resale of the debentures or common stock, may be deemed to be underwriting discounts or commissions under the Securities Act. In addition, any profits realized by the selling securityholders may be deemed to be underwriting commissions.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**Neither the Nevada Gaming Commission, Nevada State Gaming Control Board, the Mississippi Gaming Commission, the Michigan Gaming Control Board, the Illinois Gaming Board, nor any other gaming authority has passed upon the adequacy or accuracy of prospectus or the investment merits of the debentures offered hereby or the shares of our common stock issuable upon conversion of the debentures. Any representation to the contrary is unlawful.**

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The date of this prospectus is September 5, 2003.

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## IMPORTANT NOTICE TO READERS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a "shelf" registration process. Under this shelf registration process, the selling securityholders may, from time to time, offer their debentures or shares of our common stock issued upon conversion of their debentures. Each time the selling securityholders offer debentures or common stock under this prospectus, they will provide a copy of this prospectus and, if applicable, a copy of a prospectus supplement. You should read both this prospectus and, if applicable, any prospectus supplement together with the information incorporated by reference in this prospectus. See "Where You Can Find More Information" for more information.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone else to provide you with different information. If anyone provides you with different information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus or any documents incorporated by reference in this prospectus is accurate only as of the date on the front cover of the applicable document or as specifically indicated in the document. Our business, financial condition, results of operations and prospects may have changed since that date.

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## SUMMARY

The following summary highlights selected information from this prospectus and may not contain all the information that may be important to you. You should read this entire prospectus, and the documents incorporated by reference in this prospectus, before making an investment decision. The terms "we," "our," and "us," as used in this prospectus, refer to Mandalay Resort Group and its majority owned subsidiaries as a combined entity, except where it is clear that the terms mean only Mandalay Resort Group. When we use the term "Mandalay," it refers only to Mandalay Resort Group. These terms, as used in this prospectus, do not include our unconsolidated joint ventures, unless the context otherwise requires.

### Mandalay Resort Group

#### Overview

We are one of the largest hotel-casino operators in the United States. Our operations consist of 12 wholly owned resorts in Nevada and Mississippi, as well as investments in four joint ventures with operating resorts in Nevada, Illinois and Michigan. Our resorts cater to a wide variety of customers and we strive to provide the best value in each of the market segments where we compete. We generate half of our net revenues from gaming activities, and nearly one-quarter from room sales.

We have the largest scaled hotel-casino resort development in Las Vegas, the world's largest gaming market where we generate approximately two-thirds of our operating income. This "Mandalay Mile" consists of three interconnected megaresorts on 230 acres, including our flagship property, Mandalay Bay. Mandalay Bay has become the best performer among our properties in this market, as it possesses amenities that appeal to higher-income customers. Strong demand from this segment of our customer base has permitted us greater pricing leverage, thus helping to drive results at this property. With the addition of our expanded convention center, an all-suites hotel tower and a retail center (each discussed more fully below), Mandalay Bay should continue to be the leading driver of future growth for our company.

Our operating results are highly dependent on the volume of customers visiting and staying at our resorts. This is particularly evident in our two principal revenue centers—the casino and the hotel. The volume of casino activity is measured by "drop," which refers to amounts wagered by our customers. The amount of drop that we keep and that is recognized as casino revenue is referred to as our "win" or "hold." Meanwhile, revenue per available room, or REVPAR, is a key metric for our hotel business. REVPAR reflects both occupancy levels and room rates, each of which is impacted by customer demand, among other factors.

We have provided below information as of April 30, 2003 about our properties and those of the joint ventures in which we participate. Except as otherwise indicated, we wholly own and operate these properties.

