MARCH 8, 2006

PROJECT PLATO

Valuation discussion materials

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Introduction

- Over the past two weeks we received the financial information necessary to complete our valuation analysis
- We used the management Upside Case as a basis for our valuation analysis
  - The Upside Case includes certain projects that we believe will occur with a high degree of probability
- In addition, have calculated two sensitivity cases
  - Adjusted Upside Case
    - 10% upside in 2006 on Atlantis, Paradise Island over management's Upside Case EBITDA projections
  - Franchise value
    - Additional upside from franchise value of Atlantis brand
    - Development of two additional large scale resorts

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Public market overview

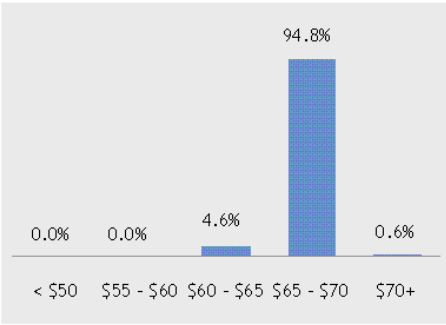
Trading summary ($ millions, except per share data)

Closing share price (3/06/06)	**$68.73**
52-week intraday high (12/19/05)	$70.28
% of 52-week high	*97.8%*
52-week intraday low (10/12/05)	$52.49
% over 52-week low	*30.9%*
Diluted shares (mm)	38.5
Equity value	**$2,647**
Plus: Debt (as of 6/30/06)[1]	697
Less: Cash (as of 6/30/06)	(35)
Firm value	**$3,309**

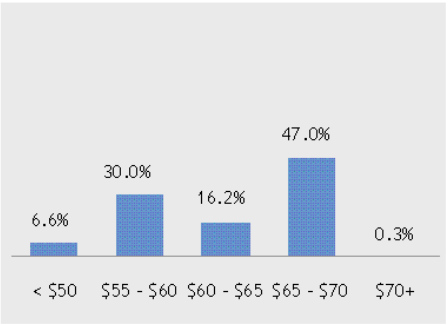
	Street		Upside Case	
Trading summary	Metric[2]	Multiple	Metric	Multiple
Firm value/EBITDA				
2006E	$229	14.4x	$214	15.5x
2007E	293	11.3	251	13.2
2008E	NM	NM	330	10.0
Price/Earnings				
2006E	$2.80	24.5x	$2.78	24.7x
2007E	3.37	20.4	2.73	25.2
2008E	NM	NM	4.13	16.7
Long-term growth		20.0%		

Based on closing share price

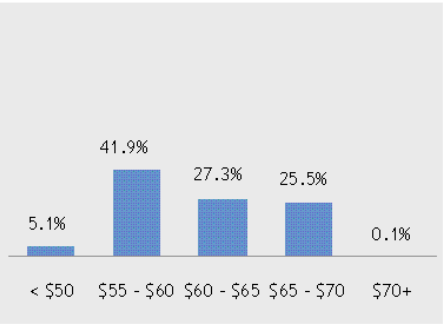
Last 3 months



Last 6 months



Last 12 months



[1] Does not include non-recourse Palmilla and Reethi Rah debt of $164 million
[2] I/B/E/S median estimates as of 3/06/06

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K-2 analyst commentary and stock price

Wall Street estimates

Revision date	Analyst (firm)	Recommendation	EPS estimate 2006E	EPS estimate 2007E	12-month target price
2/22/2006	Joseph Greff (Bear Stearns)	Buy	$2.11	$3.21	$75.00
2/20/2006	Lawrence Klatzkin (Jefferies & Co)	Buy	2.61	2.63	81.00
2/15/2006	Steven Kent (Goldman Sachs)	Hold	2.82	3.52	NA
2/13/2006	William Schmitt (CIBC)	Hold	2.80	3.90	71.00
12/7/2005	Marc Falcone (Deutsche Bank)	Buy	3.40	NA	79.00
High			**$3.40**	**$3.90**	**$81.00**
Low			**$2.11**	**$2.63**	**$71.00**
Mean			**$2.75**	**$3.32**	**$76.50**
Median			**$2.80**	**$3.37**	**$77.00**

Source: Equity research

Analyst commentary

"Strong results were driven mainly by record performance at the company's Paradise Island properties, posting $29.8 million EBITDA, a 19% increase year over year" - Jefferies (2/14/06)

"K-2's flagship property Atlantis continues to generate strong non-room revenue growth (F&B revenues up 23% and casino revenues up 22%) since it opened the Marina Village in July 2005. This growth should accelerate into Paradise Island seasonally stronger periods, namely 1Q and 2Q" - Bear Stearns (2/13/06)

"Our sense is that the scope and financial impact of K-2's Phase III waterpark expansion is significantly underappreciated. A tour of Paradise Island showcased developable land after Phase III; we believe this also is underappreciated" - Deutsche Bank (12/7/05)

Source: Tradeline

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Analysis at various prices

$ millions, except per share data					
		Current price (3/06/06)			
Share price		$68.73	$75.00	$80.00	$85.00
% premium		*0.0%*	*9.1%*	*16.4%*	*23.7%*
Diluted shares (mm)		38.5	38.9	39.2	39.4
Equity value		**$2,647**	**$2,918**	**$3,135**	**$3,351**
Plus: Debt (as of 6/30/06)[1]		697	697	697	697
Less: Cash (as of 6/30/06)		(35)	(35)	(35)	(35)
Firm value	**Upside Case**	**$3,309**	**$3,580**	**$3,797**	**$4,013**
FV/2006E EBITDA	$214	15.5x	16.7x	17.7x	18.7x
FV/2007E EBITDA	251	13.2	14.3	15.1	16.0
FV/2008E EBITDA	330	10.0	10.8	11.5	12.2
P/2006E EPS	$2.78	24.7x	26.9x	28.7x	30.5x
P/2007E EPS	2.73	25.2	27.4	29.3	31.1
P/2008E EPS	4.13	16.7	18.2	19.4	20.6

[1] Does not include non-recourse Palmilla and Reethi Rah debt of $164 million

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Key assumptions

K-2 Base Case

- Atlantis, Phase III
  - Opens in 2007
  - Total capital expenditures of $730mm
- Atlantis, PI (incl. Phase III) performance from 2006 to 2007 (when Phase III opens)
  - Average room rate grows 6.2% to $298.76
  - Occupancy rate drops 1.8% to 80.3%
  - F&B per occupied room grows approx. 5% to $270.90
  - Win/table/day grows 12.7% to $3,172
  - Win/slot/day grows 14.6% to $238
- Atlantis, the Palm, Dubai
  - Opens in 2009
  - Total development/construction costs of $1.5bn
  - Year 1 key assumptions
    - Average room rate of $313
    - Occupancy of 78%
    - 5,000 daily waterpark visitors
    - 1,863 daily entertainment village visitors
- Morocco
  - Opens in 2008
  - Total development/construction costs of $300mm
  - Year 1 key assumptions
    - Average room rate of $140
    - Occupancy of 60%
    - Win/table/day of $1,967
    - Win/slot/day of $131

K-2 Upside Case

- K-2 Base Case plus the following:
  - Condotel development cost of $400 million; 50/50 JV with Turnberry
  - $45mm development of golf course on Athol Island completed in 2007
  - Development of Harborside - Phase II
  - Two villa expansion of Palmilla
  - Marginally more aggressive assumptions on casino revenues in Morocco

Adjusted Upside Case

- K-2 Upside Case plus the following:
  - 10% upside on Atlantis, PI over management's Upside Case EBITDA projections in 2006
  - Based on analysis of K-2 management budgets vs. actual property results in 2003, 2004 and 2005
  - Over the past three years, K-2 has outperformed its 1-year forward budget by 12.4%
  - K-2 Upside Case EBITDA growth in 2007 and thereafter
  - Cost synergy assumption of $5mm in LBO analysis

Franchise value

- Additional upside from franchise value of Atlantis brand
  - Development of two additional resort projects over the next 10 years

Paradise Island land value

- 64.1 acres of undeveloped land
- Cost basis of approximately $1.4mm/acre
- Valued at $6mm/acre with a 5% annual appreciation

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Projection cases

$ millions, except per share data					
Base Case	2006E	2007E	2008E	2009E	2010E
EBITDA	**$214**	**$254**	**$305**	**$345**	**$366**
% growth		*18.5%*	*20.4%*	*13.0%*	*6.0%*
EPS	**$2.78**	**$2.79**	**$3.52**	**$4.52**	**$5.20**
% growth		*0.2%*	*26.3%*	*28.5%*	*14.9%*
Upside Case	2006E	2007E	2008E	2009E	2010E
EBITDA	**$214**	**$251**	**$330**	**$381**	**$404**
% growth		*17.3%*	*31.4%*	*15.3%*	*6.1%*
EPS	**$2.78**	**$2.73**	**$4.13**	**$5.47**	**$6.21**
% growth		*(1.8%)*	*51.0%*	*32.5%*	*13.5%*
Adjusted Upside Case	2006E	2007E	2008E	2009E	2010E
EBITDA	**$232**	**$267**	**$349**	**$400**	**$424**
% growth		*14.8%*	*30.7%*	*14.8%*	*6.0%*
EPS	**$3.26**	**$3.13**	**$4.59**	**$5.96**	**$6.71**
% growth		*(3.9%)*	*46.7%*	*29.7%*	*12.6%*
I/B/E/S median[1]	2006E	2007E	2008E	2009E	2010E
EBITDA	**$229**	**$293**			
% growth		*27.9%*			
EPS	**$2.80**	**$3.37**			
% growth		*20.4%*			

[1] As of 3/06/06

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Valuation summary

Note: Valuation based on the Upside Case projections provided by management, sensitized for valuation assumptions

[1] Implied equity value discounted to 2006 using an estimated equity cost of capital of 12.5%

[2] Assumes full consolidation of Palmilla & Reethi Rah EBITDA and debt

[3] Represents the expected incremental value attributable to two additional large development projects over 10 years

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Leveraged buyout analysis

Assumptions

- Five year hold period
- $5 million of annual cost synergies
- Sponsor IRR threshold range of 18.0%–22.0%
- Management promote of 10% of terminal equity value in excess of initial equity contribution in the Upside Case; Promote level rises to 15% in the Adjusted Upside Case
- 7.5% cost of LBO debt
- Exit FV/EBITDA range of 11.5–13.5x on 2011E EBITDA
- $100 million of transaction fees, including bond breakage costs[1]
- $76mm Reethi Rah notes receivable monetized in 2008
- 64.1 acres of undeveloped land valued at $6 million per acre with 5% annual value appreciation

Summary results

Upside Case, 62% leverage (K-2)

Equity value per share

	Exit FV/EBITDA multiple		
IRR:	11.5x	12.5x	13.5x
18.0%	$74.15	$77.28	$80.42
20.0%	70.59	74.86	77.56
22.0%	68.22	72.24	74.71

Upside Case, 67% leverage

Equity value per share

	Exit FV/EBITDA multiple		
IRR:	11.5x	12.5x	13.5x
18.0%	$75.72	$78.86	$82.00
20.0%	72.39	76.61	79.32
22.0%	70.19	74.15	76.64

Adjusted Upside Case, 67% leverage

Equity value per share

	Exit FV/EBITDA multiple		
IRR:	11.5x	12.5x	13.5x
18.0%	$78.01	$81.15	$84.30
20.0%	74.49	78.70	81.43
22.0%	72.13	76.08	78.58

[1] Comprised of approximately $37 million of bond breakage costs, $25 million of advisory and legal fees, and $38 million of financing fees

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Discounted cash flow analysis

