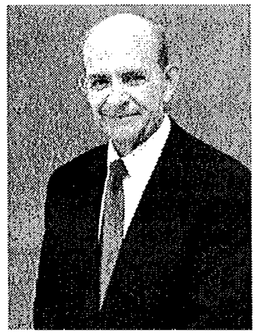
EXHIBIT A

Mr. Mumphrey's and Ms. Leckert's qualifications

Anthony J. Mumphrey, Jr.
Ph.D., P.E., President



Doctor of Philosophy, Regional Science, University of Pennsylvania, Philadelphia, Pennsylvania, 1973

Master of Arts, Regional Science, University of Pennsylvania, Philadephia, Pennsylvania, 1971

Master of Science, Civil Engineering, Tulane University, New Orleans, Louisiana, 1964

Bachelor of Science in Civil Engineering, Tulane University, New Orleans, Louisiana, 1963

Dr. Mumphrey began his professional career in 1968 at the University of New Orleans (UNO) where he served as the Research Coordinator for the Division of Business and Economic Research. In 1973, he became an Associate Professor (and then Professor) of Urban and Regional Planning at UNO where he taught transportation planning, quantitative methods of urban analysis, public administration and cost-benefit analysis. He retired from the University in 1992 after teaching on a part-time basis since 1978. He has developed a specialization in land use, local government fiscal impact and market assessment associated with the resort, gaming, and recreation sectors.

In 1978, Dr. Mumphrey served as Director of Transition for New Orleans Mayor-elect Ernest N. Morial. Mayor Morial later appointed Dr. Mumphrey as his Executive Assistant for Planning and Development, a position he held for 6 years. During his tenure in city government, Dr. Mumphrey played a lead role in the economic development and planning of contemporary downtown New Orleans. He led city efforts in the financing and implementation of the Ernest N. Morial Convention Center, development of the Rouse Riverwalk Festival Marketplace, negotiation and implementation of the public-private partnership for the New Orleans Centre project, establishment of the Regional Transit Authority, structuring of major capital programs by the Downtown Development District and the City and development of the Almonaster-Michoud Industrial District.

In 1984, Dr. Mumphrey started a professional consulting firm specializing in urban and regional planning. It was during this time that Dr. Mumphrey first began his lengthy relationship as a consultant to the Louis Armstrong New Orleans International Airport (LANOIA). Dr. Mumphrey has assisted the Airport in capital project planning, packaging capital bond programs, developing a Passenger Facility Charge program, securing Transportation Infrastructure Model for Economic Development (TIMED) funding from the state, orchestrating an FAA Letter of Intent and negotiating LANOIA's Airline Master Leases. Today, Dr. Mumphrey and his consulting firm, TMG Consulting, are

Master Consultants to the Airport. As Master Consultant, he advises LANOIA on a wide range of issues and endeavors.

Dr. Mumphrey has provided similar services to a variety of airports, ranging from airports as small as Houma-Terrebonne Airport in Louisiana to airports as large as Baltimore-Washington International Airport. He authored an economic impact study for Lambert - St. Louis International Airport as well as a successful Passenger Facility Charge application for Richmond International Airport and a benefit-cost analysis for Mobile Regional Airport. In 1994, Mayor-elect Marc Morial appointed him Co-Director of Transition and Dr. Mumphrey continued to serve as a consultant and advisor to the Mayor throughout his entire 8-year stay in office.

Dr. Mumphrey has published several journal articles, monographs and reports (list available upon request). He is a registered professional engineer and land surveyor in the State of Louisiana. He has served as Chairman of the Board of The Public Law Center in New Orleans; President of the Consulting Engineers Council of Louisiana, New Orleans Chapter; Secretary of the Regional Science Association, and is currently a member of the Board of Directors of the American Council of Engineering Companies/ Louisiana. He was a designated member of the Regional Planning Commission for the parishes of Jefferson, Orleans, St. Bernard and St. Tammany between 1978 and 1984. Dr. Mumphrey is a veteran of the United States Naval Reserve, Civil Engineer Corps.

Suzanne Perilloux Leckert

Senior Associate

Master of Urban and Regional Planning, University of New Orleans, New Orleans, Louisiana, 2004

Bachelor of Arts in History, Louisiana State University, Baton Rouge, Louisiana, 1999

Ms. Leckert joined TMG Consulting in the Spring of 2009. She previously worked for The Innovation Group as the Director of Development Analysis, where she evaluated the practicality and feasibility of large and small-scale developments across the United States, Canada, the Caribbean, Central America, Europe and Africa.

Ms. Leckert has extensive experience in providing consulting services to casino operators, racetrack casino operators, private investment groups, and state, municipal, and tribal governments, including: the State of Delaware, the Government of Bermuda, the Ontario Lottery and Gaming Corporation, Wynn Resorts, Isle of Capri, Hard Rock Casinos, Peninsula Gaming, Foxwoods Resort Casino (CT), Paragon Casino Resort (LA), River Rock Casino (CA), Fair Grounds Racecourse (LA), Casino Windsor (ON), Dubuque Greyhound Park and Casino (IA), Evangeline Downs Racetrack and Casino (LA), private developers and casino operators on the Mississippi Gulf Coast, numerous Native American Tribes in Oklahoma and Arizona, and slot machine manufacturers operating across the Caribbean and Latin America

In her career as an analyst and a planner, Ms. Leckert has become proficient in the performance of highest and best use studies, gaming market studies, amenity analyses, and feasibility studies for convention centers, hotels, and other leisure developments. Using her tuned research skills and ability to utilize complex models (gravity and otherwise), she has generated financial projections for developments as small as an individual restaurant and as large as a $3 billion multi-component and multi-phased resort. She is well-versed in the use of GIS technology to solve real-world problems and the analysis of markets – convention and meeting, gaming, hotel, amusement, entertainment, retail, food and beverage, and spa. Her experience working for government and legal entities has also given her an edge in understanding the needs and goals of municipalities and local governments.

Ms. Leckert was previously a City Planner and the Special Assistant to the Planning Director for the City of New Orleans. Her 10 years of work experience also includes a staff position with U.S. Senator John Breaux and one with the Tax and Estates practice of the law firm Jones, Walker, Waechter, Poitevent, Carrere and Denegre.

In her graduate studies, Ms. Leckert specialized in Historic Preservation, participating in studies and making recommendations for re-development of historic neighborhoods and commercial corridors. Her master's thesis was entitled, "Is It Worth It? The Effect of Local Historic District Designation on Real Property Values in New Orleans, Louisiana".

EXHIBIT B

TMG Consulting Group's Gaming, Resort and Tourism Market Assessments (August 2010 Update)

Exhibit B too large to send electronically

TMG Consulting

August 2010 Update

Gaming, Resort, and Tourism Market Assessments:

Nemacolin Woodlands Resort Site
Managed by: Isle of Capri Casinos, Inc.

Prepared for submission to the Pennsylvania Gaming Control Board as part of the Woodlands Fayette, LLC Application for a Category 3 License

March 2010—August 2010 Revision

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To:	The Pennsylvania Gaming Control Board
From:	TMG Consulting
Re:	Revisions to *Gaming, Resort, and Tourism Market Assessments: Nemacolin Woodlands Resort Site*
Date:	August 31, 2010

In March 2010, TMG Consulting issued its gaming market study for the proposed Lady Luck Casino at Nemacolin Woodlands Resort to be managed by Isle of Capri, Inc. In August 2010, we incorporated into that analysis updated projections of the incremental room nights of demand (RND) expected at the resort as a result of the casino. These RND projections take into account existing sales at the resort, an analysis of Isle of Capri's database of active casino players, marketing to those players, the available room supply at the resort, and industry-standard operation practices for casino hotels. The additional gaming revenues associated with this additional demand for rooms was then projected. This August 2010 report presents TMG's updated projections of gaming revenue for Nemacolin Woodlands Resort.