Location/Property	Guest Rooms	Approximate Casino Square Footage	Slots(1)	Gaming Tables(2)	Parking Spaces
<i>Las Vegas, Nevada</i>					
Mandalay Bay(3)	3,643	135,000	2,000	127	7,000
Luxor	4,408	120,000	1,864	105	3,200
Excalibur	4,002	110,000	2,047	73	4,000
Circus Circus	3,744	109,000	2,048	73	4,700
Monte Carlo (50% Owned)	3,002	90,000	1,914	73	4,000
Slots-A-Fun		16,700	579	22	
<i>Reno, Nevada</i>					

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Location/Property	Guest Rooms	Approximate Casino Square Footage	Slots(1)	Gaming Tables(2)	Parking Spaces
Circus Circus	1,572	60,000	1,415	60	3,000
Silver Legacy (50% Owned)	1,711	85,000	2,017	77	1,800
<i>Laughlin, Nevada</i>					
Colorado Belle	1,226	64,000	1,250	38	1,700
Edgewater	1,450	44,000	1,168	40	2,300
<i>Jean, Nevada</i>					
Gold Strike	812	37,000	821	17	2,100
Nevada Landing	303	36,000	810	17	1,400
<i>Henderson, Nevada</i>					
Railroad Pass	120	21,000	355	7	600
<i>Tunica County, Mississippi</i>					
Gold Strike	1,149	48,000	1,389	49	1,400
<i>Detroit, Michigan</i>					
MotorCity (53.5% Owned)(4)		75,000	2,536	106	3,800
<i>Elgin, Illinois</i>					
Grand Victoria (50% Owned)		36,000	1,072	41	2,300
<b>Total</b>	<b>27,142</b>	<b>1,086,700</b>	<b>23,285</b>	<b>925</b>	<b>43,300</b>

- (1) Includes slot machines and other coin-operated devices.
- (2) Generally includes blackjack ("21"), craps, pai gow poker, Caribbean stud poker, wheel of fortune and roulette. Mandalay Bay, Luxor and MotorCity Casino also offer baccarat.
- (3) This property, which opened March 2, 1999, includes a Four Seasons Hotel with 424 guest rooms that we own and Four Seasons Hotels Limited manages.
- (4) This property, which opened December 14, 1999, is being operated pending the construction of an expanded hotel-casino facility.

**Property Descriptions**

We are providing below additional information concerning the properties we, and the joint ventures in which we participate, own and operate.

*Las Vegas, Nevada*

*Mandalay Bay.* This property, including a recently completed convention and meeting complex, is located on approximately 95 acres on the Las Vegas Strip adjacent to our Luxor property and is the first major resort on the Las Vegas Strip to greet visitors arriving in Las Vegas on I-15, the primary thoroughfare between Las Vegas and southern California. The 43-story South Seas themed hotel-casino resort has approximately 3,700 guest rooms, including a Four Seasons Hotel with 424 guest rooms that provides visitors with a luxury "five diamond" hospitality experience. Mandalay Bay's attractions include an 11-acre tropical lagoon featuring a sand-and-surf beach, a three-quarter-mile lazy river ride and a

30,000 square-foot spa. The property features 13 restaurants, such as Charlie Palmer's Aureole, Wolfgang Puck's Trattoria Del Lupo, China Grill, rumjungle, Red Square, Bleu Blanc Rouge and Border Grill, as well as a House of Blues nightclub and restaurant, including its signature Foundation Room (situated on Mandalay Bay's top floor). Mandalay Bay offers multiple entertainment venues that include the Shark Reef at Mandalay Bay featuring sharks and rare sea predators, a 1,760-seat showroom where the Broadway hit "Mamma Mia!" opened February 3, 2003, the rumjungle nightclub and a 12,000-seat special events arena that features additional entertainment and sporting events.

In January 2003, we opened a new convention and meeting complex adjacent to the Mandalay Bay Conference Center. The new complex includes more than one million square feet of exhibit space. With this new building and the original conference center, Mandalay Bay now offers almost two million gross square feet of conference and exhibit space.

We are currently building a new 1,122-suite hotel tower at Mandalay Bay. The 43-story tower will be located on the west side of the property. The new suites will average 750 square feet, among the largest room product in the Las Vegas market. The tower will also include meeting suites, a spa and fitness center, two restaurants and a lounge. We expect that the new suites will serve the demand generated by the new convention center. The tower broke ground during the third quarter of fiscal 2003, and should open in November 2003. The total cost of the new tower is estimated to be \$230 million, excluding land, capitalized interest and preopening expenses. As of April 30, 2003, we had incurred costs of \$39.7 million related to this project.

