

PNMR YESüNO
PNM YESüNO
TNMP YESüNO

Table of Contents

Indicate by check mark whether registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
PNMR	<input checked="" type="checkbox"/>				
PNM			<input checked="" type="checkbox"/>		
TNMP			<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether any of the registrants is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of October 30, 2018, 79,653,624 shares of common stock, no par value per share, of PNMR were outstanding.

The total number of shares of common stock of PNM outstanding as of October 30, 2018 was 39,117,799 all held by PNMR (and none held by non-affiliates).

The total number of shares of common stock of TNMP outstanding as of October 30, 2018 was 6,358 all held indirectly by PNMR (and none held by non-affiliates).

PNM AND TNMP MEET THE CONDITIONS SET FORTH IN GENERAL INSTRUCTIONS (H) (1) (a) AND (b) OF FORM 10-Q AND ARE THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT PURSUANT TO GENERAL INSTRUCTION (H) (2).

This combined Form 10-Q is separately filed by PNMR, PNM, and TNMP. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. Each registrant makes no representation as to information relating to the other registrants. When this Form 10-Q is incorporated by reference into any filing with the SEC made by PNMR, PNM, or TNMP, as a registrant, the portions of this Form 10-Q that relate to each other registrant are not incorporated by reference therein.

Table of Contents

PNM RESOURCES, INC. AND SUBSIDIARIES
 PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARIES
 TEXAS-NEW MEXICO POWER COMPANY AND SUBSIDIARIES

INDEX

	Page No.
<u>GLOSSARY</u>	<u>4</u>
<u>PART I. FINANCIAL INFORMATION</u>	
<u>ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)</u>	
<u>PNM RESOURCES, INC. AND SUBSIDIARIES</u>	
<u>Condensed Consolidated Statements of Earnings</u>	<u>8</u>
<u>Condensed Consolidated Statements of Comprehensive Income</u>	<u>9</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>10</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>12</u>
<u>Condensed Consolidated Statement of Changes in Equity</u>	<u>14</u>
<u>PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARIES</u>	
<u>Condensed Consolidated Statements of Earnings</u>	<u>15</u>
<u>Condensed Consolidated Statements of Comprehensive Income</u>	<u>16</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>17</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>19</u>
<u>Condensed Consolidated Statement of Changes in Equity</u>	<u>21</u>
<u>TEXAS-NEW MEXICO POWER COMPANY AND SUBSIDIARIES</u>	
<u>Condensed Consolidated Statements of Earnings</u>	<u>22</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>23</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>24</u>
<u>Condensed Consolidated Statement of Changes in Common Stockholder's Equity</u>	<u>26</u>
<u>NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>27</u>
<u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>92</u>
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>131</u>
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	<u>133</u>
<u>PART II. OTHER INFORMATION</u>	
<u>ITEM 1. LEGAL PROCEEDINGS</u>	<u>134</u>
<u>ITEM 1A. RISK FACTORS</u>	<u>134</u>
<u>ITEM 6. EXHIBITS</u>	<u>135</u>
<u>SIGNATURE</u>	<u>136</u>

Table of Contents

GLOSSARY

Definitions:

2014 IRP	PNM's 2014 IRP
2017 IRP	PNM's 2017 IRP
ABCWUA	Albuquerque Bernalillo County Water Utility Authority
AEP OnSite Partners	AEP OnSite Partners, LLC, a subsidiary of American Electric Power, Inc.
Afton	Afton Generating Station
AFUDC	Allowance for Funds Used During Construction
AMI	Advanced Metering Infrastructure
AMS	Advanced Meter System
AOCI	Accumulated Other Comprehensive Income
APS	Arizona Public Service Company, the operator and a co-owner of PVNGS and Four Corners
ARP	Alternative Revenue Program
ASU	Accounting Standards Update
August 2016 RD	Recommended Decision in PNM's NM 2015 Rate Case issued by the Hearing Examiner on August 4, 2016
BART	Best Available Retrofit Technology
BDT	Balanced Draft Technology
Board	Board of Directors of PNMR
BTMU	MUFG Bank Ltd., formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd.
BTMU Term Loan Agreement	NM Capital's \$125.0 Million Unsecured Term Loan
CAA	Clean Air Act
CCB	Coal Combustion Byproducts
CCN	Certificate of Convenience and Necessity
CO ₂	Carbon Dioxide
CSA	Coal Supply Agreement
CTC	Competition Transition Charge
DC Circuit	United States Court of Appeals for the District of Columbia Circuit
DOE	United States Department of Energy
DOI	United States Department of Interior
EGU	Electric Generating Unit
EIM	California Independent System Operator Western Energy Imbalance Market
EIS	Environmental Impact Study
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
ESA	Endangered Species Act
Exchange Act	Securities Exchange Act of 1934
Farmington	The City of Farmington, New Mexico
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FIP	Federal Implementation Plan
Four Corners	Four Corners Power Plant
Four Corners CSA	Four Corners Power Plant Coal Supply Agreement
FPPAC	Fuel and Purchased Power Adjustment Clause
FTY	Future Test Year
GAAP	Generally Accepted Accounting Principles in the United States of America
GHG	Greenhouse Gas Emissions

GWh	Gigawatt hours
IRP	Integrated Resource Plan
IRS	Internal Revenue Service
ISFSI	Independent Spent Fuel Storage Installation
KW	Kilowatt
KWh	Kilowatt Hour

Table of Contents

La Luz	La Luz Generating Station
LIBOR	London Interbank Offered Rate
Lightning Dock Geothermal	Lightning Dock geothermal power facility, also known as the Dale Burgett Geothermal Plant
Lordsburg	Lordsburg Generating Station
Los Alamos	The Incorporated County of Los Alamos, New Mexico
Luna	Luna Energy Facility
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MMBTU	Million British Thermal Units
Moody's	Moody's Investor Services, Inc.
MW	Megawatt
MWh	Megawatt Hour
NAAQS	National Ambient Air Quality Standards
Navajo Acts	Navajo Nation Air Pollution Prevention and Control Act, Navajo Nation Safe Drinking Water Act, and Navajo Nation Pesticide Act
NDT	Nuclear Decommissioning Trusts for PVNGS
NEC	Navopache Electric Cooperative, Inc.
NEE	New Energy Economy
NEPA	National Environmental Policy Act
NERC	North American Electric Reliability Corporation
New Mexico Wind	New Mexico Wind Energy Center
NM 2015 Rate Case	Request for a General Increase in Electric Rates Filed by PNM on August 27, 2015
NM 2016 Rate Case	Request for a General Increase in Electric Rates Filed by PNM on December 7, 2016
NM Capital	NM Capital Utility Corporation, an unregulated wholly-owned subsidiary of PNMR
NM District Court	United States District Court for the District of New Mexico
NM Supreme Court	New Mexico Supreme Court
NMAG	New Mexico Attorney General
NMED	New Mexico Environment Department
NMIEC	New Mexico Industrial Energy Consumers Inc.
NMMMD	The Mining and Minerals Division of the New Mexico Energy, Minerals and Natural Resources Department
NMPRC	New Mexico Public Regulation Commission
NMRD	NM Renewable Development, LLC, owned 50% each by PNMR Development and AEP OnSite Partners, LLC
NO ₂	Nitrogen Dioxide
NO _x	Nitrogen Oxide
NOPR	Notice of Proposed Rulemaking
NPDES	National Pollutant Discharge Elimination System
NRC	United States Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NSR	New Source Review
NTEC	Navajo Transitional Energy Company, LLC, an entity owned by the Navajo Nation
OCI	Other Comprehensive Income
OPEB	Other Post-Employment Benefits
OSM	United States Office of Surface Mining Reclamation and Enforcement
PCRBs	Pollution Control Revenue Bonds
PNM	Public Service Company of New Mexico and Subsidiaries

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PNM 2017 New Mexico Credit Facility	PNM's \$40.0 Million Unsecured Revolving Credit Facility
PNM 2017 Senior Unsecured Note Agreement	PNM's Agreement for the sale of Senior Unsecured Notes, aggregating \$450.0 million
PNM 2017 Term Loan Agreement	PNM's \$200.0 Million Unsecured Term Loan

5

Table of Contents

PNM 2018 SUNs	PNM’s Senior Unsecured Notes to be issued under the PNM 2017 Senior Unsecured Note Agreement
PNM Revolving Credit Facility	PNM’s \$400.0 Million Unsecured Revolving Credit Facility
PNMR	PNM Resources, Inc. and Subsidiaries
PNMR 2015 Term Loan Agreement	PNMR’s \$150.0 Million Three-Year Unsecured Term Loan
PNMR 2016 One-Year Term Loan	PNMR’s \$100.0 Million One-Year Unsecured Term Loan
PNMR 2016 Two-Year Term Loan	PNMR’s \$100.0 Million Two-Year Unsecured Term Loan
PNMR 2018 SUNs	PNMR’s \$300.0 Million Aggregate Principal Amount of Senior Unsecured Notes due 2021
PNMR Development	PNMR Development and Management Company, an unregulated wholly-owned subsidiary of PNMR
PNMR Development Revolving Credit Facility	PNMR Development’s \$24.5 Million Unsecured Revolving Credit Facility
PNMR Revolving Credit Facility	PNMR’s \$300.0 Million Unsecured Revolving Credit Facility
PPA	Power Purchase Agreement
PSD	Prevention of Significant Deterioration
PUCT	Public Utility Commission of Texas
PV	Photovoltaic
PVNGS	Palo Verde Nuclear Generating Station
RCRA	Resource Conservation and Recovery Act
RCT	Reasonable Cost Threshold
REA	New Mexico’s Renewable Energy Act of 2004
REC	Renewable Energy Certificates
Red Mesa Wind	Red Mesa Wind Energy Center
REP	Retail Electricity Provider
RFP	Request For Proposal
Rio Bravo	Rio Bravo Generating Station
ROE	Return on Equity
RPS	Renewable Energy Portfolio Standard
S&P	Standard and Poor’s Ratings Services
SCR	Selective Catalytic Reduction
SEC	United States Securities and Exchange Commission
SIP	State Implementation Plan
SJCC	San Juan Coal Company
SJGS	San Juan Generating Station
SJGS CSA	San Juan Generating Station Coal Supply Agreement
SJGS RA	San Juan Project Restructuring Agreement
SJPPA	San Juan Project Participation Agreement
SNCR	Selective Non-Catalytic Reduction
SO ₂	Sulfur Dioxide
SO _x	Sulfur Oxide
SUNs	Senior Unsecured Notes
TECA	Texas Electric Choice Act
Tenth Circuit	United States Court of Appeals for the Tenth Circuit
TNMP	Texas-New Mexico Power Company and Subsidiaries
TNMP 2018 Rate Case	TNMP’s General Rate Case Application Filed on May 30, 2018
TNMP 2018 Term Loan Agreement	TNMP’s \$20.0 Million Unsecured Two-Year Term Loan
TNMP Revolving Credit Facility	TNMP’s \$75.0 Million Secured Revolving Credit Facility