Assumptions

- Ten year projection period
  - 3% revenue growth assumed each year after 2010 until 2015
  - EBITDA margin improvement of 0.25% assumed in each year after 2010 until 2015
- No synergies
- $76mm Reethi Rah notes receivable monetized in 2008
- Estimate of developable Paradise Island land value added to enterprise value to derive implied equity value
  - 64.1 acres of undeveloped land valued at $6 million per acre with 5% annual value appreciation
- Perpetuity growth rate of 3.0%—3.5% on terminal year free cash flow
- WACC of 9.5—10.5%

Summary results

Equity value per share — Upside Case

WACC:	Terminal growth rate 3.00%	3.25%	3.50%
9.50%	$88.97	$90.86	$92.91
10.00%	82.81	84.37	86.05
10.50%	77.43	78.74	80.13

Equity value per share — Adjusted Upside Case

WACC:	Terminal growth rate 3.00%	3.25%	3.50%
9.50%	$95.69	$97.74	$99.96
10.00%	89.05	90.74	92.56
10.50%	83.27	84.68	86.19

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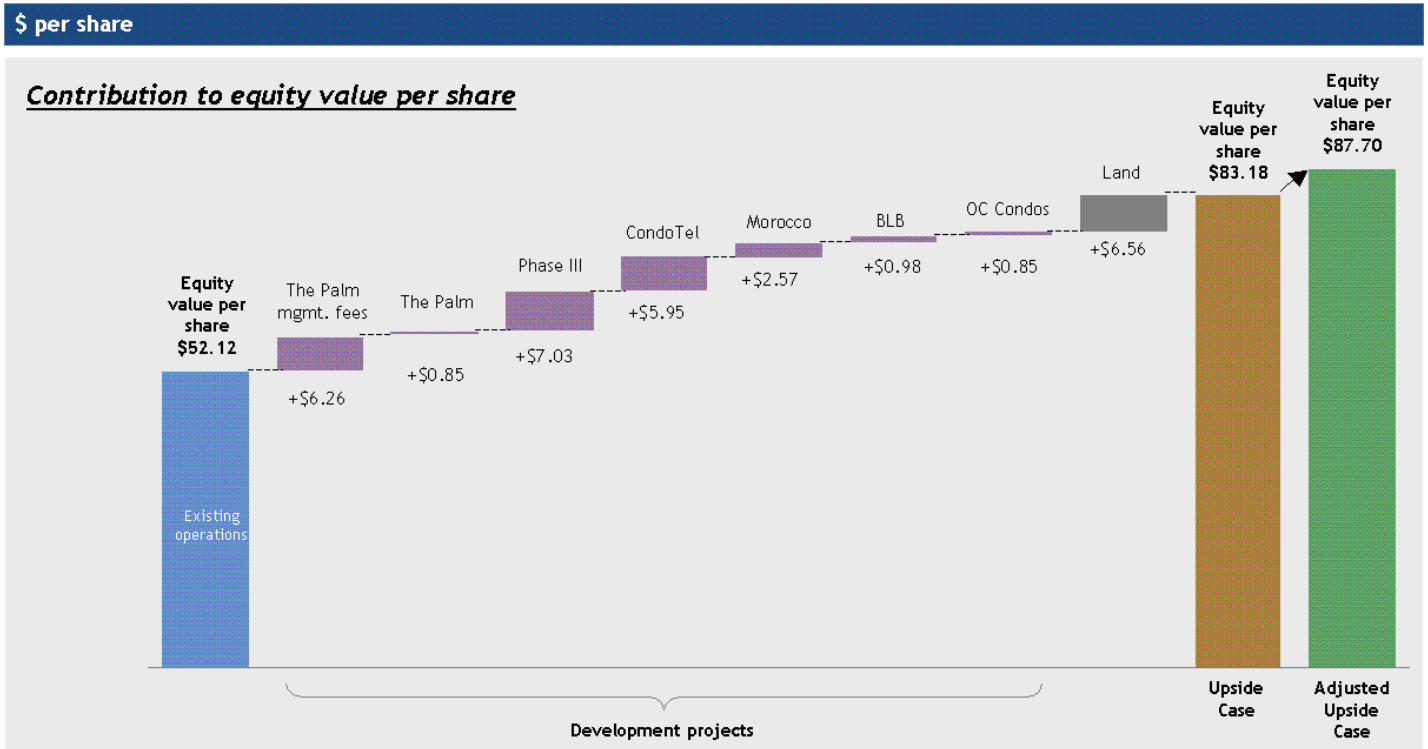
Sum-of-the-parts analysis



Note: Detailed analysis can be located in the appendix; represents the midpoint of the assumed valuation range

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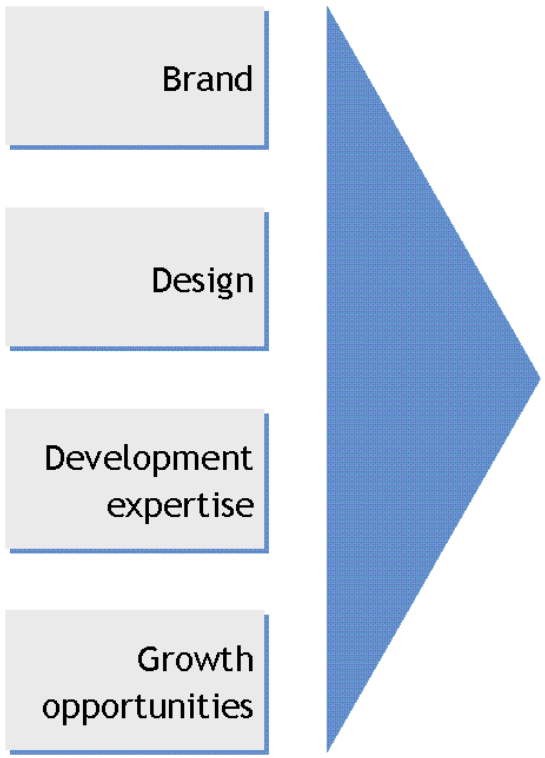
Franchise opportunities



Ability to develop and operate more Atlantis properties worldwide

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Key business risks

Hurricane	■ A material disruption in operations on Paradise Island would have a severe negative impact on K-2's operating performance
New supply	■ Impact of proposed Baha Mar development on Cable Beach may be significant ■ Demand for Atlantis, the Palm in light of plans for an additional 30 hotels on the Palm ■ Impact of proposed new supply in Massachusetts may be significant on Lincoln Park
Atlantis Phase III	■ Uncertainty around feasibility of projected casino and F&B revenue per occupied room ■ Uncertainty around success of dolphin attraction ■ Uncertainty around demand for condotel units at projected prices ■ Condotel financing gets renegotiated in light of degradation of credit from LBO
Construction costs	■ Risks associated with escalating building materials and labor costs ▪ Vast majority of development budget in Dubai is not at fixed cost ▪ Potential cost overruns at Lincoln Park and in Morocco
Political	■ Future cooperation of Dubai government and other foreign jurisdictions where development is expected
Terrorism	■ Terrorist event in the U.S. could significantly impact leisure travel ■ Large destination resorts could be targets for terrorist organizations

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Selected public market comparables

Market information

Company	3/6/2006 share price	% of 52-week high	Equity Market value[1]	Total market cap[2]	Price/EPS[3] 2006E	Price/EPS[3] 2007E	Aggregate value/ EBITDA[4] 2006E	Aggregate value/ EBITDA[4] 2007E
Las Vegas Sands Corp	$56.63	99.8%	$20,056.1	$21,649.7	NM	NM	NM	NM
Starwood Hotels & Resorts[5]	63.50	97.0%	15,440.5	18,620.5	29.1	23.7	13.9	12.1
Harrah's Entertainment	71.64	89.9%	13,165.9	23,762.3	19.6	17.0	9.2	8.5
MGM Mirage	39.51	84.5%	11,247.0	23,518.3	21.2	17.5	9.7	9.0
Hilton Hotels[6]	23.59	90.6%	9,863.1	18,056.1	22.7	18.3	11.9	10.6
Wynn Resorts Ltd[7]	72.24	94.5%	7,189.5	9,288.3	NM	NM	NM	NM
Gaylord Entertainment[8]	44.92	91.7%	1,882.8	2,464.5	NM	NM	14.9	10.9
Orient Express Hotels	35.30	96.9%	1,406.9	1,965.2	26.3	20.3	14.0	11.2
Average			**$10,031.5**	**$14,915.6**	**23.8x**	**19.4x**	**12.3x**	**10.4x**
Median			**$10,555.0**	**$18,338.3**	**22.7x**	**18.3x**	**12.9x**	**10.7x**
Gaming - median			**$12,206.4**	**$22,584.0**	**20.4x**	**17.2x**	**9.4x**	**8.8x**
Lodging - median			**$5,873.0**	**$10,260.3**	**26.3x**	**20.3x**	**13.9x**	**11.1x**

[1] Includes common shares, common share equivalents (excluding options)
[2] Equals the sum of equity market value, minority interests, debt outstanding and preferred stock at liquidation preference
[3] Estimates for EPS are from equity research
[4] Aggregate value is total market capitalization less cash and cash equivalents. EBITDA estimates from analyst reports
[5] Starwood Hotels pro forma for announced transaction with Host Marriott
[6] Hilton Hotels pro forma for announced acquisition of Hilton plc assets
[7] Wynn Resorts pro forma for $900 million sale of Macau casino rights
[8] Total debt as of 9/30/05 for Gaylord Entertainment excludes $613 million associated with the Company's secured forward exchange contract

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Selected public market comparables (cont'd)

Credit information

Company	3/6/2006 share price	Equity market value[1]	Total market cap[2]	Debt-to-total market capitalization	Debt+prfd/ total market capitalization	Debt-to-total book capitalization[3]	Debt/ LTM EBITDA	LTM EBITDA/ interest	Senior debt ratings Moody's/S&P
Las Vegas Sands Corp	$56.63	$20,056.1	$21,649.7	7.4%	7.4%	51.6%	3.8x	3.7x	B2/BB-
Starwood Hotels & Resorts	63.50	15,440.5	18,620.5	17.1%	17.1%	36.8%	2.4	5.4	Baa3/BBB-
Harrah's Entertainment	71.64	13,165.9	23,762.3	44.5%	44.5%	45.6%	3.8	4.0	Ba2/BB
MGM Mirage	39.51	11,247.0	23,518.3	52.2%	52.2%	52.8%	4.3	2.7	NR/NR
Hilton Hotels	23.59	9,863.1	18,056.1	45.4%	45.4%	75.1%	9.0	3.5	B2/B+
Wynn Resorts Ltd	72.24	7,189.5	9,288.3	22.6%	22.6%	57.2%	NA	NA	B3/B
Gaylord Entertainment	44.92	1,882.8	2,464.5	23.6%	23.6%	40.3%	5.5	1.5	Ba1/BB+
Orient Express Hotels	35.30	1,406.9	1,965.2	28.2%	28.2%	44.8%	5.2	3.9	Baa3/BBB-
Average				**30.1%**	**30.1%**	**50.5%**	**4.9x**	**3.5x**	
Median				**25.9%**	**25.9%**	**48.6%**	**4.3x**	**3.7x**	

[1] Includes common shares, common share equivalents (excluding options)
[2] Equals the sum of equity market value, minority interests, debt outstanding and preferred stock at liquidation preference. Does not include restricted cash
[3] Book capitalization equals the sum of debt outstanding, preferred stock at liquidation preference, minority interests and shareholders' equity

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Comparable precedent transactions

