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The MICHIGAN GAMING Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR DECEMBER 2009

The Michigan Gaming Control Board (MGCB) released the December, 2009 total adjusted revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino, and Greektown Casino. Overall, revenue was up by 5.1% from the same reporting period last year. Specifically, revenue for MGM Grand and Greektown Casinos was up by 3.31% and 18.6% respectively, while revenue for MotorCity Casino was down by 1.7% in comparison to the same month last year.

Month in 2009	Total Adjusted Revenue 2009		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$45,760,680.80	\$36,824,138.17	\$24,331,489.11
February	\$49,452,574.79	\$40,001,069.14	\$27,507,991.91
March	\$48,417,844.13	\$41,632,619.57	\$29,974,562.14
April	\$44,249,852.45	\$38,539,338.93	\$28,589,866.54
May	\$47,216,927.68	\$40,457,965.75	\$30,153,069.06
June	\$43,772,027.46	\$36,881,519.22	\$28,849,029.46
July	\$47,805,123.70	\$35,770,492.65	\$31,736,529.31
August	\$44,169,556.35	\$36,926,854.50	\$30,615,372.25
September	\$41,894,202.01	\$33,465,389.73	\$28,196,948.76
October	\$44,911,699.01	\$35,992,326.21	\$29,300,520.26
November	\$42,881,772.84	\$34,959,624.71	\$28,442,692.42
December	\$47,100,645.71	\$34,374,824.43	\$28,322,131.80
Total	\$547,632,906.61	\$445,826,163.01	\$346,020,203.02

DETROIT FARES BETTER THAN TOP FOUR CASINO GAMING MARKETS IN 2009

According to aggregate casino revenues for the top five markets in the U.S., Detroit's three commercial casinos ended 2009 with a smaller percentage drop in revenues than the other four top performing markets.

Although the Detroit market saw a loss in revenue between 2008 and 2009, it had the smallest decrease, at only 1.48% in comparison to the other top five industry performers such as Las Vegas and Atlantic City, which saw double digit declines.

The other top revenue generating markets include: Las Vegas, Atlantic City, Illinois and, Connecticut.

Specific figures for the top four markets are as follows:

Month in 2009	Total Tax Revenue 2009 (cont.)		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$106,916,307.76	\$9,633,480.49	\$11,897,192.47
February	\$116,961,635.84	\$10,574,212.18	\$13,023,898.23
March	\$120,025,025.84	\$10,921,009.58	\$13,382,473.44
April	\$111,379,057.92	\$10,165,298.35	\$12,426,215.98
May	\$117,827,962.49	\$10,750,187.72	\$13,144,778.60
June	\$109,502,576.14	\$10,023,669.85	\$12,224,271.09
July	\$115,312,145.66	\$10,609,744.97	\$12,886,389.17
August	\$111,573,519.10	\$10,262,069.94	\$12,482,738.08
September	\$103,556,540.50	\$9,515,957.73	\$11,569,632.40
October	\$110,204,545.48	\$10,098,588.99	\$12,305,300.66
November	\$106,284,089.97	\$9,746,718.98	\$11,869,392.73
December	\$109,797,601.94	\$10,026,491.03	\$12,251,159.93
Total	\$1,339,479,272.64	\$122,338,629.20	\$149,463,442.75

The figures above do not include: 1) wages and benefits paid to casino employees; and 2) payments to suppliers, service providers or vendors.

For Greektown Casino, the State of Michigan's share of the wagering tax reflected in the numbers released by the MGCB is 12.1% and the City of Detroit's share is 11.9%, for a total tax of 24%. This 24% tax historically applied to all three Detroit casinos. Greektown Casino has applied for a tax reduction effective as of the opening of its permanent facility earlier last year.

MGM Grand Detroit and MotorCity Casino have received a tax base reduction certification as a result of their facilities being declared "fully operational" by the MGCB. These properties are now subject to a wagering tax of 19%, with 10.9% of this levy to go to the City of Detroit and 8.1% to be paid to the State of Michigan.

Casino Market	2008-2009 Change in Casino Revenue		
	'09 Revenue	'08 Revenue	% Difference
Las Vegas	\$5.78 billion	\$6.12 billion	- 5.5%
Atlantic City	\$3.9 billion	\$4.54 billion	- 13.2%
Illinois	\$1.4 billion	\$1.6 billion	- 12.5%
Detroit	\$1.34 billion	\$1.36 billion	- 1.48%

AGA BOARD OF DIRECTORS ELECTS NEW CHAIRMAN

On Tuesday, January 12, 2010, the American Gaming Association ("AGA") officially announced the election of Keith Smith, president and CEO of Boyd Gaming Corporation, to serve as chairman of the AGA's Board of Directors. The announcement originally came at the December annual meeting of the AGA. Mr. Smith joined the Board in 2007 and served as AGA vice chairman for the past year.