Other changes from the March 2010 study to the August 2010 revision include:

- Minor formatting and edits to text
- A slightly expanded gravity model methodology with an improved supporting graphic

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EXECUTIVE SUMMARY

GAMING REVENUE ESTIMATES

In January 2010, Nemacolin Woodlands, Inc. and Isle of Capri Casinos, Inc. engaged TMG Consulting to perform a Resort Casino Market Assessment for a proposed gaming facility at the Nemacolin Woodlands Resort in Pennsylvania. In estimating the potential revenues that the proposed Nemacolin Woodlands Resort casino could generate, TMG Consulting utilized two separate methods of analysis: gravity modeling (see *Gravity Model Creation* for full methodology) and a resort and tourism market projection model (see *Resort and Tourism Market Estimates* for details of this model). The gravity model projected the potential gaming revenues that the proposed casino could generate from casino visitors living in the local market area. The resort and tourism model projected the potential revenues the proposed casino could generate from casino visitors not living in the Nemacolin market area.

Total Estimated Gaming Revenues

In total, TMG Consulting estimates that the proposed casino at Nemacolin Woodlands Resort should be capable of generating **$68.4 million in gaming revenues in 2012, for an average win per position[1] of $244**.

Table 1: Nemacolin Gaming Revenue Estimates 2012

2012 Gravity Model Projection	**$46,637,386**
2012 Total Visitor Gaming Revenues	
Nemacolin Guests*	$13,691,890
Farmington Area Guests	$3,516,295
Area Tourists	$3,896,712
Drive-by	$620,208
TOTAL Gaming Revenues	**$68,362,491**
Slots	600
Tables	28
Win/Position	**$243.87**

Source: AnySite, Claritas, Inc.; State Gaming Agencies; Nemacolin Woodlands Resort Estimates; Isle of Capri Estimates; STR Custom Report; Laurel Highlands Visitors Bureau; Greater Morgantown Convention & Visitors Bureau; Garrett County Chamber of Commerce; PennDOT; 2009 Las Vegas Profile Report prepared for the Las Vegas Convention and Visitors Authority by GLS Research; TMG Consulting Estimates

*Includes regular resort guests and player development guests

[1] Average win per position is defined as gross gaming revenues divided by the number of gaming positions, divided by the number of days in the period. Average win per position can also be referred to as win per position per day.

Gravity Model

Before projecting the potential revenues that the market area could generate in 2012, TMG Consulting first created a base model, calibrated to existing conditions. Using 2009 reported historical revenues for the existing competition as a reference point, TMG created a gravity model to recreate those conditions. This base model was then adjusted and calibrated to estimate the potential impacts of population changes, increased competition, and changes in gaming behavior that are typically seen in environments that experience increased access to gaming.

In estimating the specific gaming revenues for the proposed Nemacolin casino, we took into account the relative attractiveness of the proposed facility. The combination of Isle of Capri's experience and success in the casino industry with Nemacolin Woodlands Resort's world class status in the hospitality industry will help to insulate the property from competitive pressures expected from other gaming facilities in the market area.

In 2012, the expected first full year of stabilized operations at the proposed casino, TMG Consulting's Gravity Model estimates that the proposed Nemacolin casino could reasonably expect to capture gaming revenues of **$46.6 million*** from the local market area.

Resort and Tourism Market Revenue

In addition to visitation and spending from the local market area, the proposed casino would be expected to capture additional visitation from its resort guests, tourists visiting the local area, and drive-by visitors. These projections were made with data provided by Nemacolin Woodlands Resort, Smith Travel Research, Laurel Highlands Visitors Bureau, Greater Morgantown Convention & Visitors Bureau, Garrett County Chamber of Commerce, and the Pennsylvania Department of Transportation.

TMG Consulting projects the proposed casino could reasonably be expected to capture **$21.7 million** in gaming revenues from the resort and tourism market in 2012.

* Based on a Nemacolin casino of the quality comparable to The Meadows with a marketing plan of superior quality and scope.

SECTION 1. INTRODUCTION

In January 2010, Nemacolin Woodlands, Inc. and Isle of Capri Casinos, Inc. engaged TMG Consulting to perform a Resort Casino Market Assessment for a proposed gaming facility at the Nemacolin Woodlands Resort in Pennsylvania. The following study details the analysis TMG performed, as well as our projections for the facility's gaming revenue potential.

Resort casinos, such as those envisioned here, operate differently than urban casinos or destination casinos. Urban casinos typically cater to a local market, with some incidental visitation by tourists in the area. Destination casinos act as a draw in and of themselves, and are exemplified by facilities such as Foxwoods Resort Casino and Mohegan Sun Casino in Connecticut. The proposed Nemacolin Casino would likely be something of a hybrid facility, drawing gaming visits from the local area population as well as from existing resort guests and other area tourists. For this reason, TMG has created a series of models to project the potential capture of each of distinct market segments: local area residents, Nemacolin Woodlands Resort guests, area tourists, and drive-by visitors to the area. Each of these segments is assessed individually, as detailed herein.

SECTION 2. DEMOGRAPHIC AND ECONOMIC ANALYSIS

2.1. AREA POPULATION

Population growth is an important indicator of the general health of the area and provides information on the number of gamers that will be available in the future.

2.1.1. Total Population

The population within 100-150 miles of the proposed site is growing the fastest with a growth rate of 0.9%. Within 150 miles of Nemacolin, there were 13.2 million people in 2000 with an expected 2014 population of 14.2 million. By 2014, there will be more than 281,000 people living within 25 miles of the site.

Table 2-1: Nemacolin Area Population

Region	2000 Census	2009 Est.	2014 Proj.	A.A.G.[2] 2000-2009	A.A.G. 2009-2014
0-25 miles	274,459	275,224	281,327	0.0%	0.4%
25-50 miles	1,637,172	1,571,663	1,586,724	-0.5%	0.2%
50-75 miles	1,594,050	1,561,561	1,586,593	-0.2%	0.3%
75-100 miles	1,261,221	1,326,501	1,363,397	0.6%	0.6%
100-150 miles	8,465,195	9,146,949	9,422,242	0.9%	0.6%
0-150 miles	13,232,098	13,881,898	14,240,283	0.5%	0.5%
Commonwealth of Pennsylvania	12,275,562	12,504,568	12,800,572	0.2%	0.5%
United States	281,287,165	307,058,018	321,308,188	1.0%	0.9%

Source: MapInfo; TMG Consulting

2.1.2. Gamer Population

The gamer population measures the number of adults who are 21 and older and therefore legally able to game. Again, the largest growth rate is in the population within 100-150 miles of the site. By 2014, there will be almost 210,000 adults 21 and older living within 25 miles of the site. The entire market area is projected to have 10.4 million people by 2014 and an average annual growth rate of 0.6% between 2009 and 2014.

[2] Average Annual Growth (A.A.G.)

