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## Columbia Sussex wins Aztar

By Luisa Beltran Updated 11:10 AM, May-22-2006 ET

Aztar Corp. has formally terminated its merger agreement with Pinnacle Entertainment Inc. and has instead signed a deal with Columbia Sussex Corp.

Aztar, which operates the Tropicana casino resorts in Atlantic City and Las Vegas, said Friday, May 19, it paid Pinnacle a \$52.16 million termination fee, plus \$25.84 million in expenses.

Under its new deal, Wimar Tahoe Corp., or Columbia Entertainment, the gaming affiliate of Columbia Sussex, is paying \$54 a share cash for Aztar's common stock and \$571.13 a share cash for Aztar's preferred stock. Including the assumption of \$676 million in debt, the offer is valued at \$2.75 billion, Columbia said Friday.

Credit Suisse Group has provided a firm commitment for debt financing of \$3.15 billion, Columbia said.

Aztar shareholders must still approve the transaction, which is subject to customary closing conditions. No date has been set for consummation of the deal, an Aztar spokesman said Friday.

"Our agreement with Columbia Entertainment provides an increased all cash premium to our shareholders and reflects Columbia Entertainment's strong commitment to the transaction," said Robert M. Haddock, Aztar's chairman, president and CEO, in a statement.

The offer from Columbia comes on the same day that Pinnacle ruled out raising its \$51-a-share bid for

Wimar Tahoe raised its bid to \$53 per share on May 10 and then earlier this week sweetened its offer to \$54 a share. Aztar's board on May 15 had deemed Columbia's revised \$54-a-share offer as superior to Pinnacle's.

The bids are the latest in a series of offers since Pinnacle agreed to buy Aztar for \$38 a share two months ago. Las Vegas-based Ameristar Casinos Inc. and Colony Capital LLC of Los Angeles also were bidders

Fort Mitchell, Ky.-based Columbia Sussex is a hotel and casino operator. Pinnacle, of Las Vegas, owns and operates casinos in Nevada, Louisiana, Indiana and Argentina. Shares of Pinnacle added \$2.13, or 7.44%, to close at \$30.75 Friday while Aztar's stock lost 48 cents to \$51.57. Columbia is privately held.

"This is a breakthrough transaction for our company which will significantly enhance our gaming assets in key growth markets and strengthen our position as one of the leading owners, developers and operators of hotels, resorts and casinos," said William Yung, Columbia Sussex's president and CEO.

The bidders hope to win Aztar's 34-acre Tropicana hotel-casino in Las Vegas, which is considered one of the last properties available for development on the Strip. Aztar will also give the winner another Tropicana site in Atlantic City, N.J., as well as casinos in Evansville, Ind., Laughlin, Nev., and Caruthersville, Mo.

Of the \$313 million deposit, Columbia said \$78 million was used to reimburse Aztar for paying the termination fee and expenses paid to Pinnacle.

Aztar tapped Goldman, Sachs & Co. for financial advice. <u>David Fox</u>, <u>Thomas W. Greenberg</u>, <u>James</u> M. Douglas, Neil M. Leff Jeffrey A. Brill, Joern R. Kubalek and Katherine M. Bristor of Skadden, Arps, Slate, Meagher & Flom LLP are its legal counsel.

Pinnacle received financial advice from Bear, Stearns & Co. and Lehman Brothers Inc., while Wachtell, Lipton, Rosen & Katz and Irell & Manella LLP were outside counsel.

Mack Rossoff of Banc of America Securities LLC is financial adviser for Columbia Sussex. Andrew

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