e Mountain Rock Island New Orleans
Winnemucca Markland Dam Cripple Creek
Council Bluffs Las Vegas North Las Vegas
or Natchez Lake Tahoe Maryland Heights
Wheeling Mesquite McDermitt Atlantic City
nsas City Michigan City North Kansas City
ke Charles St. Charles Amargosa Valley

STATE OF THE STATES 2009

The AGA Survey of Casino Entertainment

ville Caruthersville Evansville Gardnerville
cello Wells Fallon Waterloo Meadowlands
prings Saratoga Springs Vernon Lovelock
a Hammond Mount Pocono Deadwood
Davenport Gulfport Newport Shreveport
ckpot Albuquerque Dubuque East Peoria
Sallisaw Anderson Henderson Rising Sun
on Harrington Vinton Wilmington Marquette
ast St. Louis St. Louis Lula Pahrump
icksburg Dover West Wendover Batavia

PRESIDENT'S MESSAGE

The American Gaming Association (AGA) is proud to present the *2009 State of the States: The AGA Survey of Casino Entertainment.*

As it has in recent years, *State of the States* gives a comprehensive report of the contributions the U.S. commercial casino industry makes to the communities where it operates. The report includes national and state-by-state information on employment, wages, tax contributions and gaming revenues in the 12 commercial casino states and similar data for the still-expanding racetrack casino sector.

This year's report reflects the impact of the recession and the accompanying drop in consumer spending on the commercial casino industry. As our nation grapples with these challenging economic times, the industry's ongoing contributions are more important than ever. The commercial casino industry continues to be an important provider of jobs and direct gaming taxes, helping states, communities and families weather the storm.

This year's *State of the States* report includes a number of new features to give you a more in-depth look at the commercial casino industry. For the first time, this year's report features information about the economic impacts of the gaming equipment manufacturing sector, which continues to exhibit growth despite the challenging economic environment. Through a partnership with the Association of Gaming Equipment Manufacturers (AGEM), *State of the States* will annually present economic output, employment and wage data for this important, but all too often overlooked, part of the gaming industry.

The commercial casino industry always has been an important part of the overall U.S. travel and tourism industry, and many experts agree that promotion of the travel industry can go a long way toward helping the national economy rebound. This year's featured survey data reveal just how important both the general public and top-level travel and tourism professionals — those who know the industry best — think gaming is to U.S. tourism. This year's polling also addresses the effect that recent attacks on business travel by politicians and the media have had on the travel and casino industries.

In addition to travel and tourism topics, this year's public opinion polling details the continued importance of non-gaming amenities, attitudes about responsible gaming and public perceptions about the gaming entertainment industry. This year's survey also includes information on poker, a detailed chart of various forms of gaming across the country and a pocket guide of key facts.

With the *State of the States* report, it is always our aim to produce a comprehensive information resource detailing the value of the commercial casino industry to the states and communities where we operate and the national economy as a whole. We hope the report achieves that goal again this year and that it will serve as a valuable reference tool for you throughout the year.

Frank J. Fahrenkopf, Jr.
President and CEO
American Gaming Association

NOTES

Statistical Notes

Because the American Gaming Association (AGA) represents the commercial casino industry, this survey strives to give the reader a detailed picture of that particular segment of the gaming industry. For the purposes of this survey, we have defined "commercial casinos" to include private sector (i.e., nongovernmental) land-based, riverboat and dockside casinos as well as racetrack casinos in Indiana, Iowa, Louisiana and Pennsylvania.

As in 2008, Native American casinos are noted only under the "Casino Locations by Category" section. The map includes Class III locations, which are compacted (state-negotiated), Las Vegas-style casinos, as well as Class II locations, which are noncompacted casinos offering bingo and/or electronic bingo devices.

Information on racetrack casinos' operations, which are hybrids of either casinos or lotteries and pari-mutuel facilities, are documented separately in the "Spotlight on Racetrack Casinos" and "State-by-State Economic Impact: Racetrack Casinos" sections in order to provide a more complete picture of the overall economic contributions of this important industry sector. For Indiana, Iowa, Louisiana and Pennsylvania, where gaming operations include both commercial casinos and racetrack casinos, statistics from both types of facility are included in overall commercial casino figures for the state.

In the "State-by-State Economic Impact: Racetrack Casinos" section, it should be noted that, in most cases, effective tax rates are higher at pari-mutuel facilities where gaming machines are operated by the state lottery versus the more traditional regulatory structure in which gaming licensees are the owners and operators of gaming machines. In the case of the former, the gaming machines are called video lottery terminals (VLTs), and the lottery commission takes in all revenues before making distributions to stakeholders such as track owners, breeders and others. States that operate in this manner include Delaware, New York, Rhode Island and West Virginia. Eight other states — Florida, Indiana, Iowa, Louisiana, Maine, New Mexico, Oklahoma and Pennsylvania — operate and tax their gaming machines at pari-mutuel facilities more similarly to traditional casino states. That is, regulations allow operators to earn gross revenues before requiring those operators to pay out taxes and supplements to purses at the tracks, among other things. One exception is Maine, where the state levies a 1 percent tax on handle, the industry term for total amount wagered, before taxing net revenue as well. In the case of either regulatory environment, the data provided detailing the percentage of revenues retained by operators should in no way be interpreted as profit margin. These are revenues earned before paying other, non-gaming taxes, employee salaries as well as a host of other operating expenses.

With respect to findings reported from the survey conducted with travel industry professionals, it should be noted that a few states that do have gaming were not classified as such for the purposes of the study. For example, Texas, which technically has Class II tribal gaming, was classified as a non-gaming state because the "footprint" of the gaming industry there is very small relative to the state's population. There were a handful of other tribal gaming states that were treated similarly after consultation with Indian gaming experts. Additionally, for the purposes of the study with travel industry professionals, readers should note that gaming is far from widespread in many of the states in which casinos are located. Maine, for example, has a single racetrack casino located in the city of Bangor and was considered a gaming state for the purposes of our research. The same holds true for states such as Rhode Island and Delaware, which have only two and three gaming facilities, respectively.

State visitation figures reported in the "Economic Impact" section will not equal the total visitor figure reported in the "Casino Visitation" section because most riverboat states have controlled access and, therefore, count individual visits (each time a patron enters a casino), while land-based casinos count total visitors (who may enter casinos multiple times during a single visit).

Unless otherwise noted, all statistics in this survey are for calendar year 2008.

Polling Notes

Figures reported in the polling data may not add up to 100 percent because of rounding.

STATE OF THE STATES

CONTENTS

EXECUTIVE SUMMARY

National Economic Impact of Casino Entertainment

With its reduction in consumer spending and freezing credit markets, the recession that began in late 2007 made 2008 a challenging year for the commercial casino industry. While nationwide gross gaming revenues were still the second-highest they have ever been at $32.54 billion, they were 4.7 percent below 2007's record level.

Results of a 2009 public opinion poll conducted by VP Communications, Inc. and national pollster Peter D. Hart bear out the fact that consumers are cutting back on their casino gaming during these recessionary times, but not any more than they are cutting back on other activities. Of those survey respondents who participate in casino gambling, 60 percent say they have cut back on the activity, which is similar to the proportions who have cut back on going out to restaurants and taking weekend trips.

Despite these tough times, however, the gaming industry continued to be a major contributor to communities where it operates by returning nearly $5.7 billion to states and local communities through direct gaming taxes. Those tax contributions help fund vital public services, such as transportation and infrastructure, education and public safety programs. The industry also continued to be a major employer in the U.S. economy, as commercial casinos employed 357,314 people during 2008 who earned a total of $14.1 billion in wages, including benefits and tips.

State-by-state data reveal that the industry is far from monolithic. The recession hit some markets and regions harder than others, and each was affected by different circumstances. For example, Nevada saw decreases in gaming (-9.7 percent) and tax revenue (-10.6 percent) due to a reduction in consumer spending on overnight travel as well as belt-tightening among local gamblers. New Jersey, hit by a decrease in consumer spending, a partial smoking ban and increased regional competition, saw its gaming revenues decline 8.5 percent, while Colorado and Illinois saw the largest percentage drops in gaming revenue (-12.3 percent and -20.9 percent, respectively) in part because of statewide smoking bans that went into effect at the beginning of 2008.

Despite the recession, some markets witnessed increases in gross gaming revenue in 2008. New properties in Pennsylvania, Missouri and Indiana resulted in subsequent boosts to gaming revenues in those states, with Pennsylvania experiencing the largest percentage increase (+48.3 percent).

Racetrack Casinos

Even as the commercial casino industry as a whole faced declining revenues, the racetrack casino sector continued to grow in 2008, with three new properties opening and one state, Indiana, becoming the newest "racino state." Racetrack casinos experienced a 17.2 percent increase in gross gaming revenues compared to 2007, growing to $6.19 billion. As with the overall commercial casino industry, the racetrack casino sector across the country provided sorely needed tax revenues and jobs. Contributions through direct gaming taxes to the states and communities where racetrack casinos operate grew to $2.59 billion, a 16.6 percent increase from 2007's record levels. Employment figures at racetrack casinos also steadily increased, with 29,051 individuals employed during 2008, a 6.6 percent increase over 2007 figures.

Most of the increases in revenue, employment and tax payments last year were driven by expansion in Pennsylvania and Indiana. Pennsylvania saw the largest percentage increase in both gaming revenue (+50.3 percent) and tax contributions (+63.2 percent), and Indiana added the largest number of jobs (+1,412) to the racetrack casino sector.

Gaming Equipment Manufacturing

During 2008, the gaming equipment manufacturing sector of the U.S. gaming industry made significant contributions to the overall economy, proving to be a growth area during these challenging economic times. According to research conducted by Applied Analysis for the Association of Gaming Equipment Manufacturers (AGEM), the gaming equipment manufacturing sector produced a record $12.7 billion in economic output, a 6.7 percent increase over 2007 numbers. The sector also directly employed 29,600 people and paid salaries and wages of an estimated $2.0 billion.

AGEM's research data also show that members of the gaming equipment manufacturing sector create ripple effects in the communities where they operate and provide substantial benefits to their employees. More than four out of five (84.6 percent) gaming equipment manufacturers sponsor health care plans that cover more than three-quarters of their employees, and more than three-quarters (76 percent) cover more than half of their workers with employer-sponsored retirement plans. Additionally, almost nine out of 10 (89.4 percent) gaming equipment manufacturers make at least some purchases from local vendors.

Casinos and Their Role in U.S. Tourism

Travel and tourism are essential to the health of the U.S. economy, and casinos play a key role in the $740 billion U.S. travel and tourism industry, according to results of a recent national public opinion poll and a new survey of tourism industry professionals conducted by VP Communications in conjunction with national pollster Peter D. Hart. In fact, according to national survey results, nearly nine out of 10 (87 percent) Americans think promoting domestic tourism can help the economy in these challenging economic times.

Survey results also bear out the fact that casinos are an important part of the broader tourism economy, with nearly two-thirds (65 percent) of Americans and a whopping 84 percent of travel professionals — those who know the industry best — agreeing on that fact. In fact, more than four out of five (82 percent) travel professionals in gaming states say casinos have helped encourage leisure travel in their regions. They also think that casinos are an important component of their state's travel and tourism industry and create a positive, ripple effect from casino customers.

Among travel industry professionals from states without casinos, attitudes are similarly upbeat about casinos' potential impact on their area, with 90 percent saying their state would be able to attract more leisure travelers from out-of-state if casinos were added to the entertainment mix, and more than three-quarters (77 percent) agreeing their state would be able to attract more meeting and convention business with casinos.

Survey results also show that, despite being attacked recently by politicians and the media, business meetings and event travel are an important component of the overall U.S. travel and tourism industry. Nearly two-thirds (62 percent) of Americans have attended a meeting or convention out of town, and a significant majority — 87 percent — of those travelers think meetings and conventions are important to running a good business. According to more than three-quarters (79 percent) of surveyed travel professionals, however, the recent criticisms of meetings and events have hurt business travel in the U.S. Casinos in particular have been labeled by some as inappropriate venues for business meetings, but 76 percent of travel professionals disagree with that notion. In fact, three-quarters (75 percent) say casinos are a vital component of the business travel market.

Casino Visitation, Poker and Entertainment

According to public opinion research, a quarter of the U.S. adult population visited a casino during 2008, equaling approximately 54.6 million people who visited casinos last year. Casino gambling continued to be the second-most popular form of gambling in the U.S., trailing only the lottery.

According to revenue data and public opinion polling, the "poker boom" that began in 2003 appears to be waning. Poker revenues in the two largest casino states declined for the first time since 2002. Additionally, 11 percent of Americans report having played poker in the past year, which is the lowest level of participation since the AGA began tracking this number in 2002.

The wide variety of non-gaming amenities that are increasingly available at casino properties continue to be an important part of many guests' gaming entertainment experience. This year's polling data reveal that more than three-quarters (77 percent) of casino visitors ate at a fine dining restaurant and more than half (51 percent) saw a show, concert or other live entertainment during their visit.

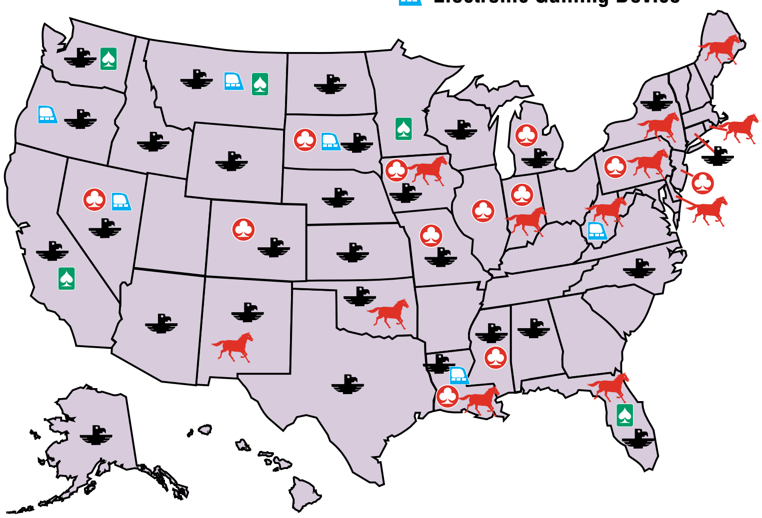
American Perceptions of Casino Entertainment

When asked about their personal views of casino gambling, 81 percent of survey respondents say it is acceptable for themselves or others. They equate going to a casino with enjoying other entertainment options, like going to concerts, sporting events or plays, and see that there are myriad benefits that casinos can bring to communities, including job creation, tax contributions, increased tourism and economic development.

NATIONAL ECONOMIC IMPACT OF CASINO ENTERTAINMENT

Casino Locations by Category

Land-based or Riverboat Casino
Racetrack Casino[1,2]
Tribal Casino[3]
Card Room[4,5]
Electronic Gaming Device[6]



[1] In Rhode Island, there are video lottery terminals operating at a closed jai alai fronton, not considered a racetrack casino, but a pari-mutuel facility.
[2] The states with racetrack casinos operate Class III gaming machines. There are two racinos in Alabama — not indicated on this map — that have Class II machines only, which are legal only in the counties where they operate.
[3] Native American casinos noted here include both Class II and Class III facilities. States with Class II gaming only are Alabama, Alaska, Florida, Nebraska and Texas.
[4] The states with card rooms indicated here do not include states that have commercial casinos with poker facilities.
[5] The card rooms in Washington operate blackjack and other house- or player-banked card games in addition to poker.
[6] The electronic gaming devices operating in the states indicated on this map are recognized as legal operations. There are some states with similar facilities, but the machines may not be authorized.