TNP
Tri-State

TNP Enterprises, Inc. and Subsidiaries
Tri-State Generation and Transmission Association, Inc.

6

Table of Contents

Tucson	Tucson Electric Power Company
UAMPS	Utah Associated Municipal Power Systems
US Supreme Court	United States Supreme Court
Valencia	Valencia Energy Facility
VaR	Value at Risk
VIE	Variable Interest Entity
WACC	Weighted Average Cost of Capital
WEG	WildEarth Guardians
Westmoreland	Westmoreland Coal Company
Westmoreland Loan	\$125.0 million of funding provided by NM Capital to WSJ
WSJ	Westmoreland San Juan, LLC, an indirect wholly-owned subsidiary of Westmoreland

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PNM RESOURCES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
 (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(In thousands, except per share amounts)			
Electric Operating Revenues:				
Contracts with customers	\$400,023	\$392,607	\$1,042,033	\$1,016,384
Alternative revenue programs	(8,050)	(1,908)	(1,466)	11,591
Other electric operating revenue	30,693	29,201	52,290	84,423
Total electric operating revenues	422,666	419,900	1,092,857	1,112,398
Operating Expenses:				
Cost of energy	113,536	103,748	293,803	310,818
Administrative and general	49,969	44,130	141,607	132,509
Energy production costs	31,350	31,970	108,588	98,150
Regulatory disallowances and restructuring costs	(1,645)	—	149	—
Depreciation and amortization	61,580	58,821	180,365	172,829
Transmission and distribution costs	19,394	16,801	54,800	50,309
Taxes other than income taxes	20,492	19,808	60,094	57,820
Total operating expenses	294,676	275,278	839,406	822,435
Operating income	127,990	144,622	253,451	289,963
Other Income and Deductions:				
Interest income	3,400	3,582	11,862	12,348
Gains on investment securities	2,463	5,406	1,081	17,730
Other income	3,735	6,275	12,000	14,626
Other (deductions)	(2,624)	(6,709)	209,279	
Cash Flows from Investing Activities:				
Capital expenditures	(83,118)	(46,090)		
Net cash paid for Louisiana acquisition	(33,218)	—		
Increase (decrease) in construction contracts payable	4,584	(1,746)		
Proceeds from sale of assets	518	299		
Increase in restricted cash	(29,833)	—		
Decrease in deposits and other non-current assets	1,602	28,862		
Net cash used in investing activities	(139,465)	(18,675)		
Cash Flows from Financing Activities:				
Proceeds from issuance of long-term debt and other borrowings	290,200	2,059,250		
Principal payments of debt	(295,448)	(1,727,084)		
Debt issuance and amendment costs	(4,876)	(30,466)		
Cash dividends paid	(12,341)	(12,990)		
Proceeds from stock option exercises	3,754	5,812		
Purchases of treasury stock	(14,301)	(464,397)		
Net cash used in financing activities	(33,012)	(169,875)		

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Net Increase in Cash and Cash Equivalents	30,592	20,729
Cash and Cash Equivalents — Beginning of Period	85,719	71,186
Cash and Cash Equivalents — End of Period	\$116,311	\$91,915

Supplemental Cash Flow Disclosures:

Cash paid for interest, net of amounts capitalized	\$59,001	\$56,342
Cash paid (received) for federal and state income taxes	\$14,362	\$(2,803)

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

AMERISTAR CASINOS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1 — Principles of consolidation and basis of presentation

The accompanying 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 eight casino properties in seven markets. The Company’s portfolio of casinos consists of: Ameristar Casino Resort Spa St. Charles (serving the St. Louis, Missouri metropolitan area); Ameristar Casino Hotel Kansas City (serving the Kansas City metropolitan area); Ameristar Casino Hotel Council Bluffs (serving the Omaha, Nebraska metropolitan area and southwestern Iowa); Ameristar Casino Resort Spa Black Hawk (serving the Denver, Colorado metropolitan area); Ameristar Casino Hotel Vicksburg (serving Jackson, Mississippi and Monroe, Louisiana); Ameristar Casino Hotel East Chicago (serving the Chicagoland area); and Cactus Petes Resort Casino and The Horseshu Hotel and Casino in Jackpot, Nevada (serving Idaho and the Pacific Northwest). On July 16, 2012, the Company completed the purchase of all of the equity interests of Creative Casinos of Louisiana, L.L.C. (“Creative”), and it commenced construction of Ameristar Casino Resort Spa Lake Charles on July 20, 2012. The Company expects to complete construction of Ameristar Casino Resort Spa Lake Charles in the third quarter of 2014. This property will serve southwestern Louisiana and southeastern Texas, including the Houston metropolitan area. 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 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 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, results of operations and cash flows 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 obtained from independent valuation experts or 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, significant accounting policies and bases 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 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, 2011.

The accompanying 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, 2011.

Certain prior period amounts in the consolidated statements of operations have been reclassified to conform to the current period presentation. These reclassifications had no effect on the previously reported net income (loss).

As required, the Company has evaluated certain events and transactions occurring after September 30, 2012 and determined that none met the definition of a subsequent event for purposes of recognition or disclosure in its accompanying consolidated financial statements and notes thereto for the period ended September 30, 2012.

Note 2 — Accounting pronouncements

Recently issued accounting pronouncements

ASU No. 2012-02, Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment

The Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2012-02, Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment in July 2012. This update simplifies how entities test for impairment and improves consistency in impairment testing guidance among long-lived asset categories. Under the amendments in this update, an entity is not required to determine the fair value unless the entity concludes that it is more likely than not that its fair value is less than its carrying amount by assessing qualitative factors. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The Company does not expect the adoption of this Topic to have a material impact on its consolidated financial statements.

7

AMERISTAR CASINOS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Recently adopted accounting pronouncements

ASU No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS

The FASB issued ASU No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS in May 2011. The guidance amends and converges U.S. GAAP and International Financial Reporting Standards (“IFRS”) requirements for measuring amounts at fair value as well as disclosures regarding these measurements. The update became effective in the fourth quarter of 2011. The adoption of this Topic did not have a material impact on the Company’s consolidated financial statements.

ASU No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income

The FASB issued ASU No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income in June 2011. This update changes the requirements for the presentation of other comprehensive income, eliminating the option to present components of other comprehensive income as part of the statement of stockholders’ equity, among other items. The guidance requires that all non-owner changes in stockholders’ equity be presented in either a single continuous statement of comprehensive income or in two separate but consecutive statements. The FASB deferred the requirement for companies to present reclassification adjustments for each component of other comprehensive income on the face of the financial statements in ASU No. 2011-12; however, the presentation requirement under ASU No. 2011-05 is effective for fiscal years and interim periods beginning after December 15, 2011. Since the update only requires a change in presentation, the early adoption of this Topic in the fourth quarter of 2011 did not have a material impact on the Company’s consolidated financial statements.

ASU No. 2011-08, Intangibles - Goodwill and Other (Topic 350): Testing Goodwill for Impairment

The FASB issued ASU No. 2011-08, Intangibles - Goodwill and Other (Topic 350): Testing Goodwill for Impairment in September 2011. This update simplifies how entities test goodwill for impairment. Under the amendments in this update, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount by assessing qualitative factors. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The early adoption of this Topic in the fourth quarter of 2011 did not have a material impact on the Company’s consolidated financial statements.

Note 3 — Stockholders’ deficit

Changes in stockholders’ deficit for the nine months ended September 30, 2012 were as follows:

	(Amounts in Thousands)	
Balance at December 31, 2011	\$(90,578)
Net income	75,119	
Dividends	(12,341)
Stock-based compensation	12,748	
Proceeds from exercise of stock options	3,754	
Purchases of treasury stock	(11,510)
Shares remitted for tax withholding	(2,791)
Balance at September 30, 2012	\$(25,599)

Note 4 — Earnings (loss) per share

The Company calculates earnings (loss) per share in accordance with Accounting Standards Codification (“ASC”) Topic 260. Basic earnings (loss) per share are computed by dividing reported earnings (loss) by the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflect the additional dilution from all potentially dilutive securities, such as stock options and restricted stock units. For the three and nine months ended September 30, 2012, as well as the three months ended September 30, 2011, all outstanding options with an exercise price lower than the average market price for the period have been included in the calculation of diluted earnings per share. For the nine months ended September 30, 2011, diluted loss per share excludes the additional

dilution from all potentially dilutive securities such as stock options and restricted stock units as the inclusion of such shares would be anti-dilutive.