Table 2-2: Nemacolin Area Gamer Population

Region	2000 Census	2009 Est.	2014 Proj.	A.A.G. 2000-2009	A.A.G. 2009-2014
0-25 miles	199,124	203,416	209,717	0.2%	0.6%
25-50 miles	1,218,112	1,180,282	1,195,293	-0.3%	0.3%
50-75 miles	1,171,681	1,158,092	1,184,565	-0.1%	0.5%
75-100 miles	910,512	967,410	999,206	0.7%	0.6%
100-150 miles	6,049,842	6,575,345	6,795,510	0.9%	0.7%
0-150 miles	9,549,273	10,084,547	10,384,294	0.6%	0.6%
Commonwealth of Pennsylvania	8,838,311	9,038,903	9,294,944	0.2%	0.6%
United States	196,803,803	214,842,872	225,404,638	1.0%	1.0%

Source: MapInfo; TMG Consulting

2.1.3. Average Household Income

Residents living within 100-150 miles of Nemacolin have the highest average household incomes. The largest growth in average household income is in the population within 25 miles of the site at 3.7%. The average household income for this population was estimated at $53,786 in 2009 with an expected 2014 average household income of $63,440. The entire market has a projected average household income of $88,918 by 2014.

Table 2-3: Nemacolin Area Average Household Incomes

Region	2000 Census	2009 Est.	2014 Proj.	A.A.G. 2000-2009	A.A.G. 2009-2014
0-25 miles	$38,627	$53,786	$63,440	3.7%	3.4%
25-50 miles	$46,830	$61,688	$75,441	3.1%	4.1%
50-75 miles	$47,562	$60,624	$72,209	2.7%	3.6%
75-100 miles	$43,950	$56,158	$66,468	2.8%	3.4%
100-150 miles	$65,646	$83,415	$98,348	2.7%	3.3%
0-150 miles	$58,303	$74,964	$88,918	2.8%	3.5%
Commonwealth of Pennsylvania	$52,682	$67,410	$80,762	2.8%	3.7%
United States	$56,644	$72,966	$82,927	2.9%	2.6%

Source: MapInfo; TMG Consulting

2.2. AREA ECONOMY

Given that employment data is an important indicator of the region's overall economic health, this section provides data on employment for the nation, the Commonwealth of Pennsylvania, and the Pittsburgh MSA, along with data on employment by sectors for the Pittsburgh MSA and Fayette County and a list of the top ten employers in Fayette County.

2.2.1. Employment Data

The civilian labor force is an important indicator of the economic health of a region. The following three tables provide information regarding the labor force, the number of employed persons, the number of unemployed persons, and the unemployment rate. All numbers in the tables were not seasonally adjusted. The United States had an unemployment rate of 9.3% in 2009. While the labor force has experienced an average annual growth rate of 0.8% between 2005 and 2009, the number of employed persons has exhibited an average annual decline of 0.3%

Table 2-4: Employment Data for United States (in thousands)

Category	2005	2006	2007	2008	2009	Feb. 2010	A.A.G. 2005-2009
Labor Force	149,320	151,428	153,124	154,287	154,142	153,194	0.8%
Employed	141,730	144,427	146,047	145,362	139,877	137,203	-0.3%
Unemployed	7,591	7,001	7,078	8,924	14,265	15,991	17.1%
Unemployment Rate	5.1%	4.6%	4.6%	5.8%	9.3%	10.4%	16.2%

Source: Bureau of Labor Statistics, TMG Consulting

With a workforce of 6.4 million people, Pennsylvania had an unemployment rate of 8.1% in 2009, rising to 9.5% in January 2010. Over the five years between 2005 and 2009, Pennsylvania has consistently had an unemployment rate lower than the national average.

Table 2-5: Employment Data for Pennsylvania

Category	2005	2006	2007	2008	2009	Jan. 2010*	A.A.G. 2005-2009
Labor Force	6,270,439	6,308,547	6,329,715	6,440,826	6,414,162	6,412,809	0.6%
Employed	5,958,238	6,022,077	6,054,972	6,098,536	5,894,722	5,804,846	-0.3%
Unemployed	312,201	286,470	274,743	342,290	519,440	607,963	13.6%
Unemployment Rate	5.0%	4.5%	4.3%	5.3%	8.1%	9.5%	12.8%

Source: Bureau of Labor Statistics, TMG Consulting

*Numbers are preliminary

The Pittsburgh Metropolitan Statistical Area (MSA), which includes Fayette County, had a workforce of 1.2 million persons in 2009. The labor force has grown an average of 0.1% annually over the last five years between 2005 and 2009. Of the 2009 labor force, 93,920 persons were unemployed, yielding a 7.8% unemployment rate. The Pittsburgh MSA had a higher unemployment rate than both the Pennsylvania and national average during 2005 and 2006. However, the unemployment rate for the Pittsburgh MSA has been lower than that of Pennsylvania and the nation since 2007.

Table 2-6: Employment Data for Pittsburgh MSA

Category	2005	2006	2007	2008	Dec. 2009*	Jan. 2010*	A.A.G. 2005-2009
Labor Force	1,196,090	1,198,076	1,199,170	1,217,955	1,199,446	1,230,986	0.1%
Employed	1,133,495	1,142,067	1,147,282	1,155,387	1,105,526	1,121,650	-0.6%
Unemployed	62,595	56,009	51,888	62,568	93,920	109,336	10.7%
Unemployment Rate	5.2%	4.7%	4.3%	5.1%	7.8%	8.9%	10.7%

Source: Bureau of Labor Statistics, TMG Consulting

*Numbers are preliminary

2.2.2. *Employment by Sectors*

Not only is it important to understand the labor force trends in the area, it is also important to understand the sectors of the economy that are growing or declining. All numbers in the following tables were not seasonally adjusted. Pennsylvania's biggest growth area is in professional and business services, with an average annual growth rate of 3.4%. Other major growth areas over the past four years have included mining and logging, construction, wholesale trade, and educational and health services. The information industry has experienced the most rapid decline in number of jobs over the past five years, with an average annual decline of 3.4%.

Table 2-7: Pittsburgh MSA Employment by Sectors Data (in thousands)

Industry Title	2005	2006	2007	2008	Dec. 2009*	A.A.G. 2005-2008
Total Nonfarm	1,132.8	1,137.1	1,146.1	1,149.1	1,123.1	0.5%
Total Private	1,005.8	1,010.0	1,019.6	1,022.5	996.1	0.6%
Goods Producing	159.0	160.4	162.0	161.1	144.8	0.4%
Mining and Logging	5.0	4.9	4.9	5.3	5.4	2.0%
Construction	53.3	55.3	56.9	57.2	51.8	2.4%
Manufacturing	100.7	100.3	100.3	98.6	87.6	-0.7%
Service Providing	973.8	976.7	984.1	988.0	978.3	0.5%
Trade, Transportation and Utilities	227.4	226.1	224.8	222.0	221.2	-0.8%
Wholesale Trade	47.4	48.8	49.2	49.3	48.3	1.3%
Retail Trade	134.4	132.2	131.2	129.4	130.2	-1.3%
Transportation and Utilities	45.6	45.1	44.4	43.3	42.7	-1.7%
Information	23.2	22.8	21.8	20.9	19.5	-3.4%
Financial Activities	69.2	68.4	68.1	67.7	65.2	-0.7%
Professional & Business Services	145.2	148.2	155.9	160.5	156.2	3.4%
Educational & Health Services	219.5	223.0	226.2	230.3	237.1	1.6%
Leisure & Hospitality	105.8	106.4	107.5	107.5	100.6	0.5%
Other	56.6	54.6	53.2	52.6	51.5	-2.4%
Total Government	127.0	127.1	126.5	126.5	127.0	-0.1%
Federal Government	19.1	19.1	18.8	18.8	18.2	-0.5%
State Government	15.6	15.6	15.5	15.8	15.4	0.4%
Local Government	92.3	92.4	92.2	92.0	93.4	-0.1%

*Numbers are preliminary

Source: Bureau of Labor Statistics, TMG Consulting

Fayette County's fastest growing industry section is natural resources and mining, with an average annual growth rate of 15.2%. Other areas experiencing rapid growth include construction, manufacturing, professional and business services, and educational and health services. The fastest declining industry sector is information, in line with the Pittsburgh MSA, at an average annual rate of 6.8%. The leisure and hospitality trade grew between 2007 and 2009.