Sources: American Gaming Association, National Indian Gaming Commission, State Gaming Regulatory Agencies

In 2008, U.S. commercial casinos:

- *Employed 357,314 people*
- *Paid wages of $14.1 billion*
- *Contributed $5.66 billion in direct gaming taxes*
- *Earned $32.54 billion in gross gaming revenue*

Casinos per State

STATE	Land-based or Riverboat Casino	Racetrack Casino	Tribal Casino	Card Room	Electronic Gaming Device[1]
Alabama			3*		
Alaska			3*		
Arizona			24		
California			66	91	
Colorado	40		2		
Connecticut			2		
Delaware		3■			
Florida		3	8*	22	
Idaho			7		
Illinois	9				
Indiana	11	2			
Iowa	14	3	1		
Kansas			5		
Louisiana	14	4	3		2,293
Maine		1			
Michigan	3		18		
Minnesota			31	2	
Mississippi	29		2		
Missouri	12		2		
Montana			16	468[2]	1,603[2]
Nebraska			6*		
Nevada	266		3		2,123[3]
New Jersey	11				
New Mexico		5	21		
New York		8■	8		
North Carolina			2		
North Dakota			9		
Oklahoma		3	96		
Oregon			10		2,382■
Pennsylvania	1	6			
Rhode Island		2■			
South Dakota	35º		11		1,478
Texas			1*		
Washington			31	111[2]	
West Virginia		4■			1,616■
Wisconsin			29		
Wyoming			3		
Total	**445**	**44**	**423**	**694**	**11,495**
Number of States	**12**	**12**	**29**	**5**	**6**

**Class II games only*
ºLimited-stakes gaming
■Video lottery terminals

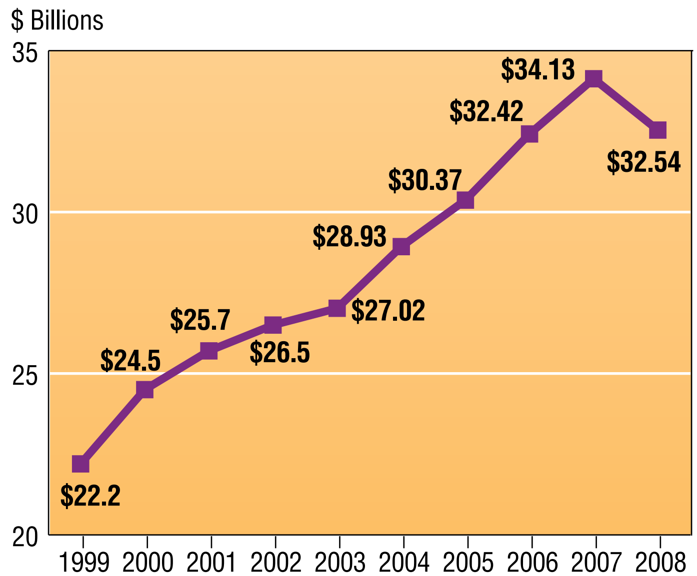
[1]Refers to number of non-casino locations in state where electronic gaming devices are present
[2]Number during FY 2008
[3]Locations having 15 or fewer machines

Sources: American Gaming Association, National Indian Gaming Commission, State Gaming Regulatory Agencies

CONSUMER SPENDING

U.S. Consumer Spending on Commercial Casino Gaming, 1999-2008

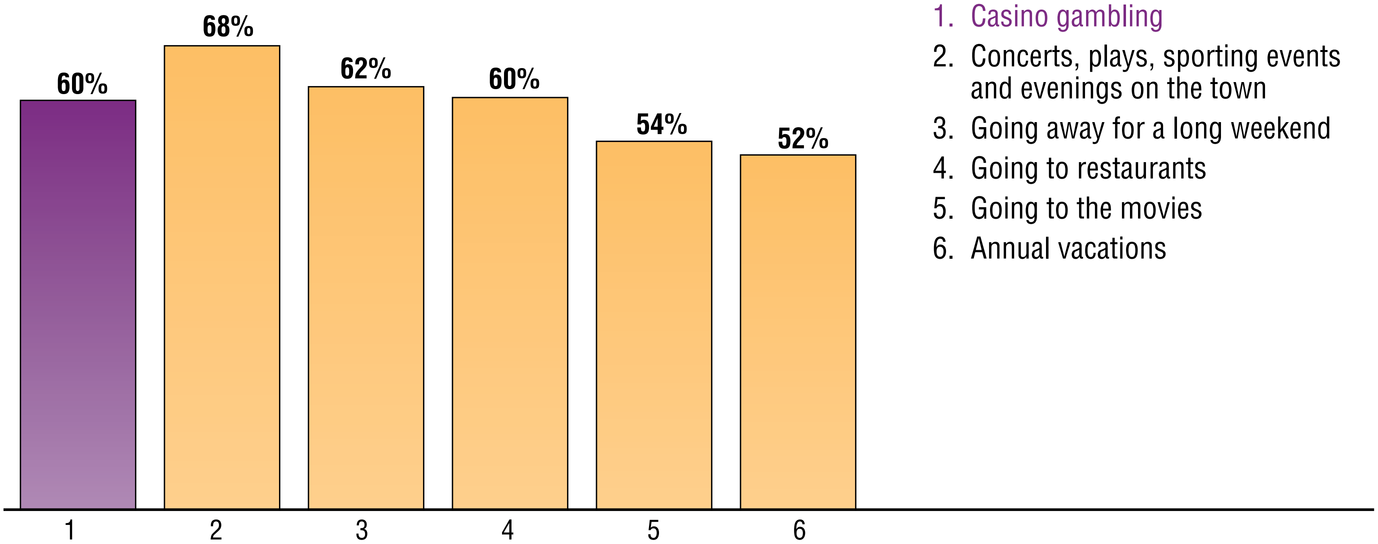
For the first time since the AGA began tracking it, consumer spending on commercial casino gaming declined compared to the previous year. Consumer spending on commercial casinos totaled $32.54 billion in 2008, a 4.7 percent decrease from 2007 totals. As the nationwide recession took hold in 2008, consumers cut back their spending on almost all forms of entertainment. Rising gas prices, smoking bans in some states and other factors also took their toll on gross gaming revenue.



Sources: Christiansen Capital Advisors (1999), State Gaming Regulatory Agencies (2000-2008)

Gaming and the Recession

During these recessionary times, what percentage of Americans who participate in various leisure activities are cutting back their spending?



1. Casino gambling
2. Concerts, plays, sporting events and evenings on the town
3. Going away for a long weekend
4. Going to restaurants
5. Going to the movies
6. Annual vacations

Source: VP Communications, Inc. and Peter D. Hart

The recession has caused Americans to reduce their spending on leisure activities across the board. Sixty percent of people who visit casinos say they have cut back "a great deal" or "somewhat" on the activity, which closely mirrors the percentage of restaurant-goers, movie-goers and vacationers who also say they have cut back.

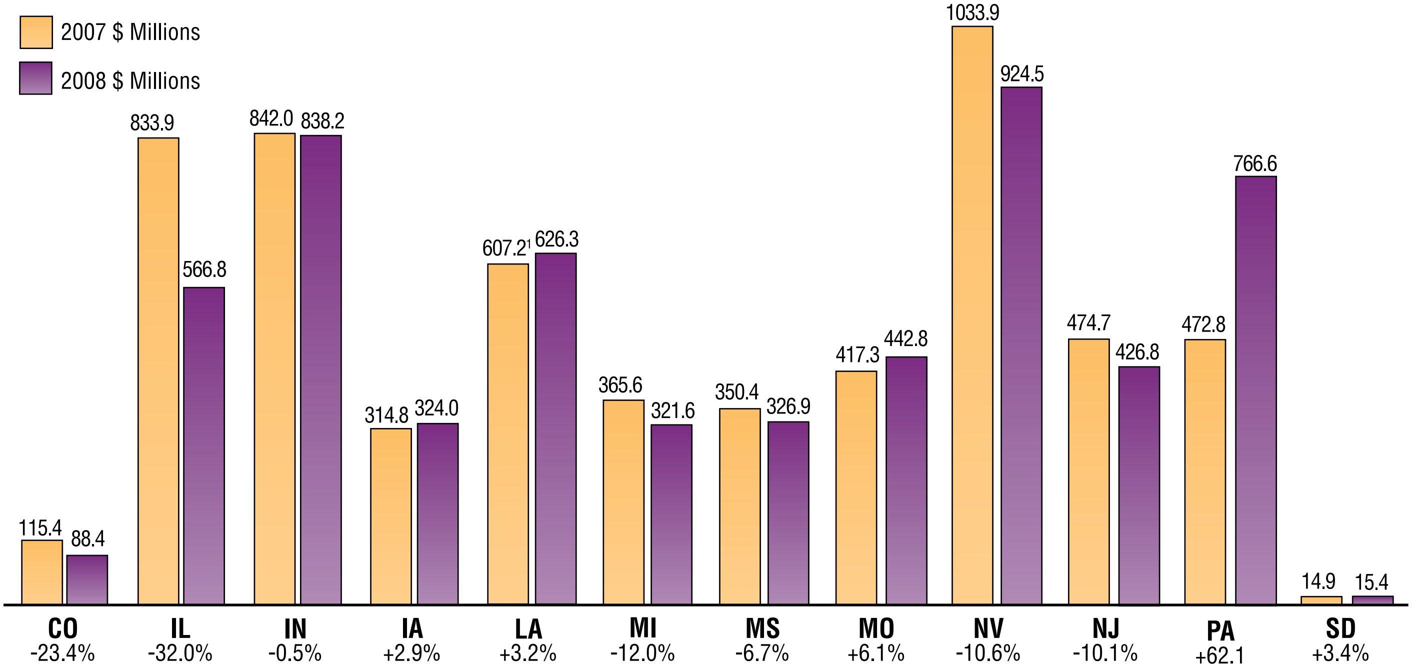
State-by-State Consumer Spending On Commercial Casino Gaming, 2007 vs. 2008

Five out of the 12 commercial casino states saw revenues decline in 2008. Colorado and Illinois experienced the largest decreases in revenue (-12.3 percent and -20.9 percent, respectively), in part because of statewide smoking bans that went into effect on Jan. 1, 2008. Nevada was hit hard by a reduction in consumer spending on overnight travel, as was New Jersey, which also has been hurt by an increase in regional competition and a partial smoking ban on the casino floor. The largest percentage increases were found in Pennsylvania and Missouri, which each saw new casinos open in late 2007 or during 2008.

	2007	2008	CHANGE
Colorado	$816.130 million	$715.880 million	-12.3%
Illinois	$1.983 billion	$1.569 billion	-20.9%
Indiana	$2.625 billion	$2.668 billion	+1.6%
Iowa	$1.363 billion	$1.420 billion	+4.2%
Louisiana	$2.566 billion	$2.584 billion	+0.7%
Michigan	$1.335 billion	$1.360 billion	+1.9%
Mississippi	$2.891 billion	$2.721 billion	-5.9%
Missouri	$1.592 billion	$1.682 billion	+5.7%
Nevada	$12.849 billion	$11.599 billion	-9.7%
New Jersey	$4.921 billion	$4.503 billion	-8.5%
Pennsylvania	$1.090 billion	$1.616 billion	+48.3%
South Dakota	$98.223 million	$102.264 million	+4.1%

Source: State Gaming Regulatory Agencies

Commercial Casino Tax Revenue by State, 2007 vs. 2008



[1]*Louisiana tax revenue figures for 2007 have increased compared to last year's reported figures due to a calculation error in the 2008 State of the States report.*

Source: State Gaming Regulatory Agencies

State gaming tax contributions largely mirrored gaming revenue trends in 2008. In all, U.S. commercial casinos contributed $5.66 billion to state and local governments during 2008, a decrease of 2.2 percent compared with 2007 figures. Seven of the 12 commercial casinos states saw tax revenues drop, with the states exhibiting the largest percentage decreases in gross gaming revenue also experiencing large drops in tax revenue. Two of the three casinos in Detroit opened permanent facilities in late 2007 or 2008, earning a tax break and thus causing the state's overall gaming tax receipts to decline. Pennsylvania had the largest increase in tax revenue due to new casinos that opened there in late 2007 and 2008.

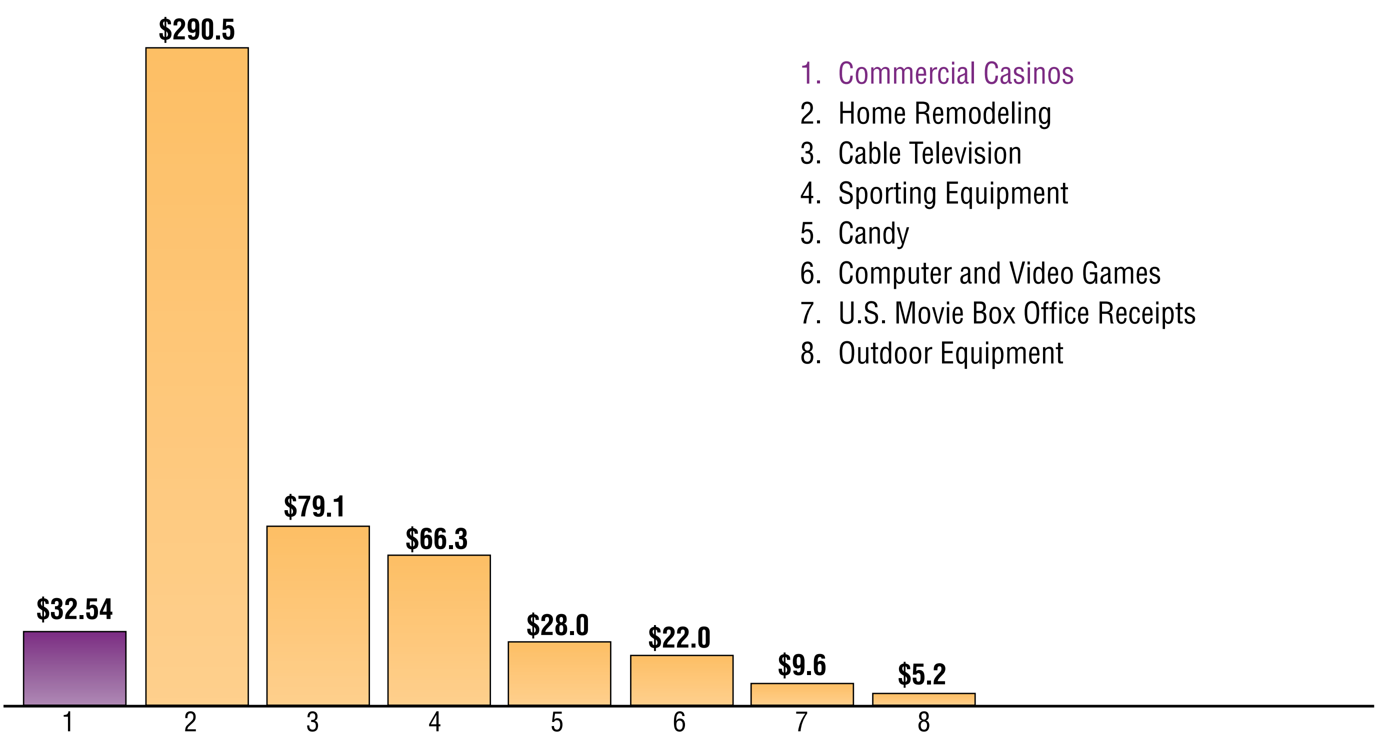
Top 20 U.S. Casino Markets, 2008

1. Las Vegas Strip, Nev.	$6.121 billion
2. Atlantic City, N.J.	$4.545 billion
3. Chicagoland, Ill./Ind.	$2.251 billion
4. Connecticut	$1.571 billion
5. Detroit, Mich.	$1.360 billion
6. Tunica/Lula, Miss.	$1.105 billion
7. St. Louis, Mo./Ill.	$1.031 billion
8. Biloxi, Miss.	$951.27 million
9. Shreveport, La.	$847.61 million
10. Boulder Strip, Nev.	$836.60 million
11. Reno/Sparks, Nev.	$779.38 million
12. Kansas City, Mo. (includes St. Joseph)	$756.22 million
13. Lawrenceburg/Rising Sun/Belterra, Ind.	$731.65 million
14. New Orleans, La.	$701.37 million
15. Lake Charles, La.	$651.23 million
16. Downtown Las Vegas, Nev.	$582.46 million
17. Laughlin, Nev.	$571.18 million
18. Black Hawk, Co.	$508.69 million
19. Yonkers, N.Y.	$486.46 million
20. Council Bluffs, Iowa	$468.52 million

Source: The Innovation Group

Most gaming markets reflected national trends and saw a decline in gross gaming revenues during 2008. The St. Louis, Mo./Ill. market saw the largest increase over 2007 figures, with gross gaming revenues topping $1 billion for the first time due to a new property that opened in December 2007. The Detroit, Shreveport and Lake Charles markets also experienced growth last year.

Commercial Casino Spending vs. Other Spending Choices, 2008



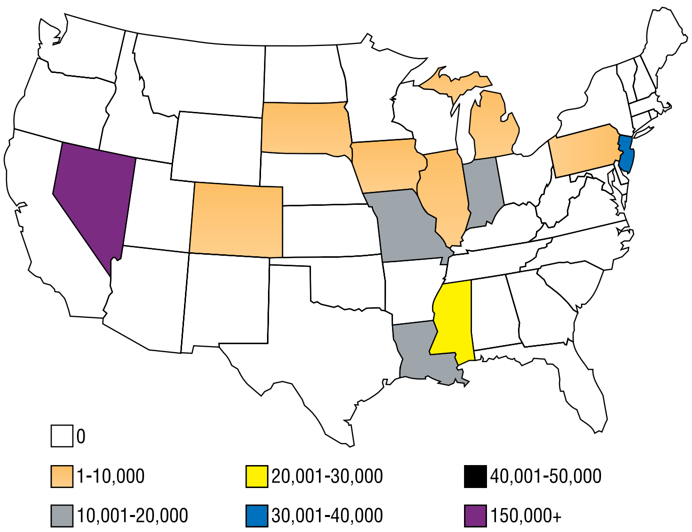
Sources: 1-American Gaming Association; 2-Home Improvement Research Institute; 3-National Cable and Telecommunications Association; 4-Sports Gear Manufacturers Association; 5-National Confectioners Association; 6-Entertainment Software Association; 7-Boxofficemojo.com; 8-Outdoor Industry Association

In 2008, consumers spent more on commercial casino gambling than on outdoor equipment and movie tickets combined, but significantly less than they did on home remodeling, cable television or sporting equipment.

EMPLOYMENT

Commercial Casino Jobs by State, 2007 vs. 2008

STATE	2007	2008	CHANGE
Nevada	201,953[1]	202,216[2]	+0.1%
New Jersey	40,788	38,585	-5.4%
Mississippi	30,572	28,740	-6.0%
Louisiana	18,009	17,268	-4.1%
Indiana	15,671	16,040	+2.4%
Missouri	12,160	11,658[3]	-4.1%
Iowa	10,434	9,946	-4.7%
Colorado	7,925	9,073[4]	+14.5%
Michigan	7,650	8,568	+12.0%
Illinois	8,337	7,711	-7.5%
Pennsylvania	4,877	5,869	+20.3%
South Dakota	1,558[5]	1,640[6]	+5.3%
Total	**359,934**	**357,314**	**-.07%**

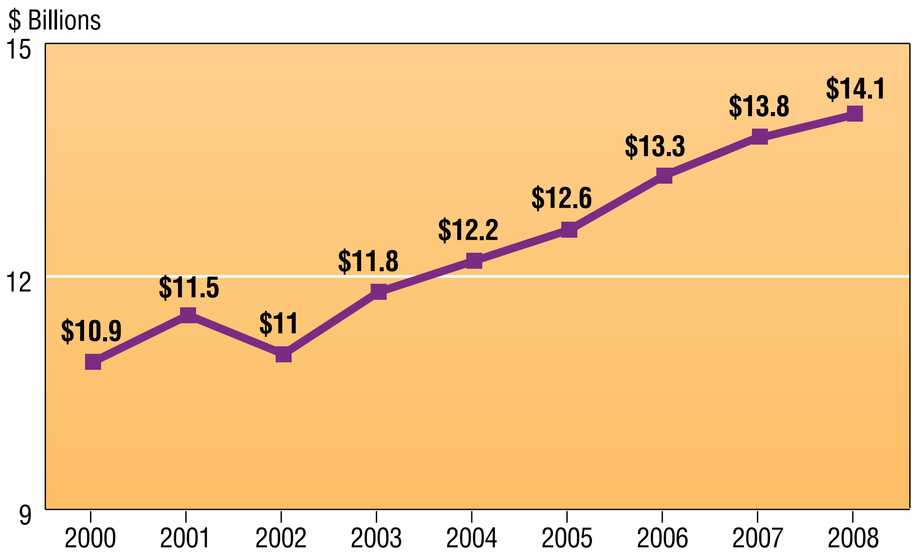


[1]Figure for locations with gross gaming revenue in excess of $1 million for FY 2007.
[2]Figure for locations with gross gaming revenue in excess of $1 million for FY 2008.
[3]FY 2008
[4]The increase in employment was due to a change in reporting requirements in 2008.
[5]CY 2006
[6]CY 2007

Sources: State Gaming Regulatory Agencies, State Gaming Associations, Individual Properties

The recession and other factors forced properties to lay off workers in some states in 2008, but an equal number of states saw employment gains. Overall, national employment numbers remained relatively stable. Pennsylvania saw the largest increase (+20.3 percent) due to the opening of new properties, and Michigan also experienced a significant rise (+12.0 percent) in employment as a result of permanent facilities that opened last year.