8

AMERISTAR CASINOS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

The weighted-average number of shares of common stock and common stock equivalents used in the computation of basic and diluted earnings (loss) per share consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(Amounts in Thousands)			
Weighted-average number of shares outstanding - basic earnings (loss) per share	32,910	32,815	32,929	42,790
Dilutive effect of stock options and restricted stock units	822	1,059	974	—
Weighted-average number of shares outstanding - diluted earnings (loss) per share	33,732	33,874	33,903	42,790

For the three months ended September 30, 2012 and 2011, the potentially dilutive stock options excluded from the earnings (loss) per share computation, as their effect would be anti-dilutive, totaled 4.2 million and 2.6 million, respectively. Anti-dilutive stock options for the nine months ended September 30, 2012 and 2011 totaled 3.1 million and 2.4 million, respectively.

Note 5 — Goodwill and other intangible assets

As required under ASC Topic 350, the Company performs an annual assessment of its goodwill and other intangible assets to determine if the carrying value exceeds the fair value. Additionally, the guidance requires an immediate impairment assessment if a change in circumstances can materially negatively affect the fair value of the intangible assets. For the three and nine months ended September 30, 2012 and 2011, there were no impairment charges relating to goodwill and indefinite-lived intangible assets. The Company will perform its annual review of goodwill and indefinite-lived intangible assets in the fourth quarter of 2012.

The Company utilizes Level 3 inputs as described in “Note 7 — Fair value measurements” to determine fair value relating to goodwill and intangible assets for the assessments described above.

Note 6 — Long-term debt

Long-term debt consisted of the following:

	September 30, 2012	December 31, 2011
	(Amounts in thousands)	
Senior credit facility, secured by first priority security interests in substantially all real and personal property assets of ACI and its subsidiaries, consisting of the following:		
Revolving loan facility, at variable interest (3.0% at December 31, 2011); principal due April 14, 2016	\$—	\$239,000
Term loan A facility, at variable interest (2.7% at September 30, 2012 and 3.0% at December 31, 2011); principal due April 14, 2016 subject to certain amortization requirements	195,000	200,000
Term loan B facility, at variable interest (4.0% at September 30, 2012 and December 31, 2011); principal due April 14, 2018 subject to certain amortization requirements (net of \$1,425 and \$1,594 discount at September 30, 2012 and December 31, 2011, respectively)	684,880	693,156
Senior notes, unsecured, 7.5% fixed interest, payable semi-annually on April 15 and October 15, principal due April 15, 2021 (net of \$528 net premium at September 30, 2012 and \$6,664 discount at December 31, 2011)	1,040,528	793,336
Senior notes, unsecured, 9.25% fixed interest, payable semi-annually on June 1 and December 1, principal due June 1, 2014	467	467
Other	102	105

	1,920,977	1,926,064
Less: Current maturities	(24,277	) (23,132
	\$1,896,700	\$1,902,932

On April 14, 2011, ACI obtained \$2.2 billion of new debt financing (the “Debt Refinancing”), consisting of a \$1.4 billion senior secured credit facility (the “Credit Facility”) and \$800.0 million principal amount of unsecured 7.50% Senior Notes due 2021 (the “Original 2021 Notes”). The Credit Facility consists of (i) a \$200 million A term loan that was fully borrowed at closing and matures in April 2016, (ii) a \$700 million B term loan that was fully borrowed at closing and matures in April 2018 and (iii) a \$500 million revolving loan facility, \$368 million of which was borrowed at closing and which matures in April 2016. The

AMERISTAR CASINOS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Original 2021 Notes were sold at a price of 99.125% of the principal amount, and the \$700.0 million B term loan was sold at a price of 99.75% of the principal amount. Upon the satisfaction of certain conditions, ACI has the option to increase the total amount available under the Credit Facility by up to the greater of an additional \$200 million or an amount determined by reference to the Total Net Leverage Ratio (as defined in the Credit Facility agreement).

The A term loan and the revolving loan facility bear interest at the London Interbank Offered Rate (LIBOR) plus a LIBOR margin that is currently 2.50% per annum or the base rate plus 1.50% per annum, at ACI's option. The B term loan bears interest at LIBOR (subject to a LIBOR floor of 1.0%) plus 3.0% per annum or the base rate (subject to a base rate floor of 2.0%) plus 2.0% per annum, at ACI's option. The LIBOR margin for the A term loan and the revolving loan facility is subject to adjustment based on the Company's Total Net Leverage Ratio as defined in the Credit Facility agreement. ACI pays a commitment fee on the unused portion of the revolving loan facility of 0.50% per annum, which is subject to reduction based on the Total Net Leverage Ratio.

The Credit Facility agreement requires certain mandatory principal repayments prior to maturity for both term loans. The A term loan requires the following principal amortization: 3.75% in 2012; 12.5% in 2013; 18.75% in 2014; 50% in 2015; and the remaining 15% in 2016. The B term loan requires mandatory principal reductions of 1% per annum, with the remaining 93.25% due at maturity. The Credit Facility agreement also requires permanent principal repayments of the term loans equal to 25% of Excess Cash Flow (as defined in the Credit Facility agreement) if the Company's Total Net Leverage Ratio is above 4.75:1 at year-end. Excess Cash Flow repayments are required to be made 120 days after the last day of each fiscal year, are allocated between both term loans on a pro-rata basis and reduce on a dollar-for-dollar basis future scheduled mandatory principal repayments of the term loans. The Company's Excess Cash Flow repayment for the year ended December 31, 2011 was \$8.6 million.

At September 30, 2012, the principal debt outstanding under the Credit Facility consisted of \$195.0 million under the A term loan facility and \$684.9 million (net of discount) under the B term loan facility. All mandatory principal repayments have been made through September 30, 2012.

On April 26, 2012, ACI completed a private placement of \$240.0 million principal amount of additional 7.50% Senior Notes due 2021 (the "Additional 2021 Notes" and, collectively with the Original 2021 Notes, the "2021 Notes"). The Additional 2021 Notes were issued under the same indenture dated as of April 14, 2011 pursuant to which ACI previously issued the Original 2021 Notes (the "Indenture"). The Additional 2021 Notes were sold at a price of 103% of the principal amount, resulting in a yield to maturity of 6.88%. The Company received net proceeds from the sale of the Additional 2021 Notes (after initial purchaser discounts and expenses and including the premium and accrued interest) of approximately \$244.0 million. The Company used \$236.0 million of the proceeds to repay all amounts outstanding under the revolving loan facility of the Credit Facility (which amounts may be reborrowed from time to time) and the remaining proceeds for general corporate purposes. In connection with issuing the Additional 2021 Notes, the Company paid one-time fees and expenses totaling approximately \$3.8 million, most of which was capitalized and will be amortized over the term of the 2021 Notes as interest expense.

As of September 30, 2012, the amount of the revolving loan facility available for borrowing was \$496.0 million, after giving effect to \$4.0 million of outstanding letters of credit.

In connection with obtaining the Credit Facility, certain of ACI's subsidiaries, including each of its material subsidiaries (the "Guarantors"), entered into a guaranty (the "Guaranty") pursuant to which the Guarantors guaranteed ACI's obligations under the Credit Facility. The obligations of ACI under the Credit Facility, and of the Guarantors under the Guaranty, are secured by substantially all of the assets of ACI and the Guarantors.

The terms of the 2021 Notes are governed by the Indenture. The 2021 Notes bear interest at a fixed rate of 7.50% per annum, payable semi-annually in arrears on April 15 and October 15 of each year. The initial interest payment on the Additional 2021 Notes was made on October 15, 2012. The 2021 Notes mature on April 15, 2021. The 2021 Notes and the guarantees of the 2021 Notes are senior unsecured obligations of ACI and the Guarantors, respectively, and rank, in right of payment, equally with or senior to all existing or future unsecured indebtedness of ACI and each Guarantor, respectively, but are effectively subordinated in right of payment to the Credit Facility indebtedness and any future secured indebtedness, to the extent of the value of the assets securing such indebtedness.

The Guarantors have jointly and severally, and fully and unconditionally, guaranteed the 2021 Notes. Each of the Guarantors is a direct or indirect wholly owned subsidiary of ACI, and the Guarantors constitute substantially all of ACI's direct and indirect subsidiaries. ACI is a holding company with no operations or material assets independent of those of the Guarantors and, other than its investment in the Guarantors, the aggregate assets, liabilities, earnings and equity of the Guarantors are substantially equivalent to the assets, liabilities, earnings and equity of the Company on a consolidated basis. Separate financial statements and certain other disclosures concerning the Guarantors are not presented because, in the opinion of management, such information is not material to investors. Other than customary restrictions imposed by applicable statutes, there are no restrictions on the ability of the Guarantors to transfer funds to ACI in the form of cash dividends, loans or advances.

AMERISTAR CASINOS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Proceeds from the Debt Refinancing were used to (i) repurchase substantially all of ACI's outstanding 9.25% Senior Notes due 2014 tendered pursuant to ACI's tender offer announced on March 29, 2011, including payment of the tender premium and accrued interest, (ii) prepay and permanently retire all of the indebtedness under ACI's prior senior secured credit facility dated as of November 10, 2005 (and all commitments under the replaced senior secured credit facility were terminated), (iii) purchase 26,150,000 shares of ACI's common stock from the Estate of Craig H. Nielsen (the "Estate") and (iv) pay related fees and expenses.

In connection with the Debt Refinancing, the Company paid one-time fees and expenses totaling approximately \$30.8 million, most of which was capitalized and will be amortized over the respective remaining terms of the 2021 Notes and Credit Facility. During the quarter ended June 30, 2011, approximately \$85.3 million relating to the tender premium and deferred debt issuance costs were expensed as a result of the early retirement of debt.