Private and public - target transactions

Date announced	Acquirer / Target	Description of target	Size (mm)	Forward EBITDA multiple
1/30/2006	Colony Capital & Kingdom Hotels/ Fairmont Hotels & Resorts	Fairmont is a leading owner/operator of luxury hotels and resorts. Fairmont's managed portfolio consists of 87 luxury and first-class properties	3,900	15.8x
6/14/2005	Blackstone/Wyndham	Wyndham International offers upscale and luxury hotel and resort accommodations in the U.S., Canada, Mexico, the Caribbean, and Europe	3,240	12.6x
10/24/2004	Blackstone/Boca Resorts	Boca Resorts owns 5 luxury resorts and 4 golf clubs located in South Florida	1,184	11.8x
7/15/2004	Harrah's Entertainment/ Caesars Entertainment	Caesars Entertainment owns 22 properties on three continents, more than 25,000 hotel rooms, two million square feet of casino space and 50,000 employees.	9,440	8.5x
6/4/2004	MGM Mirage/Mandalay Resort Group	Mandalay Resort Group owns and operates 11 properties in Nevada as well as casino's in Mississippi, Illinois and Michigan	7,750	9.5x
2/12/2004	CNL Hospitality/KSL Recreation Corporation	KSL's portfolio consists of leading resorts in Hawaii, Arizona and other vacation destinations	2,160	13.1x
	Lodging - median			**12.9x**
	Gaming - median			**9.0x**

Observations

- K-2 is a blend of lodging and gaming
- K-2 is not expected to offer the same level of synergy opportunities as a strategic buyer
- K-2 EBITDA is generally tax-exempt

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Discounted cash flow analysis — Upside Case

Projections ($ millions, except per share data)

	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
Adjusted cash EBITDA [1]	**$102**	**$290**	**$347**	**$378**	**$404**	**$416**	**$428**	**$441**	**$454**	**$468**	**$482**
Less: Mohegan adjustment	0	0	0	0	0	0	0	0	0	(52)	(54)
Less: recurring equity earnings	(6)	(10)	(17)	(22)	(27)	(28)	(29)	(30)	(30)	(31)	(32)
Less: Depreciation	(36)	(90)	(98)	(99)	(100)	(99)	(99)	(98)	(98)	(98)	(98)
EBIT	**$60**	**$190**	**$231**	**$257**	**$277**	**$289**	**$301**	**$313**	**$326**	**$287**	**$297**
Less: Tax expense	(3)	5	(9)	(9)	(9)	(10)	(10)	(10)	(11)	(10)	(10)
Net income	**$58**	**$194**	**$222**	**$248**	**$268**	**$279**	**$291**	**$303**	**$315**	**$277**	**$288**
Plus: Depreciation	36	90	98	99	100	99	99	98	98	98	98
Less: Capex	(263)	(192)	(75)	(80)	(85)	(88)	(90)	(93)	(96)	(99)	(101)
Plus: Capitalized interest adj.	26	32	18	0	0	0	0	0	0	0	0
Plus: Cape Town notes monetization	0	0	0	10	0	0	0	0	0	0	0
Plus: Kanahura notes monetization	0	0	0	2	0	0	0	0	0	0	0
Plus: Reethi Rah notes monetization	0	0	76	0	0	0	0	0	0	0	0
Less: Dev. Proj. Investments	(97)	(28)	0	0	0	0	0	0	0	0	0
Less: Project advances	0	(20)	5	10	10	0	0	0	0	0	0
Less: Lux (repayments)/issuances	(1)	(12)	1	2	3	0	0	0	0	0	0
Plus: CF from AC land sale	0	0	(0)	40	0	0	0	0	0	0	0
Less: Increases in NWC	7	1	1	(2)	(3)	0	0	0	0	0	0
Plus: Equity earnings terminal valuation	0	0	0	0	0	0	0	0	0	423	0
Plus: Palmilla dividend	0	0	8	9	13	13	13	13	13	13	13
Plus: Dividend income	14	47	65	20	4	4	4	4	4	5	5
Unlevered free cash flow	**($220)**	**$113**	**$418**	**$357**	**$309**	**$307**	**$316**	**$325**	**$334**	**$717**	**$301**

Valuation

Equity value per share

	Terminal growth rate		
WACC:	*3.00%*	*3.25%*	*3.50%*
9.50%	$88.97	$90.86	$92.91
10.00%	82.81	84.37	86.05
10.50%	77.43	78.74	80.13

2006E FV/EBITDA multiple

	Terminal growth rate		
WACC:	*3.00%*	*3.25%*	*3.50%*
9.50%	17.5x	17.8x	18.2x
10.00%	16.3	16.6	16.9
10.50%	15.4	15.6	15.9

Implied terminal FV/EBITDA multiple

	Terminal growth rate		
WACC:	*3.00%*	*3.25%*	*3.50%*
9.50%	10.4x	10.8x	11.3x
10.00%	9.6	10.0	10.4
10.50%	9.0	9.4	9.7

Note: Valuation date 6/30/06; assumes land value of $385mm and net debt of $662mm; 2006E adjusted to reflect only Q3–Q4 stub period

[1] Differs from EBITDA in that it includes non-recurring equity earnings and land sales per K-2 model

APPENDIX

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Discounted cash flow analysis — Adjusted Upside Case

Projections ($ millions, except per share data)

	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
Adjusted cash EBITDA [1]	**$108**	**$306**	**$365**	**$397**	**$424**	**$437**	**$450**	**$464**	**$477**	**$492**	**$507**
Less: Mohegan adjustment	0	0	0	0	0	0	0	0	0	(52)	(54)
Less: recurring equity earnings	(6)	(10)	(17)	(22)	(27)	(28)	(29)	(30)	(30)	(31)	(32)
Less: Depreciation	(36)	(90)	(98)	(99)	(100)	(99)	(99)	(98)	(98)	(98)	(98)
EBIT	**$66**	**$205**	**$250**	**$276**	**$297**	**$310**	**$323**	**$336**	**$349**	**$311**	**$322**
Less: Tax expense	(3)	5	(9)	(9)	(9)	(10)	(10)	(10)	(11)	(10)	(10)
Net income	**$64**	**$210**	**$241**	**$267**	**$288**	**$300**	**$313**	**$325**	**$338**	**$301**	**$312**
Plus: Depreciation	36	90	98	99	100	99	99	98	98	98	98
Less: Capex	(263)	(192)	(75)	(80)	(85)	(88)	(90)	(93)	(96)	(99)	(101)
Plus: Capitalized interest adj.	26	32	18	0	0	0	0	0	0	0	0
Plus: Cape Town notes monetization	0	0	0	10	0	0	0	0	0	0	0
Plus: Kanahura notes monetization	0	0	0	2	0	0	0	0	0	0	0
Plus: Reethi Rah notes monetization	0	0	76	0	0	0	0	0	0	0	0
Less: Dev. Proj. Investments	(97)	(28)	0	0	0	0	0	0	0	0	0
Less: Project advances	0	(20)	5	10	10	0	0	0	0	0	0
Less: Lux (repayments) / issuances	(1)	(12)	1	2	3	0	0	0	0	0	0
Plus: CF from AC land sale	0	0	(0)	40	0	0	0	0	0	0	0
Less: Increases in NWC	7	1	1	(2)	(3)	0	0	0	0	0	0
Plus: Equity earnings terminal valuation	0	0	0	0	0	0	0	0	0	423	0
Plus: Palmilla dividend	0	0	8	9	13	13	13	13	13	13	13
Plus: Dividend income	14	47	65	20	4	4	4	4	4	5	5
Unlevered free cash flow	**($214)**	**$128**	**$436**	**$377**	**$330**	**$329**	**$338**	**$348**	**$358**	**$741**	**$326**

Valuation

Equity value per share

	Terminal growth rate		
WACC:	3.00%	3.25%	3.50%
9.50%	$95.69	$97.74	$99.96
10.00%	89.05	90.74	92.56
10.50%	83.27	84.68	86.19

2006E FV/EBITDA multiple

	Terminal growth rate		
WACC:	3.00%	3.25%	3.50%
9.50%	17.3x	17.7x	18.1x
10.00%	16.2	16.5	16.8
10.50%	15.3	15.5	15.7

Implied terminal FV/EBITDA multiple

	Terminal growth rate		
WACC:	3.00%	3.25%	3.50%
9.50%	10.7x	11.1x	11.6x
10.00%	9.9	10.3	10.7
10.50%	9.3	9.6	10.0

Note: Valuation date 6/30/06; assumes land value of $385mm and net debt of $662mm; 2006E adjusted to reflect only Q3–Q4 stub period

[1] Differs from EBITDA in that it includes non-recurring equity earnings and land sales per K-2 model

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Leveraged buyout analysis — Upside Case, 67% leverage

Assumptions

Entry assumptions	
Date	6/30/06
Purchase price per share	$75.00
Cost of debt	7.50%
Full-year 2006E EBITDA	$240

Exit assumptions	
Date	6/30/11
Management promote	10.0%
Exit FV/EBITDA multiple	12.5x
Terminal year EBITDA	$345

Sources & uses

Sources	
New LBO debt	$2,399
New equity	1,281
Total sources	**$3,680**

Uses	
Equity purchase price	$2,918
Refinanced debt	662
Transaction value	$3,580
Transaction fees	100
Total uses	**$3,680**

Projections

	2006E	2007E	2008E	2009E	2010E	2011E
Adjusted cash EBITDA[1]	**$102**	**$290**	**$347**	**$378**	**$404**	**$416**
Plus: Cost synergies	3	5	5	5	5	5
Less: Recurring equity earnings	(6)	(10)	(17)	(22)	(27)	(28)
Less: Depreciation	(36)	(90)	(98)	(99)	(100)	(99)
EBIT	**$63**	**$195**	**$236**	**$262**	**$282**	**$294**
Plus: Cash interest income	0	1	1	1	1	1
Less: Cash interest expense	(96)	(208)	(203)	(188)	(157)	(126)
Plus: Capitalized interest adj	26	32	18	0	0	0
Pre-tax income	**($7)**	**$19**	**$51**	**$74**	**$125**	**$168**
Less: Tax expense	0	0	0	0	0	0
Net income	**($7)**	**$19**	**$51**	**$74**	**$125**	**$168**
Plus: Depreciation	36	90	98	99	100	99
Plus: Reethi Rah notes monetization	0	0	76	0	0	0
Plus: Cape Town notes monetization	0	0	0	10	0	0
Plus: Kanahura notes monetization	0	0	0	2	0	0
Plus: Land sale	0	0	0	0	467	0
Less: Capex	(263)	(192)	(75)	(80)	(85)	(88)
Less: Dev. Proj. Investments	(97)	(28)	0	0	0	0
Less: Project advances	0	(20)	5	10	10	0
Less: Lux (repayments)/issuances	(1)	(12)	1	2	3	0
Plus: CF from AC land sale	0	0	(0)	40	0	0
Less: Increases in NWC	7	1	1	(2)	(3)	0
Plus: Palmilla dividend	0	0	8	9	13	13
Plus: Dividend income	14	47	65	20	4	4
Available CF for paydown	**($311)**	**($95)**	**$229**	**$184**	**$634**	**$197**

Internal rate of return	**20.9%**

Credit statistics

	6/30/06	2006E	2007E	2008E	2009E	2010E	2011E
Total debt/EBITDA	10.0x	11.4x	9.7x	7.5x	6.4x	4.4x	3.8x
Total debt/Purchase price	67%	76%	79%	72%	67%	50%	44%
EBITDA/interest	NA	1.06x	1.39x	1.71x	2.01x	2.57x	3.30x