Commercial Casino Wages, 2000-2008

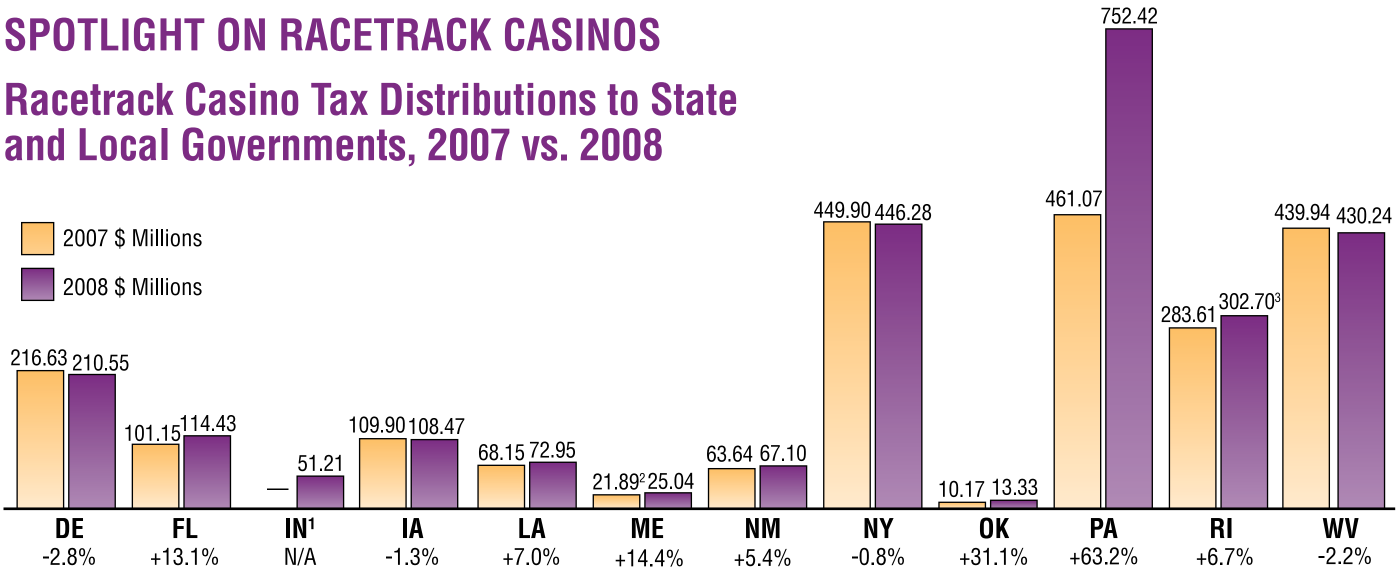


Sources: State Gaming Regulatory Agencies, Individual Properties

Employees at U.S. commercial casinos earned a total of $14.1 billion, including benefits and tips, in 2008, a 2.2 percent increase over 2007 totals.

SPOTLIGHT ON RACETRACK CASINOS

Racetrack Casino Tax Distributions to State and Local Governments, 2007 vs. 2008



[1] 2007 data is not available because the first racinos in Indiana opened in 2008.

[2] Maine tax revenue figures for 2007 have increased compared to last year's reported figures due to a calculation error in the 2008 State of the States report.

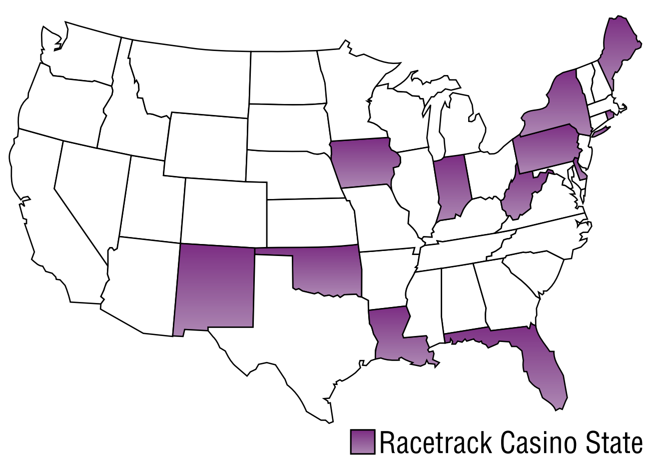
[3] Due to changes in reporting, FY 2008 data was used.

Source: State Gaming Regulatory Agencies

In 2008, racetrack casinos alone contributed $2.59 billion to state and local governments in the communities where they operated, a 16.6 percent increase over 2007 figures. Racetrack casino tax contributions increased in seven out of 11 states with racinos open in both 2007 and 2008. Pennsylvania experienced the largest increase (89.3 percent) due to the continued opening of new properties during 2008 and late 2007.

Racetrack Casino Jobs by State, 2007 vs. 2008

STATE	2007	2008	CHANGE
Delaware	2,891	2,582	-10.7%
Florida	2,270	2,201	-3.0%
Indiana	--[1]	1,412	N/A
Iowa	2,802	2,668	-4.8%
Louisiana	2,377	2,268	-4.6%
Maine	167	324	+94.0%
New Mexico	1,660	1,605	-3.3%
New York	3,741	3,413	-8.8%
Oklahoma	822	1,050	+27.7%
Pennsylvania	3,753	4,948	+31.8%
Rhode Island	1,500	1,310	-12.7%
West Virginia	5,275	5,270	-0.1%
Total	**27,258**	**29,051**	**+6.6%**

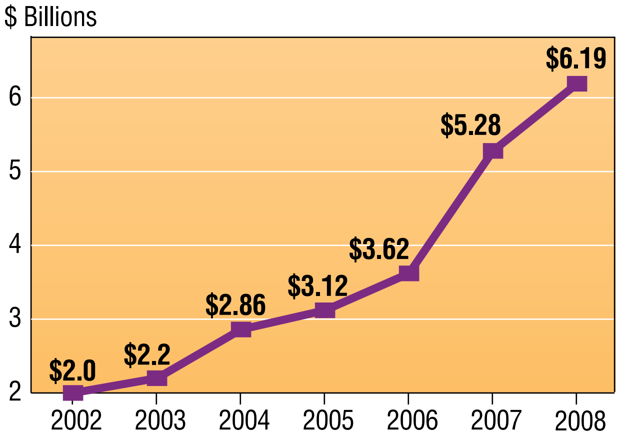


[1] 2007 data is not available because the first racinos in Indiana opened in 2008.

Source: State Gaming Regulatory Agencies, individual properties

In all, racetrack casinos employed 29,051 people during the past year, a 6.6 percent increase over 2007 figures. Most of the increase was driven by the two new properties that opened in Indiana and the opening and expansion of new and existing properties in Pennsylvania, which saw a 33.9 percent increase in racetrack casino employment. New jobs in Indiana and Pennsylvania helped to offset employment declines in a number of other states due to the faltering economy.

Consumer Spending on Racetrack Casinos, 2002-2008



Source: State Gaming Regulatory Agencies

Due to three new properties that opened in Indiana and Pennsylvania, consumer spending at racetrack casinos reached $6.19 billion in 2008, a significant increase of 17.2 percent over 2007's then-record figure.

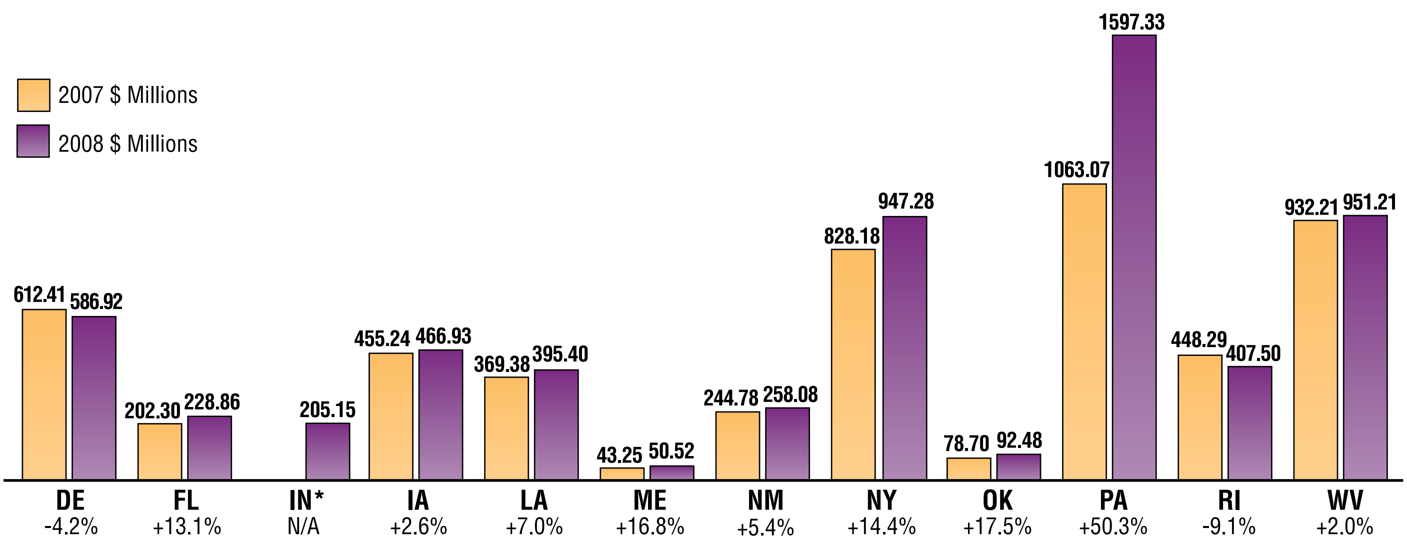
Top 10 U.S. Racetrack Casino Markets, 2008

1.	Yonkers, N.Y.	$486.46 million
2.	Charles Town, W.Va.	$454.01 million
3.	Providence, R.I.	$407.50 million
4.	Bensalem, Pa.	$345.50 million
5.	Dover/Harrington, Del.	$335.63 million
6.	Chester, Pa.	$328.44 million
7.	Delaware Park/Wilmington, Del.	$253.29 million
8.	Chester, W.Va.	$251.21 million
9.	Meadow Lands, Pa.	$244.05 million
10.	Broward County, Fla.	$230.21 million

Source: The Innovation Group

There was a great deal of movement in this year's rankings as Yonkers, N.Y. moved past Charles Town, W.Va. to become the largest racino market, and Meadow Lands, Pa. made its debut in the Top 10.

State-by-State Consumer Spending on Racetrack Casinos, 2007 vs. 2008



**2007 data is not available because the first racinos in Indiana opened in 2008.*

Source: State Gaming Regulatory Agencies

Nine of the 11 states with racetrack casinos in 2007 and 2008 shared the wealth of the steadily growing racetrack casino market last year. Racetrack casinos are still the primary method of gaming expansion, with new properties opening in Pennsylvania and Indiana becoming a new racino state. Pennsylvania's new properties drove its increase in revenue, while Florida, Maine, New York and Oklahoma also experienced double-digit increases in revenue.

SPOTLIGHT ON GAMING EQUIPMENT MANUFACTURERS

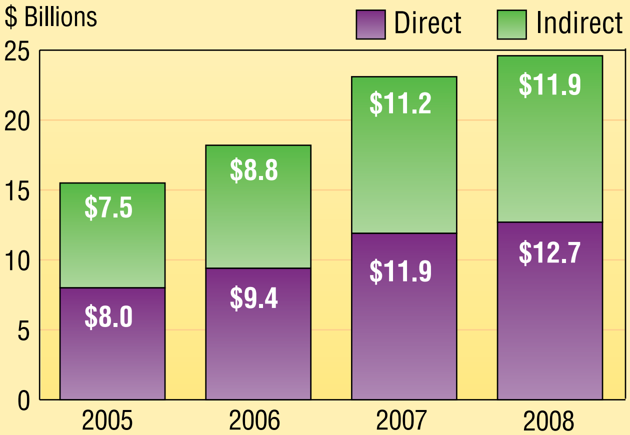
During 2008, the gaming equipment manufacturing sector of the U.S. gaming industry made significant contributions to the overall U.S. economy, proving to be a growth area during these challenging economic times. Research conducted by Applied Analysis for the Association of Gaming Equipment Manufacturers (AGEM) reveals that, in 2008, the gaming equipment manufacturing sector directly produced $12.7 billion in economic output (revenues), employed 29,600 people and paid salaries and wages of an estimated $2.0 billion. The average annual salary within the industry was $68,300. When factoring in indirect revenues, employment and salaries from suppliers to these companies, the impact is even more significant.[1]

Direct revenues for 2008 increased by 6.7 percent compared to 2007 figures. Expansions within the industry reflect both the increased demand for gaming-related equipment and market expectations for continued casino expansions. Direct employment increased by 5.0 percent, and wage and salary figures saw an increase of 5.3 percent over 2007 figures.

Data reported by AGEM also show that members of the gaming equipment manufacturing sector provide substantial benefits to their employees. More than four out of five (84.6 percent) gaming equipment manufacturers sponsor health care plans that cover more than three-quarters of their employees, and more than three-quarters (76 percent) cover more than half of their employees with employer-sponsored retirement plans. Equipment manufacturers also create spillover effects in the communities where they operate as almost nine out of 10 (89.4 percent) make at least some purchases from local vendors.

[1] Indirect impacts consider how other businesses respond to the sector. Employees of part suppliers, for example, are considered indirect employees to the extent their jobs are dependent, in full or in part, on the suppliers' income generated by industry-related purchases.

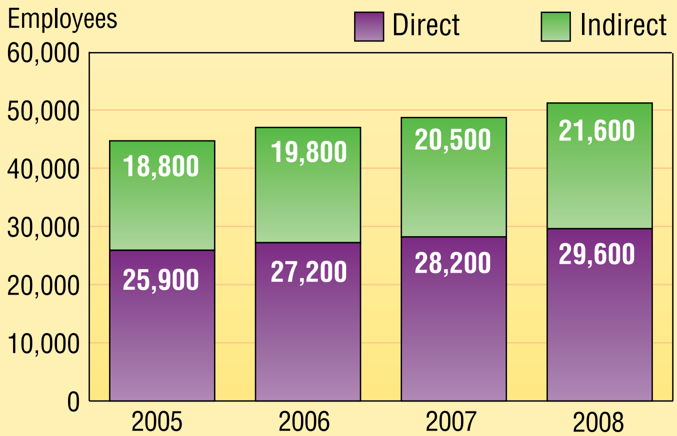
Gaming Equipment Manufacturing Economic Output, 2005-2008



Source: Association of Gaming Equipment Manufacturers (AGEM)

Gaming equipment manufacturing is a segment of the overall gaming industry that has shown steady growth in recent years, with total direct economic output reaching $12.7 billion in 2008, a 6.7 percent increase over 2007 output figures.

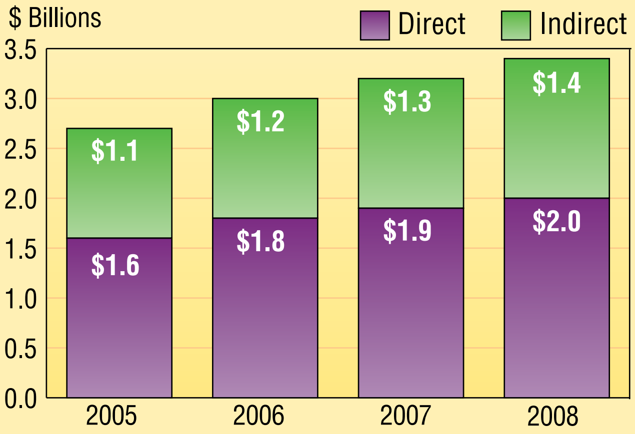
Gaming Equipment Manufacturing Employment, 2005-2008



Source: Association of Gaming Equipment Manufacturers (AGEM)

The number of people directly employed in the gaming equipment manufacturing sector has been growing steadily since 2005. The sector employed 29,600 people in 2008, 5.0 percent more than in 2007.

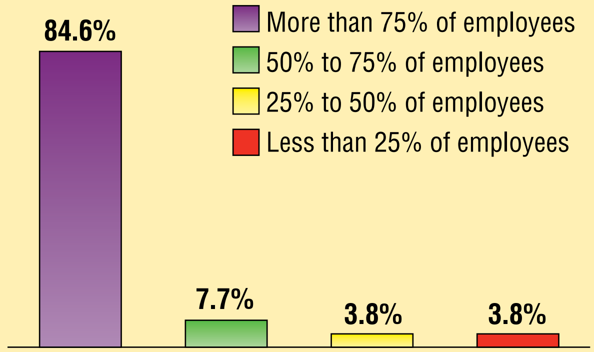
Gaming Equipment Manufacturing Salaries and Wages, 2005-2008



Source: Association of Gaming Equipment Manufacturers (AGEM)

Members of the gaming equipment manufacturing sector paid $2.0 billion to their employees in the form of wages and salaries during 2008, a 5.3 percent increase over 2007 totals.