Debt covenants

The agreement governing the Credit Facility requires the Company to comply with various affirmative and negative financial and other covenants, including restrictions on the incurrence of additional indebtedness, restrictions on dividend payments and other restrictions and requirements to maintain certain financial ratios and tests. As of September 30, 2012, the Company was required to maintain a Total Net Leverage Ratio, calculated as consolidated debt (net of certain cash and cash equivalents) divided by EBITDA, as defined in the Credit Facility agreement, of no more than 6.50:1, and a Senior Secured Net Leverage Ratio, calculated as senior secured debt (net of certain cash and cash equivalents) divided by EBITDA, of no more than 4.00:1. As of September 30, 2012 and December 31, 2011, the Company's Total Net Leverage Ratio was 5.01:1 and 5.04:1, respectively. The Senior Secured Net Leverage Ratio as of September 30, 2012 and December 31, 2011 was 2.15:1 and 2.86:1, respectively. Under the Credit Facility agreement, as of September 30, 2012, the Company was required to maintain an Interest Expense Coverage Ratio, calculated as EBITDA divided by cash interest expense, of at least 2.00:1. As of September 30, 2012 and December 31, 2011, the Interest Expense Coverage Ratio was 3.60:1 and 3.29:1, respectively. On April 16, 2012, the Company entered into an amendment to the Credit Facility agreement to increase the maximum permitted Total Net Leverage Ratio for fiscal quarters ending in 2014 from 5.50:1 to 5.75:1 and for the fiscal quarters ending March 31, 2015 and June 30, 2015 from 5.25:1 to 5.50:1. The Company paid arrangement and consent fees totaling approximately \$1.0 million in connection with the amendment, which were capitalized and will be amortized over the remaining terms of the Credit Facility as interest expense.

The Indenture contains covenants that limit ACI's and its Restricted Subsidiaries' (as defined in the Indenture) ability to, among other things, (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create liens on assets, (iv) merge or consolidate with another company or sell all or substantially all assets and (v) enter into transactions with affiliates. In addition, pursuant to the Indenture, if ACI experiences certain changes of control, each holder of the 2021 Notes can require ACI to repurchase all or a portion of such holder's outstanding 2021 Notes at a price of 101% of the principal amount thereof, plus accrued and unpaid interest to the repurchase date.

As of September 30, 2012 and December 31, 2011, the Company was in compliance with all applicable covenants under the Credit Facility agreement and the Indenture.

Note 7 — Fair value measurements

The Company measured the fair value of its deferred compensation plan assets and liabilities on a recurring basis pursuant to ASC Topic 820. ASC Topic 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value driver is observable.

Level 3: Unobservable inputs in which little or no market data is available, therefore requiring an entity to develop its own assumptions.

In April 2011, ACI's Board of Directors terminated the deferred compensation plan, effective as of December 31, 2011. A partial distribution of plan assets was made to participants in May 2011 and a final distribution of all liabilities due to participants of \$14.0 million was paid out to participants in May 2012. The rabbi trust-owned life insurance policies were surrendered and the full surrender value of \$16.2 million was reimbursed to the Company at that time.

AMERISTAR CASINOS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Fair value of long-term debt

The estimated fair value of the Company's long-term debt at September 30, 2012 was approximately \$2.001 billion, versus its book value of \$1.921 billion. The estimated fair value of the Company's long-term debt at December 31, 2011 was approximately \$1.951 billion, versus its book value of \$1.926 billion. The estimated fair value of the outstanding notes and the term loan facility debt was based on Level 2 inputs using quoted market prices on or about September 30, 2012 and December 31, 2011. The estimated fair value of the revolving loan facility debt was based on Level 2 inputs using estimated fair values of comparable debt instruments on or about December 31, 2011.

Note 8 — Stock-based compensation

The Company accounts for its stock-based compensation in accordance with ASC Topic 718. Stock-based compensation expense totaled \$3.7 million and \$3.9 million for the three months ended September 30, 2012 and 2011, respectively. During the first nine months of 2012 and 2011, stock-based compensation expense was \$12.7 million and \$12.0 million, respectively. During the nine months ended September 30, 2012 and 2011, no associated future income tax benefit was recognized. As of September 30, 2012, there was approximately \$33.4 million of total unrecognized compensation cost related to unvested stock-based compensation arrangements granted under the Company's stock incentive plans. This unrecognized compensation cost is expected to be recognized over a weighted-average period of 2.9 years.

The fair value of each time-vested option award is estimated on the date of grant using the Black-Scholes-Merton option pricing model, while the fair value of market performance-based stock options is calculated using a Monte Carlo simulation model. Expected volatility is based on historical volatility trends as well as implied future volatility observations as determined by independent third parties. In determining the expected life of the option grants, the Company uses historical data to estimate option exercise and employee termination behavior. The expected life represents an estimate of the time options will remain outstanding. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. treasury yield in effect at the time of grant. The following table sets forth fair value per share information, including related assumptions, used to determine compensation cost for the Company's non-qualified stock options consistent with the requirements of ASC Topic 718.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Weighted-average fair value per share of options granted during the period	\$5.23	\$7.54	\$5.24	\$7.54
Weighted-average assumptions:				
Expected stock price volatility	46.5	% 46.5	% 46.5	% 46.5
Risk-free interest rate	0.6	% 1.2	% 0.6	% 1.2
Expected option life (years)	4.8	4.6	4.8	4.6
Expected annual dividend yield	2.8	% 1.9	% 2.8	% 1.9

Stock option activity during the nine months ended September 30, 2012 was as follows:

	Options (In Thousands)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Thousands)
Outstanding at December 31, 2011	5,892	\$20.55		
Granted	1,773	16.72		
Exercised	(291)	) 12.88		
Forfeited or expired	(281)	) 21.73		
Outstanding at September 30, 2012	7,093	\$19.86	6.9	\$6,305
Exercisable at September 30, 2012	3,427	\$22.29	4.4	\$3,753

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that would have been realized by the option holders had all option holders exercised their options on September 30, 2012. The total intrinsic value of options exercised during the nine months ended September 30, 2012 and 2011 was \$2.0 million and \$3.1 million, respectively. The intrinsic value of a stock option is the excess of the Company's closing stock price on that date over the exercise price, multiplied by the number of shares subject to the option.

AMERISTAR CASINOS, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

The following table summarizes the Company's unvested stock option activity for the nine months ended September 30, 2012:

	Shares	Weighted-Average Exercise Price (per Share)
	(Amounts in thousands)	
Unvested at December 31, 2011	2,565	\$ 18.23
Granted	1,773	16.72
Vested	(529)	) 17.66
Forfeited	(143)	) 18.12
Unvested at September 30, 2012	3,666	\$ 17.58

The following table summarizes the Company's unvested restricted stock unit activity for the nine months ended September 30, 2012:

	Units	Weighted-Average Grant Date Fair Value (per Unit)
	(Amounts in thousands)	
Unvested at December 31, 2011	1,678	\$ 18.60
Granted	481	16.91
Vested	(640)	) 17.45
Forfeited	(71)	) 18.66
Unvested at September 30, 2012	1,448	\$ 18.55

Note 9 — Stock repurchases

On April 19, 2011, ACI purchased 26,150,000 shares of its common stock held by the Estate at \$17.50 per share, for a total of \$457.6 million. The purchase was made pursuant to a definitive Stock Purchase Agreement (the "Purchase Agreement") entered into by ACI and the Estate on March 25, 2011, following the execution of a binding letter agreement entered into on February 27, 2011. The shares purchased represented approximately 45% of ACI's outstanding shares and 83% of the Estate's holdings in the Company at the time of the purchase.

On September 15, 2011, ACI's Board of Directors approved the repurchase of up to \$75 million of ACI's common stock in a stock repurchase program. The program provides that the shares may be repurchased by the Company through September 30, 2014 in open market transactions or privately negotiated transactions at the Company's discretion, subject to market conditions and other factors. The Company expects to fund repurchases using available cash and borrowings under its Credit Facility. The Company is not obligated to purchase any shares under the stock repurchase program, and purchases may be discontinued, or the stock repurchase program may be modified or terminated, at any time. During the year ended December 31, 2011, the Company repurchased 0.3 million shares under the stock repurchase program for \$5.2 million at an average price of \$16.23 per share, exclusive of commissions paid. During the nine months ended September 30, 2012, the Company repurchased 681,000 shares under the stock repurchase program for \$11.5 million at an average price of \$16.87 per share, exclusive of commissions paid.

Note 10 — Federal and state income taxes

At September 30, 2012 and December 31, 2011, unrecognized tax benefits totaled \$5.9 million and \$5.0 million, respectively. The total amount of unrecognized benefits that would affect the effective tax rate if recognized was \$1.3 million at September 30, 2012 and \$1.7 million at December 31, 2011. As of September 30, 2012, accrued interest and penalties totaled \$1.0 million, of which \$0.6 million would affect the effective tax rate if recognized.

The effective income tax rate was 41.9% for the three months ended September 30, 2012, compared to 41.4% for the same period in 2011. For the nine months ended September 30, 2012 and 2011, the effective income tax rates were 25.8% and 41.8%, respectively. The decrease in the effective income tax rate for the nine months ended September 30, 2012 was primarily attributable to a \$15.7 million cumulative reduction in the income tax provision as a result of certain income tax elections made in the first quarter of 2012. Excluding the impact of these income tax elections, the effective tax rate for the nine months ended September 30, 2012 would have been 43.8%. Excluding the impact of the debt refinancing costs, non-operational professional fees and a

AMERISTAR CASINOS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

change to the state income tax rate in Indiana, the effective tax rate for the nine months ended September 30, 2011 would have been 42.2%.