We are also constructing a retail center between Mandalay Bay and Luxor. The center will include approximately 90,000 square feet of retail space and approximately 40 stores and restaurants, including several upscale, internationally branded retailers. We started construction in the third quarter last year, with an expected opening in fall 2003. The cost is estimated to be approximately \$30-\$40 million, excluding land, capitalized interest and preopening expenses. As of April 30, 2003, we had incurred costs of \$25.1 million related to this project.

*Luxor.* This property is an Egyptian-themed hotel and casino complex situated on 64 acres of our Mandalay Mile, between Mandalay Bay and Excalibur. The resort features a 30-story pyramid and two 22-story hotel towers. Luxor offers 20,000 square feet of convention space, a 20,000-square-foot spa, a 1,200-seat showroom currently featuring the off-Broadway show "Blue Man Group," a nightclub, and food and entertainment venues on three different levels beneath a soaring hotel atrium. The pyramid's guest rooms can be reached from the four corners of the building by state-of-the-art "inclinator" that travel at a 39-degree angle. Above the pyramid's casino, the property offers a special format motion base ride and an IMAX 2D/3D theater. Luxor's other public areas include a buffet, eight restaurants including three gourmet restaurants, as well as a snack bar, a food court featuring national fast food franchises, several cocktail lounges and a variety of specialty shops.

*Excalibur.* This property is a castle-themed hotel and casino complex situated on a 53-acre site immediately to the north of Luxor. Excalibur's public areas include a Renaissance fair, a medieval village, an amphitheater with a seating capacity of nearly 1,000 where nightly mock jousting tournaments and costume drama are presented, two dynamic motion theaters, various artisans' booths and medieval games of skill. In addition, Excalibur has a buffet restaurant, six themed restaurants, as well as several snack bars, cocktail lounges and a variety of specialty shops.

*Circus Circus-Las Vegas.* This property, which is our original resort, is a circus-themed hotel and casino complex situated on approximately 69 acres on the north end of the Las Vegas Strip. From a "Big Top" above the casino, Circus Circus-Las Vegas offers its guests a variety of circus acts performed daily, free of charge. A mezzanine area overlooking the casino has a circus midway with carnival-style games and an arcade that offers a variety of amusements and electronic games. Four specialty restaurants, a buffet, a coffee shop, four fast food snack bars, several cocktail bars and a variety of gift

shops and specialty shops are also available to the guests at Circus Circus-Las Vegas. The Adventuredome, covering approximately five acres, offers theme park entertainment that includes a high-speed, double-loop, double-corkscrew roller coaster, a coursing river flume ride on white-water rapids, an IMAX motion base ride, several rides and attractions designed for preschool age children, themed carnival-style midway games, a state-of-the-art arcade, a 65-foot waterfall, animated life-size dinosaurs, food kiosks and souvenir shops, all in a climate-controlled setting under a giant space-frame dome. Circus Circus-Las Vegas also offers accommodations for approximately 400 recreational vehicles at the property's Circusland Recreational Vehicle Park.

*Monte Carlo (50%-owned).* Through wholly owned entities, we are a 50% participant with a subsidiary of MGM MIRAGE in, and manage the operations of, Victoria Partners, a joint venture which owns Monte Carlo, a hotel and casino resort situated on 46 acres with approximately 600 feet of frontage on the Las Vegas Strip. Monte Carlo is situated between Bellagio, a 3,000-room resort owned and operated by MGM MIRAGE, and New York-New York, a 2,000-room hotel-casino resort owned by MGM MIRAGE. Monte Carlo's casino reflects a

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palatial style reminiscent of the *Belle Epoque*, the French Victorian architecture of the late 19th century. Amenities at Monte Carlo include three specialty restaurants, including the popular Andre's gourmet restaurant, a buffet, a coffee shop, a food court, a microbrewery which features live entertainment, approximately 15,000 square feet of meeting and banquet space, and tennis courts. A 1,200-seat replica of a plush vaudeville theater, including a balcony and proscenium arch, features an elaborately staged show of illusions with the world-renowned magician, Lance Burton.

### *Reno, Nevada*

*Circus Circus-Reno.* This property is a circus-themed hotel and casino complex situated in downtown Reno, Nevada. Like its sister property in Las Vegas, Circus Circus-Reno offers its guests a variety of circus acts performed daily, free of charge. A mezzanine area has a circus midway with carnival-style games and an arcade that offers a variety of amusements and electronic games. The property also has two specialty restaurants, a buffet, a coffee shop, a deli/bakery, a fast food snack bar, cocktail lounges, a gift shop and specialty shops.