Exit EBITDA adjustment

2011E EBITDA	$416
Less: Mohegan 2011E CF	(43)
Adjusted exit EBITDA	$373

Equity value per share

	Exit FV/EBITDA multiple		
IRR:	11.5x	12.5x	13.5x
18.0%	$75.72	$78.86	$82.00
20.0%	72.39	76.61	79.32
22.0%	70.19	74.15	76.64

Internal rate of return

	Debt to cap on entry		
Price	*62.3%*	*65.0%*	*67.0%*
$75.00	19.6%	20.3%	20.9%
$80.00	17.3	17.9	18.4
$85.00	15.0	15.6	16.0

Implied entry FV/EBITDA multiple

	Exit FV/EBITDA multiple		
IRR:	11.5x	12.5x	13.5x
18.0%	15.1x	15.6x	16.2x
20.0%	14.6	15.1	15.7
22.0%	14.2	14.7	15.2

Note: Valuation date 6/30/06; 2006E adjusted to reflect only Q3–Q4 stub period

[1] Differs from EBITDA in that it includes non-recurring equity earnings and land sales per K-2 model

For more investment banking materials, visit www.10xEBITDA.com

Leveraged buyout analysis — Adjusted Upside Case, 67% leverage

Assumptions

Entry assumptions	
Date	6/30/06
Purchase price per share	$75.00
Cost of debt	7.50%
Full-year 2006E EBITDA	$258

Exit assumptions	
Date	6/30/11
Management promote	15.0%
Exit FV/EBITDA multiple	12.5x
Terminal year EBITDA	$367

Sources & uses

Sources	
New LBO debt	$2,399
New equity	1,281
Total sources	**$3,680**

Uses	
Equity purchase price	$2,918
Refinanced debt	662
Transaction value	$3,580
Transaction fees	100
Total uses	**$3,680**

Projections

	2006E	2007E	2008E	2009E	2010E	2011E
Adjusted cash EBITDA[1]	**$108**	**$306**	**$365**	**$397**	**$424**	**$437**
Plus: Cost synergies	3	5	5	5	5	5
Less: Recurring equity earnings	(6)	(10)	(17)	(22)	(27)	(28)
Less: Depreciation	(36)	(90)	(98)	(99)	(100)	(99)
EBIT	**$69**	**$210**	**$255**	**$281**	**$302**	**$315**
Plus: Cash interest income	0	1	1	1	1	1
Less: Cash interest expense	(96)	(207)	(201)	(184)	(151)	(118)
Plus: Capitalized interest adj	26	32	18	0	0	0
Pre-tax income	**($1)**	**$35**	**$72**	**$98**	**$152**	**$198**
Less: Tax expense	0	0	0	0	0	0
Net income	**($1)**	**$35**	**$72**	**$98**	**$152**	**$198**
Plus: Depreciation	36	90	98	99	100	99
Plus: Reethi Rah notes monetization	0	0	76	0	0	0
Plus: Cape Town notes monetization	0	0	0	10	0	0
Plus: Kanahura notes monetization	0	0	0	2	0	0
Plus: Land sale	0	0	0	0	467	0
Less: Capex	(263)	(192)	(75)	(80)	(85)	(88)
Less: Dev. Proj. Investments	(97)	(28)	0	0	0	0
Less: Project advances	0	(20)	5	10	10	0
Less: Lux (repayments)/issuances	(1)	(12)	1	2	3	0
Plus: CF from AC land sale	0	0	(0)	40	0	0
Less: Increases in NWC	7	1	1	(2)	(3)	0
Plus: Palmilla dividend	0	0	8	9	13	13
Plus: Dividend income	14	47	65	20	4	4
Available CF for paydown	**($304)**	**($78)**	**$250**	**$208**	**$661**	**$226**

Internal rate of return	**22.5%**

Credit statistics

	6/30/06	2006E	2007E	2008E	2009E	2010E	2011E
Total debt/EBITDA	9.3x	10.6x	9.2x	7.0x	5.9x	4.0x	3.3x
Total debt/Purchase price	67%	76%	78%	71%	65%	47%	41%
EBITDA/interest	NA	1.12x	1.48x	1.82x	2.16x	2.81x	3.71x

Exit EBITDA adjustment

2011E EBITDA	$437
Less: Mohegan 2011E CF	(43)
Adjusted exit EBITDA	$394

Equity value per share

	Exit FV/EBITDA multiple		
IRR:	11.5x	12.5x	13.5x
18.0%	$78.01	$81.15	$84.30
20.0%	74.49	78.70	81.43
22.0%	72.13	76.08	78.58

Internal rate of return

	Debt to cap on entry		
Price	*62.3%*	*65.0%*	*67.0%*
$75.00	21.0%	21.8%	22.5%
$80.00	18.8	19.6	20.2
$85.00	16.6	17.3	17.9

Implied entry FV/EBITDA multiple

	Exit FV/EBITDA multiple		
IRR:	11.5x	12.5x	13.5x
18.0%	14.4x	14.9x	15.4x
20.0%	13.9	14.4	14.9
22.0%	13.5	14.0	14.4

Note: Valuation date 6/30/06; 2006E adjusted to reflect only Q3–Q4 stub period

[1] Differs from EBITDA in that it includes non-recurring equity earnings and land sales per K-2 model

APPENDIX

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Leveraged buyout analysis — K-2 case, 62% leverage

Assumptions

Entry assumptions	
Date	6/30/06
Purchase price per share	$75.00
Cost of debt	7.50%
Full-year 2006E EBITDA	$240

Exit assumptions	
Date	6/30/11
Management promote	10.0%
Exit FV/EBITDA multiple	12.5x
Terminal year EBITDA	$345

Sources & uses

Sources	
New LBO debt	$2,230
New equity	1,450
Total sources	**$3,680**

Uses	
Equity purchase price	$2,918
Refinanced debt	662
Transaction value	$3,580
Transaction fees	100
Total uses	**$3,680**

Projections

	2006E	2007E	2008E	2009E	2010E	2011E
Adjusted cash EBITDA[1]	**$102**	**$290**	**$347**	**$378**	**$404**	**$416**
Plus: Cost synergies	3	5	5	5	5	5
Less: Recurring equity earnings	(6)	(10)	(17)	(22)	(27)	(28)
Less: Depreciation	(36)	(90)	(98)	(99)	(100)	(99)
EBIT	**$63**	**$195**	**$236**	**$262**	**$282**	**$294**
Plus: Cash interest income	0	1	1	1	1	1
Less: Cash interest expense	(90)	(195)	(189)	(172)	(140)	(107)
Plus: Capitalized interest adj	26	32	18	0	0	0
Pre-tax income	**($1)**	**$32**	**$66**	**$90**	**$142**	**$187**
Less: Tax expense	0	0	0	0	0	0
Net income	**($1)**	**$32**	**$66**	**$90**	**$142**	**$187**
Plus: Depreciation	36	90	98	99	100	99
Plus: Reethi Rah notes monetization	0	0	76	0	0	0
Plus: Cape Town notes monetization	0	0	0	10	0	0
Plus: Kanahura notes monetization	0	0	0	2	0	0
Plus: Land sale	0	0	0	0	467	0
Less: Capex	(263)	(192)	(75)	(80)	(85)	(88)
Less: Dev. Proj. Investments	(97)	(28)	0	0	0	0
Less: Project advances	0	(20)	5	10	10	0
Less: Lux (repayments)/issuances	(1)	(12)	1	2	3	0
Plus: CF from AC land sale	0	0	(0)	40	0	0
Less: Increases in NWC	7	1	1	(2)	(3)	0
Plus: Palmilla dividend	0	0	8	9	13	13
Plus: Dividend income	14	47	65	20	4	4
Available CF for paydown	**($304)**	**($81)**	**$243**	**$200**	**$652**	**$215**

Internal rate of return	**19.6%**

Credit statistics

	6/30/06	2006E	2007E	2008E	2009E	2010E	2011E
Total debt/EBITDA	9.3x	10.7x	9.1x	6.9x	5.8x	3.8x	3.2x
Total debt/Purchase price	62%	71%	74%	67%	61%	43%	37%
EBITDA/interest	NA	1.13x	1.49x	1.84x	2.20x	2.88x	3.87x

Exit EBITDA adjustment

2011E EBITDA	$416
Less: Mohegan 2011E CF	(43)
Adjusted exit EBITDA	$373

Equity value per share

	Exit FV/EBITDA multiple		
IRR:	11.5x	12.5x	13.5x
18.0%	$74.15	$77.28	$80.42
20.0%	70.59	74.86	77.56
22.0%	68.22	72.24	74.71

Internal rate of return

	Debt to cap on entry		
Price	*62.3%*	*65.0%*	*67.0%*
$75.00	19.6%	20.3%	20.9%
$80.00	17.3	17.9	18.4
$85.00	15.0	15.6	16.0

Implied entry FV/EBITDA multiple

	Exit FV/EBITDA multiple		
IRR:	11.5x	12.5x	13.5x
18.0%	14.8x	15.3x	15.9x
20.0%	14.3	14.8	15.3
22.0%	13.9	14.3	14.8

Note: Valuation date 6/30/06; 2006E adjusted to reflect only Q3–Q4 stub period

[1] Differs from EBITDA in that it includes non-recurring equity earnings and land sales per K-2 model

APPENDIX

JPMorgan

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Sum-of-the-parts analysis — Upside Case

$ millions, except per share data

Existing operations

	Low	High
Paradise Island (excl. Phase III)		
2006E EBITDA	$170	$170
Multiple	10.0x	11.0x
Enterprise value	**$1,701**	**$1,872**
Ocean Club		
2006E EBITDA	$13	$13
Multiple	14.0x	15.0x
Enterprise value	**$176**	**$189**
Mohegan		
PV of annuity	$211	$225
Less: CT tax @ 7%	(15)	(15)
Enterprise value	**$196**	**$210**
One & Only		
Gross O&O fees	$24	$24
Less: Expenses	(13)	(13)
Net O&O fees	$11	$11
Multiple	18.0x	20.0x
Enterprise value	**$200**	**$222**
Harborside		
Fees	$4	$4
Multiple	8.0x	10.0x
Enterprise value	**$33**	**$41**
Corporate		
2006E adj. corp. expense	($38)	($38)
Multiple	9.0x	10.0x
Enterprise value	**($344)**	**($382)**
Equity earnings		
Equity income	$14	$14
Less: Palmilla equity earnings	(3)	(3)
Adjusted equity earnings	$11	$11
Multiple	20.0x	25.0x
Enterprise value	**$218**	**$272**
Enterprise value	**$2,180**	**$2,424**
Less: Net debt	(355)	(355)
Plus: Equity value of Palmilla	85	95
Equity value	**$1,910**	**$2,164**
Diluted shares[1]	39.1	39.1
Equity value per share	**$48.88**	**$55.37**
Plus: Undeveloped land	3.28	9.84
Plus: Development projects	21.21	27.92
Equity value per share	**$73.36**	**$93.13**