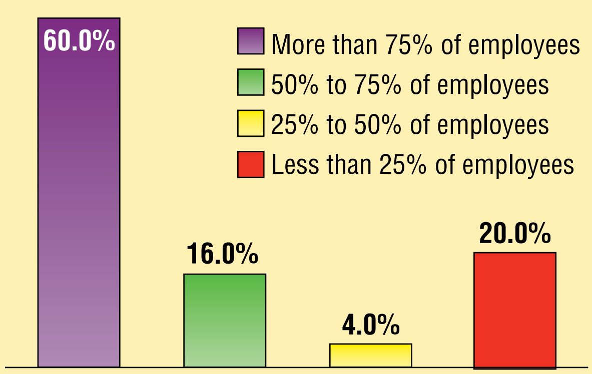
Gaming Equipment Manufacturers with Employees Covered by Employer-sponsored Health Care Plans



Source: Association of Gaming Equipment Manufacturers (AGEM)

More than four out of five (84.6 percent) gaming equipment manufacturers sponsor health care plans that cover more than three-quarters of their employees.

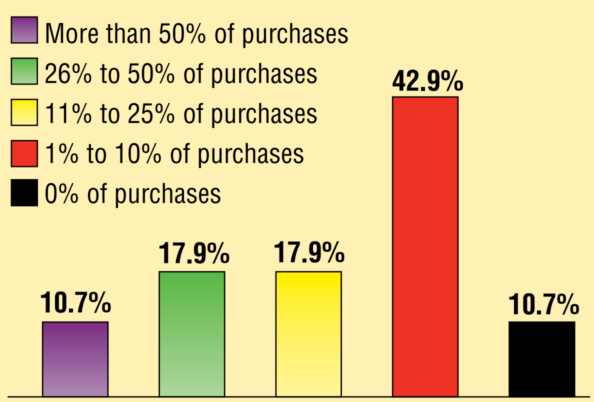
Gaming Equipment Manufacturers with Employees Covered by Employer-sponsored Retirement Plans



Source: Association of Gaming Equipment Manufacturers (AGEM)

More than three-quarters (76 percent) of gaming equipment manufacturers cover more than half of their employees with employer-sponsored retirement plans, and three out of five (60 percent) cover more than 75 percent of employees.

Purchases Made from Local Vendors by Gaming Equipment Manufacturers



Source: Association of Gaming Equipment Manufacturers (AGEM)

Almost nine out of 10 (89.4 percent) gaming equipment manufacturers make at least some purchases from local vendors, while more than a quarter (28.6 percent) make more than 25 percent of their purchases from local suppliers.

ECONOMIC IMPACT: COMMERCIAL CASINOS

The recession that began to take hold in the United States at the end of 2007 was in full effect during 2008, and national economic impact statistics for commercial casinos reflect the drop in consumer spending last year. Gross gaming revenues fell 4.7 percent nationwide to $32.54 billion in 2008. A total of $5.66 billion of those revenues were distributed to states and communities in the form of direct gaming taxes. While this number is down 2.2 percent from 2007 figures, it shows the industry continues to be a major contributor to the communities where it operates even in difficult economic times. The industry also continued its role as a major employer[1] in the U.S. economy, as commercial casinos employed 357,314 people during 2008 who earned a total of $14.1 billion in wages, including benefits and tips.

Despite nationwide figures showing 2008 as a challenging year for the commercial casino industry, state-by-state data reveal that the industry is far from monolithic. The recession hit some markets and regions harder than others, and each was affected by different circumstances. For example, Nevada saw decreases in gaming and tax revenue due to a reduction in consumer spending on overnight travel as well as belt-tightening among local gamblers. New Jersey was hit by a decrease in consumer spending, a partial smoking ban and increased regional competition, while Colorado and Illinois saw their revenues drop, in part, because of statewide smoking bans that went into effect at the beginning of 2008.

Despite the recession, some markets witnessed increases in gross gaming revenue in 2008. New properties in Pennsylvania and Indiana resulted in subsequent boosts to gaming revenues in those states. Missouri saw its gaming revenues increase partially because of a new property that opened in December 2007, and Michigan experienced an uptick in revenues thanks to the opening of two permanent casino facilities in late 2007.

COLORADO

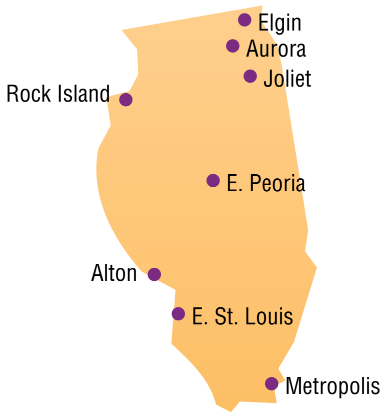
Current # of Operating Casinos	40
Casino Format	Land-based
Casino Employees	9,073
Casino Employee Wages	$238.95 million (includes tips and benefits)
Gross Casino Gaming Revenue	$715.88 million
Gaming Tax Revenue	$88.43 million
How Taxes Spent	Local communities, historic preservation, general fund
Legalization Date	November 1990
First Casino Opening Date	October 1991
State Gaming Tax Rate	Graduated tax rate with a maximum tax of 20% on gaming revenue
Mode of Legalization	Statewide vote, legislative action
Visitor Volume	Data not available

Sources: Colorado Gaming Association, Colorado Division of Gaming

ILLINOIS

Current # of Operating Casinos	9
Casino Format	Riverboat
Casino Employees	7,711
Casino Employee Wages	$326.92 million (includes tips and benefits)
Gross Casino Gaming Revenue	$1.569 billion
Gaming Tax Revenue	$566.84 million
How Taxes Spent	Education assistance, local government
Legalization Date	February 1990
First Casino Opening Date	September 1991
State Gaming Tax Rate	Graduated tax rate from 15% to 50% of gross gaming revenue, $2-3 admissions tax
Mode of Legalization	Legislative action
Visitor Volume	14.64 million

Sources: Illinois Casino Gaming Association, Illinois Gaming Board



INDIANA

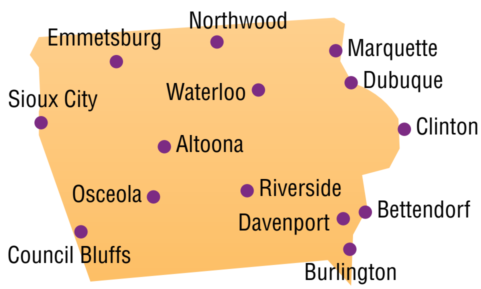
Current # of Operating Casinos	13
Casino Format	10 riverboats, 1 land-based, 2 racetrack casinos
Casino Employees	16,040
Casino Employee Wages	$616.99 million (includes tips and benefits)
Gross Casino Gaming Revenue	$2.668 billion
Gaming Tax Revenue	$838.19 million
How Taxes Spent	Economic development, local government
Legalization Date	November 1993
First Casino Opening Date	December 1995
State Gaming Tax Rate	Graduated tax rate from 15% to 35% of gross gaming revenue; $3 per patron admissions tax
Mode of Legalization	Local option vote, legislative action
Visitor Volume	25.45 million

Sources: Casino Association of Indiana, Indiana Gaming Commission

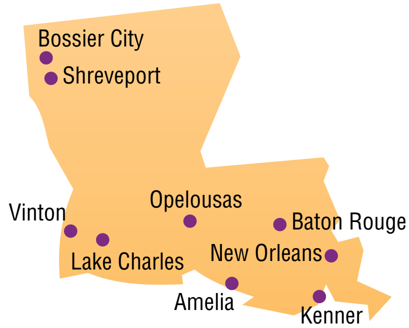
IOWA

Current # of Operating Casinos	17
Casino Format	7 riverboats, 7 land-based, 3 racetrack casinos
Casino Employees	9,946
Casino Employee Wages	$336.02 million (includes tips and benefits)
Gross Casino Gaming Revenue	$1.420 billion
Gaming Tax Revenue	$323.96 million
How Taxes Spent	Infrastructure, schools and universities, the environment, tourism projects, cultural initiatives, general fund
Legalization Date	July 1989
First Casino Opening Date	September 1991
State Gaming Tax Rate	Graduated tax rate with a maximum of up to 22% on gross gaming revenue at riverboats and up to 24% at racetracks with slots and table games with over $100 million in revenues
Mode of Legalization	Local option vote, legislative action
Visitor Volume	22.87 million

Sources: Iowa Gaming Association, Iowa Racing and Gaming Commission



LOUISIANA



Current # of Operating Casinos	18
Casino Format	13 riverboat, 1 land-based, 4 racetrack casinos
Casino Employees	17,268
Casino Employee Wages	$643.09 million (includes tips and benefits)
Gross Casino Gaming Revenue	$2.584 billion
Gaming Tax Revenue	$626.25 million
How Taxes Spent	General fund, city of New Orleans, public retirement systems, state capital improvements, rainy day fund
Legalization Date	July 1991
First Casino Opening Date	October 1993
State Gaming Tax Rate	Riverboat casinos: 21.5%[1]; Land-based casino: $60 million annual tax or 21.5% of gross gaming revenue, whichever is greater; Racinos: 18.5% tax on gross gaming revenue, 18% of net paid to horsemen, 4% of the above net then paid to local parish
Mode of Legalization	Local option vote, legislative action
Visitor Volume	35.32 million

[1] *Riverboat casinos pay an additional 4 percent to 6 percent to local governing authorities under the terms of "local boarding fee" agreements*

Sources: Louisiana Casino Association, Louisiana Gaming Control Board

MICHIGAN

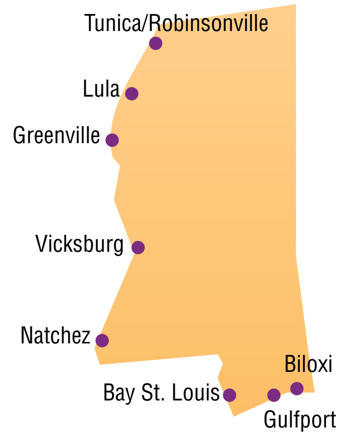
Current # of Operating Casinos	3
Casino Format	Land-based
Casino Employees	8,568
Casino Employee Wages	$481.11 million (includes tips and benefits)
Gross Casino Gaming Revenue	$1.360 billion
Gaming Tax Revenue	$321.63 million
How Taxes Spent	Public safety, capital improvements, youth programs, tax relief, neighborhood development and improvement, infrastructure repair and improvement
Legalization Date	December 1996
First Casino Opening Date	July 1999
State Gaming Tax Rate	For permanent facilities: 19% tax on gross gaming revenue (10.9% to city of Detroit, 8.1% to state of Michigan); For temporary facilities: 24% tax on gross gaming revenue (11.9% to city of Detroit, 12.1% to state of Michigan)
Mode of Legalization	Local advisory vote, statewide voter referendum, legislative action
Visitor Volume	Data not available

Sources: Michigan Gaming Control Board, individual properties

MISSISSIPPI

Current # of Operating Casinos	29
Casino Format	Dockside, land-based
Casino Employees	28,740
Casino Employee Wages	$954.71 million (includes tips and benefits)
Gross Casino Gaming Revenue	$2.721 billion
Gaming Tax Revenue	$326.89 million
How Taxes Spent	Housing, education, transportation, health care services, youth counseling programs, local public safety programs
Legalization Date	June 1990
First Casino Opening Date	August 1992
State Gaming Tax Rate	Graduated tax of 8% on gaming revenues; up to 4% additional tax on gaming revenues may be imposed by local governments
Mode of Legalization	Legislative action, local option votes
Visitor Volume	36.49 million

Sources: Mississippi Casino Operators Association, Mississippi Gaming Commission

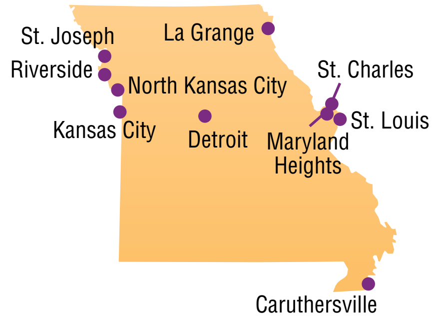


MISSOURI

Current # of Operating Casinos	12
Casino Format	Riverboat
Casino Employees	11,658[1]
Casino Employee Wages	$360.30 million (includes tips and benefits)[1]
Gross Casino Gaming Revenue	$1.682 billion
Gaming Tax Revenue	$442.79 million
How Taxes Spent	Education, local public safety programs, compulsive gambling treatment, veterans' programs, early childhood programs
Legalization Date	August 1993
First Casino Opening Date	May 1994
State Gaming Tax Rate	21% tax on gross gaming revenue; $2 per patron admission fee, per excursion, split between home dock community and the state
Mode of Legalization	Statewide vote, local option vote, legislative action
Visitor Volume	51.93 million

[1]FY 2008

Sources: Missouri Gaming Association, Missouri Gaming Commission

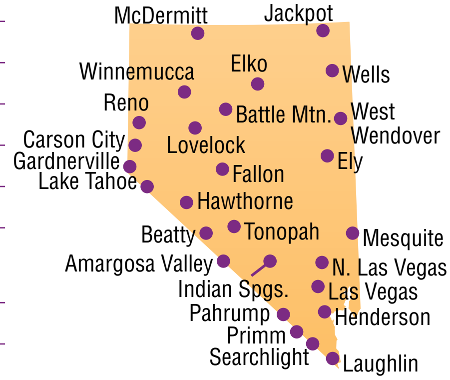


NEVADA

Current # of Operating Casinos	266
Casino Format	Land-based
Casino Employees	202,216[1]
Casino Employee Wages	$8.687 billion (includes tips and benefits)[1]
Gross Casino Gaming Revenue	$11.599 billion
Gaming Tax Revenue	$924.49 billion
How Taxes Spent	Education, local governments, general fund, problem gambling programs
Legalization Date	1931
First Casino Opening Date	1931
State Gaming Tax Rate	Graduated tax rate with a maximum tax of 6.75% on gross gaming revenue; additional fees and levies may be imposed by counties, municipalities and the state, adding approximately 1% to the tax burden
Mode of Legalization	Legislative action
Visitor Volume	51.59 million

[1]FY 2008

Sources: Nevada Gaming Control Board, Nevada Commission on Tourism



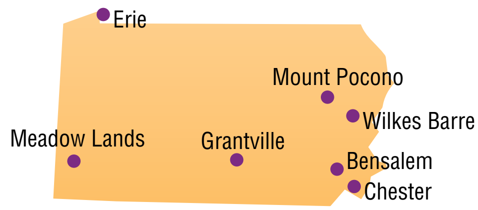
NEW JERSEY

Current # of Operating Casinos	11
Casino Format	Land-based
Casino Employees	38,585
Casino Employee Wages	$1.163 billion (includes tips)
Gross Casino Gaming Revenue	$4.503 billion
Gaming Tax Revenue	$426.82 million[1]
How Taxes Spent	Senior citizens, disabled, economic revitalization programs
Legalization Date	1976
First Casino Opening Date	1978
State Gaming Tax Rate	8% tax on gross gaming revenue, plus a community investment alternative obligation of 1.25% of gross gaming revenue (or an investment alternative of 2.5% on gross gaming revenue), 4.25% tax on casino complimentaries[1]
Mode of Legalization	Statewide vote, legislative action
Visitor Volume	34.53 million

[1]New Jersey's tax on complimentary rooms, food, beverage and entertainment is in the process of being phased out. It will be fully phased out on June 30, 2009.

Sources: New Jersey Casino Control Commission, South Jersey Transportation Authority

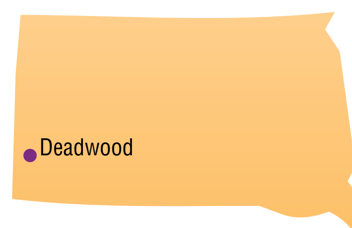
PENNSYLVANIA



Current # of Operating Casinos	7
Casino Format	1 land-based, 6 racetrack casino (slot machines only)
Casino Employees	5,869
Casino Employee Wages	$211.47 million (includes tips and benefits)
Gross Casino Gaming Revenue	$1.616 billion
Gaming Tax Revenue	$766.58 million
How Taxes Spent	Property tax relief, economic development, tourism, horse racing industry, host local government
Legalization Date	July 2004
First Casino Opening Date	October 2007
State Gaming Tax Rate	34% to state gaming fund, 12% to horse racing industry, 5% to economic development, 4% to local and county governments
Mode of Legalization	Legislative action
Visitor Volume	Data not available

Source: Pennsylvania Gaming Control Board, individual properties

SOUTH DAKOTA



Current # of Operating Casinos	35
Casino Format	Land-based (limited-stakes; $100 maximum bet)
Casino Employees	1,640 (CY 2007)
Casino Employee Wages	$40.04 million (CY 2007) (includes tips and benefits)
Gross Casino Gaming Revenue	$102.26 million
Gaming Tax Revenue	$15.37 million
How Taxes Spent	40% Dept. of Tourism, 10% Lawrence County, 50% commission fund
Legalization Date	November 1989
First Casino Opening Date	November 1989
State Gaming Tax Rate	8% tax on gross gaming revenue; gaming device tax ($2,000 per machine per year)
Mode of Legalization	Statewide vote, local option vote, legislative action
Visitor Volume	Data not available

Source: South Dakota Gaming Commission, Labor Market Information Center, South Dakota Department of Labor

ECONOMIC IMPACT: RACETRACK CASINOS

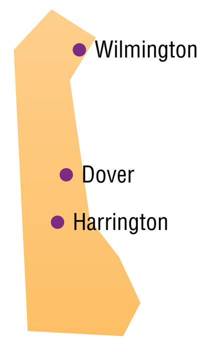
In the face of declining revenues and tax contributions in the commercial casino industry as a whole, the racetrack casino sector continued to grow in 2008, with three new properties opening and one state, Indiana, adding its name to the roster of "racino states." Gross gaming revenues at racetrack casinos rose to $6.19 billion last year, a 17.2 percent increase over 2007, and properties across the country provided sorely needed tax revenues and jobs. Contributions through direct gaming taxes to the states and cities where racetrack casinos operate grew to $2.59 billion, a 16.6 percent increase from 2007's record levels. Employment figures at racetrack casinos also steadily increased, with 29,051 individuals employed during 2008, a 6.6 percent increase over 2007 figures.