Table 2-8: Fayette County Employment by Sectors Data

Industry Title	2005	2006	2007	2008	2009*	A.A.G. 2005-2008
Total Industries	40,579	40,752	41,556	42,447	41,572	1.5%
Total Private	34,067	34,269	35,134	35,962	35,092	1.8%
Goods Producing	6,038	6,539	7,105	7,655	6,995	8.2%
Natural Resources and Mining	433	489	599	662	619	15.2%
Construction	1,616	1,785	1,992	2,282	1,977	12.2%
Manufacturing	3,989	4,265	4,514	4,711	4,399	5.7%
Service Providing	28,029	27,730	28,029	28,307	28,097	0.3%
Trade, Transportation and Utilities	9,863	9,073	9,088	8,912	8,601	-3.3%
Information	959	938	883	777	684	-6.8%
Financial Activities	1,187	1,145	1,126	1,108	1,115	-2.3%
Professional & Business Services	2,951	3,368	3,523	3,601	3,272	6.9%
Educational & Health Services	6,832	7,020	7,268	7,680	7,685	4.0%
Leisure & Hospitality	4,972	4,820	4,819	4,889	5,374	-0.6%
Other	1,265	1,365	1,322	1,340	1,366	1.9%
Total Government	6,512	6,483	6,423	6,485	6,480	-0.1%
Federal Government	469	466	445	438	435	-2.3%
State Government	1,665	1,681	1,654	1,671	1,642	0.1%
Local Government	4,378	4,336	4,324	4,376	4,403	0.0%

*Through June 2009

Source: Bureau of Labor Statistics, TMG Consulting

2.2.3. *Top Employers*

The largest employers in Fayette County are listed below. The State, Uniontown Hospital, and Nemacolin Woodlands Resort make up three of the top five employers in Fayette County. The Connellsville school system and a business process outsourcing company, Teletech Services Corporation, make up the other top five companies.

Table 2-9: Top 10 Employers in Fayette County

Rank	Employer	# of Employees
1	State Government	1,000 or More
2	The Uniontown Hospital	1,000 or More
3	Nemacolin Woodlands Inc.	1,000 or More
4	Teletech Services Corporation	1,000 or More
5	Connellsville Area School District	1,000 or More
6	Wal-Mart Associates Inc.	500-999
7	National Envelope Corporation	250-499
8	Albert Gallatin Area School District	249 or Less
9	Fayette County	250-499
10	Uniontown Area school District	500-999

Source: Fayette County Chamber of Commerce

2.3. AREA TOURISM

Since the proposed Lady Luck-Nemacolin Casino would not only attract visits from the local area population and existing resort guests but also area tourists, TMG Consulting collected information profiling the tourists in Pennsylvania. TMG looked at the Laurel Highlands, a tourism region, defined by the Pennsylvania Tourism Office, which includes the counties of Fayette, Westmoreland, and Somerset, and also looked at the counties in West Virginia and Maryland bordering the proposed site. This information gives more insight into the type of people visiting these areas, as well as their trip characteristics.

2.3.1. Pennsylvania Statewide

The number of visitors to Pennsylvania, which has increased from 86 million visitors in 2000 to 107 million visitors in 2008, has experienced an average annual growth of 2.7%. Likewise, the number of hotel rooms sold has increased from 24,958,000 rooms in 2000 to 26, 622,000 rooms in 2008, reflecting an average annual growth rate of 0.8%.

Table 2-10: Pennsylvania Visitor Statistics

Year	# of Visitors (in millions)	# of Hotel Rooms Sold (in thousands)
2000	86	24,958
2001	88	24,647
2002	89	24,988
2003	97	24,785
2004	102	25,664
2005	106	26,068
2006	108	26,063
2007	108	26,866
2008	107	26,622
A.A.G.	2.7%	0.8%

Source: Pennsylvania Tourism Office Annual Reports

Pennsylvania is comprised of seven tourism regions, as defined by the Pennsylvania Tourism Office, including the following: Philadelphia and its Countryside, Pennsylvania's Great Lakes Region, Dutch Country Roads, Pittsburgh and its Countryside, The Alleghenies and her Valleys, Northeast Pennsylvania Mountains, and Pennsylvania Wilds. Philadelphia and its Countryside consistently maintain the highest hotel occupancy among all tourism regions. Pittsburgh and its Countryside, the region in which Nemacolin Woodlands Resort is located, experienced an increase in hotel occupancy from 60.9% in 2004 to 63.6% in 2008.

Table 2-11: Hotel Occupancy by Pennsylvania Tourism Regions

Year	Philadelphia & its Countryside	PA's Great Lakes Region	Dutch Country Roads	Pittsburgh & its Countryside	The Alleghenies & her Valleys	Northeast PA Mountains	PA Wilds
2004	67.3%	62.2%	59.1%	60.9%	55.9%	55.1%	51.0%
2005	69.7%	62.4%	60.2%	59.9%	55.5%	55.4%	52.1%
2006	69.7%	63.6%	59.0%	61.0%	--	--	--
2007	68.8%	63.8%	59.8%	62.4%	--	--	--
2008	64.8%	56.1%	56.7%	63.6%	--	--	--

Source: Pennsylvania Tourism Office Annual Reports

Table 2-12: Main Destination for Visitors Based on Age

Destination	< 35	> 35
Philadelphia	18%	12%
Gettysburg	4%	3%
Hershey	4%	3%
Lancaster/Amish/PA Dutch	6%	11%
Poconos	3%	5%
Erie	2%	3%

Source: Plan 2010: A Strategic Approach for Tourism in Pennsylvania

Visitors to Pennsylvania stay, on average, for 3 days with Boomers exhibiting slightly longer average length of stays than Gen-Xers. Furthermore, Boomers have a higher average daily spending than Gen-Xers, as shown in the table below. While the average daily spending has increased over the years for both age categories, it is also notable to point out that those traveling without children spend more than those with children for both age categories. Additionally, the percentage of Gen-Xers traveling with children is higher than that of Boomers.

Table 2-13: Profile of Pennsylvania Visitors

Category	Gen X (born 1965-1980)				Boomers (born 1946-1964)			
	2006	2007	2008		2006	2007	2008	
			w/ children	w/o children			w/ children	w/o children
Average Length of Stay	3.0	2.8	--	--	3.1	3.2	--	--
Average Daily Spending	$84.98	$101.40	$91.45	$132.55	$112.72	$114.82	$98.79	$147.46
Percentage Traveling with Children	66%	67%	--	--	47%	50%	--	--

Source: Pennsylvania Tourism Office Annual Reports

The majority of visitors, Gen-Xers and Boomers alike, stayed at paid hotels/motels during their trip. While the percentage of visitors staying at other paid non-hotels/motels has declined, the percentage of visitors staying at nonpaid lodging has increased.