The Company files income tax returns in numerous jurisdictions. The statutes of limitations vary by jurisdiction, with certain of these statutes expiring without examination each year. The Company anticipates that the net amount of unrecognized tax benefits will decrease by \$0.2 million within the next 12 months, none of which would affect the effective tax rate if recognized.

The Company's federal income tax returns for the years ended December 31, 2006 through December 31, 2009 were under examination by the Internal Revenue Service (the "IRS"). In May 2011, the IRS issued a letter challenging the Company's method of accounting for certain repair and maintenance expenses. The Company disagreed with the IRS determination and submitted a protest and a request for an appeals conference to the IRS. During the third quarter of 2012, the Company reached a settlement through the appeals process for the issues raised in the audit examination. The audit settlement resulted in an assessment of \$0.2 million, including interest, for the years 2006 through 2009 which was paid in the third quarter of 2012.

The Company believes it has adequately reserved for its uncertain tax positions; however, there is no assurance that the taxing authorities will not propose adjustments that are different from the Company's expected outcome and impact the provision for income taxes.

Note 11 — Commitments and contingencies

Litigation. From time to time, the Company is a party to litigation, most of which arises in the ordinary course of business. The Company is not currently a party to any litigation that management believes would be likely to have a material adverse effect on the financial position, results of operations or cash flows of the Company.

Self-Insurance Reserves. The Company is self-insured for various levels of general liability, workers' compensation and employee health coverage. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accrued estimates of incurred but not reported claims. At September 30, 2012 and December 31, 2011, the estimated liabilities for unpaid and incurred but not reported claims totaled \$9.5 million and \$9.4 million, respectively. The Company considers historical loss experience and certain unusual claims in estimating these liabilities. The Company believes the use of this method to account for these liabilities provides a consistent and effective way to measure these highly judgmental accruals; however, changes in health care costs, accident or illness frequency and severity and other factors can materially affect the estimate for these liabilities.

Note 12 — Creative Casinos of Louisiana acquisition

On March 14, 2012, the Company entered into a definitive agreement to acquire all of the equity interests of Creative. Creative is the developer of a luxury casino resort in Lake Charles, Louisiana. This acquisition included the last remaining riverboat gaming license available in Louisiana under current law. Pursuant to the purchase agreement, the purchase price paid was \$32.5 million, inclusive of \$5.0 million deposited into an escrow account at closing to secure the seller's indemnification obligations under the purchase agreement for a period of 18 months.

The acquisition closed on July 16, 2012 and construction commenced on July 20, 2012. The license conditions as revised by the Louisiana Gaming Control Board require the Company to invest at least \$500 million in the project. The cost of the project, inclusive of the purchase price, is expected to be between \$560 million and \$580 million, excluding capitalized interest and pre-opening expenses. The Company is required to maintain a \$25.0 million deposit, which will be fully refunded upon the timely completion of the project within two years of construction commencement. The Company plans to fund the project through a combination of cash from operations and borrowings under the revolving loan facility described in "Note 6 — Long-term debt." The Company expects to open the resort in the third quarter of 2014.

Following the Company's acquisition of Creative, on July 18, 2012 the Company entered into a ground lease agreement with the Lake Charles Harbor & Terminal District (the "District"). Cash rent payments under the ground lease will be \$0.7 million per year until the opening of Ameristar Casino Resort Spa Lake Charles. Upon opening, the annual cash base rent payments will increase to \$1.3 million per year for each of the first five years. The base rent will then be subject to an annual increase, not to exceed 5%, based on changes in a regional consumer price index as

defined in the ground lease agreement. In addition to the base rent, upon commencing gaming activity, the Company will pay monthly additional rent based on a percentage of the property's net gaming proceeds as defined in the ground lease agreement. Annual rent expense reflected in the consolidated statements of operations will be \$1.3 million with the difference between cash rent payments and rent expense recorded as a deferred rent liability.

AMERISTAR CASINOS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Pursuant to the ground lease agreement, the Company was required to deposit \$5.0 million in a separate bank account to cover the monthly rent payments prior to the commencement of gaming activity. Any remaining balance in the ground lease rent deposit account at the time gaming activity commences will be considered unrestricted and available for the Company to use at its discretion. At September 30, 2012, the ground lease deposit bank account had a balance of \$4.8 million, of which \$0.7 million is expected to be utilized for monthly rent payments over the next 12 months. In the accompanying consolidated balance sheets, the current portion of the deposit account is included in restricted cash. The remaining long-term portion of the ground lease rent deposit, as well as the \$25.0 million deposit required to be held until construction completion, are included in deposits and other assets in the accompanying consolidated balance sheets.

During the third quarter of 2012, a valuation of the gaming right associated with Ameristar Casino Resort Spa Lake Charles was performed. The valuation of the gaming right was necessary in completing the asset purchase price allocation of the \$32.5 million paid to acquire all the equity interests of Creative. Based on the valuation, the Company recorded the purchase price allocation of the gaming right at \$29.8 million and the design plans and fees at \$2.7 million.

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 eight properties in operation in Missouri, Iowa, Colorado, Mississippi, Indiana and Nevada. Our portfolio of casinos consists of:

- Ameristar Casino Resort Spa St. Charles (serving the St. Louis, Missouri metropolitan area);
- Ameristar Casino Hotel Kansas City (serving the Kansas City metropolitan area);
- Ameristar Casino Hotel Council Bluffs (serving the Omaha, Nebraska metropolitan area and southwestern Iowa);
- Ameristar Casino Resort Spa Black Hawk (serving the Denver metropolitan area);
- Ameristar Casino Hotel Vicksburg (serving Jackson, Mississippi and Monroe, Louisiana);
- Ameristar Casino Hotel East Chicago (serving the Chicagoland area); and
- Cactus Petes Resort Casino and The Horseshu Hotel and Casino in Jackpot, Nevada (serving Idaho and the Pacific Northwest).

We are in the process of constructing Ameristar Casino Resort Spa Lake Charles as discussed below. This property will serve southwestern Louisiana and southeastern Texas, including the Houston metropolitan area.

Our financial results are dependent upon the number of guests that we attract to our properties and the amounts those guests spend per visit. Additionally, our operating results may be affected by, among other things, overall economic conditions affecting the disposable income of our guests, weather conditions affecting our properties, achieving and maintaining cost efficiencies, competitive factors, gaming tax increases and other regulatory changes, the commencement of new gaming operations, charges associated with debt refinancing or property acquisition and disposition transactions, construction at existing facilities and general public sentiment regarding travel. We may experience significant fluctuations in our quarterly operating results due to seasonality, variations in gaming hold percentages and other factors. Consequently, our operating results for any quarter or year are not necessarily comparable and may not be indicative of future periods' results.

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

Effect of Economic Conditions on Operations. Over the last few years, the weak economic conditions have adversely impacted our business volumes and the amount our guests spend at our properties. We have implemented operating and marketing efficiencies and significantly reduced our cost structure in response to the weak economic conditions. These enhancements have improved our operating margins.

Growth Initiatives. We continue to look for advantageous opportunities to grow. We anticipate that our growth will come from disciplined expansions at selected properties and through strategic acquisitions and new developments.

Lake Charles. On March 14, 2012, we entered into a definitive agreement to acquire all of the equity interests of Creative. Creative is the developer of a luxury casino resort in Lake Charles, Louisiana. This acquisition included the last remaining riverboat gaming license available in Louisiana under current law.

The acquisition closed on July 16, 2012 and construction commenced on July 20, 2012 and is progressing on schedule. Pursuant to the purchase agreement, we paid \$32.5 million, inclusive of \$5.0 million deposited into an escrow account at closing to secure the seller's indemnification obligations under the purchase agreement for a period of 18 months. Ameristar Casino Resort Spa Lake Charles is being developed on a leased 243-acre site and will include a casino, hotel, a variety of food and beverage outlets, an 18-hole golf course, tennis club, swimming pools, spa and other resort amenities. The Lake Charles market draws primarily from the Houston metropolitan area as well as other southeastern Texas and southwestern Louisiana communities. The license conditions as revised by the Louisiana Gaming Control Board require us to invest at least \$500 million in the project. The cost of the project, inclusive of the purchase price, is expected to be between \$560 million and \$580 million, excluding capitalized interest and pre-opening expenses. We are required to maintain a \$25.0 million deposit, which will be fully refunded upon the timely completion of the project within two years of construction commencement. We anticipate funding the project through a combination of cash from operations and borrowings under our revolving loan facility. We expect to open the resort in the third quarter of 2014.

Springfield. In January 2012, we purchased a 40-acre site in Springfield, Massachusetts for approximately \$16.9 million, with the intent to apply for the sole casino license for western Massachusetts and, if awarded, build a luxury

hotel and entertainment resort. On October 23, 2012, we publicly announced plans for Ameristar Casino Resort Spa Springfield, which include a 150,000-square-foot casino featuring 3,300 slot machines and 110 table games, including a poker room. The project is also planned to include a 500-room luxury hotel (including 50 suites), indoor and outdoor swimming pools, a spa, a fitness center and retail amenities, a variety of nationally- and locally-recognized food and beverage venues and a conference and entertainment center. The project is master-planned to accommodate significant

future expansions of the casino, hotel and parking garages. The preliminary project budget is \$910 million, inclusive of capitalized interest and pre-opening expenses. It is anticipated that decisions regarding the awarding of licenses will be made in the first quarter of 2014.