*Silver Legacy (50%-owned).* Through a wholly owned entity, we are a 50% participant with Eldorado Limited Liability Company in Circus and Eldorado Joint Venture, a joint venture which owns and operates Silver Legacy, a hotel-casino and entertainment complex situated on two city blocks in downtown Reno, Nevada. Silver Legacy is situated between Circus Circus-Reno and the Eldorado Hotel & Casino, which is owned and operated by an affiliate of our joint venture partner at Silver Legacy. Silver Legacy's casino and entertainment complex is connected at the mezzanine level with Circus Circus-Reno and the Eldorado by enclosed climate-controlled skyways above the streets between the respective properties. The property's exterior is themed to evoke images of historical Reno. Silver Legacy features four restaurants and several bars, a 25,000-square-foot special events center, custom retail shops, a health spa and an outdoor pool and sun deck. Circus and Eldorado Joint Venture's executive committee, which functions in a manner similar to a corporation's board of directors, is responsible for overseeing the performance of Silver Legacy's management. Under the terms of the joint venture agreement, we appoint three of the executive committee's five members.

### *Laughlin, Nevada*

*Colorado Belle.* This property is situated on a 22-acre site on the bank of the Colorado River (with nearly 1,080 feet of river frontage) in Laughlin, Nevada. The Colorado Belle features a 600-foot replica of a Mississippi riverboat and also includes a buffet, a coffee shop, three specialty restaurants, a

microbrewery, fast-food snack bars and cocktail lounges, as well as a gift shop and other specialty shops.

*Edgewater.* This property is situated on a 16-acre site adjacent to the Colorado Belle with nearly 1,640 feet of frontage on the Colorado River. Edgewater's facilities include a specialty restaurant, a coffee shop, a buffet, a snack bar and cocktail lounges.

### *Jean, Nevada*

Jean is located between Las Vegas and southern California, approximately 25 miles south of Las Vegas and 12 miles north of the California-Nevada state line. Jean attracts gaming customers almost entirely from the large number of people traveling between Las Vegas and southern California on Interstate-15, the principal highway between Las Vegas and southern California, which passes directly through Jean.

*Gold Strike.* This property is an "Old West" themed hotel-casino located on approximately 51 acres of land on the east side of Interstate-15. The property has, among other amenities, a swimming pool and spa, several restaurants, a banquet center, a gift shop and an arcade. The casino has a stage bar with regularly scheduled live entertainment and a casino bar.

*Nevada Landing.* This property is a turn-of-the-century riverboat themed hotel-casino located on approximately 55 acres of land across Interstate-15 from Gold Strike. Nevada Landing includes a 70-seat Chinese restaurant, a full-service coffee shop, a buffet, a snack bar, a gift shop, a swimming pool and spa and a 300-guest banquet facility.

### *Henderson, Nevada*

Henderson is a suburb located southeast of Las Vegas.

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*Railroad Pass.* This property is situated on approximately 56 acres along US-93, the direct route between Las Vegas and Phoenix, Arizona. This property includes, among other amenities, two full-service restaurants, a buffet, a gift shop, two bars, a swimming pool and a banquet facility. In contrast with our other Nevada properties, Railroad Pass caters to local residents, particularly from Henderson.

### *Tunica County, Mississippi*

Tunica County is located 20 miles south of Memphis, Tennessee on the Mississippi River. Tunica County attracts customers from Mississippi and surrounding states, including cities such as Memphis, Tennessee and Little Rock, Arkansas.

*Gold Strike-Tunica.* This property is a dockside casino situated on a 24-acre site along the Mississippi River in Tunica County, approximately three miles west of Mississippi State Highway 61 (a major north/south highway connecting Memphis with Tunica County) and 20 miles south of Memphis. The property features an 800-seat showroom, a coffee shop, a specialty restaurant, a buffet, a snack bar and several cocktail lounges. Gold Strike-Tunica is part of a three-casino development covering approximately 72 acres. The other two casinos are owned and operated by unaffiliated third parties. We also own an undivided one-half interest in an additional 388 acres of land which may be used for future development.