Most of the increases in revenue, employment and tax payments last year were driven by expansion in Pennsylvania and Indiana. Pennsylvania opened one and Indiana premiered two new racetrack casinos during 2008.

DELAWARE

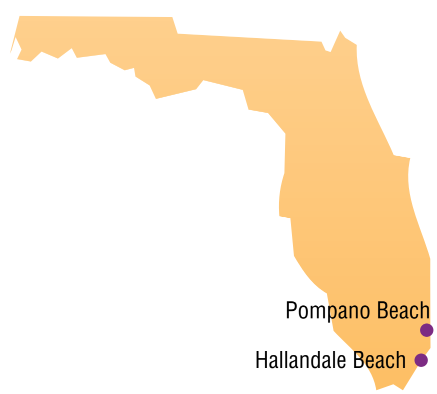
Current # of Operating Racinos	3
Public/Private Arrangement	Publicly run video lottery terminals with distributions to operators
Racino Employees	2,582
Gross Racino Gaming Revenue	$586.92 million
Distributions to State/Local Govt.	$210.55 million
Revenue Retained by Operator	48.0%
How Taxes Spent	General fund
Legalization Date	1994
First Racino Opening Date	1995
Mode of Legalization	Legislative action

Source: Delaware Lottery



FLORIDA

Current # of Operating Racinos	3
Public/Private Arrangement	Privately operated facilities with slot machines
Racino Employees	2,201
Gross Racino Gaming Revenue	$228.86 million
Distributions to State/Local Govt.	$114.43 million
Revenue Retained by Operator	50.0%[1]
How Taxes Spent	Statewide education
Legalization Date	2006
First Racino Opening Date	2006
Mode of Legalization	Statewide referendum, local option vote, legislative action



[1]This figure only represents what operators retain after state taxes are collected. It does not take into account what operators allocate to horse and dog breeders funds, local authorities and public gambling awareness. Thus, the percentage of revenue retained by operators is actually significantly lower than this 50 percent figure.

Source: Florida Department of Business and Professional Regulation

INDIANA

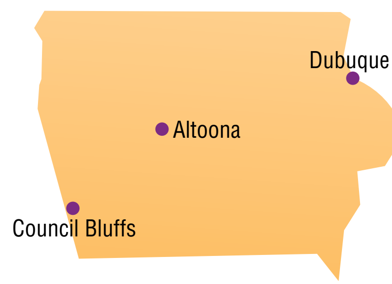
Current # of Operating Racinos	2
Public/Private Arrangement	Privately operated facilities with slot machines
Racino Employees	1,412
Gross Racino Gaming Revenue	$205.15 million
Distributions to State/Local Govt.	$51.21 million
Revenue Retained by Operator	56.0%
How Taxes Spent	Property tax fund, horseracing industry, local government and French Lick Resort
Legalization Date	2007
First Racino Opening Date	2008
Mode of Legalization	Legislative action

Source: Casino Association of Indiana, Indiana Gaming Commission

IOWA

Current # of Operating Racinos	3
Public/Private Arrangement	Privately operated facilities with slot machines and table games
Racino Employees	2,668
Gross Racino Gaming Revenue	$466.93 million
Distributions to State/Local Govt.	$108.47 million
Revenue Retained by Operator	76.8%
How Taxes Spent	Infrastructure improvements, local government, general fund, schools and universities, the environment, tourism
Legalization Date	1994
First Racino Opening Date	1995
Mode of Legalization	Local county option vote, legislative action

Source: Iowa Racing and Gaming Commission



LOUISIANA

Current # of Operating Racinos	4
Public/Private Arrangement	Privately operated facilities with slot machines
Racino Employees	2,268
Gross Racino Gaming Revenue	$395.40 million
Distributions to State/Local Govt.	$72.95 million
Revenue Retained by Operator	63.6%
How Taxes Spent	General fund, local parishes
Legalization Date	1994
First Racino Opening Date	1994
Mode of Legalization	Local option vote, legislative action

Sources: Louisiana Gaming Control Board, individual properties

MAINE

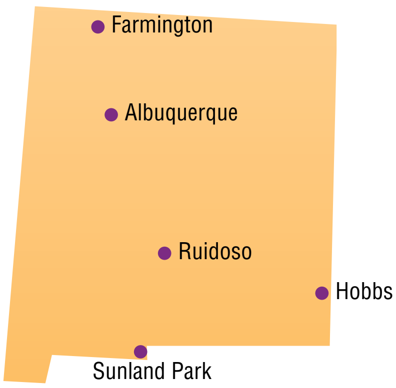
Current # of Operating Racinos	1
Public/Private Arrangement	Privately operated facility with slot machines
Racino Employees	324
Gross Racino Gaming Revenue	$50.52 million
Distributions to State/Local Govt.	$25.04 million
Revenue Retained by Operator	50.4%
How Taxes Spent	Education, health care, agriculture, gambling control board administration and City of Bangor
Legalization Date	2004
First Racino Opening Date	2005
Mode of Legalization	Local option vote, legislative action

Sources: Maine Gambling Control Board, Penn National Gaming, Inc.

NEW MEXICO

Current # of Operating Racinos	5
Public/Private Arrangement	Privately operated facilities with slot machines
Racino Employees	1,605
Gross Racino Gaming Revenue	$258.08 million
Distributions to State/Local Govt.	$67.10 million
Revenue Retained by Operator	54.0%
How Taxes Spent	General fund, problem gambling treatment
Legalization Date	1997
First Racino Opening Date	1999
Mode of Legalization	Legislative action

Source: New Mexico Gaming Control Board



NEW YORK

Current # of Operating Racinos	8
Public/Private Arrangement	Publicly run video lottery terminals with distributions to operators
Racino Employees	3,413
Gross Racino Gaming Revenue	$947.28 million
Distributions to State/Local Govt.	$446.28 million
Revenue Retained by Operator	42.9%
How Taxes Spent	Education
Legalization Date	2001
First Racino Opening Date	2004
Mode of Legalization	Legislative action

Source: New York Racing and Wagering Board

OKLAHOMA

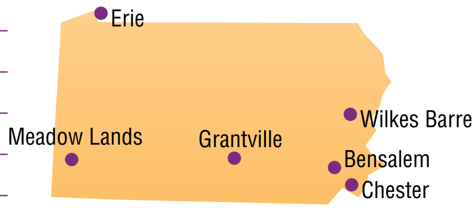
Current # of Operating Racinos	3
Public/Private Arrangement	Privately operated facilities with slot machines
Racino Employees	1,050
Gross Racino Gaming Revenue	$92.48 million
Distributions to State/Local Govt.	$13.33 million
Revenue Retained by Operator	58.0%
How Taxes Spent	Education
Legalization Date	2004
First Racino Opening Date	2005
Mode of Legalization	Statewide question on ballot

Sources: Oklahoma Horse Racing Commission, State of Oklahoma-Office of the State Auditor and Inspector

PENNSYLVANIA

Current # of Operating Racinos	6
Public/Private Arrangement	Privately operated facilities with slot machines
Casino Employees	4,948
Gross Racino Revenue	$1.597 billion
Distributions to State/Local Govt.	$752.42 million
Revenue Retained by Operator	45.0%
How Taxes Spent	Property tax relief, economic development, tourism, horse racing industry, host local government
Legalization Date	2004
First Racino Opening Date	2006
Mode of Legalization	Legislative action

Source: Pennsylvania Gaming Control Board

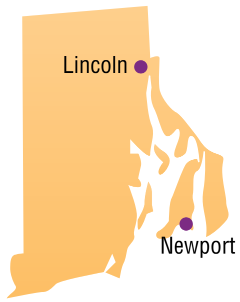


RHODE ISLAND

Current # of Operating Racinos	2
Public/Private Arrangement	Publicly run video lottery terminals with distributions to operators
Racino Employees	1,310
Gross Racino Gaming Revenue	$407.50 million
Distributions to State/Local Govt.	$302.70 million[1]
Revenue Retained by Operator	27.3%[2]
How Taxes Spent	General fund
Legalization Date	1992
First Racino Opening Date	1992
Mode of Legalization	Legislative action

[1]FY 2008
[2]FY 2008 data was used to calculate revenue retained by operator.

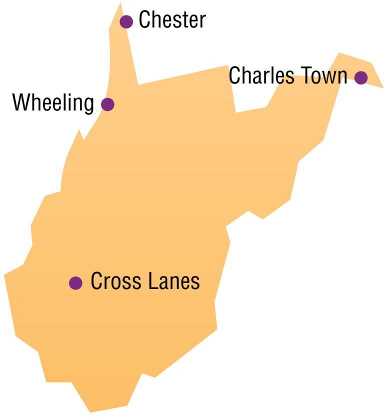
Source: Rhode Island Lottery



WEST VIRGINIA

Current # of Operating Racinos	4
Public/Private Arrangement	Publicly run video lottery terminals with distributions to operators; table games in two locations
Racino Employees	5,270
Gross Racino Gaming Revenue	$951.21 million
Distributions to State/Local Govt.	$430.24 million
Revenue Retained by Operator	44.6%
How Taxes Spent	Education, senior citizens and tourism
Legalization Date	1994
First Racino Opening Date	1994
Mode of Legalization	Local option vote, legislative action

Source: West Virginia Lottery



CASINOS AND THEIR ROLE IN U.S. TOURISM

Travel and tourism are essential to the health of the U.S. economy, and casinos play a key role in the $740 billion U.S. travel and tourism industry, according to results of a recent national public opinion poll and a new survey of tourism industry professionals.

Both surveys were conducted by VP Communications, Inc. in conjunction with national pollster Peter D. Hart. The national survey polled 804 adult Americans from across the U.S., while the travel-specific survey polled 200 executive-level officials at convention and visitors bureaus, destination marketing organizations, city and state tourism offices, and city and state economic development offices, among others. More than half of the respondents have been working in travel and tourism for 16 years or more.

According to the results, nearly nine out of 10 (87 percent) Americans think promoting domestic tourism can help the economy, and travel professionals say the government has a major role to play in promoting the industry. Fully 88 percent think state and local governments should fund tourism marketing efforts, and more than three-quarters (77 percent) say the federal government also should get involved in promoting travel as a means to stimulate the overall economy.

There is broad understanding among Americans and travel professionals that casinos are vital components of the overall travel and tourism industry in the U.S. Nearly two-thirds (65 percent) of Americans and 84 percent of travel professionals — those who know the industry best — say casinos are an important part of the broader tourism economy.

In fact, more than two-thirds (67 percent) of travel professionals in gaming states say casinos are an important component of their states' travel and tourism industries. More than four out of five (82 percent) say their local casinos encourage leisure travel to the region, and 76 percent agree there is a positive, ripple effect from casino customers visiting other attractions in the area. More than three-quarters (78 percent) think casinos and the visitors they attract have benefited other businesses as well as the overall economic well-being of their states.

Among travel industry professionals from states without casinos, attitudes are similarly sanguine about casinos' potential impact on their area. An overwhelming 90 percent say their states would be able to attract more leisure travelers from out-of-state if casinos were added to the entertainment mix, and more than three-quarters (77 percent) agree their states would be able to attract more meeting and convention business if it had casinos.

In fact, business meetings and event travel are an important component of the overall U.S. travel and tourism industry. Nearly two-thirds (62 percent) of Americans have attended a meeting or convention out of town, and a significant majority — 87 percent — of those travelers think meetings and conventions are important to running a good business.

According to travel professionals, however, recent activity in Washington is threatening this vital segment of the industry. More than three-quarters (79 percent) say the recent criticisms of meetings and events by elected officials and the media have hurt business travel in the U.S.

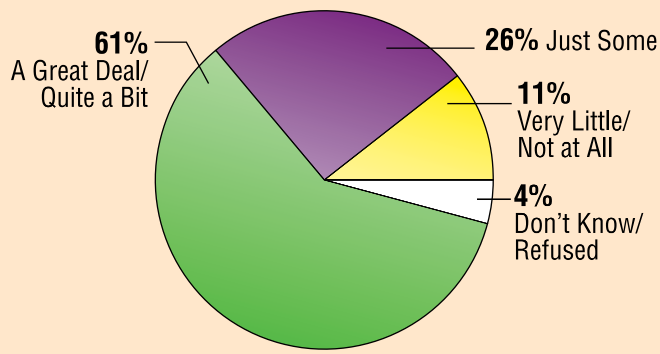
Casinos in particular have been labeled by some as inappropriate venues for business meetings, but fully 76 percent of travel professionals disagree with that notion. In fact, three-quarters (75 percent) say casinos are a vital component of the business travel market.

The following section outlines the results of these and other data highlighting the value of business and leisure travel to local communities across the country and the vital role casinos play in helping this industry strengthen and grow the overall national economy.

Role of Government In Promoting Travel and Tourism

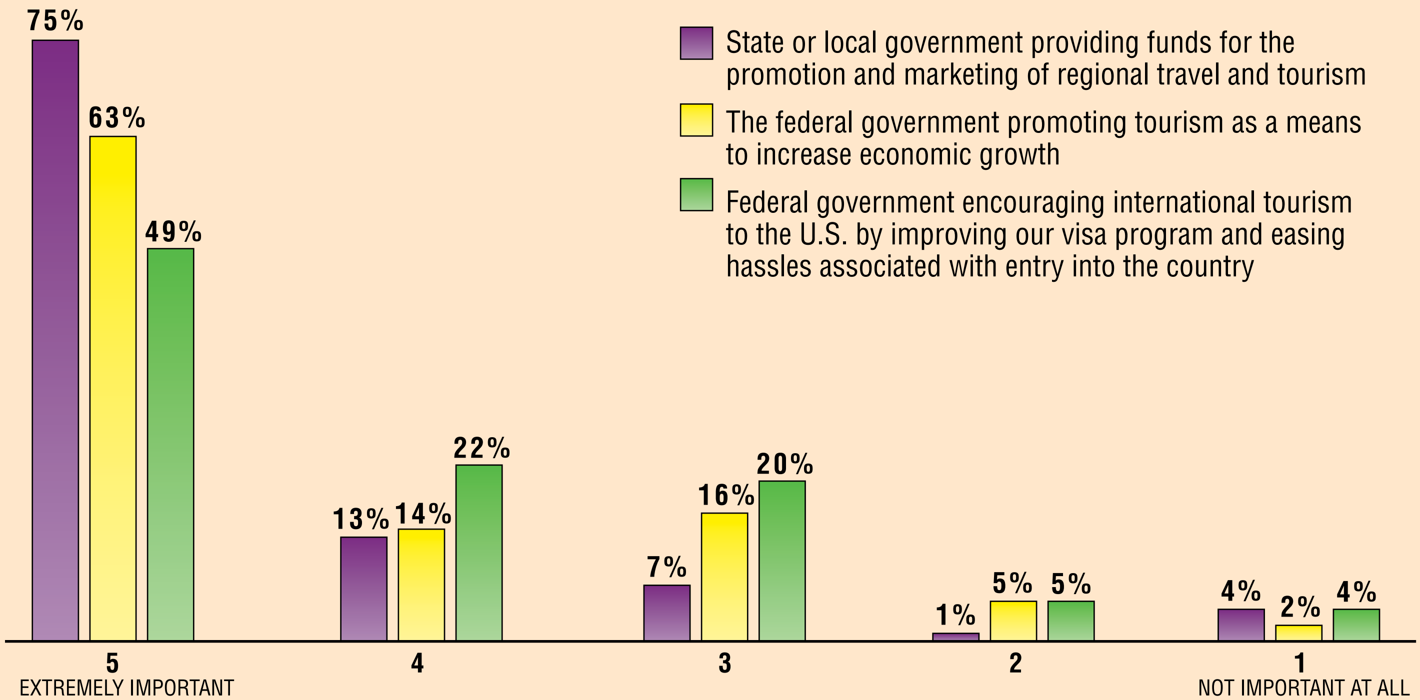
How much do you think that promoting domestic tourism can help the economy in the United States?

According to a 2009 national public opinion survey, nearly nine out of 10 (87 percent) Americans think that promoting domestic tourism can help the U.S. economy.



Source: VP Communications, Inc. and Peter D. Hart

How important are the following federal, state and local government activities to maintaining a healthy travel and tourism industry? (On a scale of 1 to 5, with 5 being "extremely important" and 1 being "not important at all.")