Table 2-14: Choice of Accommodation

Accommodation	Gen X (born 1965-1980)				Boomers (born 1946-1964)			
	2006*	2007	2008		2006*	2007	2008	
			w/ children	w/o children			w/ children	w/o children
Paid Hotel/Motel	57%	61%	40%	27%	72%	63%	67%	49%
Other Paid Non-Hotel/Motel	22%	19%	13%	9%	16%	15%	8%	9%
Nonpaid Lodging	24%	20%	46%	64%	11%	22%	26%	41%

Source: Pennsylvania Tourism Office Annual Reports
*2006 had different categories so they were re-classified to correspond to categories in 2007 and 2008 Annual Reports

A separate study commissioned by the Pennsylvania Tourism Office found that the majority of visitors traveled with their spouses. The percentage of respondents selecting "Other Family" as their travel companions comprised the second largest category.

Table 2-15: Breakdown of Traveling Companions in PA

Companion(s)	Percentage
Spouse	43%
Spouse & Children	25%
Other Family	31%
Friends	19%
Traveled Alone	8%

Source: Plan 2010: A Strategic Approach for Tourism in Pennsylvania

The majority of Pennsylvania's visitors are from within the state. For both age categories, the majority of visitors from out-of-state are from either New York or New Jersey. Ohio, Maryland, Virginia, and Connecticut comprise the other states of origins with a sizeable number of visitors to Pennsylvania.

Table 2-16: Pennsylvania Visitors' State of Origin

State of Origin	Gen X (born 1965-1980)				Boomers (born 1946-1964)			
	2006	2007	2008		2006	2007	2008	
			w/ children	w/o children			w/ children	w/o children
Pennsylvania	32%	40%	33%	23%	32%	33%	22%	28%
New York	21%	20%	11%	15%	21%	20%	20%	14%
New Jersey	9%	9%	13%	21%	15%	13%	4%	11%
Ohio	7%	5%	4%	1%	2%	2%	3%	6%
Maryland	7%	5%	8%	7%	6%	10%	7%	10%
Virginia	4%	5%	10%	3%	5%	4%	3%	9%
Connecticut	3%	--	--	--	5%	--	--	--

Source: Pennsylvania Tourism Office Annual Reports

During 2006 and 2007, the most popular reason for visiting for both Gen-Xers and Boomers was to visit friends or relatives. However, the main reason for visiting shifted in 2008 for both age categories: for Gen-Xers with and without children, the main reason was to enjoy a getaway weekend; for Boomers with children, the main reason was to enjoy a general vacation; for Boomers without children, the main reason was to enjoy a getaway weekend. A separate study commissioned by the Pennsylvania Tourism Office broke the reason for visiting Pennsylvania down by visitors' state of origin. For both Pennsylvania and Virginia/DC residents, the most popular reason was because Pennsylvania "has many historical sites." For New York residents, the most popular reason was because Pennsylvania was "a good place to walk and enjoy the scenery."

Table 2-17: Reason for Visiting Broken Down by Age Category

Reason for Visiting	Gen X (born 1965-1980)				Boomers (born 1946-1964)			
	2006	2007	2008		2006	2007	2008	
			w/ children	w/o children			w/ children	w/o children
Getaway Weekend	20%	29%	38%	36%	20%	20%	16%	34%
General Vacation	11%	14%	29%	16%	15%	11%	45%	21%
Visit Friend/Relative	44%	36%	10%	7%	33%	39%	7%	16%
Special Event	18%	14%	15%	28%	19%	18%	24%	19%
Other Personal	7%	8%	7%	13%	13%	11%	8%	10%

Source: Pennsylvania Tourism Office Annual Reports

Table 2-18: Reason for Visiting Broken Down by State of Origin

Reason	PA	NY	VA/DC
Has Many Historical Sites	63%	53%	80%
A Place Where I Can Take a Scenic Drive	56%	46%	57%
A Beautiful and Scenic Place	56%	53%	63%
A Good Place to Take a Fun Road Trip	51%	47%	48%
A Good Place to Walk and Enjoy the Scenery	51%	56%	61%

Source: Plan 2010: A Strategic Approach for Tourism in Pennsylvania

Across the board, the top four activities for visitors were dining, enjoying entertainment, shopping, and touring/sightseeing. Other popular activities included visiting historic sites, going to theme/amusement parks, and going to national/state parks.

Table 2-19: Top Activities

Activities	Gen X (born 1965-1980)				Boomers (born 1946-1964)			
	2006	2007	2008		2006	2007	2008	
			w/ children	w/o children			w/ children	w/o children
Dining	34%	36%	32%	47%	44%	40%	56%	51%
Entertainment (General)	29%	37%	30%	38%	35%	33%	50%	29%
Shopping	29%	29%	23%	35%	33%	36%	43%	40%
Touring/Sightseeing	30%	29%	36%	30%	27%	29%	34%	34%
Visit Historic Site	14%	10%	11%	10%	14%	12%	7%	12%
Watch Sports Event	4%	8%	5%	5%	13%	5%	8%	5%
Theme/Amusement Park	24%	18%	29%	20%	13%	13%	21%	5%
Parks: national, state	9%	13%	19%	10%	10%	10%	5%	6%
Camping	10%	12%	21%	18%	10%	12%	6%	9%
Concert, Play, Dance	5%	6%	3%	9%	9%	12%	6%	10%
Museum, Art Exhibit	11%	8%	11%	13%	8%	8%	4%	10%
Night Life	--	11%	7%	12%	--	3%	4%	5%
Boat/Sail	--	--	0%	0%	--	--	3%	2%
Beach/Waterfront	--	--	7%	9%	--	--	3%	2%
Festival, Craft Fair	--	8%	2%	3%	--	6%	2%	6%
Snow Ski	--	--	1%	1%	--	--	2%	0%
Hike, Bike	--	12%	10%	5%	--	5%	1%	4%
Gamble	--	--	0%	1%	--	--	0%	4%
Nature/Culture - Eco-travel	8%	6%	6%	2%	4%	6%	1%	4%
Hunt, fish	7%	2%	5%	7%	2%	8%	2%	0%
Golf	3%	3%	3%	3%	1%	1%	4%	1%

Source: Pennsylvania Tourism Office Annual Reports

In a question to gauge visitors' perception of Pennsylvania as an outdoor destination, it was discovered that the majority of visitors from Pennsylvania and Virginia/DC held the perception that Pennsylvania was "a good place to relax outdoors." For New York residents, the two most popular selections showed that most New Yorkers perceived Pennsylvania to be "a good place to relax outdoors" and "a place where they could find winter recreational activities."

Table 2-20: Perception of Pennsylvania as an Outdoor Destination

Perception	PA	NY	VA/DC
A good place to relax outdoors	47%	35%	38%
A great place to view or experience nature/eco-tourism	42%	33%	35%
A place to go hiking	40%	33%	28%
A place where I can find winter recreational activities I enjoy	37%	35%	17%
A place to go biking	33%	26%	23%
A place to go fishing	31%	25%	18%
A place to go hunting	30%	16%	9%
A place with good facilities for RVs and camping	27%	19%	12%
A place with activities I enjoy when RVing or camping	22%	17%	11%

Source: Plan 2010: A Strategic Approach for Tourism in Pennsylvania

Given that tourism is a service-based industry, it is important to gauge customers' satisfaction levels. Travelers seem to be quite satisfied with their trip to Pennsylvania as shown in the table below: the percentage of travelers selecting highly satisfied has increased from 68% in the 2000-2004 period to 75% in 2005. The percentage of extremely satisfied travelers increased from 32% in the 2000-2004 period to 39% in 2005.