Mr. Smith succeeds Thomas J. (T.J.) Matthews, former chairman of International Game Technology, Inc. ("IGT"). Richard Haddrill,

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president, CEO and director of Bally Technologies, Inc., replaces Mr. Smith as the AGA's new vice chairman.

"T.J.'s outstanding leadership during these difficult economic times was invaluable, and we are extremely grateful of all of his hard work on behalf of our industry," stated Frank Fahrenkopf, president and CEO of the AGA. "The coming year promises to bring both challenges and opportunities, and I am confident that Keith and Dick will steer us in the right direction. Together, they boast more than 35 years of gaming industry experience. They will maintain the board's important balance between the operating and manufacturing sides of our industry and work tirelessly to protect the interests of our organization's diverse membership."

In addition, the AGA also elected two new directors. Patti S. Hart, president and CEO of IGT, will replace Mr. Matthews, and Timothy J. Wilmott, president and COO of Penn National Gaming, Inc., will take the seat previously occupied by Peter M. Carlino, Penn National's chairman and CEO.

Haddrill was also re-elected to the AGA board of directors for a three-year term, as were Nick Khin, president of the Americas for Aristocrat Technologies, Inc., and Gary Loveman, chairman, president and CEO of Harrah's Entertainment, Inc.

INDIANA LEGISLATURE TO CONSIDER MOVING CASINO RIVERBOATS INLAND

In an effort to better compete with surrounding casino gaming states, Indiana legislators are considering legislation that would allow riverboat casinos on Lake Michigan and the Ohio River to move inland.

Yet according to *The Indianapolis Star*, on Thursday the Casino Association of Indiana (CAI) told the Senate Appropriations Committee that it opposed the bills. "We have differences of opinion within our organization," said John Barnett, the association's lobbyist. The industry

felt it would be more prudent to delay this until next year."

Mr. Barnett said of the 12 members in the CAI, 8 voted against legislation to move casinos inland.

Several bills have been introduced to the Indiana Senate which seek to authorize the relocation of riverboat casinos to inland venues. A bill filed by State Senator Ron Alting (R-Lafayette) competes with bills filed by State Senator Earline Rogers (D-Gary). The bills have been sent to the Senate's appropriations committee, chaired by State Senator Luke Kenley (R-Noblesville).

The newly introduced legislation comes after the Annual Report of the Gaming Study Committee, released in December of 2009, analyzed the impact surrounding gaming states have and will have on Indiana's gaming industry. Specifically, "[t]he General Assembly is concerned about the ongoing impact of Native American gaming facilities in Michigan and that proposed gaming facilities in Ohio and Kentucky could soon affect the Indiana gaming industry and state tax revenues."

The study concluded that the state would best be served by the relocation of a riverboat casino in the city of Gary, Indiana to be located inland and near a major intersection of interstates to draw more patrons. "A new Gary casino located on I-80/94 near I-65 could generate additional wagering tax revenue through bracket creep assuming all the business from the two Buffington Harbor casinos would move to the new land-based operation," stated the report. "It is estimated the new location would generate net additional wagering tax of about \$11M." For the complete report please visit: <http://www.in.gov/legislative/interim/committee/reports/GSCOCB5.pdf>.

The Committee also received a report from the Spectrum Gaming Group, which estimated the potential impact from out of state competition could amount to declines in gaming revenue topping \$590 million state-wide.

Senate Bill 0315 (SB 0315) and Senate Bill 0318 (SB 0318) are authored by Sen. Rogers (D-Gary). Senate Bill 0405 is authored by Sen. Alting (R-

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Lafayette). All three bills seek to permit a licensed owner of a casino to convert a riverboat into a permanently moored vessel without propulsion or navigation equipment and impose a \$50 million relocation fee. Yet, Sen. Alting's version permits a licensed owner who operates two riverboats in Gary, Indiana to relinquish the second license in lieu of paying the relocation fee.

The legislation also contains a provision to allow off-site gaming tournaments, such as poker.

According to the *Associated Press*, Sen. Kenley (R-Noblesville) said Indiana's casinos deserve to be protected because they are 'fairly clean and well-regulated, employ 16,000 people, and bring in about \$1.1 billion in annual state and local tax revenue.'

"It's a situation that calls for allowing these people to do things that they ought to be able to do to meet anticipated competition head on," stated Sen. Kenley. He explained that inland locations in the cities or counties where the riverboat casinos are currently located would draw more customers.

DAILY AGA SMARTBRIEFS

The American Gaming Association (AGA), which produces the Global Gaming Expo, has recently introduced *AGA SmartBriefs*, a free daily e-newsletter which keeps the gaming industry up to date on the latest gaming news. Sign up and stay ahead of the curve with updates on products, technologies, amenities, industry happenings and more. You can register to receive the free *AGA SmartBriefs* by visiting www.smartbrief.com/aga/.