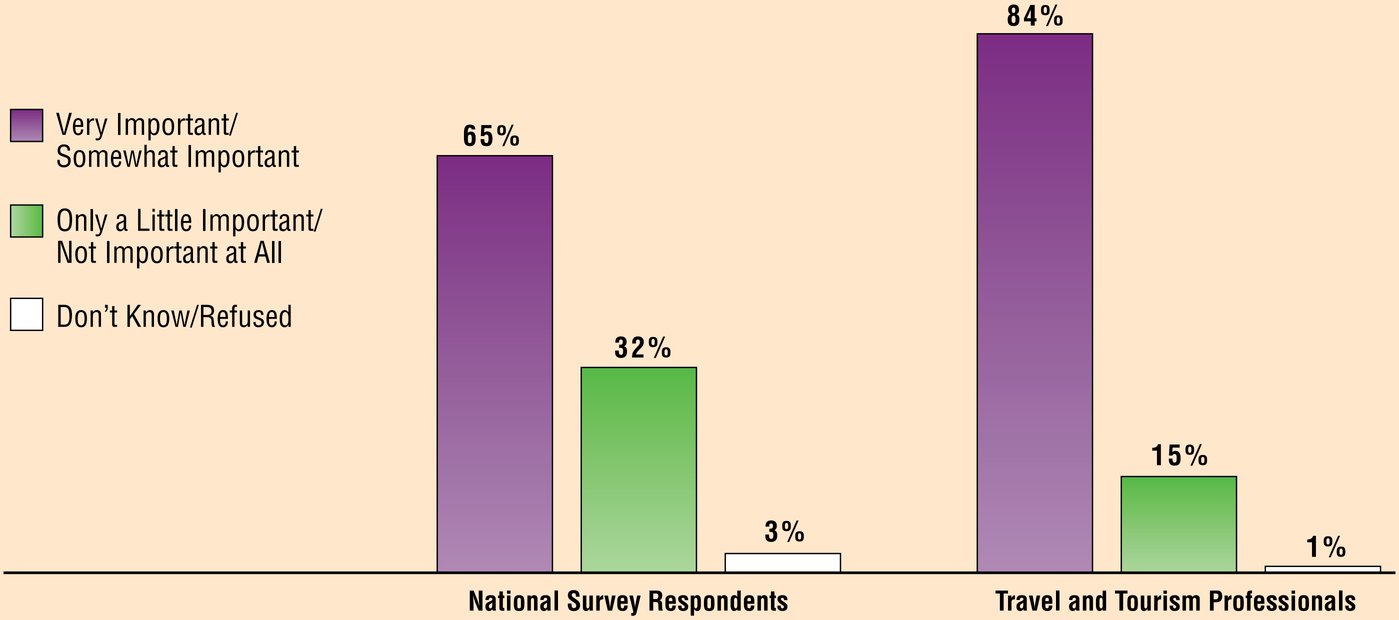


Source: VP Communications, Inc. and Peter D. Hart

Travel and tourism professionals think there are a number of ways that federal, state and local governments can positively impact the tourism industry. Nearly nine out of 10 (88 percent) think it is important for state and local governments to fund tourism marketing and promotion efforts, and more than three-quarters (77 percent) agree that the federal government also should promote tourism. Fully 61 percent think the federal government can encourage international tourism by improving the visa program and easing entry hassles.

Value of Casinos

How important do you think the casino industry is in terms of the overall travel and tourism industry in the U.S.?

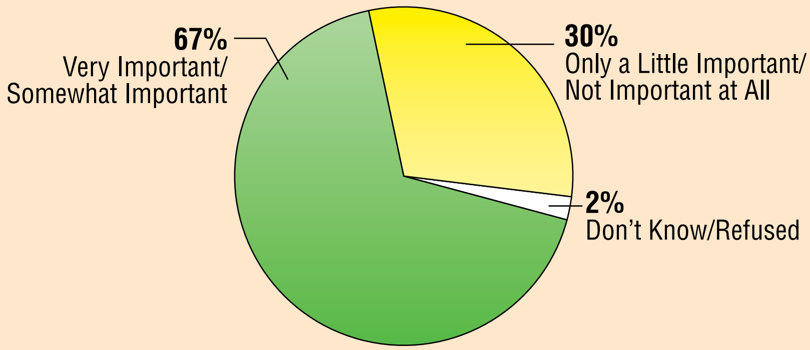


Source: VP Communications, Inc. and Peter D. Hart

Large majorities of Americans and travel and tourism professionals think the casino industry is important to the overall travel and tourism industry. Nearly two-thirds (65 percent) of the American public and a whopping 84 percent of travel professionals recognize the value of casinos to the broader industry.

How important do you think the casino industry is in terms of the overall travel and tourism industry in your state?

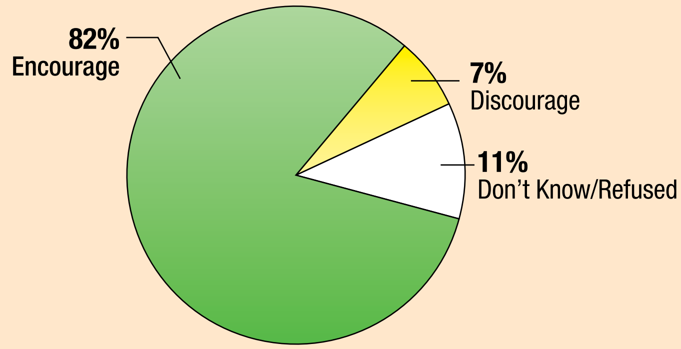
More than two-thirds (67 percent) of travel professionals in gaming states see the casino entertainment industry as a "very important" or "somewhat important" part of their states' overall tourism industries.



Source: VP Communications, Inc. and Peter D. Hart

Have casinos in your state done more to encourage or discourage leisure travel in your region?

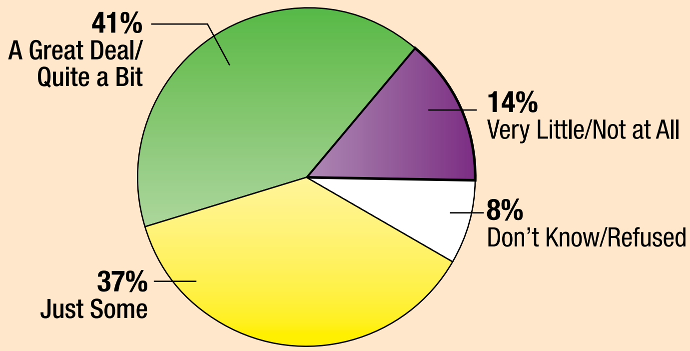
More than four out of five (82 percent) gaming state tourism professionals think that casinos have helped to encourage leisure travel in their region.



Source: VP Communications, Inc. and Peter D. Hart

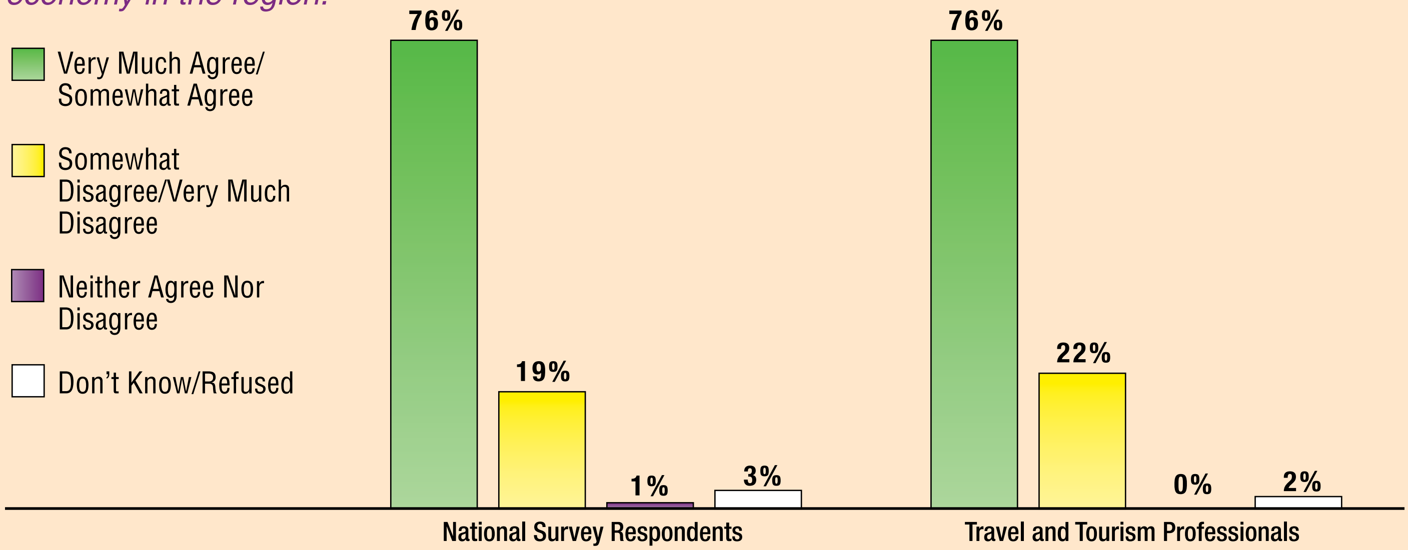
How much have casinos and the visitors they attract helped businesses and the overall economic environment in your state?

A vast majority (78 percent) of travel and tourism professionals in gaming states think that the overall economic environment in their states benefit from the existence of casinos and the tourism they generate.



Source: VP Communications, Inc. and Peter D. Hart

Do you agree or disagree with the following: "Casino destinations attract tourists, and many of these people also visit other major sites in the surrounding areas, thereby helping the overall economy in the region."

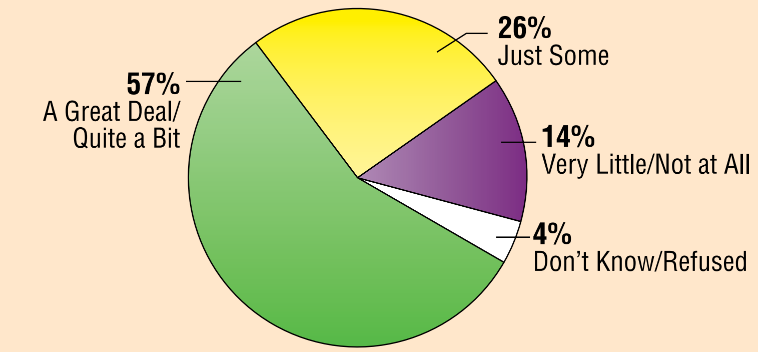


Source: VP Communications, Inc. and Peter D. Hart

Fully 76 percent of Americans and travel professionals think that casinos bring in tourists that then visit other attractions in the area, thereby helping to improve the economy of the entire region.

If introduced in your state, how much do you think casino resorts would increase tourism and economic development?

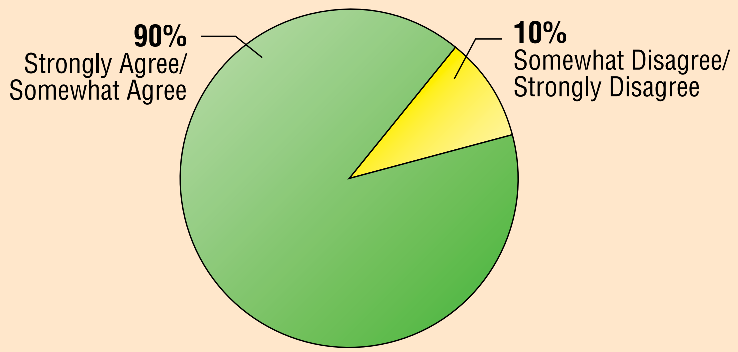
A majority (57 percent) of travel and tourism professionals from non-casino states thinks tourism would increase a "great deal" or "quite a bit" with the addition of casinos, and more than four out of five (83 percent) say casinos would have at least some positive impact in this area.



Source: VP Communications, Inc. and Peter D. Hart

Do you agree or disagree with the following: "If casinos were introduced, my state would be able to attract more leisure travelers from out-of-state."

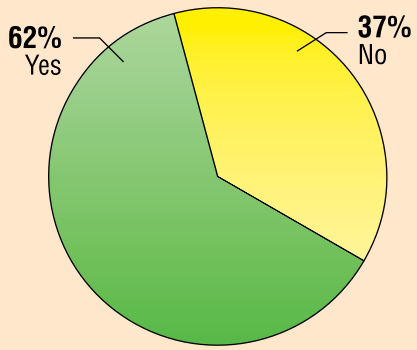
Nine out of 10 (90 percent) travel and tourism professionals from non-casino states agree that the introduction of casinos in their state would better equip their states to attract more out-of-state leisure travelers.



Source: VP Communications, Inc. and Peter D. Hart

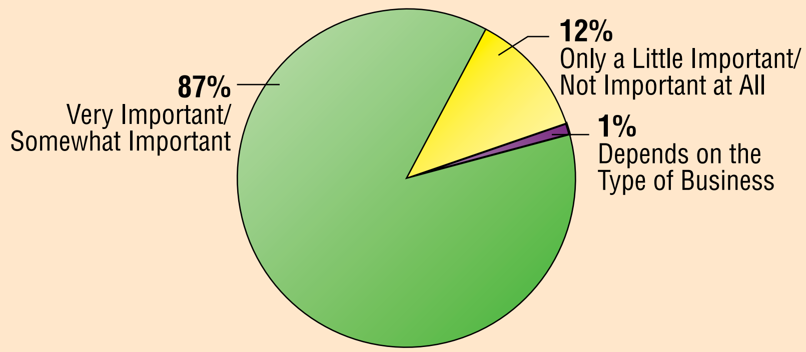
Value of Meetings

Have you ever attended a meeting or convention for work that took you out of town for at least one night?



Source: VP Communications, Inc. and Peter D. Hart

And, based upon your experience, how important do you think meetings and conventions are to running a strong business?

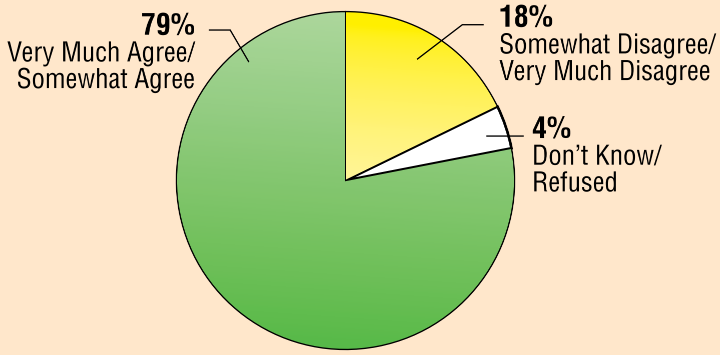


Source: VP Communications, Inc. and Peter D. Hart

Sixty-two percent of Americans have attended an out-of-town meeting or convention, and an overwhelming majority of them (87 percent) think such functions are "very important" or "somewhat important" to running a successful business.

Do you agree or disagree with the following statement: "Elected officials and the media have hurt business travel in the U.S., particularly conventions and meetings, by criticizing these events as not involving real business."

More than three-quarters (79 percent) of travel and tourism professionals think the recent rhetoric has damaged business travel in the U.S.

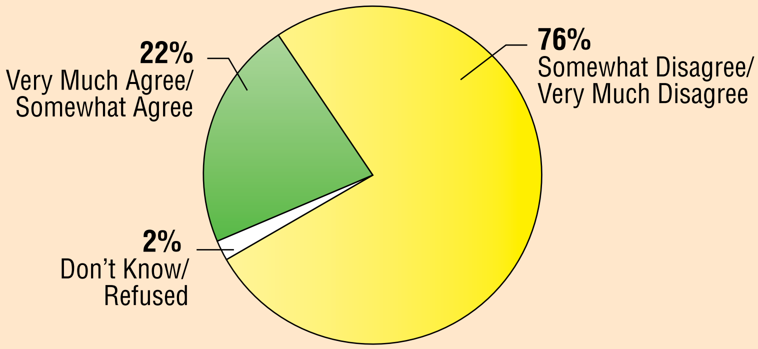


Source: VP Communications, Inc. and Peter D. Hart

Casinos and Meetings

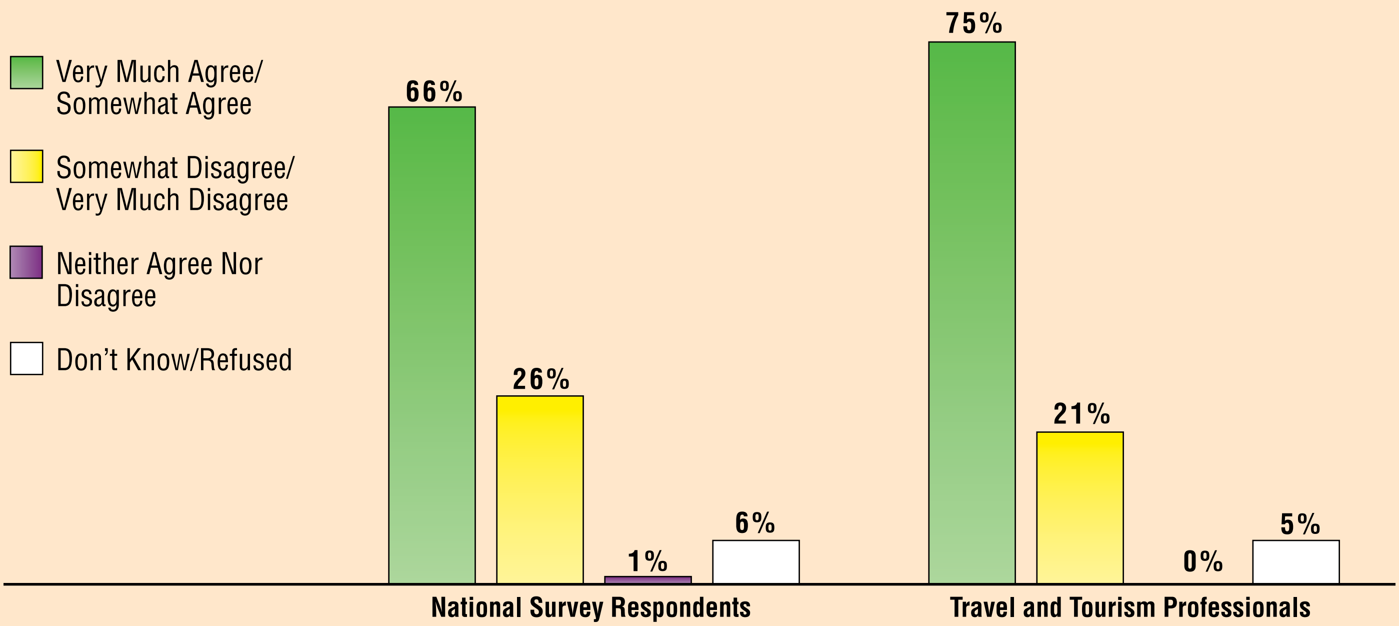
Do you agree or disagree with the following: "Casino resorts are not appropriate locations for holding meetings or conventions. Serious business just can't get done there."