Development projects

	BLB	Phase III	Morocco	Morocco Fees	The Palm	The Palm Fees	50% of OC Condos	50% of CondoTel	CondoTel Fees
First stabilized year	2007	2009	2008	2008	2009	2009			2008
EBITDA	**$75**	**$103**	**$34**	**$6**	**$141**	**$24**			**$24**
Multiple	8.0x	10.5x	8.5x	14.0x	10.0x	14.0x			9.8x
Enterprise value	**$597**	**$1,080**	**$290**	**$80**	**$1,413**	**$329**			**$238**
Less: Project net debt	(433)	(711)	(152)	0	(1,124)	0			0
Equity value	**$164**	**$369**	**$138**	**$80**	**$289**	**$329**			**$238**
Discount years	0.5	2.5	1.5	1.5	2.5	2.5			1.5
Discount rate	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%			12.5%
Present value of equity	**$154**	**$275**	**$116**	**$67**	**$215**	**$245**	**$33**	**$75**	**$199**
Percentage ownership	38%	100%	50%	100%	50%	100%	100%	100%	100%
Pro rata equity value	**$58**	**$275**	**$58**	**$67**	**$108**	**$245**	**$33**	**$75**	**$199**
PV of remaining funding	(19)	0	(24)	0	(74)	0	0	(41)	0
Net equity value	**$38**	**$275**	**$34**	**$67**	**$33**	**$245**	**$33**	**$34**	**$199**
Diluted shares	39.1	39.1	39.1	39.1	39.1	39.1	39.1	39.1	39.1
Equity value per share (midpoint)	**$0.98**	**$7.03**	**$0.86**	**$1.71**	**$0.85**	**$6.26**	**$0.85**	**$0.86**	**$5.09**
Low	**$0.64**	**$5.92**	**$0.66**	**$1.57**	**$0.14**	**$5.69**	**$0.85**	**$0.84**	**$4.89**
High	**$1.33**	**$8.20**	**$1.06**	**$1.86**	**$1.60**	**$6.86**	**$0.86**	**$0.87**	**$5.29**

Development projects total

Low	**$21.21**
High	**$27.92**

Palmilla

	Low	High
2006E EBITDA	20	20
Multiple	14.0x	15.0x
Enterprise value	280	300
Less: Net debt	(110)	(110)
Equity value	**$170**	**$190**
% ownership	50.0%	50.0%
Equity value	**$85**	**$95**

Undeveloped land

	Low	High
Acres (mm)	64.1	64.1
$mm per acre	$2	$6
Total value	**$128**	**$385**
Diluted shares	39.1	39.1
Equity value per share	**$3.28**	**$9.84**

Development project valuation ranges

	EBITDA multiple		Discount rate	
	Low	High	Low	High
Mohegan			11.5%	13.5%
BLB	7.5x	8.5x	11.5%	13.5%
Phase III	10.0x	11.0x	11.5%	13.5%
Morocco	8.0x	9.0x	11.5%	13.5%
Morocco Fees	13.0x	15.0x	11.5%	13.5%
The Palm	9.5x	10.5x	11.5%	13.5%
The Palm Fees	13.0x	15.0x	11.5%	13.5%
OC Condos			11.5%	13.5%
CondoTel			11.5%	13.5%
CondoTel Fees	9.5x	10.0x	11.5%	13.5%
Land ($ per acre)	$2.0	$6.0		

Note: Development projects valuation multiples represents the midpoint of each project's assumed valuation range

[1] Based on the midpoint of the valuation range

APPENDIX

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Sum-of-the-parts analysis — Adjusted Upside Case

$ millions, except per share data

Existing operations

	Low	High
Paradise Island (excl. Phase III)		
2006E EBITDA	$187	$187
Multiple	10.0x	11.0x
Enterprise value	**$1,872**	**$2,059**
Ocean Club		
2006E EBITDA	$14	$14
Multiple	14.0x	15.0x
Enterprise value	**$194**	**$208**
Mohegan		
PV of annuity	$211	$225
Less: CT tax @ 7%	(15)	(15)
Enterprise value	**$196**	**$210**
One & Only		
Gross O&O fees	$24	$24
Less: Expenses	(13)	(13)
Net O&O fees	$11	$11
Multiple	18.0x	20.0x
Enterprise value	**$200**	**$222**
Harborside		
Fees	$4	$4
Multiple	8.0x	10.0x
Enterprise value	**$33**	**$41**
Corporate		
2006E adj. corp. expense	($38)	($38)
Multiple	9.0x	10.0x
Enterprise value	**($344)**	**($382)**
Equity earnings		
Equity income	$14	$14
Less: Palmilla equity earnings	(3)	(3)
Adjusted equity earnings	$11	$11
Multiple	20.0x	25.0x
Enterprise value	**$218**	**$272**
Enterprise value	**$2,368**	**$2,630**
Less: Net debt	(355)	(355)
Plus: Equity value of Palmilla	85	95
Equity value	**$2,098**	**$2,370**
Diluted shares[1]	39.3	39.3
Equity value per share	**$53.36**	**$60.28**
Plus: Undeveloped land	3.26	9.78
Plus: Development projects	21.08	27.76
Equity value per share	**$77.71**	**$97.82**

Development projects

	BLB	Phase III	Morocco	Morocco Fees	The Palm	The Palm Fees	50% of OC Condos	50% of CondoTel	CondoTel Fees
First stabilized year	2007	2009	2008	2008	2009	2009			2008
EBITDA	**$75**	**$103**	**$34**	**$6**	**$141**	**$24**			**$24**
Multiple	8.0x	10.5x	8.5x	14.0x	10.0x	14.0x			9.8x
Enterprise value	**$597**	**$1,080**	**$290**	**$80**	**$1,413**	**$329**			**$238**
Less: Project net debt	(433)	(711)	(152)	0	(1,124)	0			0
Equity value	**$164**	**$369**	**$138**	**$80**	**$289**	**$329**			**$238**
Discount years	0.5	2.5	1.5	1.5	2.5	2.5			1.5
Discount rate	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%			12.5%
Present value of equity	**$154**	**$275**	**$116**	**$67**	**$215**	**$245**	**$33**	**$75**	**$199**
Percentage ownership	38%	100%	50%	100%	50%	100%	100%	100%	100%
Pro rata equity value	**$58**	**$275**	**$58**	**$67**	**$108**	**$245**	**$33**	**$75**	**$199**
PV of remaining funding	(19)	0	(24)	0	(74)	0	0	(41)	0
Net equity value	**$38**	**$275**	**$34**	**$67**	**$33**	**$245**	**$33**	**$34**	**$199**
Diluted shares	39.3	39.3	39.3	39.3	39.3	39.3	39.3	39.3	39.3
Equity value per share (midpoint)	**$0.98**	**$6.99**	**$0.85**	**$1.70**	**$0.85**	**$6.23**	**$0.85**	**$0.85**	**$5.06**
Low	**$0.64**	**$5.89**	**$0.66**	**$1.56**	**$0.14**	**$5.66**	**$0.84**	**$0.84**	**$4.86**
High	**$1.32**	**$8.15**	**$1.05**	**$1.85**	**$1.59**	**$6.82**	**$0.85**	**$0.87**	**$5.26**

Development projects total

Low	**$21.08**
High	**$27.76**

Palmilla

	Low	High
2006E EBITDA	20	20
Multiple	14.0x	15.0x
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Total value	**$128**	**$385**
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Equity value per share	**$3.26**	**$9.78**

Development project valuation ranges

	EBITDA multiple		Discount rate	
	Low	High	Low	High
Mohegan			11.5%	13.5%
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CondoTel			11.5%	13.5%
CondoTel Fees	9.5x	10.0x	11.5%	13.5%
Land ($ per acre)	$2.0	$6.0		

Note: Development projects valuation multiples represents the midpoint of each project's assumed valuation range

[1] Based on the midpoint of the valuation range

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Financial buyer cost synergy analysis

Cost synergies opportunities ($ thousands)			
Corporate salaries	2006E budget[1]	Synergies %	Synergies - $
Corporate	$4,860	-	-
Executive bonus plan	3,750	(100.0%)	(3,750)
Finance, accounting and legal	5,463	-	-
Public relations	1,902	(33.0%)	(628)
Human resources	1,860	-	-
Additional	-	-	(945)
Total	**$17,835**		**$5,000**

[1] Source: K-2 management

APPENDIX

JPMorgan

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Paradise Island land

K-2's total usable, undeveloped land on Paradise Island

	Acres
Main Club Med (including Option land)	39.4
Lot 1 (Hart House)	0.5
Lot 2,3 + (Mcweeney House)	1.8
West of Phase III (formerly Club Med)	41.7
South of Phase III (Trailer park and Helipad)	8.5
Hurricane Hole (excluding Marina)	7.1
East of Riu on Beach (Parcels F & E)	6
PI Colony Lot East of Car Park structure	0.8
Total acreage	**64.1**

Source: K-2 management

Comparable transactions

	Acres	$mm	$mm/acre
Melk Property - beachfront, adjacent to Ocean Club Estates	7.5	$15.0	$2.0
Hurricane Hole Marina	7.0	14.0	2.0[1]
Ocean Club Condo Property	9.0	18.0	2.0
Club Med (adjacent to Phase III)	41.0	40.0	1.0
Weighted average			**$1.4**

Source: K-2 management

[1] Hurricane Hole transaction included a marina with $1mm of annual EBITDA. Total transaction value of $24mm assumes a 10x purchase multiple for marina

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Additional development projects

Additional Atlantis developments (100% probability of success)	Atlantis resort	Management fees
Assumed opening day	1/1/09	1/1/09
EBITDA	$141	$24
Multiple	10.0x	14.0x
Enterprise value	1,413	329
Less: Net debt held at project	(1,124)	0
Equity value	$289	$329
Discount period	2.5	2.5
Discount rate	12.5%	12.5%
PV of Equity	215	245
Percentage ownership	50%	100%
Owned equity value	$108	$245
Less: Present value of remaining funding	(74)	0
Net equity value at 6/30/06	**$33**	**$245**
Total equity value at 6/30/06		**$278**

	6/30/06E	2013E	2017E
Equity value[1]	$278	$347	$391
Discount period		7.5	11.5
Discount rate		12.5%	12.5%
Present value of Atlantis projects		**$143**	**$101**
Total additional equity value			**$244**
Diluted shares (current)			38.5
Total additional equity value per share			**$6.35**

[1] Equity value of additional Atlantis resorts grown by inflation

Proposed Singapore development (25% probability of success)	Singapore resort
Assumed opening day	1/1/09
EBITDA	$375
Multiple	10.0x
Enterprise value	$3,750
Less: project cost	(3,000)
Equity value	$750
Discount period	2.5
Discount rate	12.5%
PV of Equity	$559
Probability of success	25%
Prob. weighted PV of Equity	$140
Percentage ownership	60%
Net equity value at 6/30/06	**$84**
Diluted shares (current)	38.5
Total additional equity value per share	**$2.18**

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Adjusted cash EBITDA build-up — Upside Case