Recent Debt Offering. On April 26, 2012, we completed a private placement of \$240.0 million principal amount of additional 7.50% Senior Notes due 2021 (the "Additional 2021 Notes"). The Additional 2021 Notes were issued under the same indenture as the \$800.0 million principal amount of 7.50% Senior Notes due 2021 that we issued in April 2011. The Additional 2021 Notes were sold at a price of 103% of the principal amount, resulting in a yield to maturity of 6.88%. We received net proceeds from the sale of the Additional 2021 Notes of approximately \$244.0 million. We used \$236.0 million of the proceeds to repay all amounts outstanding under the revolving loan tranche of the Credit Facility (which amounts may be reborrowed from time to time) and the remaining proceeds for general corporate purposes.

Debt and Interest Expense. At September 30, 2012, total debt was \$1.9 billion. Net principal payments totaled \$2.5 million during the third quarter of 2012. After applying the proceeds from the sale of the Additional 2021 Notes to the outstanding revolving loan facility, we had \$496.0 million available for borrowing under the revolving loan facility. For the third quarter of 2012, our consolidated net interest expense increased by \$2.3 million compared to the prior-year third quarter. As a result of the recent debt offering mentioned above, and based on current interest rates, we expect increased interest expense for the remainder of 2012 compared to the prior year.

Ameristar Kansas City. On February 3, 2012, a casino operator opened a land-based casino and entertainment facility at the Kansas Speedway, approximately 24 miles from Ameristar Kansas City. The increased competition contributed to expected declines in our property's net revenues and operating income of 7.1% and 8.7%, respectively, from the prior-year third quarter. We anticipate the year-over-year declines to continue until the new competition reaches its first anniversary.

Ameristar East Chicago. The property experienced declines in net revenues and operating income of 8.5% and 46.4%, respectively, from the prior-year third quarter. The third quarter results were primarily a result of low table games hold and increased competition in the Chicagoland market. Although the anniversary of the new Chicagoland competition was reached in July 2012, we anticipate continued adverse impact from the increased competitive environment. A promotional program intended to counter Ameristar East Chicago's new competitive environment contributed to a year-over-year increase in Ameristar East Chicago's third quarter promotional allowances of \$1.5 million, or 9.8%. The promotional program was curtailed early in the fourth quarter of 2012; however, it contributed to an increase of \$0.6 million in consolidated third quarter promotional allowances over the prior-year third quarter.

Jackpot Properties. During the third quarter of 2012, our Jackpot properties' results were adversely affected by a road repaving project on Highway 93 between Twin Falls, Idaho and Jackpot that concluded late in the third quarter and construction disruption relating to the renovation of 89 hotel rooms that was completed in late July 2012. These contributed to declines in the Jackpot properties' net revenues and operating income of 1.6% and 10.9%, respectively, from the prior-year third quarter.

St. Charles Bridge Construction. In connection with a major renovation of the westbound span of the Blanchette Bridge, which carries Interstate 70 over the Missouri River near Ameristar St. Charles, this span was closed beginning in early November 2012 and is expected to reopen in fall 2013. While construction is ongoing, the bridge will be reduced from 10 lanes to six lanes. We expect the project will create an inconvenience for our guests and materially adversely affect business levels until the bridge construction is completed.

Results of Operations

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

AMERISTAR CASINOS, INC. AND SUBSIDIARIES

SUMMARY CONSOLIDATED FINANCIAL DATA

(Dollars in Thousands)

(Unaudited)

	Three Months Ended		Nine Months Ended		
	September 30, 2012	2011	September 30, 2012	2011	
Consolidated Cash Flow Information:					
Net cash provided by operating activities	\$87,252	\$66,311	\$203,069	\$209,279	
Net cash (used in) provided by investing activities	\$(86,354)	\$11,204	\$(139,465)	\$(18,675))
Net cash used in financing activities	\$(20,114)	\$(69,154)	\$(33,012)	\$(169,875))
Net Revenues:					
Ameristar St. Charles	\$68,160	\$68,036	\$202,504	\$203,630	
Ameristar Kansas City	51,960	55,920	160,357	170,115	
Ameristar Council Bluffs	40,902	40,654	125,742	123,849	
Ameristar Black Hawk	42,402	40,105	121,563	115,060	
Ameristar Vicksburg	29,243	29,586	92,064	89,961	
Ameristar East Chicago	49,790	54,405	159,666	169,119	
Jackpot Properties	15,551	15,801	44,500	46,610	
Consolidated net revenues	\$298,008	\$304,507	\$906,396	\$918,344	
Operating Income (Loss):					
Ameristar St. Charles	\$16,988	\$17,357	\$53,004	\$54,561	
Ameristar Kansas City	14,794	16,199	47,702	50,820	
Ameristar Council Bluffs	15,532	14,140	47,161	43,985	
Ameristar Black Hawk	11,567	10,211	32,126	27,685	
Ameristar Vicksburg	9,684	9,475	31,891	30,442	
Ameristar East Chicago	2,521	4,705	16,098	18,525	
Jackpot Properties	3,126	3,509	9,149	11,223	
Corporate and other	(16,824)	(14,459)	(51,462)	(54,120))
Consolidated operating income	\$57,388	\$61,137	\$185,669	\$183,121	
Operating Income Margins ⁽¹⁾ :					
Ameristar St. Charles	24.9	% 25.5	% 26.2	% 26.8	%
Ameristar Kansas City	28.5	% 29.0	% 29.7	% 29.9	%
Ameristar Council Bluffs	38.0	% 34.8	% 37.5	% 35.5	%
Ameristar Black Hawk	27.3	% 25.5	% 26.4	% 24.1	%
Ameristar Vicksburg	33.1	% 32.0	% 34.6	% 33.8	%
Ameristar East Chicago	5.1	% 8.6	% 10.1	% 11.0	%
Jackpot Properties	20.1	% 22.2	% 20.6	% 24.1	%
Consolidated operating income margin	19.3	% 20.1	% 20.5	% 19.9	%

(1) Operating income margin is operating income (loss) as a percentage of net revenues.

The following table presents detail of our net revenues:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
	(In Thousands, Unaudited)			
Casino Revenues:				
Slots	\$275,089	\$278,153	\$829,700	\$837,316
Table games	28,972	30,505	90,243	94,708
Other	3,336	3,937	10,517	11,552
Casino revenues	307,397	312,595	930,460	943,576
Non-Casino Revenues:				
Food and beverage	35,588	35,805	103,528	104,125
Rooms	19,788	20,110	58,546	59,028
Other	7,337	7,538	21,304	21,951
Non-casino revenues	62,713	63,453	183,378	185,104
Less: Promotional Allowances	(72,102)	(71,541)	(207,442)	(210,336)
Total Net Revenues	\$298,008	\$304,507	\$906,396	\$918,344

Net Revenues

Consolidated net revenues for the quarter ended September 30, 2012 declined \$6.5 million, or 2.1%, from the third quarter of 2011. Third quarter 2012 net revenues decreased on a year-over-year basis at four of our seven gaming locations. During the third quarter of 2012, net revenues declined from the corresponding 2011 period by 8.5% at Ameristar East Chicago, 7.1% at Ameristar Kansas City, 1.6% at our Jackpot properties and 1.2% at Ameristar Vicksburg. The new competition in the Chicagoland and Kansas City markets contributed to the year-over-year quarterly net revenue declines at Ameristar East Chicago and Ameristar Kansas City, respectively. Ameristar East Chicago also experienced low table games hold that impacted net revenues for the third quarter of 2012. Ameristar Black Hawk led our three properties with quarterly year-over-year net revenue improvements with an increase of \$2.3 million, or 5.7%.

During the three months ended September 30, 2012, consolidated promotional allowances increased \$0.6 million, or 0.8%, from the corresponding 2011 period. Consolidated promotional allowances as a percentage of gross gaming revenues increased from 22.9% in the third quarter of 2011 to 23.5% in the third quarter of 2012. At Ameristar East Chicago, a promotional program intended to counter the new competitive environment in the Chicagoland market contributed to the increase in promotional allowances.

For the nine months ended September 30, 2012, consolidated net revenues declined \$11.9 million, or 1.3%, from the corresponding 2011 period. During the first nine months of 2012, net revenues decreased from the corresponding 2011 period by 5.7% at Ameristar Kansas City, 5.6% at Ameristar East Chicago and 4.5% at the Jackpot properties. The competitive pressures in the Chicagoland and Kansas City markets, as well as the construction disruption at Cactus Petes, adversely impacted financial results in the first nine months of 2012. The decline in net revenues was partially mitigated by the year-over-year improvements at Ameristar Black Hawk (5.7%), Ameristar Vicksburg (2.3%) and Ameristar Council Bluffs (1.5%). Unseasonably mild winter weather conditions and the extra day due to leap year contributed to the consolidated net revenue improvement at these properties in 2012.

For the nine months ended September 30, 2012, consolidated promotional allowances decreased \$2.9 million, or 1.4%, from the same 2011 period.

Operating Income

In the third quarter of 2012, we generated operating income of \$57.4 million, compared to \$61.1 million in the same period in 2011. Third quarter 2012 operating income declined on a year-over-year basis at four of our seven gaming locations, while operating income improved by 13.3% at Ameristar Black Hawk, 9.8% at Ameristar Council Bluffs and 2.2% at Ameristar Vicksburg. The consolidated operating income decline resulted from the factors that affected net revenues discussed above.

For the nine months ended September 30, 2012, our operating income was \$185.7 million, compared to \$183.1 million for the corresponding 2011 period. Operating and marketing enhancements contributed to our improved consolidated operating income margin, as well as the mild winter weather conditions and the extra day due to leap year mentioned above.

For the nine months ended September 30, 2012, corporate expense decreased to \$51.5 million from \$54.1 million for the same period in 2011. The decrease is primarily attributable to the impact of \$7.0 million of non-operational professional fees on prior-year operating income, as partially offset by \$1.5 million spent in 2012 relating to our Springfield and Lake Charles development projects.