### *Detroit, Michigan*

*MotorCity Casino (53.5%-owned).* On December 14, 1999, along with our joint venture partner, Atwater Casino Group, we opened MotorCity Casino, a casino facility in Detroit, Michigan. The casino includes approximately 75,000 square feet of casino space, five restaurants and a 3,800-space parking

facility. Under a revised development agreement with the City of Detroit, MotorCity Casino is to be expanded at its current location by December 5, 2005, into a facility that will include approximately 400 hotel rooms, 100,000 square feet of casino space, a 1,200-seat theater, convention space, and additional restaurants, retail space and parking. We are committed to contribute 20% of the cost of the permanent facility in the form of an investment in the joint venture, and the joint venture will seek to borrow the balance of the cost. The cost of the additional facilities, excluding land, capitalized interest and pre-opening expenses, is currently estimated to be \$275 million.

Various lawsuits have been filed in the state and federal courts challenging the constitutionality of the Detroit Casino Competitive Selection Process and the Michigan Gaming Control and Revenue Act, and seeking to appeal the issuance of a certificate of suitability to MotorCity Casino. No assurance can be given regarding the timing and outcome of these proceedings. An adverse ruling in any of these lawsuits could affect the joint venture's operation of the facility, as well as its ability to maintain its certificate of suitability and a casino license for its facility. All three casinos in Detroit are currently prevented from beginning construction of their new or expanded facilities as a result of one of these lawsuits.

### *Elgin, Illinois*

*Grand Victoria (50%-owned).* Through wholly owned entities, we are a 50% participant with RBG, L.P. in a joint venture which owns Grand Victoria. Grand Victoria is a Victorian themed riverboat casino and land-based entertainment complex in Elgin, Illinois, a suburb approximately 40 miles northwest of downtown Chicago. The two-story vessel is 420 feet in length and 110 feet in width, and provides a maximum 80,000 square feet of casino space, approximately 36,000 square feet of which was being used as of April 30, 2003. The boat offers dockside gaming, which means its operation is conducted at dockside without cruising. The property also features a dockside complex that contains an approximately 83,000-square-foot pavilion with a buffet, a fine dining restaurant, a VIP lounge and a gift shop. Grand Victoria, which is strategically located in Elgin among the residential suburbs of Chicago, with nearby freeway access and direct train service from downtown Chicago, is located approximately 20 miles and 40 miles, respectively, from its nearest competitors in Aurora, Illinois and Joliet, Illinois, and holds one of only ten riverboat gaming licenses currently granted state-wide, nine of which are presently operational. Legislation in Illinois, which would allow a casino in Rosemont, approximately 16 miles from Grand Victoria, is being challenged in court. We manage the Grand Victoria, subject to the oversight of an executive committee which functions in a manner similar to a corporation's board of directors. Each joint venture partner is equally represented on the executive committee.

### **Executive Offices**

Our executive offices are located at 3950 Las Vegas Boulevard South, Las Vegas, Nevada 89119. Our telephone number is (702) 632-6700.

### Recent Developments

#### *Recent Tax Developments*

On July 22, 2003, the Governor of Nevada signed into law a new tax bill that provides for increases in the taxes applicable to our Nevada operations and those of our Nevada joint ventures. On June 20, 2003, the Governor of Illinois signed into law a new tax bill which provides for an increase in tax rates on Illinois gaming revenues and increased boarding fees. We currently estimate that the new Illinois tax law will reduce the contribution from our 50%-owned Grand Victoria by as much as \$20-\$25 million annually. Based on our initial evaluation of the new Nevada tax law, we believe that its impact on our operations will be less than \$10 million annually.

#### *Repayment of Indebtedness*

On July 15, 2003, we redeemed our \$275 million principal amount of 9<sup>1</sup>/<sub>4</sub>% senior subordinated notes due 2005 at a redemption price of 104.625% plus interest accrued to the redemption date and repaid our \$150 million principal amount of 6<sup>3</sup>/<sub>4</sub>% senior subordinated notes due July 15, 2003, utilizing borrowings under our revolving credit facility.

#### *Issuance of Senior Notes*

On July 31, 2003, we issued \$250 million principal amount of 6<sup>1</sup>/<sub>2</sub>% senior notes due 2009. While the net proc