Table 2-21: Traveler's Satisfaction Level with Pennsylvania

Satisfaction Level	2000-2004	2005
Highly Satisfied (8-10)	68%	75%
Extremely Satisfied (10)	32%	39%

Source: Plan 2010: A Strategic Approach for Tourism in Pennsylvania

Travelers who were extremely satisfied with their trip to Pennsylvania tended to be female, over 55, or did not have children, as shown in the table below.

Table 2-22: Extremely Satisfied Customers by Demographic Group

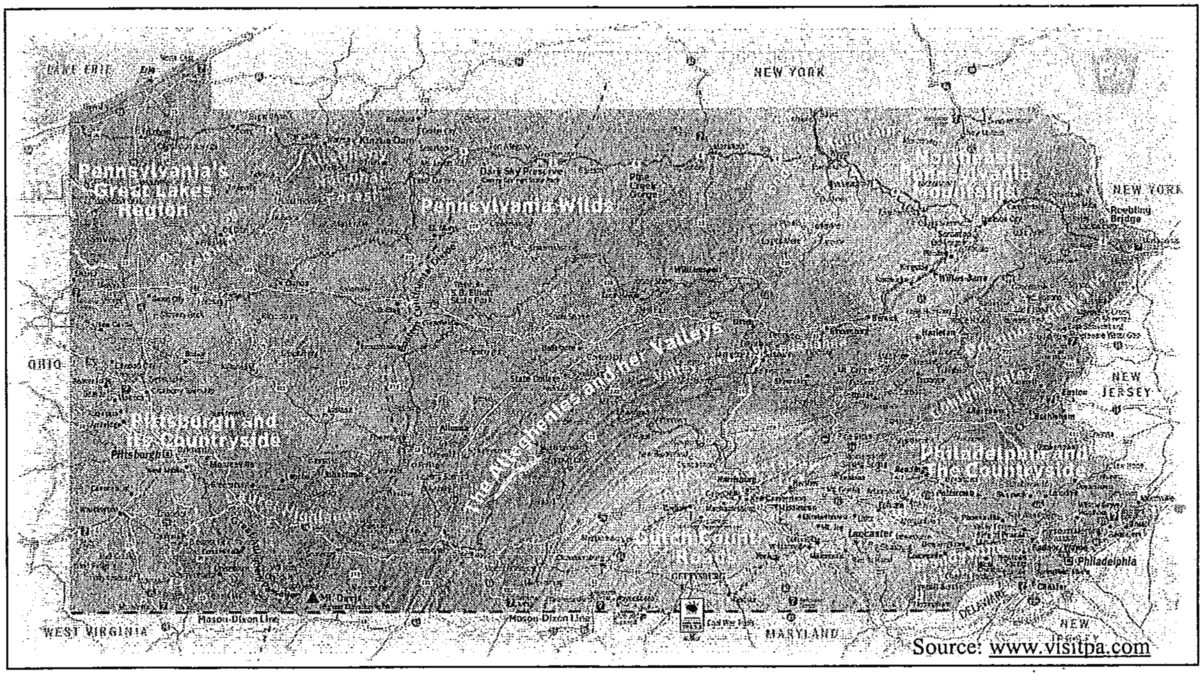
Demographic Group	Percentage
Gender	
Female	36%
Male	27%
Age Group	
<35	24%
35-54	32%
55+	40%
With or without Children	
Children < 18	29%
No Children	33%

Source: Plan 2010: A Strategic Approach for Tourism in Pennsylvania

2.3.2. *Laurel Highlands Region*

The town of Farmington is located within Pennsylvania's Laurel Highlands region, which is positioned between Pittsburgh and its Countryside and The Alleghenies and her Valleys, as shown in the map below. The number of visitors to this region has grown from 1 million visitors in 2005 to 2 million visitors in 2008. The median age of visitors has dropped from 45 years to 35 years, while the median annual household income has also declined from $62,900 to $59,800. Visitors to the Laurel Highlands region accounted for 3% to 4% of Pennsylvania's overnight leisure travel, and their average length of stay has dropped from 3.4 days in 2005 to 3.2 days in 2008.

Figure 2-1: Map of Pennsylvania Regions



Source: www.visitpa.com

Table 2-23: Visitor Statistics for Laurel Highlands

Year	Visitor Volume (in millions)	% of PA's Overnight Leisure Travel	Median Age	Median Annual Household Income	Average Length of Stay (in days)
2005	1	3%	45	$62,900	3.4
2006	1.6	3%	45	$54,980	2.5
2007	1.8	4%	42	$62,300	2.8
2008	2	4%	35	$59,800	3.2

Source: Laurel Highlands Visitors Bureau

The main type of traveling party is families, although the couples category was the leading group in 2007. For the majority of visitors to the Laurel Highlands, their primary accommodation was a private home and their primary purpose for visiting was to visit friends and relatives or to enjoy a getaway weekend. Top activities included dining, entertainment, shopping, and camping, while secondary activities included sightseeing, hiking and biking, and visiting amusement parks or state/national parks.

Table 2-24: Visitor Statistics for Laurel Highlands (Contd.)

Year	Main Type of Traveling Party	Primary Purpose of Stay	Primary Accommodation	Top Activities	Secondary Activities
2005	Families	Visit Friends & Relatives	Private Home	Dining, Entertainment, Camping	Shopping, Sightseeing
2006	Families	Visit Friends & Relatives	Private Home	Dining, Amusement Park	Touring, Sightseeing
2007	Couples	Getaway Weekend, Visit Friends & Relatives	Private Home	Shopping, Dining, Entertainment	Sightseeing, Hiking/Biking
2008	Families	Visit Friends & Relatives, Getaway Weekend	Private Home	Shopping, Dining, Entertainment	Amusement Park, Sightseeing, State/National Park

Source: Laurel Highlands Visitors Bureau

The average expenditure per person per day has increased from $63.40 in 2005 to $91.90 in 2008. Likewise, the average expenditure per travel party per trip has increased from $517 in 2005 to $769 in 2008. Visitors expressed high levels of satisfaction with their trip to the Laurel Highlands with average ratings increasing from 5.6 in 2005 to 7 in 2008. Additionally, visitors expressed high ratings for value-for-the-money with average ratings increasing from 5.4 in 2005 to 6.9 in 2008.

Table 2-25: Visitor Statistics for Laurel Highlands (Contd.)