$ millions	2004A	2005A	'06Q1	'06Q2	'06Q3	'06Q4	2006E	2007E	2008E	2009E	2010E
EBITDA:											
Paradise Island	144	162	57	55	34	25	170	143	172	182	191
Ocean Club	10	12	5	4	2	2	13	13	14	14	15
Phase III	2	2	2	2	2	2	9	74	93	103	107
Paradise Island	156	176	64	61	37	29	191	231	278	299	312
CondoTel	0	0	0	0	0	0	0	0	21	23	24
CondoTel Fees	0	0	0	0	0	0	0	0	0	0	0
Harborside Fees	3	4	1	1	1	1	4	4	3	4	4
The Palm	0	0	0	1	1	1	2	4	4	24	26
Dome	0	0	0	0	0	0	0	0	0	0	0
UK Gaming	(2)	(5)	(2)	(2)	(1)	(2)	(7)	(4)	(2)	0	0
Mohegan	37	39	9	9	10	10	39	37	38	39	40
Catskills	0	0	0	0	0	0	0	0	0	0	0
Morocco	0	0	0	0	0	0	0	1	1	7	9
O&O Management Fees:											
Mauritius	8	8	3	1	1	3	8	8	8	8	9
Kanuhura	1	0	1	0	0	0	1	1	1	1	1
Reethi Rah	0	1	2	0	1	2	5	5	6	6	6
Dubai	3	4	1	1	0	1	4	4	4	4	5
Palmilla	1	3	1	1	1	2	4	3	5	5	5
Cape Town	0	0	0	0	0	0	0	0	0	1	2
Marketing Fees	0	2	1	0	0	1	2	2	2	2	2
O&O Management Fees	14	18	8	5	3	8	24	23	26	29	30
O&O Development Fees	1	(0)	(0)	0	0	0	0	1	1	0	0
Total Segment EBITDA	**210**	**233**	**80**	**74**	**52**	**47**	**254**	**296**	**371**	**425**	**446**
Corporate Expenses	(29)	(27)	(8)	(8)	(8)	(8)	(31)	(33)	(34)	(40)	(42)
New Project Expenses	(4)	(9)	(2)	(2)	(2)	(1)	(7)	(5)	(5)	(5)	(5)
Corp. Stock Comp Amort.	(2)	(3)	(4)	(4)	(4)	(4)	(18)	(16)	(19)	(17)	(17)
O&O Expenses	(14)	(13)	(3)	(3)	(3)	(3)	(13)	(14)	(15)	(16)	(16)
Corporate and O&O Expenses	(49)	(52)	(18)	(18)	(18)	(16)	(69)	(68)	(73)	(77)	(80)
Minority Interest	(2)	(2)	(1)	(0)	(0)	(1)	(2)	(4)	(5)	(6)	(7)
Adjusted consolidated EBITDA	**160**	**179**	**62**	**56**	**34**	**31**	**183**	**225**	**294**	**341**	**359**
Plus: Corp. Stock Comp. Amort.	2	3	4	4	4	4	18	16	19	17	17
Plus: Equity earnings, Net	2	12	6	2	0	5	14	10	17	22	27
Cash EBITDA	**163**	**194**	**72**	**63**	**39**	**40**	**214**	**251**	**330**	**381**	**404**
Plus: Non-recurring adjustments	(15)	(75)	(6)	9	11	12	26	34	11	(3)	0
Plus: Land sales	0	0	0	0	0	0	0	5	5	0	0
Adjusted cash EBITDA	**148**	**120**	**66**	**72**	**50**	**52**	**240**	**290**	**347**	**378**	**404**

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Adjusted cash EBITDA build-up — Adjusted Upside Case

10% upside on Atlantis, Paradise Island and Ocean Club over management's Upside Case EBITDA projections

$ millions

	2004A	2005A	'06Q1	'06Q2	'06Q3	'06Q4	2006E	2007E	2008E	2009E	2010E
EBITDA:											
Paradise Island	144	162	63	60	37	27	187	157	189	200	210
Ocean Club	10	12	5	5	2	2	14	14	15	16	16
Phase III	2	2	2	2	2	2	9	74	93	103	107
Total Paradise Island	156	176	70	67	41	31	210	246	297	319	333
CondoTel	0	0	0	0	0	0	0	0	21	23	24
CondoTel Fees	0	0	0	0	0	0	0	0	0	0	0
Harborside Fees	3	4	1	1	1	1	4	4	3	4	4
The Palm	0	0	0	1	1	1	2	4	4	24	26
Dome	0	0	0	0	0	0	0	0	0	0	0
UK Gaming	(2)	(5)	(2)	(2)	(1)	(2)	(7)	(4)	(2)	0	0
Mohegan	37	39	9	9	10	10	39	37	38	39	40
Catskills	0	0	0	0	0	0	0	0	0	0	0
Morocco	0	0	0	0	0	0	0	1	1	7	9
O&O Management Fees:											
Mauritius	8	8	3	1	1	3	8	8	8	8	9
Kanuhura	1	0	1	0	0	0	1	1	1	1	1
Reethi Rah	0	1	2	0	1	2	5	5	6	6	6
Dubai	3	4	1	1	0	1	4	4	4	4	5
Palmilla	1	3	1	1	1	2	4	3	5	5	5
Cape Town	0	0	0	0	0	0	0	0	0	1	2
Marketing Fees	0	2	1	0	0	1	2	2	2	2	2
O&O Management Fees	14	18	8	5	3	8	24	23	26	29	30
O&O Development Fees	1	(0)	(0)	0	0	0	0	1	1	0	0
Total Segment EBITDA	**210**	**233**	**86**	**80**	**55**	**50**	**272**	**312**	**390**	**445**	**467**
Corporate Expenses	(29)	(27)	(8)	(8)	(8)	(8)	(31)	(33)	(34)	(40)	(42)
New Project Expenses	(4)	(9)	(2)	(2)	(2)	(1)	(7)	(5)	(5)	(5)	(5)
Corp. Stock Comp Amort.	(2)	(3)	(4)	(4)	(4)	(4)	(18)	(16)	(19)	(17)	(17)
O&O Expenses	(14)	(13)	(3)	(3)	(3)	(3)	(13)	(14)	(15)	(16)	(16)
Corporate and O&O Expenses	(49)	(52)	(18)	(18)	(18)	(16)	(69)	(68)	(73)	(77)	(80)
Minority Interest	(2)	(2)	(1)	(0)	(0)	(1)	(2)	(4)	(5)	(6)	(7)
Adjusted consolidated EBITDA	**160**	**179**	**68**	**62**	**38**	**33**	**201**	**240**	**312**	**361**	**380**
Plus: Corp. Stock Comp. Amort.	2	3	4	4	4	4	18	16	19	17	17
Plus: Equity earnings, Net	2	12	6	2	0	5	14	10	17	22	27
Cash EBITDA	**179**	**212**	**78**	**69**	**42**	**43**	**232**	**267**	**349**	**400**	**424**
Plus: Non-recurring adjustments	(15)	(75)	(6)	9	11	12	26	34	11	(3)	0
Plus: Land sales	0	0	0	0	0	0	0	5	5	0	0
Adjusted cash EBITDA	**163**	**137**	**72**	**78**	**53**	**55**	**258**	**306**	**365**	**397**	**424**

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WACC analysis

WACC calculation

Risk free rate	4.74%
Unlevered Beta	1.30
Levered Beta	1.75
Equity risk premium	4.24%
Cost of equity (Re)	12.16%
Pre-tax cost of debt (YTW) (Rd)	6.55%
Effective tax rate	0.0%
Post-tax cost of debt	6.55%
Target debt/total capital	35.0%
Target debt/equity	53.8%
WACC	**10.20%**
WACC (rounded)	**10.20%**
Leverage (% of TMC)	35.0%
Debt	35.0
Equity	65.0
Debt/equity	**53.8%**

Estimated peer beta analysis

Company	Predicted beta	Total debt	Equity mkt. cap	Debt/ capital	Tax rate	Unlevered beta
MGM Mirage	1.50	$12,271	11,247	52%	35%	1.12
Harrah's Entertainment	1.25	10,596	13,166	45%	35%	0.97
Wynn Resorts	1.75	NM	NM	NM	NM	NM
Las Vegas Sands	1.60	NM	NM	NM	NM	NM
Gaylord Entertainment	1.50	582	1,883	24%	35%	1.30
Orient Express Hotels	1.50	558	1,407	28%	35%	1.27
Starwood Hotels & Resorts	1.25	3,180	15,440	17%	35%	1.13
Hilton Hotels	1.25	8,193	9,863	45%	35%	0.97
Mean	**1.45**	**5,897**	**8,834**	**35%**	**35%**	1.12
Median	**1.50**	**5,687**	**10,555**	**37%**	**35%**	1.12

WACC sensitivity by beta and cost of debt

		Cost of debt				
		6.05%	6.30%	6.55%	6.80%	7.05%
Beta	1.50	9.33%	9.42%	9.51%	9.60%	9.68%
	1.75	10.02%	10.11%	10.20%	10.29%	10.37%
	2.00	10.71%	10.80%	10.89%	10.97%	11.06%

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Value of NOLs

- K-2 has $279.8mm of U.S. NOLs outstanding in its K-2 International North America, Inc. ("KINA") subsidiary
  - $0.5mm are restricted in use
  - $279.3mm are unrestricted
- In a change of control transaction, K-2's NOLs will be subject to certain restrictions
  - Limit on using more than (4.36% * equity value of KINA) of NOLs in any given year
- Only exception is that if K-2 sells any assets within KINA where the sale price is greater than the basis, K-2 may be able to utilize the NOLs without limitation to shield any capital gains

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K-2 model — Key drivers

	2004A	2005A	2006E	2007E	2008E	2009E	2010E
Room Margin	*78.1%*	*79.0%*	*78.8%*	*78.6%*	*78.8%*	*78.8%*	*78.8%*
% growth	*0.2%*	*0.8%*	*(0.2%)*	*(0.1%)*	*0.1%*	*(0.0%)*	*0.0%*
RevPAR	$207.00	$221.09	$230.76	$239.89	$255.67	$269.02	$279.77
% growth	*2.9%*	*6.8%*	*4.4%*	*4.0%*	*6.6%*	*5.2%*	*4.0%*
ADR	$257.06	$271.52	$281.20	$298.76	$316.32	$328.80	$341.94
% growth	*2.1%*	*5.6%*	*3.6%*	*6.2%*	*5.9%*	*3.9%*	*4.0%*
Occupancy	*80.5%*	*81.4%*	*82.1%*	*80.3%*	*80.8%*	*81.8%*	*81.8%*
% growth	*0.7%*	*0.9%*	*0.6%*	*(1.8%)*	*0.5%*	*1.0%*	*0.0%*
Phase I # of Rooms	1,116	1,116	1,116	1,116	1,116	1,116	1,116
Phase II # of Rooms	1,201	1,201	1,201	1,201	1,201	1,201	1,201
Phase III # of Rooms				600	600	600	600
Total Rooms	2,317	2,317	2,317	2,917	2,917	2,917	2,917
Win/Table/Day	$2,636	$2,788	$2,814	$3,172	$3,452	$3,587	$3,694
% growth	*(12.0%)*	*5.8%*	*0.9%*	*12.7%*	*8.8%*	*3.9%*	*3.0%*
Slot Win/Day	$177	$213	$208	$238	$258	$268	$276
% growth	*8.4%*	*20.6%*	*(2.5%)*	*14.6%*	*8.2%*	*4.0%*	*3.0%*
% of revenue							
Food	*72.4%*	*71.5%*	*72.2%*	*72.2%*	*72.2%*	*72.2%*	*72.2%*
Beverage	*26.2%*	*26.9%*	*26.8%*	*26.7%*	*26.8%*	*26.8%*	*26.8%*
Food COGS	*27.9%*	*27.8%*	*27.7%*	*27.8%*	*27.7%*	*27.7%*	*27.7%*
Beverage COGS	*19.8%*	*18.9%*	*18.9%*	*18.9%*	*18.9%*	*18.9%*	*18.9%*
Payrol & related	*32.3%*	*31.8%*	*31.7%*	*31.7%*	*31.7%*	*31.7%*	*31.7%*
Telephone expense	*40.6%*	*32.3%*	*33.7%*	*40.9%*	*40.6%*	*40.7%*	*40.7%*
F&B margin	*29.9%*	*29.7%*	*30.9%*	*30.9%*	*30.9%*	*30.9%*	*30.9%*
% growth	*10.9%*	*(0.5%)*	*4.1%*	*(0.3%)*	*0.3%*	*(0.0%)*	*0.0%*
F&B/occupied room night	$189.33	$207.71	$257.93	$270.90	$284.38	$298.60	$313.53
% growth	*6.6%*	*9.7%*	*24.2%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Food/occupied room night	$137.03	$148.54	$186.10	$195.60	$205.18	$215.45	$226.22
% growth	*6.9%*	*8.4%*	*25.3%*	*5.1%*	*4.9%*	*5.0%*	*5.0%*
Beverage/occupied room night	$49.52	$55.79	$69.01	$72.35	$76.09	$79.89	$83.88
% growth	*5.1%*	*12.7%*	*23.7%*	*4.8%*	*5.2%*	*5.0%*	*5.0%*
Telephone/occupied room night	$13.18	$10.86	$11.17	$11.39	$11.85	$12.20	$12.56