Interest Expense

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
	(Dollars in Thousands, Unaudited)			
Interest cost	\$29,964	\$27,458	\$86,142	\$79,829
Less: Capitalized interest	(312)	(144)	(784)	(296)
Interest expense, net	\$29,652	\$27,314	\$85,358	\$79,533
Cash paid for interest, net of amounts capitalized	\$9,019	\$11,027	\$59,001	\$56,342
Weighted-average total debt outstanding	\$1,924,321	\$1,975,252	\$1,929,052	\$1,824,565
Weighted-average interest rate	6.1	% 5.4	% 5.9	% 5.8

For the quarter ended September 30, 2012, consolidated interest expense, net of amounts capitalized, increased \$2.3 million, or 8.6%, from the 2011 third quarter. Year to date, consolidated interest expense, net of amounts capitalized, increased \$5.8 million, or 7.3%, from the first nine months of 2011. The increase is due primarily to the repurchase of shares from the Estate and the Debt Refinancing completed in the second quarter of 2011, as well as the April 2012 issuance of the Additional 2021 Notes.

Income Taxes

Our effective income tax rate was 41.9% for the quarter ended September 30, 2012, compared to 41.4% for the corresponding 2011 period. For the nine months ended September 30, 2012 and 2011, the effective income tax rates were 25.8% and 41.8%, respectively. The decrease in the effective income tax rate for the nine-month period was primarily attributable to a \$15.7 million cumulative reduction in the income tax provision as a result of certain income tax elections made in the first quarter of 2012. Excluding the impact of these income tax elections made in the first quarter of 2012, our effective tax rate for the nine months ended September 30, 2012 would have been 43.8%.

Excluding the impact of the debt refinancing costs, non-operational professional fees and a change to the state income tax rate in Indiana, our effective tax rate for the nine months ended September 30, 2011 would have been 42.2%. For the remainder of 2012, we expect our quarterly effective income tax rate to be in a range of 40% to 42%.

Net Income

For the three months ended September 30, 2012, we had consolidated net income of \$16.1 million, compared to \$18.9 million for the quarter ended September 30, 2011. For the nine months ended September 30, 2012, we reported net income of \$75.1 million, compared to a net loss of \$0.6 million for the nine months ended September 30, 2011. The nine month year-over-year improvement in net income was mostly attributable to efficient revenue flow-through, the \$15.7 million cumulative reduction in the income tax provision mentioned above and the absence of the pre-tax loss on early retirement of debt of \$85.3 million and non-operational professional fees in the current periods that were incurred in the first nine months of 2011. Diluted earnings per share for the three and nine months ended September 30, 2012 was \$0.48 and \$2.22, respectively, compared to diluted earnings per share of \$0.56 and diluted loss per share of \$0.01, respectively, for the corresponding prior-year periods. Diluted earnings per share for the first nine months of 2012 benefited from the reduction in the number of shares outstanding due to the repurchase of shares from the Estate that took place in the second quarter of 2011.

Liquidity and Capital Resources

Cash Flows — Summary

Our cash flows consisted of the following:

	Nine Months Ended September 30,	
	2012	2011
	(In Thousands, Unaudited)	
Net cash provided by operating activities	\$203,069	\$209,279
Cash Flows from Investing Activities:		
Capital expenditures	(83,118	) (46,090
Net cash paid for Louisiana acquisition	(33,218) —
Increase (decrease) in construction contracts payable	4,584	(1,746
Proceeds from sale of assets	518	299
Increase in restricted cash	(29,833) —
Decrease in deposits and other non-current assets	1,602	28,862
Net cash used in investing activities	(139,465	) (18,675
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt and other borrowings	290,200	2,059,250
Principal payments of debt	(295,448	) (1,727,084
Debt issuance and amendment costs	(4,876	) (30,466
Cash dividends paid	(12,341	) (12,990
Proceeds from stock option exercises	3,754	5,812
Purchases of treasury stock	(14,301	) (464,397
Net cash used in financing activities	(33,012	) (169,875
Net Increase in Cash and Cash Equivalents	\$30,592	\$20,729

Our business is primarily conducted on a cash basis. Accordingly, operating cash flows follow trends in our operating income, excluding non-cash items. For the nine months ended September 30, 2012, net cash provided by operating activities decreased \$6.2 million from 2011, mostly as a result of changes in our accounts payable and prepaid account balances in 2012.

Capital expenditures in the first nine months of 2012 and 2011 included minor construction projects, slot machine purchases and the acquisition of long-lived assets relating to various capital maintenance projects at all of our properties. Also, in the first quarter of 2012, we spent \$16.9 million (including fees and commissions) to purchase approximately 40 acres of land in Springfield, Massachusetts as the site for a possible future casino resort. In the first nine months of 2012, we spent \$6.9 million relating to the renovation of guest rooms at our Cactus Petes property, which was completed in July 2012.

In March 2012, we entered into a definitive agreement to acquire all of the equity interests of Creative, the developer of a luxury casino resort in Lake Charles, Louisiana, for \$32.5 million. The construction of Ameristar Casino Resort Spa Lake Charles began on July 20, 2012. Ameristar Casino Resort Spa Lake Charles is being developed on a leased 243-acre site and, as currently planned, will include a casino with approximately 1,600 slot machines and 60 table games, a hotel with approximately 700 guest rooms (including 70 suites), a variety of food and beverage outlets, an 18-hole golf course, a tennis club, swimming pools, a spa and other resort amenities. There will also be approximately 3,000 parking spaces, of which 1,000 will be in a parking garage. The license conditions as revised by the Louisiana Gaming Control Board require us to invest at least \$500 million in the project. The cost of the project, inclusive of the purchase price, is expected to be between \$560 million and \$580 million, excluding capitalized interest and pre-opening expenses. During 2012, capital expenditures related to the project totaled \$12.5 million (exclusive of the purchase price paid for the acquisition of the equity interests of Creative). We are required to maintain a \$25.0 million deposit, which will be fully refunded upon the timely completion of the project within two years of construction commencement. We anticipate funding the project through a combination of cash from operations and borrowings under our revolving loan facility. The property is expected to open in the third quarter of 2014.

Following the acquisition of Creative, on July 18, 2012 we entered into a ground lease agreement with the Lake Charles Harbor & Terminal District (the "District"). Rent payable under the ground lease will be \$0.7 million per year until the opening of Ameristar Casino Resort Spa Lake Charles. Upon opening, the annual base rent will increase to \$1.3 million per year for each of the first five years. The base rent will then be subject to an annual increase, not to exceed 5%, based on changes in a regional

consumer price index as defined in the ground lease agreement. In addition to the base rent, upon commencing gaming activity, we will pay monthly additional rent based on a percentage of the property's net gaming proceeds as defined in the ground lease agreement.

Pursuant to the ground lease agreement, we were required to deposit \$5.0 million in a separate bank account to cover the monthly rent payments prior to the commencement of gaming activity. Any remaining balance in the ground lease rent deposit account at the time gaming activity commences will be considered unrestricted and available for use at our discretion. At September 30, 2012, the ground lease deposit bank account had a balance of \$4.8 million, of which \$0.7 million is expected to be utilized for monthly rent payments over the next 12 months. Both of the required deposits are presented as increases in restricted cash used in investing activities in the accompanying consolidated statements of cash flows.

During the first nine months of 2012, our Board of Directors declared three quarterly cash dividends of \$0.125 per share, which were paid on March 15, 2012, June 15, 2012 and September 14, 2012. On October 26, 2012, the Board of Directors declared a quarterly cash dividend of \$0.125 per share, to be paid on December 14, 2012. During the nine-month period ended September 30, 2011, the Board of Directors declared three quarterly cash dividends of \$0.105 per share, which were paid on March 15, 2011, June 15, 2011 and September 15, 2011.

On September 15, 2011, our Board of Directors approved the repurchase of up to \$75 million of our common stock through September 30, 2014. During 2011, we repurchased a total of approximately 0.3 million shares of common stock under the program at an average price of \$16.23 per share, exclusive of commissions paid, for a total cost of \$5.2 million. During the first nine months of 2012, we repurchased 681,000 shares under the stock repurchase program for \$11.5 million at an average price of \$16.87 per share, exclusive of commissions paid.

On April 14, 2011, we obtained \$2.2 billion of new debt financing (the "Debt Refinancing"), consisting of a \$1.4 billion senior secured credit facility (the "Credit Facility") and \$800.0 million principal amount of unsecured 7.50% Senior Notes due 2021 (the "Original 2021 Notes"). The Credit Facility consists of (i) a \$200 million A term loan that was fully borrowed at closing and matures in 2016, (ii) a \$700 million B term loan that was fully borrowed at closing and matures in 2018 and (iii) a \$500 million revolving loan facility, \$368 million of which was borrowed at closing and which matures in 2016. Upon the satisfaction of certain conditions, we have the option to increase the total amount available under the Credit Facility by up to the greater of an additional \$200 million or an amount determined by reference to our Total Net Leverage Ratio (as defined in the Credit Facility agreement).

The A term loan and the revolving loan facility bear interest at the London Interbank Offered Rate (LIBOR) plus a LIBOR margin that is currently 2.50% per annum or the base rate plus 1.50% per annum, at our option. The B term loan bears interest at LIBOR (subject to a LIBOR floor of 1.0%) plus 3.0% per annum or the base rate (subject to a base rate floor of 2.0%) plus 2.0% per annum, at our option. The LIBOR margin for the A term loan and the revolving loan facility is subject to adjustment based on our Total Net Leverage Ratio as defined in the Credit Facility agreement. We pay a commitment fee on the unused portion of the revolving loan facility of 0.50% per annum, which is subject to reduction based on the Total Net Leverage Ratio. Borrowings under the Credit Facility are secured by liens on substantially all of our assets.