More than three-quarters (76 percent) of travel and tourism professionals think casino resorts are appropriate places for business meetings and conventions.



Source: VP Communications, Inc. and Peter D. Hart

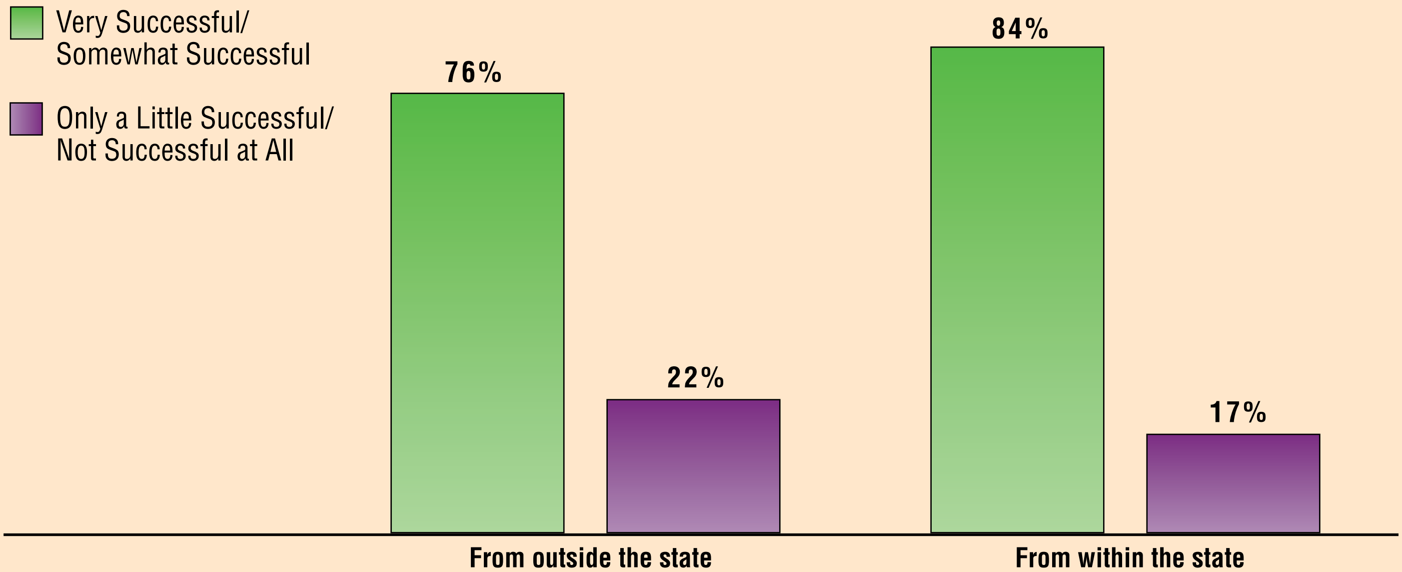
Do you agree or disagree with the following: "Casinos are a vital part of the business travel market because they host a large number of meetings and conventions every year."



Source: VP Communications, Inc. and Peter D. Hart

Three-quarters (75 percent) of travel and tourism professionals and almost two-thirds (66 percent) of Americans think casino resorts are a vital part of the business travel industry due to the significant number of meetings and conventions they host.

How successful are the casino meeting and convention facilities in your state in terms of attracting meeting business…?

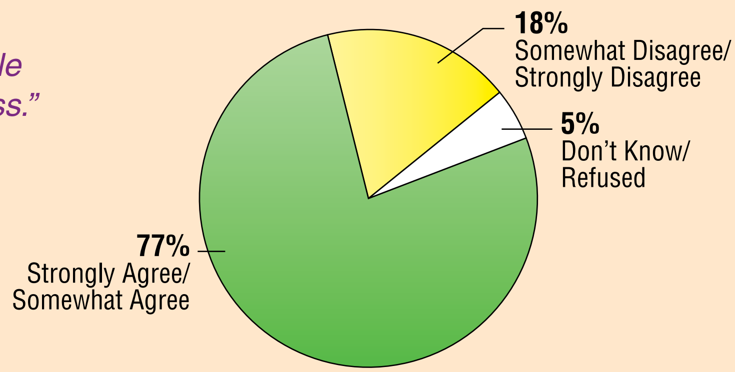


Source: VP Communications, Inc. and Peter D. Hart

A substantial majority of travel and tourism professionals from gaming states familiar with casinos' efforts to attract meetings and conventions think that casino facilities have been either "very successful" or "somewhat successful" at attracting business travelers. Specifically, 76 percent say casinos had success bringing in business from out of state, and 84 percent say they have been successful at attracting meeting business from within the state.

Do you agree or disagree with the following: "If casinos were introduced, my state would be able to attract more meeting and convention business."

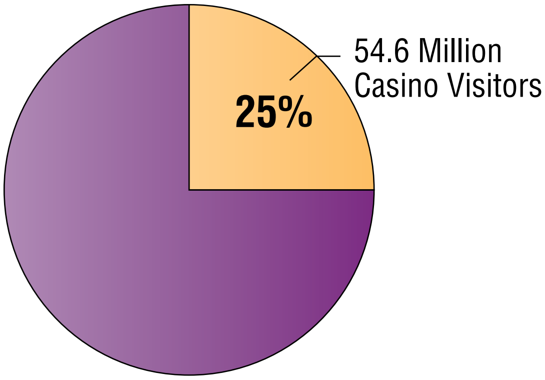
More than three-quarters (77 percent) of travel and tourism professionals in non-casino states think their states would be able to bring in more meeting and convention business if casinos were introduced.



Source: VP Communications, Inc. and Peter D. Hart

CASINO VISITATION

Total Visitors, 2008

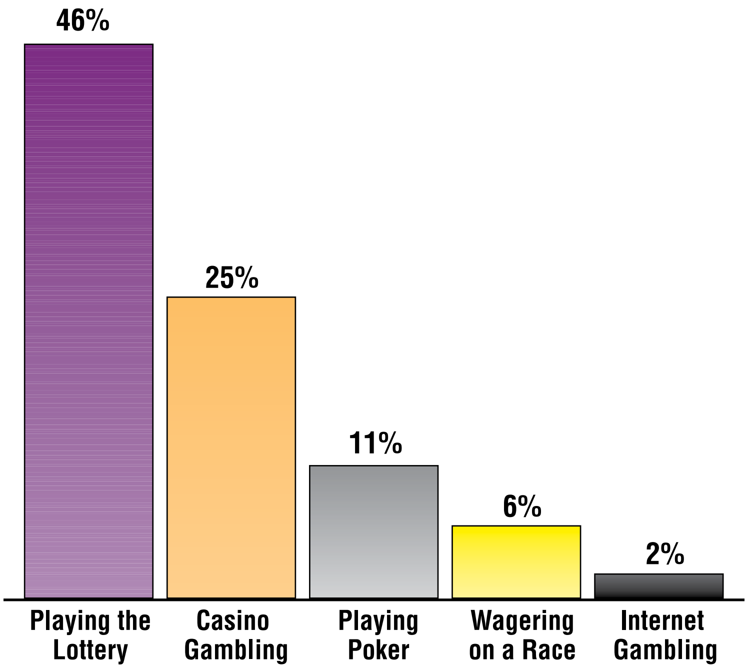


- Total U.S. population age 21 and older = 218.4 million
- 54.6 Million Casino Visitors (25 percent)

Sources: VP Communications, Inc., Peter D. Hart and U.S. Census Bureau

One-quarter (25 percent) of the U.S. adult population visited casinos in 2008. Nearly the same percentage of adult Americans have visited casinos during each of the past five years.

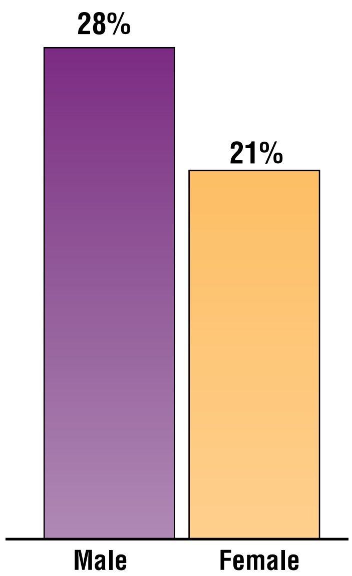
Forms of Gambling Participated in During the Last 12 Months, 2008



Source: VP Communications, Inc. and Peter D. Hart

Playing the lottery remained the most popular form of gambling, according to results of a 2009 public opinion poll. Almost half (46 percent) of all adult Americans played the lottery during the past year, while one-quarter (25 percent) visited casinos. Slightly more than one in 10 (11 percent) adults played poker during the past year, while 2 percent gambled online.

Casino Gambling by Gender, 2008



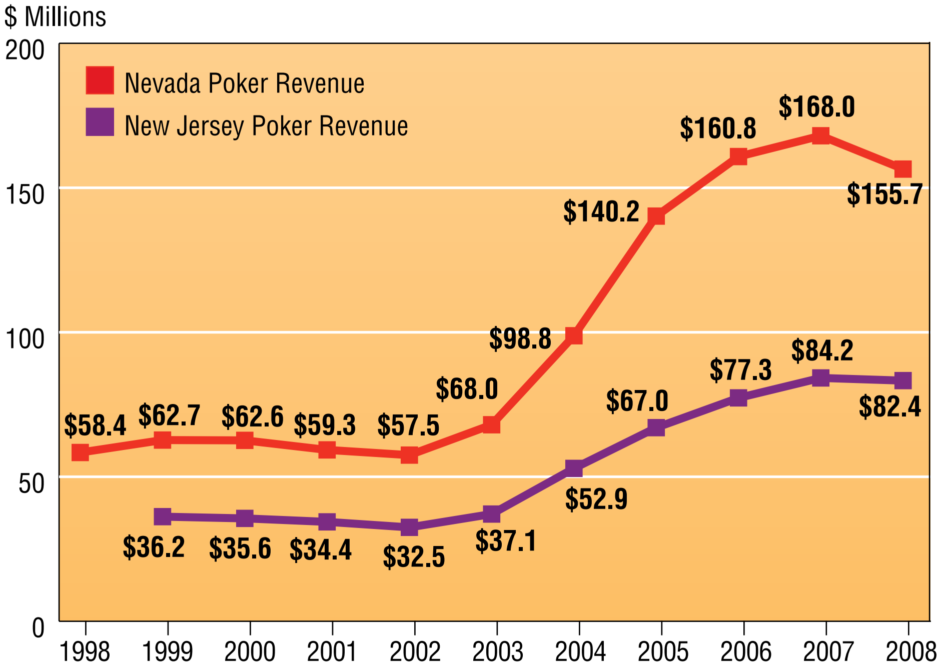
Source: VP Communications, Inc. and Peter D. Hart

A larger percentage of U.S. men than women reported visiting a casino in 2008. The 7 percent gender gap was the widest of the past three years. In 2007, it was six percentage points, and only three percentage points in 2006.

SPOTLIGHT ON POKER

Poker is a popular game played in locations from commercial and tribal casinos to card rooms to living rooms across the country. While the popularity of the game has ebbed slightly from the height of the poker boom a few years ago, it still is a staple game for casinos, and poker tournaments continue to be found on a variety of television channels throughout the year.

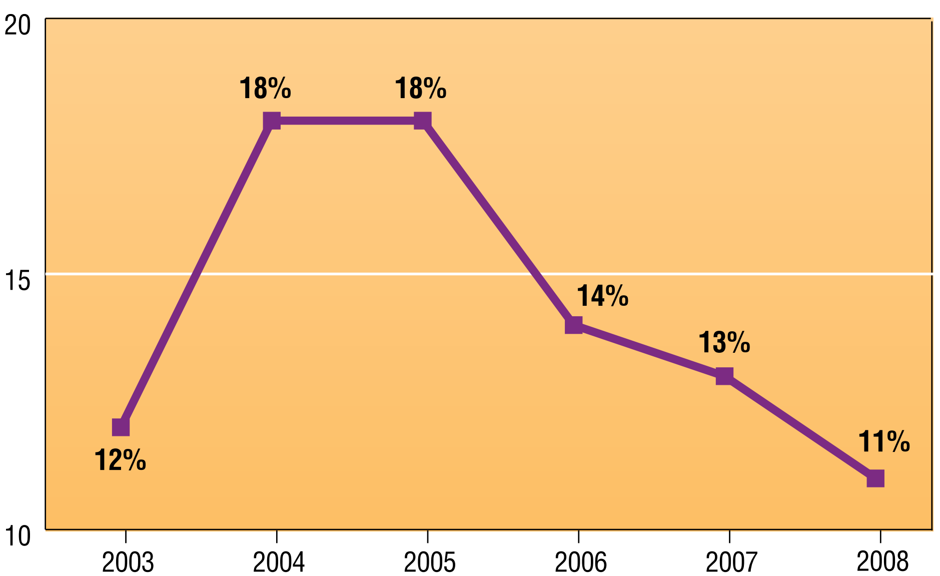
Consumer Spending on Poker in Nevada and New Jersey



Sources: State Gaming Regulatory Agencies

In keeping with the trend established by overall gaming revenues, consumer spending on poker decreased in Nevada and New Jersey — the two largest commercial gaming states — during 2008. It should be noted, however, that poker revenues declined at a more gradual rate than overall gaming revenues in those same states. Poker spending in Nevada dropped 7.3 percent, while gaming revenues decreased by 9.7 percent. In New Jersey, spending on poker decreased by only 2.1 percent, compared to an 8.5 percent drop in gaming revenues overall.

Poker Participation: Six-Year Trend



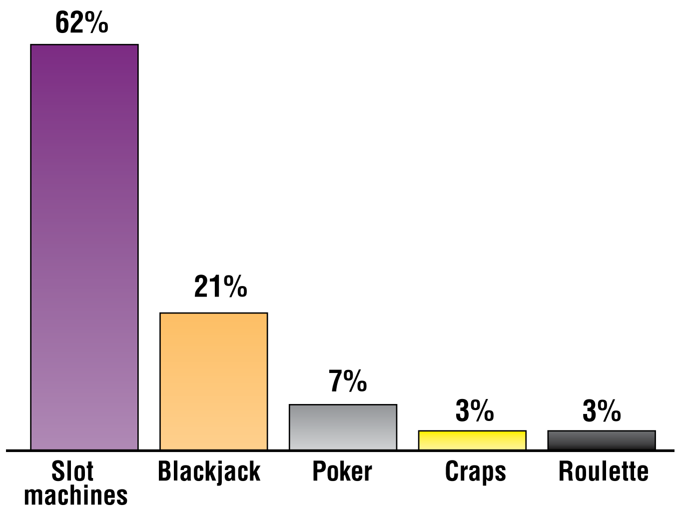
Source: VP Communications, Inc. and Peter D. Hart

Poker is still a popular game, as 11 percent of Americans report playing poker either in person or over the Internet in 2008. However, participation rates have been falling steadily since 2005, the year that seems to represent the high-water mark of the poker boom.

CASINOS AS ENTERTAINMENT

Top Five Favorite Casino Games

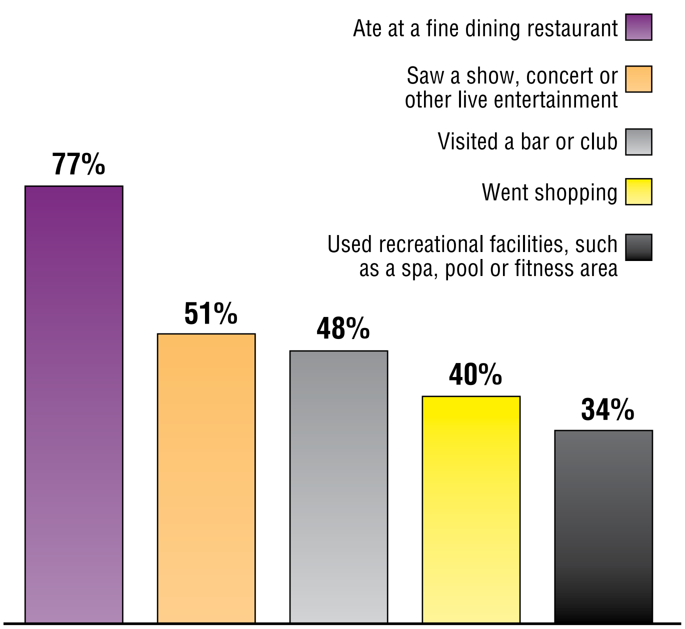
Slot machines continued to be the most popular casino game, with almost two-thirds (62 percent) of respondents in a 2009 survey saying slots are their preferred form of casino gambling. More than one in five (21 percent) said blackjack is their favorite. Poker, craps and roulette were the only other games to receive significant support.



Source: VP Communications, Inc. and Peter D. Hart

When you visited a casino this past year, in what other activities did you participate?

Today's commercial casinos provide top-notch entertainment experiences that go far beyond gaming, and 2009 survey results show that visitors are taking full advantage of casino resorts' non-gaming amenities. During their casino visits during the past year, more than three-quarters (77 percent) ate at a fine dining restaurant, more than half (51 percent) saw a show, concert or other live entertainment, and almost half (48 percent) visited a bar or night club.

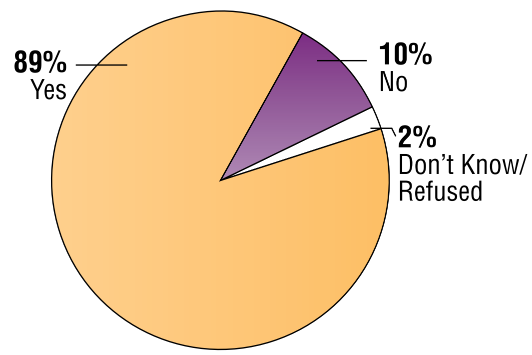


Source: VP Communications, Inc. and Peter D. Hart

CUSTOMERS' ATTITUDES ABOUT RESPONSIBLE GAMING

Do you set a budget when you go casino gambling?