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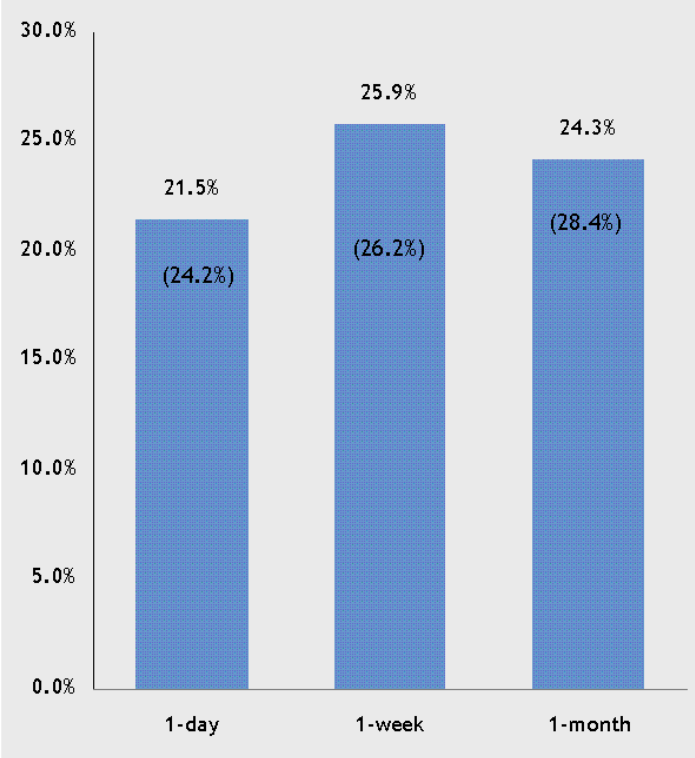
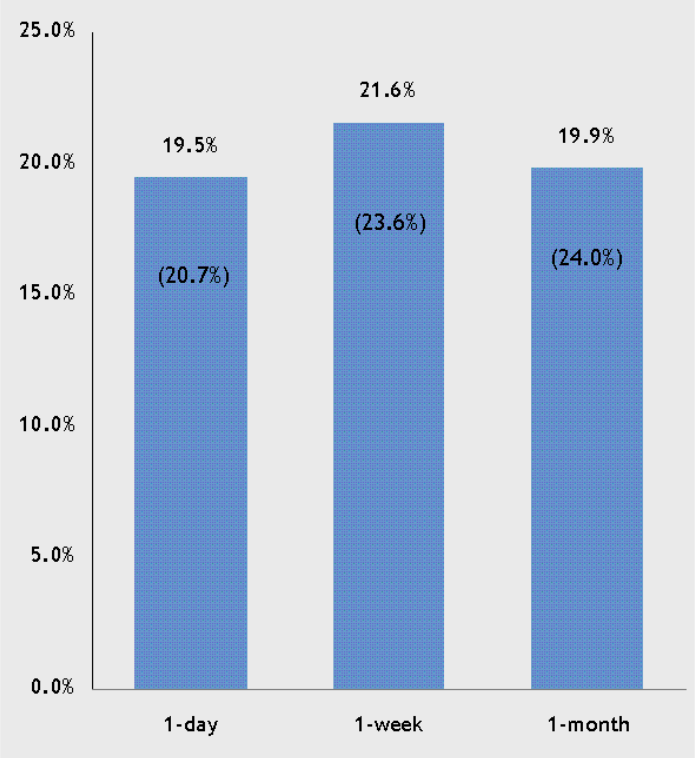
Premiums paid analysis

Median - All deals (mean premiums in parentheses)



Note: All-cash deals greater than $1bn announced 2004-present

Median - LBO deals (mean premiums in parentheses)



Note: All-cash leveraged buyouts greater than $1bn announced 2004-present

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Premiums paid

Based on all 100% cash deals greater than $1bn 2004-present (86 deals)

Date Announced	Date Effective	Target Name	Acquiror Name	Value of Deal ($mil)	1-day	1-week	1-month
2/27/2006	NA	KeySpan Corp	National Grid PLC	$11,317.99	16.08%	16.76%	16.02%
2/21/2006	NA	MeriStar Hospitality Corp	Blackstone Group LP	3,428.78	5.24	5.45	9.77
2/6/2006	NA	Lafarge N America Inc	Lafarge SA	2,796.26	16.73	17.18	22.56
1/30/2006	NA	Fairmont Hotels & Resorts	Colony Capital & Kingdom Holdings	3,900.00	28.10	40.58	38.80
1/22/2006	NA	Sports Authority Inc	Investor Group	1,371.13	19.96	26.01	20.74
1/10/2006	NA	Hughes Supply Inc	Home Depot Inc	3,475.66	20.62	26.98	24
1/3/2006	NA	Engelhard Corp	BASF AG	4,995.41	22.71	20.44	23.08
12/19/2005	NA	Town & Country Trust	Magazine Acquisition GP LLC	1,470.96	32.67	32.28	34.13
12/14/2005	NA	Abgenix Inc	Amgen Inc	2,262.89	58.56	57.34	67.66
12/13/2005	NA	Anteon International Corp	General Dynamics Corp	2,100.87	34.61	30.68	23.61
12/7/2005	NA	CenterPoint Properties Trust	CalEast Industrial Investors	3,288.12	9.6	9.43	12.71
11/30/2005	NA	General Maritime Corp	FrontLine Ltd	1,804.07	5.89	5.43	5.51
11/21/2005	NA	Alamosa Holdings Inc	Sprint Nextel Corp	4,353.26	15.31	19.27	20.97
11/21/2005	NA	NorthWestern Corp	Black Hills Power Inc	1,973.10	20.44	23.81	17.49
11/20/2005	NA	Beverly Enterprises Inc	Fillmore Capital Partners LLC	1,913.96	6.56	5.66	9.55
11/18/2005	2/27/2006	Scientific Atlanta Inc	Cisco Systems Inc	5,323.97	3.74	10.54	30.18
11/13/2005	12/23/2005	Georgia-Pacific Corp	Koch Forest Products Inc	20,460.05	38.53	46.79	54.69
11/10/2005	NA	SERENA Software Inc	Silver Lake Partners	1,086.90	2.74	7.29	24.35
11/9/2005	1/25/2006	La Quinta Corp	Blackstone Group LP	2,940.56	36.86	33.14	40.8
11/8/2005	NA	Linens n Things Inc	Investor Group	1,267.84	7.94	14.89	16.95
10/24/2005	2/7/2006	Amli Residential Ppty Trust	Prime Property Fund	1,959.83	20.72	22.72	19.05
10/24/2005	NA	Independence Cmnty Bk Corp,NY	Sovereign Bancorp Inc,PA	3,656.88	29.43	30.8	21.85
10/24/2005	NA	Nextel Partners Inc	Sprint Nextel Corp	7,545.33	11.72	15.76	13.01
10/16/2005	11/30/2005	Adv Neuromodulations Sys Inc	St Jude Medical Inc	1,203.12	30.37	22.77	21.77
10/3/2005	12/28/2005	ShopKo Stores Inc	Investor Group	1,145.51	13.63	16.23	17.88
9/29/2005	1/4/2006	IDX Systems Corp	GE Healthcare Ltd	1,264.06	25.1	33.57	38.8
9/19/2005	12/13/2005	Spinnaker Exploration Co	Norsk Hydro ASA	2,544.97	34.35	44.33	51.48
9/18/2005	11/17/2005	TBC Corp	Sumitomo Corp of America	1,091.05	34	34.36	34.56
9/15/2005	NA	UICI	Investor Group	1,719.09	19.04	17.08	19.89
9/1/2005	NA	Chiron Corp	Novartis AG	6,067.87	23.49	27.4	23.28
8/29/2005	NA	PanAmSat Holding Corp	Intelsat Ltd	6,271.11	26.26	26.26	25.12
8/24/2005	12/9/2005	York International Corp	Johnson Controls Inc	3,113.87	38.34	36.14	35.17
8/4/2005	12/1/2005	Metris Cos Inc	HSBC Finance Corp	1,592.98	1.08	0.54	3.16
8/2/2005	1/31/2006	Reebok International Ltd	adidas-Salomon AG	4,288.05	37.97	37.94	39.05
7/21/2005	10/14/2005	Priority Healthcare Corp	Express Scripts Inc	1,192.43	7.69	9.29	10.67
7/10/2005	8/12/2005	US Unwired Inc	Sprint Corp	1,324.84	1.46	4.34	24.25
6/30/2005	NA	NorthWestern Corp	Montana Public Power Inc	1,904.11	12.61	13.64	12.26
6/17/2005	9/27/2005	CRT Properties Inc	DRA Advisors LLC	1,557.89	15.4	17.15	18.7
6/16/2005	9/14/2005	Vicuron Pharmaceuticals Inc	Pfizer Inc	1,791.47	84.18	78.64	68.4
6/14/2005	8/16/2005	Wyndham International Inc	Blackstone Group LP	3,099.42	18.56	19.79	19.79
6/13/2005	12/2/2005	Commercial Federal,Omaha,NE	Bank of the West,CA	1,340.33	34.07	34.76	36.11
6/7/2005	9/30/2005	Gables Residential Trust	Investor Group	2,425.88	14.11	19.47	17.09
6/3/2005	NA	Acxiom Corp	ValueAct Capital Partners LP	2,588.17	35.28	32.98	28.27
6/2/2005	8/31/2005	Storage Technology Corp	Sun Microsystems Inc	3,139.84	18.48	18.29	32.05
6/2/2005	7/29/2005	Titan Corp	L-3 Communications Hldg Inc	2,652.48	15.33	25.82	33.06
5/16/2005	8/5/2005	Overnite Corp	UPS	1,293.33	46.21	35.79	42.74
5/12/2005	8/2/2005	Cuno Inc	3M Corp	1,402.81	31.34	34.73	36.78
5/4/2005	NA	Renal Care Group Inc	Fresenius Medical Care AG	3,998.12	22.13	26.64	25.29
5/2/2005	10/6/2005	Neiman Marcus Group Inc	Investor Group	5,193.99	33.77	37.38	38.46
4/21/2005	7/28/2005	Transkaryotic Therapies Inc	Shire Pharmaceuticals Grp PLC	1,346.72	21.55	38.11	55.52
3/28/2005	8/11/2005	SunGard Data Systems Inc	Investor Group	10,844.35	44.28	41.5	37.29
3/17/2005	7/21/2005	Toys "R" Us Inc	Investor Group	6,114.41	16.96	21.64	23.21

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Premiums paid (continued)

Based on all 100% cash deals greater than $1bn 2004-present (86 deals)