Year	Avg. Expenditure Per Person Per Day	Avg. Expenditure Per Travel Party Per Trip	Average Satisfaction Rating	Average Value-for-the-Money Rating
2005	$63.40	$517	5.6	5.4
2006	$82.79	$329	8	7.9
2007	$95.00	$729	7.6	7.3
2008	$91.90	$769	7	6.9

Source: Laurel Highlands Visitors Bureau

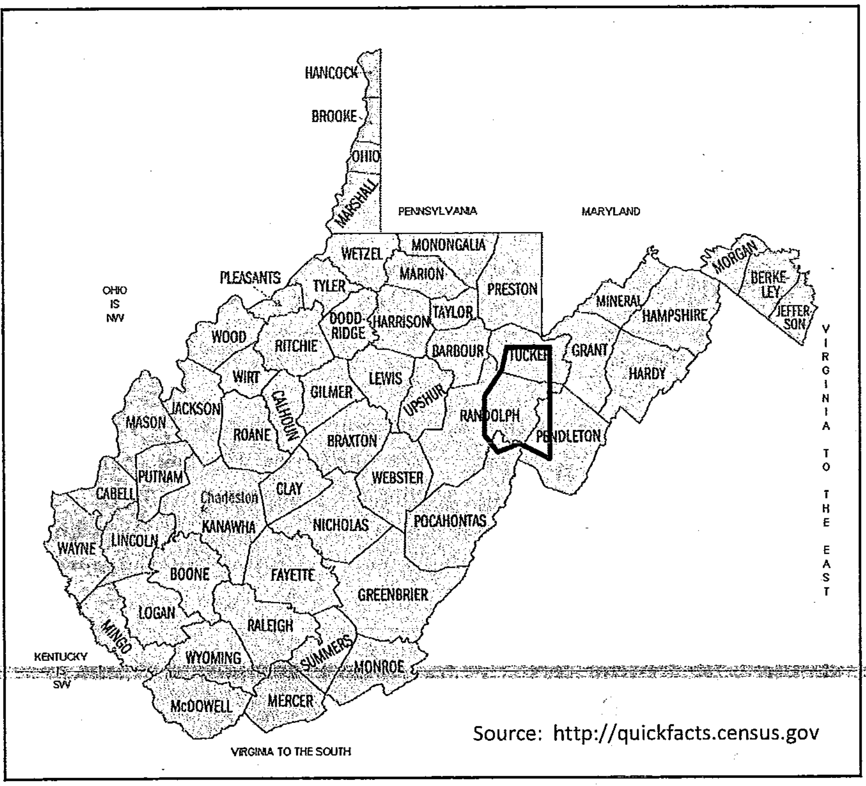
2.3.3. Surrounding States

Given that the site is close to the border of Preston County in West Virginia and Garrett County in Maryland, TMG Consulting also collected information on tourists to those counties to better understand their characteristics and, ultimately, their likelihood of visiting the proposed gaming facility at the Nemacolin Woodlands Resort during their trip.

2.3.3.1. Preston County, WV

Preston County, which is located in northeastern West Virginia, is bordered by Maryland to its east and Pennsylvania to its north. The figure below shows a map of West Virginia's counties.

Figure 2-2: Map of West Virginia's Counties



Source: http://quickfacts.census.gov

Preston County had 87 visitors in 2008 and 131 visitors in 2009. However, it is important to note that visitor data was not available for three of the months in 2008 and one month in 2009. The data shown in the table below was collected from the Greater Morgantown Convention & Visitors Bureau.

Table 2-26: Number of Visitors to Preston County

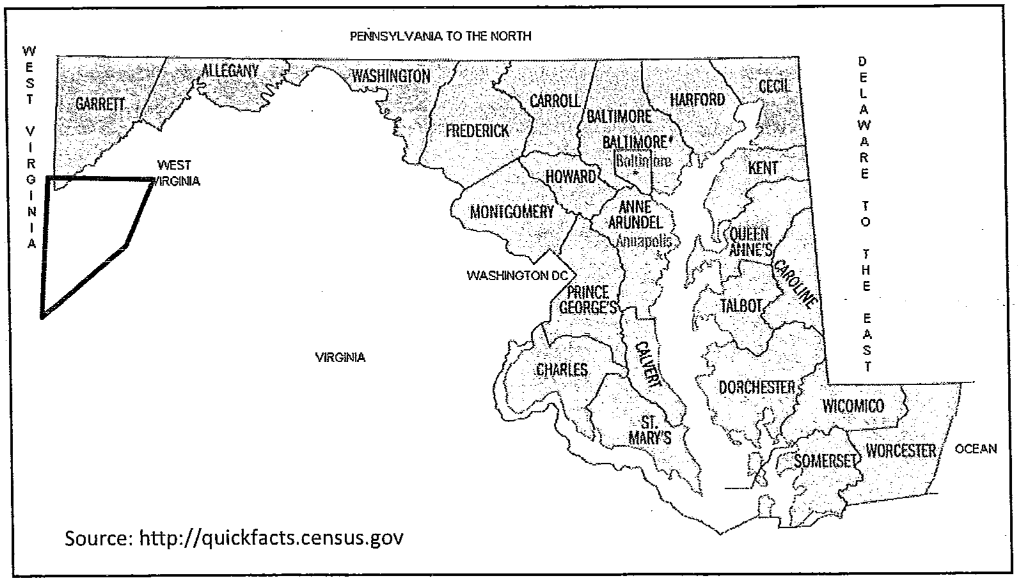
Month	2008	2009
January	--	5
February	--	6
March	--	16
April	3	12
May	8	17
June	13	11
July	12	11
August	9	9
September	16	20
October	12	19
November	4	5
December	10	--
Total	87	131

Source: Greater Morgantown Convention & Visitors Bureau

2.3.3.2. Garrett County, MD

Garrett County, which is located in northwestern Maryland, is bordered by West Virginia to its west and Pennsylvania to its north. The figure below shows a map of Maryland's counties.

Figure 2-3: Map of Maryland's Counties



Garrett County has experienced an average annual decline of 8.4% in its numbers of visitors, dropping from 43,446 visitors in 2005 to 33,348 visitors in 2008. The data on visitor numbers, show in the table below, was collected from the Garrett County Chamber of Commerce's visitor center guest counts.

Table 2-27: Number of Visitors to Garrett County

Year	# of Visitors
2005	43,446
2006	36,283
2007	35,718
2008	33,348
A.A.G.	-8.4%

Source: Garrett County Chamber of Commerce Visitor Center Guest Counts

The Recreation, Parks, & Tourism Resources Program at West Virginia University was contracted by the Garrett County Chamber of Commerce to conduct a four-season survey of visitors to the county that began in August 2008 and ended in July 2009. The results of the survey are shown in the table below. The majority of visitors were female, ranging from 52% to 59% of survey respondents, and between the ages of 40-54 years, ranging from 37.1% to 41.2% of survey respondents. Respondents between the ages of 26-39 years comprised the second largest age group, with 19.9% to 28.3% of survey respondents belonging to that age group. Furthermore, the majority of visitors were married and were adults traveling with at least another adult. The percentage of visitors with a family income over $80,000 ranged between 53.9% and 64.6%, indicating a fairly affluent visitor population. The average daily spending per person, which was the highest during winter at $123.90 per person, ranged from $74.40 to $123.90 per person.

Table 2-28: Garrett County Visitor Statistics 2008-2009

Category	Summer (June-Aug.)	Fall (Sept. - Nov.)	Winter (Dec. - Feb.)	Spring (March - May)
Gender				
Female	57%	59%	52%	57%
Male	43%	41%	48%	43%
Age group				
18-25	9.8%	8.2%	21.5%	15.2%
26-39	28.3%	19.9%	21.5%	24.4%
40-54	39.7%	41.2%	40.6%	37.1%
55-60	12.2%	11.6%	9.2%	11.6%
61+	10.0%	19.1%	7.2%	11.7%
Married	73.3%	74.9%	64.3%	66.9%
Adult Visitors traveling with at least another adult	46.0%	72.1%	53.1%	63.9%
Family Income over $80,000	64.6%	56.5%	61.3%	53.9%
Avg. Daily Spending per Person	$75.50	$82.60	$123.90	$74.40

Source: Garrett County Tourism Market Survey Seasonal Reports

2.4. AREA HOTEL PERFORMANCE

To better understand guests in the Farmington area who are not staying at Nemacolin, TMG Consulting ordered a custom report from Smith Travel Research detailing operations statistics for hotels immediately surrounding, but not including, Nemacolin. The report, coupled with visitor profiles detailed earlier in this report, helped determine the likelihood of Farmington-area guests coming to the proposed casino. The table below summarizes the operations statistics for the Farmington area hotels, which are listed in the following table. Farmington area hotels had an occupancy rate of 63.2%, average daily rate (ADR) of $85.64, and revenue per available room (RevPAR) of $54.15 in 2009. While the supply of rooms has declined as a result of the July 2005 closing of Mount Vernon Inn, which had about 41 rooms, the demand has increased to an all-time high of 139,149 rooms in 2009. Increases in both the ADR and room nights demand have contributed to growing total revenue, which was $11,917,391 in 2009, for the area's hotels.