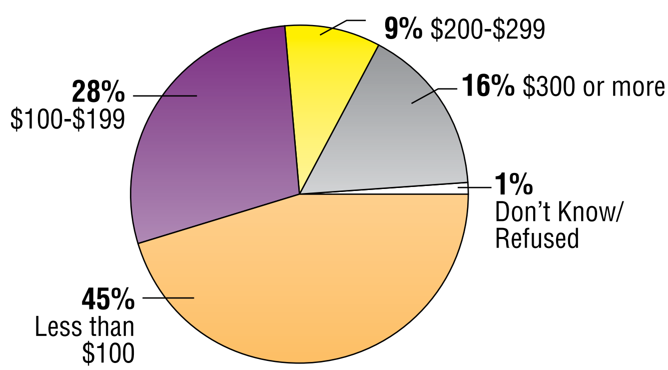
An overwhelming majority of casino gamblers understand that setting a budget is a key part of keeping gambling fun. According to survey results, nearly nine out of 10 (89 percent) respondents say they set a budget when they go to a casino.



Source: VP Communications, Inc. and Peter D. Hart

What budget do you usually set for a day of casino gambling?

Of those survey participants who reported setting budgets when they gamble, nearly half (45 percent) set budgets of $100 or less for a day of gambling. Slightly more than one in four (28 percent) set their limit between $100 and $199.

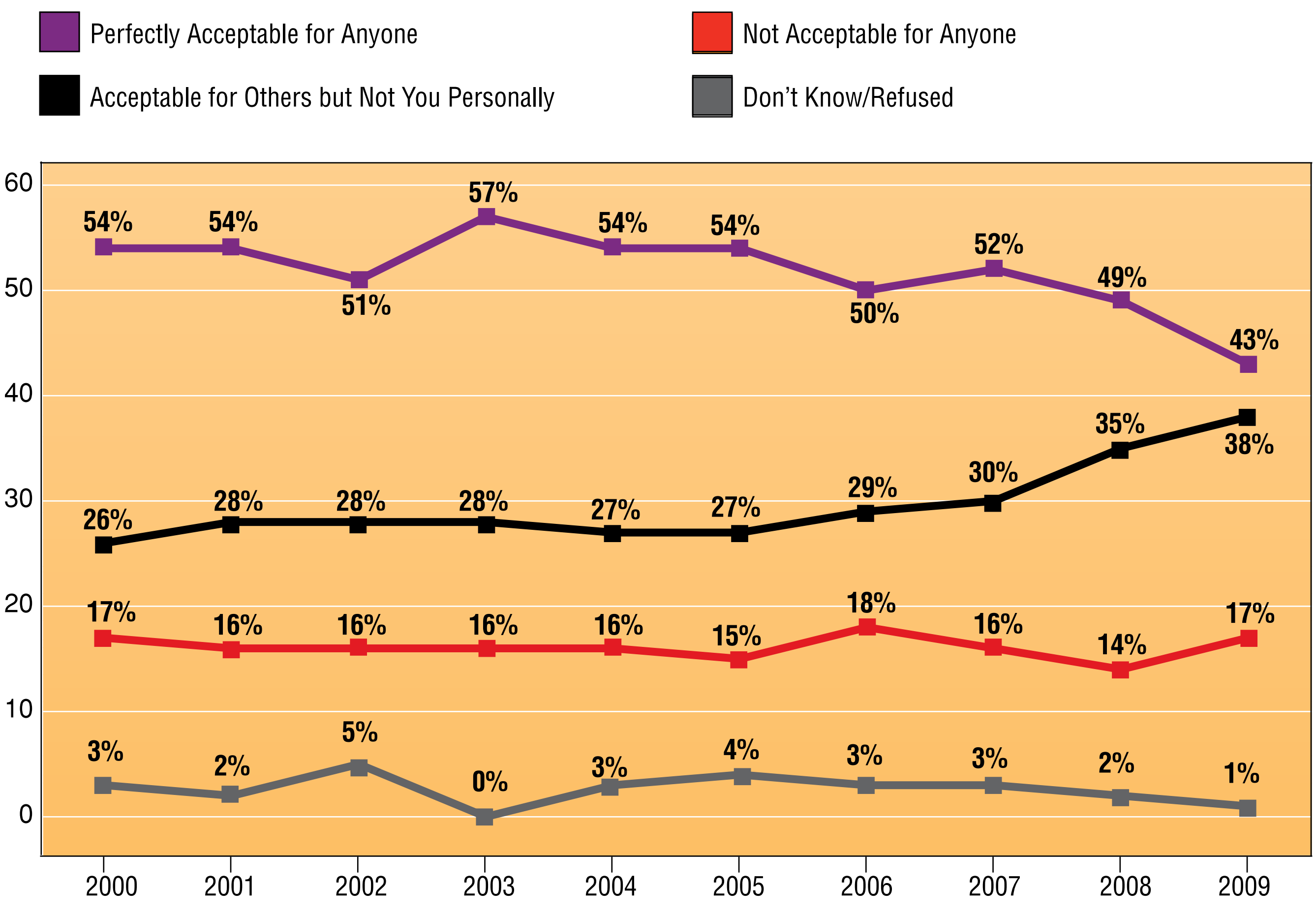


Source: VP Communications, Inc. and Peter D. Hart

AMERICAN PERCEPTIONS OF CASINO ENTERTAINMENT

A 2009 national public opinion poll conducted by VP Communications, Inc. and national pollster Peter D. Hart found that 81 percent of Americans think casino gaming is acceptable for themselves or others. Poll results also show that Americans view casino gaming as a form of recreation on par with concerts, plays and sporting events, in which participants pay for an entertainment experience. The poll also indicates that Americans see many ways that casinos benefit communities, such as job creation, tax revenues, economic development and tourism.

U.S. Casino Gaming Acceptability, 2000-2009

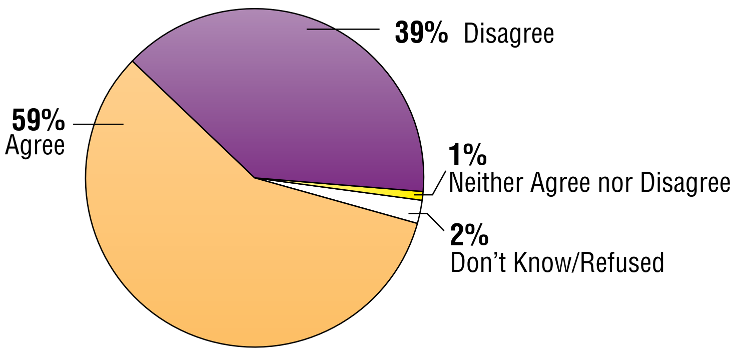


Source: VP Communications, Inc. and Peter D. Hart

Overall acceptability remained high, with 81 percent of respondents deeming casino gambling acceptable for themselves or others. This percentage is consistent with the acceptability figures from the past decade.

Personal Choice

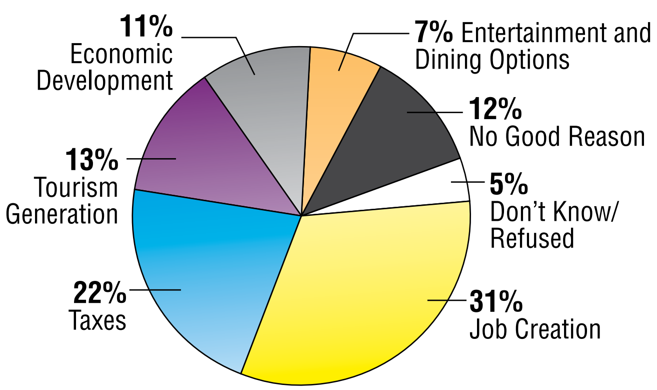
Do you agree or disagree with the following: "Going to a casino is just like going to a concert, sporting event or play. You are paying for the entertainment experience."



Source: VP Communications, Inc. and Peter D. Hart

Benefits of Casinos

Regardless of whether or not your state has hotel-casinos, which of the following reasons do you feel is the best reason for casinos to be allowed in your state?



Source: VP Communications, Inc. and Peter D. Hart

There are myriad reasons that communities have decided to add casinos to their economic mix, and survey participants see the benefits that casinos bring to the communities where they operate. More than half see casinos as ways to create jobs (31 percent) or tax revenues (22 percent) for local communities. Survey respondents also view casino gaming as a way to generate tourism, promote economic development and expand entertainment and dining options for an area.

APPENDIX

Glossary of Gaming Terms

Bingo: A game of chance in which each player has one or more cards printed with differently numbered squares on which to place markers when the respective numbers are drawn and announced by a caller. The first player to mark a complete pattern of numbers (e.g., a row) wins.

Class I Game*: A social game that is not considered a game of chance, played solely for prizes of minimal value; or a traditional form of Indian gaming engaged in by individuals as a part of or in connection with tribal ceremonies or celebrations.

Class II Game*: A game of chance including (if played in the same location) bingo, pull-tabs, lotteries, punchboard and other games similar to bingo, whether live or electronic, in which players bet against other players; an electronic game played on a "linked" video gaming device that is connected to a central computer system.

Class III Game*: Any form of gaming besides a Class I and Class II game, including electronic gaming devices with random-number generators and house-banked table games.

Commercial Casino: A private-sector establishment (i.e., nongovernmental) — whether land-based, riverboat, dockside, limited-stakes or racetrack casino — that offers games of chance and is regulated and taxed by the state where it is located.

Dockside Casino: A casino on a body of water that is not required to cruise or is a permanently moored barge.

Effective Tax Rate: The total percentage a casino pays in taxes, including taxes on direct gross gaming revenue and admissions as well as corporate, payroll, real estate and other taxes similar to those paid by other businesses.

Electronic Gaming Device, or EGD: Any mechanical or electronic game of chance, including slot machines, video lottery terminals (VLTs) and video bingo, video pull-tabs and video poker machines.

Gross Gaming Revenue: The amount a gaming operation earns before taxes, salaries and other expenses are paid — the equivalent of "sales," not "profit."

Handle: The estimated total amount wagered, including the winnings returned to players.

House Advantage: A measure of how much a casino expects to win, expressed as a percentage of the player's wager.

House-banked Game: A game in which the player bets against the house; Class III games (e.g., blackjack and other table games).

Land-based Casino: A casino that is built on an earth foundation, not on a waterway.

Limited-stakes Casino: A casino in which the allowable bet on a single hand is limited to a maximum wager.

Odds: 1) the probability of winning; 2) the payout in relation to amount wagered, e.g., winning odds.

Pari-mutuel: A system of betting on races whereby the winners divide the total amount bet, after deducting management expenses, in proportion to the sums they have wagered individually.

Player-banked Game: A game in which the player bets against other players; Class II games (e.g., bingo and pull-tabs).

Pull-tabs: A game of chance in which a player opens perforated windows on a paper card, matching symbols on the card to win. Each group, referred to as a set, of pull-tabs has a unique prize structure; winners collect the prize that correlates to the specific pull-tab set.

Racetrack Casino, or Racino: A hybrid of a pari-mutuel venue — horse track, dog track or jai alai court — and a casino. Typically, the "casino" at a racino offers only slot machine games.

Random-number Generator: A mechanism inside the computer of a Class III game that ensures that each pull has an equal chance of hitting the jackpot.

Slot Machine: Any mechanical or electronic device in which outcomes are determined by a random-number generator located inside the terminal.

Video Bingo: An electronic version of traditional bingo.

Video Lottery Terminal, or VLT: An electronic game of chance played on a video terminal that is networked and can be monitored, controlled and audited by a central computer system. These games are authorized through the state lottery and considered by law to be lotteries, not commercial gaming.

Video Pull-tabs: An electronic version of paper pull-tabs.

**Class I, Class II and Class III are legal terms in the context of the Indian Gaming Regulatory Act (IGRA), but for the purposes of this survey help define the type of gaming operating in different states.*

Sources: American Gaming Association; The American Heritage® Dictionary of the English Language, Fourth Edition; Christiansen Capital Advisors; Indian Gaming Regulatory Act (IGRA); National Gambling Impact Study Commission Report; National Indian Gaming Commission; Nevada Gaming Control Board Regulation 29

Index of Charts

Methodology

VP Communications, Inc. and Peter D. Hart

VP Communications, Inc and Peter D. Hart jointly produced the national public opinion survey and the study of tourism professionals for the 2009 *States of the States* report.

Peter Hart has collaborated on the survey research associated with the AGA *State of the States* report for more than a decade. He is chairman of Peter D. Hart Research Associates and co-director of the NBC/*Wall Street Journal* poll.

For the national survey, VP Communications interviewed a base sample of 804 adult Americans from Feb. 19-24, 2009. The margin of error for the total sample was +/- 3.5 percent. Interviews were conducted by telephone using Random Digit Dial sampling.

VP Communications also conducted the survey of 200 tourism industry professionals from March 10-18, 2009. Respondents were invited to complete the survey online or via phone interview. The margin of error for the total sample was +/- 6.9%.

Founded in 1999 and based in Alexandria, Va., VP Communications conducts strategic public opinion research for corporate, political and trade association clients. The company specializes in quantitative, survey-based research as well as qualitative, focus group and dial testing studies.

Contact: VP Communications
Andrew Smith
703-535-6553

Contact: Peter D. Hart Research Associates
Peter Hart
202-234-5570

Association of Gaming Equipment Manufacturers (AGEM)/Applied Analysis

In 2009, the Association of Gaming Equipment Manufacturers (AGEM) retained Applied Analysis (AA) to prepare an update to an economic impact analysis for the global gaming supplier segment of the gaming industry that was prepared in 2008.

Economic impact measures were segmented into direct impacts and indirect impacts. Direct impacts measure the effects of the specific force being considered. In this case, gaming equipment manufacturing jobs are considered direct jobs and the wages and salaries they are paid are considered direct personal income. Indirect impacts consider how other businesses respond to the impacting condition. Employees at part suppliers, for example, are considered indirect employees to the extent their jobs are dependent, in full or in part, on the suppliers' income generated by industry-related purchases.

To identify and model the interrelationships in the economy, IMPLAN (Impact Analysis for Planning) software and databases were used. IMPLAN is an input-output model (or econometric system) that utilizes complex economic equations to explain how the "outputs" of one industry become the "inputs" of others, and vice versa. This relationship is sometimes referred to as the "multiplier effect," illustrating how changes in one sector of the economy can affect other sectors.

AGEM is an international trade association representing manufacturers and suppliers of electronic gaming devices, systems, table games, key components and support products and services for the gaming industry. AGEM works to further the interests of gaming equipment suppliers throughout the world. Through political action, trade show partnerships, information dissemination and good corporate citizenship, the members of AGEM work together to create benefits for every company within the organization. AGEM has assisted regulatory commissions and participated in the legislative process to solve problems and create a business environment where AGEM members can prosper while providing a strong level of support to education and responsible gaming initiatives.

Applied Analysis (AA) is a Nevada-based economic analysis and gaming consulting firm with extensive experience in preparing economic and fiscal impact analyses. AA also maintains a broad range of gaming experience and has performed work for some of the largest gaming companies in the world. AA was retained by several organizations to review and analyze the economic, fiscal and social impacts of community investments and operations. This includes impacts on employment, wages and output as well as impacts on tax collection and public service demands.

Contact: Marcus Prater
702-812-6932

Christiansen Capital Advisors

Christiansen Capital Advisors (CCA) assisted in this study by compiling and analyzing data relating to the direct economic impacts of casino gaming in each jurisdiction, as well as providing historical data on consumer spending at commercial casinos.

CCA provides unparalleled professional gambling and entertainment industry analysis and management services.

Contact: Sebastian Sinclair
207-688-4500

Acknowledgments

The American Gaming Association would like to thank the following individuals and organizations for their assistance with the survey: the Association of Gaming Equipment Manufacturers (AGEM), Christiansen Capital Advisors, Derris Newman of the Innovation Group, Terry Wade and TheWadeGroup, Inc., and the industry's state associations and regulatory agencies.

AGA CONTACTS*

Frank J. Fahrenkopf, Jr.
President and CEO
202-552-2675

Judy Patterson
Senior Vice President
and Executive Director
202-552-2675

D. Brett Hale
Vice President
202-552-2682

Dorothy R. Jackson
Vice President
202-552-2672

Holly Thomsen
Director of Communications
202-552-2686

Andrew Smith
Director of Research
202-552-2679

Keli Wallace
Director of Special Projects
202-552-2685

Brian Lehman
Communications Manager
202-552-2680

Melanie Rothrock
Executive Assistant and
Office Manager
202-552-2670

Anne Evans
Assistant to the Senior Vice President
and Project Coordinator
202-552-2688

Crissy Mas
Administrative Assistant
202-552-2674

**For specific questions about the 2009 State of the States survey, please contact Andrew Smith or Holly Thomsen.*

INDUSTRY ASSOCIATIONS

Association of Gaming Equipment Manufacturers (AGEM)
Marcus Prater
702-812-6932

Casino Association of Indiana
Mike Smith
317-231-7030

Casino Association of New Jersey
Joe Corbo
609-317-7007

Colorado Gaming Association
Lois Rice
303-237-5480

Deadwood (S.D.) Gaming Association
Vicki Johnson
605-578-1876

Illinois Casino Gaming Association
Tom Swoik
217-546-0945

Iowa Gaming Association
Wes Ehrecke
515-267-9200

Louisiana Casino Association
Wade Duty
225-344-0037

Michigan Gaming Association
Rob Russell
517-507-3858

Mississippi Casino Operators Association
Beverly Martin
228-388-0087

Missouri Gaming Association
Mike Winter
573-634-4001

National Indian Gaming Association
Mark Van Norman
202-546-7711

Nevada Resort Association
Bill Bible
702-735-4888

American Gaming Association

1299 Pennsylvania Avenue, NW, Ste 1175, Washington, DC 20004 www.americangaming.org