Date Announced	Date Effective	Target Name	Acquiror Name	Value of Deal ($mil)	1-day	1-week	1-month
3/7/2005	12/16/2005	Insight Communications Co Inc	Investor Group	$3,307.31	21.38%	23.68%	12.54%
3/7/2005	6/24/2005	United Defense Industries Inc	BAE Systems North America	4,200.07	28.73	37.06	46.63
2/15/2005	NA	Circuit City Stores Inc	Highfields Capital Mgmt LP	2,404.57	19.47	18.38	19.55
2/4/2005	9/16/2005	John Q Hammons Hotels Inc	Investor Group	1,235.15	2.96	20	18.22
1/31/2005	6/3/2005	Pulitzer Inc	Lee Enterprises Inc	1,529.16	1.75	-1.46	-0.85
12/19/2004	4/20/2005	Kramont Realty Trust	Centro Watt America REIT III	1,104.21	17.03	16.57	18.21
12/5/2004	3/22/2005	Sola International Inc	Investor Group	1,083.17	26.63	33.9	42.49
11/24/2004	2/22/2005	Ionics Inc	GE Infrastructure Inc	1,297.55	47.9	43.04	52.51
11/19/2004	4/27/2005	Hollywood Entertainment Corp	Movie Gallery Inc	1,076.29	13.44	13.34	36.6
11/3/2004	10/3/2005	Argosy Gaming Co	Penn National Gaming Inc	2,149.84	16.39	11.06	17.82
11/1/2004	7/1/2005	Kaneb Services LLC	Valero LP	1,151.46	37.93	34.13	31.72
10/20/2004	12/10/2004	Boca Resorts Inc	Blackstone Real Estate Advisor	1,188.15	27.93	30.65	31.08
10/19/2004	12/22/2004	Robert Mondavi Corp	Constellation Brands Inc	1,271.89	49.9	52.27	50.93
10/18/2004	2/24/2005	Select Medical Corp	EGL Holding Co	2,287.01	26.58	27.84	39.32
9/29/2004	11/12/2004	Orbitz Inc	Cendant Corp	1,089.75	34.47	33.82	48.41
8/27/2004	2/3/2005	LNR Property Corp	Riley Property Holdings LLC	3,959.93	6.73	10.7	16.83
8/24/2004	12/21/2004	Price Legacy Corp	PL Retail LLC	1,387.29	0.69	-0.16	2.33
8/20/2004	11/12/2004	Rouse Co	General Growth Properties Inc	11,894.65	33.37	38.32	41.21
7/22/2004	12/23/2004	AMC Entertainment Inc	Marquee Holdings Inc	2,196.20	13.64	35.89	23.34
7/21/2004	4/13/2005	Texas Genco Holdings Inc	Investor Group	2,886.02	28.36	42.16	39.23
7/13/2004	10/18/2004	National Processing Inc	Bank of America Corp	1,135.86	-9.52	-7.96	-8.75
6/4/2004	4/25/2005	Mandalay Resort Group	MGM Mirage Inc	7,643.65	29.99	29.44	34.9
5/24/2004	7/28/2005	NeighborCare Inc	Omnicare Inc	2,067.13	96.66	94.35	44.19
5/19/2004	7/7/2004	ALARIS Medical Systems Inc	Cardinal Health Inc	2,050.13	18.38	11.64	17.76
5/18/2004	7/8/2004	Kroll Inc	Marsh & McLennan Cos Inc	1,886.69	32.43	32.85	34.55
5/4/2004	8/31/2004	Charter One Finl,Cleveland,OH	Citizens Financial Group,RI	10,529.98	24.72	31.46	25.71
5/3/2004	8/4/2004	Keystone Property Trust	Investor Group	1,375.61	17.01	14.2	0.54
4/20/2004	8/20/2004	PanAmSat Corp	Investor Group	4,681.62	5	1.42	14.69
4/15/2004	5/21/2004	Tom Brown Inc	EnCana Corp	2,684.66	23.8	23.07	33.7
3/22/2004	8/20/2004	US Oncology Inc	Welsh Carson Anderson & Stowe	1,282.16	18.5	20.3	17.3
3/15/2004	11/1/2004	Community First Bankshares,ND	BancWest Corp,Honolulu,HI	1,213.42	12.6	11.9	17.53
3/5/2004	5/12/2004	Extended Stay America Inc	Blackstone Group LP	3,181.58	24.6	26.29	27.44
2/17/2004	10/26/2004	AT&T Wireless Services Inc	Cingular Wireless LLC	47,100.41	75.44	82.7	105.76
1/13/2004	4/6/2004	TheraSense Inc	Abbott Laboratories	1,169.72	33	35.54	50
Median					**21.47%**	**25.92%**	**24.30%**
Mean					**24.18%**	**26.21%**	**28.38%**

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Premiums paid - LBO deals

Based on all leveraged buyouts greater than $1bn 2004-present (27)

Date Announced	Date Effective	Target Name	Acquiror Name	Value of Deal ($mil)	1-day	1-week	1-month
1/30/2006	NA	Fairmont Hotels & Resorts	Colony Capital & Kingdom Holdings	$3,900.00	28.10%	40.58%	38.80%
1/22/2006	NA	Sports Authority Inc	Investor Group	1,371.13	19.96	26.01	20.74
12/19/2005	NA	Town & Country Trust	Magazine Acquisition GP LLC	1,470.96	32.67	32.28	34.13
11/20/2005	NA	Beverly Enterprises Inc	Fillmore Capital Partners LLC	1,913.96	6.56	5.66	9.55
11/10/2005	NA	SERENA Software Inc	Silver Lake Partners	1,086.90	2.74	7.29	24.35
11/9/2005	1/25/2006	La Quinta Corp	Blackstone Group LP	2,940.56	36.86	33.14	40.8
11/8/2005	NA	Linens n Things Inc	Investor Group	1,267.84	7.94	14.89	16.95
10/24/2005	2/7/2006	Amli Residential Ppty Trust	Prime Property Fund	1,959.83	20.72	22.72	19.05
10/3/2005	12/28/2005	ShopKo Stores Inc	Investor Group	1,145.51	13.63	16.23	17.88
9/15/2005	NA	UICI	Investor Group	1,719.09	19.04	17.08	19.89
6/17/2005	9/27/2005	CRT Properties Inc	DRA Advisors LLC	1,557.89	15.4	17.15	18.7
6/14/2005	8/16/2005	Wyndham International Inc	Blackstone Group LP	3,099.42	18.56	19.79	19.79
6/7/2005	9/30/2005	Gables Residential Trust	Investor Group	2,425.88	14.11	19.47	17.09
6/3/2005	NA	Acxiom Corp	ValueAct Capital Partners LP	2,588.17	35.28	32.98	28.27
5/2/2005	10/6/2005	Neiman Marcus Group Inc	Investor Group	5,193.99	33.77	37.38	38.46
3/28/2005	8/11/2005	SunGard Data Systems Inc	Investor Group	10,844.35	44.28	41.5	37.29
3/17/2005	7/21/2005	Toys "R" Us Inc	Investor Group	6,114.41	16.96	21.64	23.21
3/7/2005	12/16/2005	Insight Communications Co Inc	Investor Group	3,307.31	21.38	23.68	12.54
2/15/2005	NA	Circuit City Stores Inc	Highfields Capital Mgmt LP	2,404.57	19.47	18.38	19.55
2/4/2005	9/16/2005	John Q Hammons Hotels Inc	Investor Group	1,235.15	2.96	20	18.22
12/5/2004	3/22/2005	Sola International Inc	Investor Group	1,083.17	26.63	33.9	42.49
10/20/2004	12/10/2004	Boca Resorts Inc	Blackstone Real Estate Advisor	1,188.15	27.93	30.65	31.08
7/21/2004	4/13/2005	Texas Genco Holdings Inc	Investor Group	2,886.02	28.36	42.16	39.23
5/3/2004	8/4/2004	Keystone Property Trust	Investor Group	1,375.61	17.01	14.2	0.54
4/20/2004	8/20/2004	PanAmSat Corp	Investor Group	4,681.62	5	1.42	14.69
3/22/2004	8/20/2004	US Oncology Inc	Welsh Carson Anderson & Stowe	1,282.16	18.5	20.3	17.3
3/5/2004	5/12/2004	Extended Stay America Inc	Blackstone Group LP	3,181.58	24.6	26.29	27.44
Median					**19.47%**	**21.64%**	**19.89%**
Mean					**20.68%**	**23.58%**	**24.00%**

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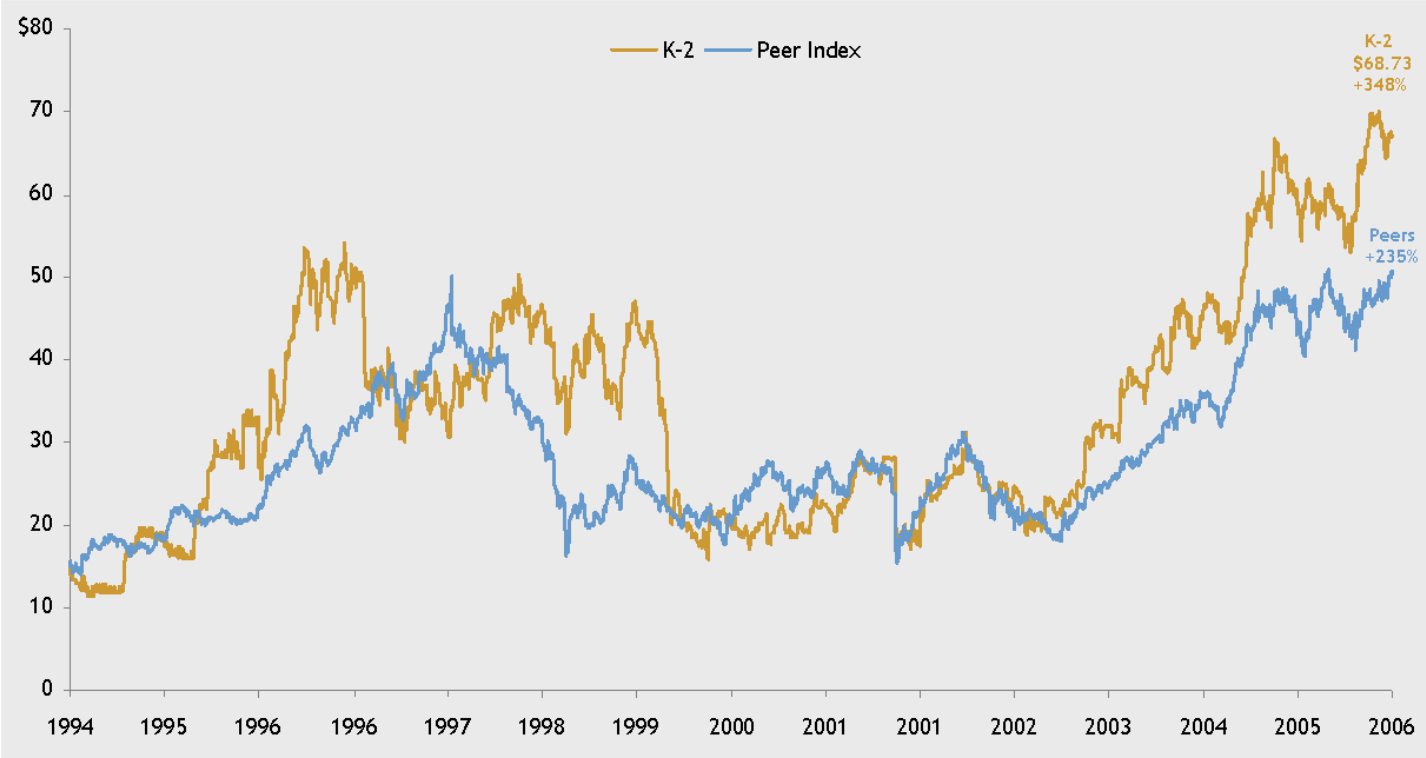
Share price performance

Historical price performance



Source: Tradeline
Note: Peer index has been indexed to K-2 price, includes MGM, HET, WYNN, LVS, OEH, GET, HOT and HLT

APPENDIX

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