The Credit Facility agreement requires certain mandatory principal repayments prior to maturity for both term loans. The A term loan requires the following principal amortization: 3.75% in 2012; 12.5% in 2013; 18.75% in 2014; 50% in 2015; and the remaining 15% in 2016. The B term loan requires mandatory principal reductions of 1% per annum, with the remaining 93.25% due at maturity. The Credit Facility agreement also requires permanent principal repayments of the term loans equal to 25% of Excess Cash Flow (as defined in the Credit Facility agreement) if our Total Net Leverage Ratio is above 4.75:1 at year-end. Excess Cash Flow repayments are required to be made 120 days after the last day of each fiscal year, are allocated between both term loans on a pro-rata basis and reduce on a dollar-for-dollar basis future scheduled mandatory principal repayments of the term loans. Our Excess Cash Flow repayment for the year ended December 31, 2011 was \$8.6 million.

On April 26, 2012, we completed a private placement of \$240.0 million principal amount of Additional 2021 Notes (the Additional 2021 Notes and the Original 2021 Notes are collectively referred to herein as the "2021 Notes"). The Additional 2021 Notes were issued under the same indenture pursuant to which we previously issued the Original 2021 Notes. The Additional 2021 Notes were sold at a price of 103% of the principal amount, resulting in a yield to

maturity of 6.88%. We received net proceeds from the sale of the Additional 2021 Notes (after initial purchaser discounts and expenses and including the premium and accrued interest) of approximately \$244.0 million. We used \$236.0 million of the proceeds to repay all amounts outstanding under the revolving loan facility of the Credit Facility (which amounts may be reborrowed from time to time) and the remaining proceeds for general corporate purposes. We believe the Additional 2021 Notes enhance our borrowing flexibility under the revolving credit facility and will better position us for future growth. In connection with issuing the Additional 2021 Notes, we paid one-time fees and expenses totaling approximately \$3.8 million, most of which was capitalized and will be amortized over the term of the 2021 Notes.

The 2021 Notes bear interest at a fixed rate of 7.50% per annum, payable semi-annually in arrears on April 15 and October 15 of each year. The initial interest payment on the Additional 2021 Notes was made on October 15, 2012. The 2021 Notes mature on April 15, 2021.

Proceeds from the Debt Refinancing were used to (i) repurchase substantially all of our 9.25% Senior Notes due 2014 (the "2014 Notes") tendered pursuant to our tender offer announced on March 29, 2011, including payment of the tender premium and accrued interest, (ii) prepay and permanently retire all of the indebtedness under our prior senior secured credit facility, (iii) repurchase shares from the Estate of Craig H. Neilsen (the "Estate") on April 19, 2011 for an aggregate purchase price of \$457.6 million and (iv) pay related fees and expenses.

In connection with the Debt Refinancing, we paid one-time fees and expenses totaling approximately \$30.8 million, most of which was capitalized and will be amortized over the respective remaining terms of the 2021 Notes and Credit Facility. During the quarter ended June 30, 2011, approximately \$85.3 million relating to the tender premium and deferred debt issuance costs were expensed as a result of the early retirement of debt.

On April 16, 2012, we amended the Credit Facility agreement. The amendment increases the permitted maximum Total Net Leverage Ratio (as defined in the Credit Facility agreement) for fiscal quarters ending in 2014 from 5.50:1.00 to 5.75:1.00, and for the fiscal quarters ending March 31, 2015 and June 30, 2015 from 5.25:1.00 to 5.50:1.00. We paid arrangement and consent fees totaling approximately \$1.0 million in connection with the amendment, which were capitalized and will be amortized over the remaining terms of the Credit Facility as interest expense.

Net principal repayments totaled \$12.4 million during the first nine months of 2012. All mandatory principal payments have been made through September 30, 2012. After applying the proceeds from the sale of the Additional 2021 Notes to the outstanding revolving loan facility, we had \$496.0 million available for borrowing under the revolving loan facility as of September 30, 2012.

In addition to the availability under the Credit Facility, we had \$116.3 million of cash and cash equivalents at September 30, 2012, approximately \$75 million of which were required for daily operations.

Historically, we have funded our daily operations through net cash provided by operating activities and our significant capital expenditures primarily through operating cash flows, bank debt and other debt financing. If our existing sources of cash are insufficient to meet our operations and liquidity requirements, we will be required to seek additional financing that would likely be more expensive than the Credit Facility and/or scale back our capital plans or reduce other expenditures. Any loss from service of our properties for any reason could materially adversely affect us, including our ability to fund daily operations and to satisfy debt covenants.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies and Estimates

We prepare our 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, workers' compensation and general liability reserves, purchase price allocations made in connection with 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 obtained from independent valuation experts or 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, 2011, and the notes to our consolidated financial statements included in this Quarterly Report on Form 10-Q.

Forward-Looking Statements

This Quarterly Report contains certain forward-looking statements, including the plans and objectives of management for our business, operations and financial performance. These forward-looking statements generally can be identified by the context of the statement or the use of forward-looking terminology, such as “believes,” “estimates,” “anticipates,” “intends,” “expects,” “plans,” “is confident that,” “will,” “would,” “could,” “should” or words of similar meaning, with reference to our management. Similarly, statements that describe our future operating performance, financial results, financial position, plans, objectives, strategies or goals are forward-looking statements. Although management believes that the assumptions underlying the forward-looking statements are reasonable at the time they are made, 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 Credit Facility or any replacement financing, our ability to undertake and complete capital expenditure projects in accordance with established budgets and schedules, changes in competitive conditions, regulatory restrictions and changes in regulation or legislation (including gaming tax and anti-smoking laws) that could affect us. Accordingly, actual results could differ materially from those contemplated by any forward-looking statement. In addition to the other risks and uncertainties mentioned in connection with certain forward-looking statements throughout this Quarterly Report, attention is directed to “Item 1A. 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, 2011 and “Item 1A. Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our Credit Facility. Outstanding amounts borrowed under our Credit Facility bear interest at a rate equal to LIBOR (in the case of Eurodollar loans) or the prime interest rate (in the case of base rate loans), plus an applicable margin, or “add-on.” As of September 30, 2012, we had \$881.3 million outstanding under the Credit Facility, which represents approximately 46% of our total outstanding debt, bearing interest at variable rates indexed to one-month LIBOR, based on our election. At September 30, 2012, the average interest rate applicable to the Credit Facility debt outstanding was 3.7%. An increase of one percentage point in the interest rate applicable to the Credit Facility debt outstanding at September 30, 2012 would increase our annual interest cost and reduce our pre-tax income by \$3.4 million (after giving effect to the LIBOR floor of 1.0% for the B term loan, which comprises 78% of the total Credit Facility balance at September 30, 2012). The remaining 54% of our debt outstanding as of September 30, 2012, primarily consisting of the 2021 Notes, bears interest at fixed rates.

We have used interest rate swap agreements in the past to manage interest rate risk. We may enter into additional swap transactions or other interest rate protection agreements from time to time in the future, although we have no current intention to do so.

Should we elect to use derivative instruments to hedge exposure to changes in interest rates in the future, we again would be exposed to the potential failure of our counterparties to perform under the terms of the agreements. We would seek to minimize this risk by entering into interest rate swap agreements with highly rated commercial banks.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Company’s management, including our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective as of the end of the period covered by this Quarterly Report.

(b) Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d) under the Exchange Act, the Company’s management, including our Chief Executive Officer and our Chief Financial Officer, has evaluated our internal control over financial reporting to determine whether any changes occurred during the third fiscal quarter of 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, there has been no such change during the third fiscal quarter of 2012.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) During the three months ended September 30, 2012, we purchased the following shares of our outstanding common stock.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs ⁽¹⁾
July 1, 2012 - July 31, 2012	154,409	\$ 17.31	154,409	\$66,712,190
August 1, 2012 - August 31, 2012	485,688	\$ 16.69	485,688	\$58,607,204
September 1, 2012 - September 30, 2012	16,219	\$ 16.98	16,219	\$58,331,796
Total	656,316		656,316	

On September 15, 2011, our Board of Directors approved the repurchase of up to \$75 million of our common stock in a stock repurchase program. The program provides that the shares may be repurchased through September 30, (1)2014 in open market transactions or privately negotiated transactions at the our discretion, subject to market conditions and other factors. We are not obligated to purchase any shares under the stock repurchase program, and purchases may be discontinued, or the stock repurchase program may be modified or terminated, at any time.

Item 6. Exhibits

Exhibit Number	Description of Exhibit	Method of Filing
31.1	Certification of Gordon R. Kanofsky, 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.
32.1	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.
101*	The following information from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 formatted in eXtensible Business Reporting Language: (i) Consolidated Balance Sheets at September 30, 2012 (unaudited) and December 31, 2011 (audited); (ii) Consolidated Statements of Operations for the three and nine months ended September 30, 2012 and September 30, 2011 (unaudited); (iii) Consolidated Statements of	Furnished electronically herewith.

Comprehensive Income (Loss) for the three and nine months ended September 30, 2012 and September 30, 2011 (unaudited); (iv) Consolidated Statements of Cash Flows for the nine months ended September 30, 2012 and September 30, 2011 (unaudited); and (v) Notes to Consolidated Financial Statements (unaudited).

* This exhibit is furnished and is not filed or made a part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under those sections.

SIGNATURES

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: November 8, 2012

By: /s/ Thomas M. Steinbauer
Thomas M. Steinbauer
Senior Vice President of Finance, Chief Financial Officer
and Treasurer (Principal Financial and Accounting Officer)