Table 2-29: Summary of Operations for Farmington Area Hotels

	2003	2004	2005	2006	2007	2008	2009	A.A.G.
Occupancy (%)	55.3	58.8	53.2	56.7	59.5	63.2	63.2	2.3%
ADR ($)	64.58	67.86	70.90	80.99	82.98	86.05	85.64	4.8%
RevPAR ($)	35.71	39.87	37.73	45.91	49.38	54.37	54.15	7.2%
Rooms Supply	235,060	235,060	227,516	220,095	220,095	220,095	220,095	-1.1%
Rooms Demand	129,977	138,099	121,067	124,760	130,984	139,063	139,149	1.1%
Revenue ($)	8,394,203	9,370,902	8,583,426	10,104,492	10,868,648	11,966,801	11,917,391	6.0%

Source: Smith Travel Research, TMG Consulting

Table 2-30: List of Farmington Area Hotels*

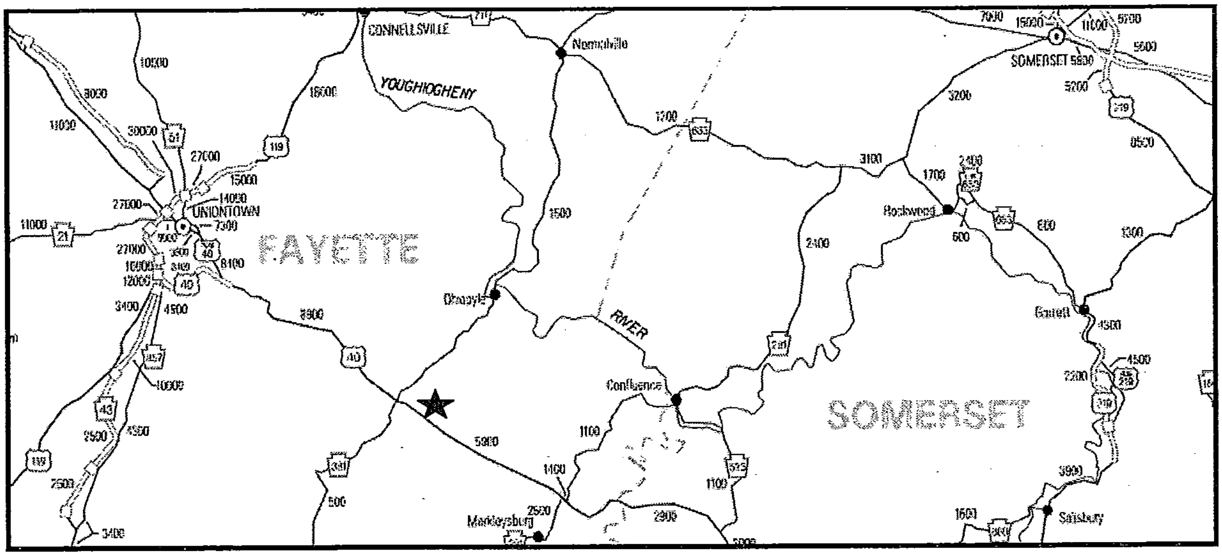
Name of Establishment	City & State	Open Date	Rooms
Heritage Inn	Uniontown, PA		19
Fairfield Inn Uniontown	Uniontown, PA	Nov 1999	69
Super 8 Uniontown	Uniontown, PA	Jul 2002	61
Hopwood Motel	Uniontown, PA		15
Hampton Inn Uniontown	Uniontown, PA	Jun 1997	86
Holiday Inn Uniontown	Uniontown, PA	Jun 1968	178
Closed Mount Vernon Inn	Uniontown, PA		0
Lodge @ Chalk Hill	Chalkhill, PA	Jun 1989	61
Summit Inn Resort	Farmington, PA	Jun 1907	94
National Trail Motel	Markleysburg, PA	Jun 1955	20

Source: Smith Travel Research
*As of March 2010

2.5. TRAFFIC DATA

TMG Consulting collected information from Pennsylvania's Department of Transportation on the number of cars that pass by the proposed site, which is indicated by the star. This was used to determine the potential capture of drive-by visitors to the area, which is discussed later in the report. Access to the site is provided by PA-381/U.S.-40. U.S.-40 connects drivers to Uniontown, Pennsylvania and runs directly in front of the site. The map below shows the traffic volume for the various roads. Uniontown, the largest city of Fayette County, experiences heavy traffic based on the number of roads that all channel and flow from this city.

Figure 2-4: Traffic Volume Map 2008



Source: Pennsylvania Department of Transportation; Star indicates location of Nemacolin Woodlands Resort, Inc.

State Route 381, which borders the site, had 1,500 cars traveling on it per day during 2008. After crossing U.S. Route 40, the number of cars traveling on State Route 381 southbound dropped to 500 cars per day during 2008. U.S. Route 40, which is situated directly in front of the site, had 8,800 cars traveling on it per day during 2008. After crossing State Route 381, the number of cars traveling on U.S. Route 40 eastbound dropped to 5,900 cars per day during 2008. This suggests that many cars exit at the intersection of PA-381 and U.S.-40. There are no expansion plans in the near future for either PA-381 or U.S.-40, according to a Pennsylvania Department of Transportation representative.

SECTION 3. NEMACOLIN WOODLANDS RESORT OPERATIONS

The following sections provide detail on Nemacolin's historical performance and a profile of its guests.

Redacted Confidential Information protected under 4 Pa. C.S. § 1206(f)(iii)

3.2. PROFILE OF NEMACOLIN GUESTS

To determine the likelihood of Nemacolin guests visiting the proposed casino, it is necessary to understand the guests' characteristics. The following tables provide detail on group and leisure guests. All information was obtained from Nemacolin. The majority of group guests are from the Greater Baltimore/Washington, D.C. area or Western Pennsylvania. The percentage of group guests from Central and Eastern Pennsylvania has dropped the most rapidly at an average annual decline of 17.6% from 2007 to 2009.

Table 3-2: State of Origin for Group Guests

State of Origin	% of 2007 Room Nights	% of 2008 Room Nights	% of 2009 Room Nights	A.A.G.
Western Pennsylvania	30.8%	29.5%	33.3%	3.9%
Central and Eastern Pennsylvania	12.6%	7.6%	8.6%	-17.6%
Maryland, Washington D.C, Virginia	27.3%	31.2%	29.9%	4.7%
Ohio	13.6%	13.5%	11.5%	-7.8%
New York / New Jersey	3.4%	3.3%	3.2%	-3.6%
West Virginia	2.4%	2.7%	2.4%	-0.5%
Other	9.9%	12.3%	11.2%	6.3%
Total In-State	**43.4%**	**37.1%**	**41.9%**	-1.7%
Total Out-of-State	**56.6%**	**63.0%**	**58.2%**	1.4%

Source: Nemacolin Woodlands Resort; TMG Consulting Estimates

Similar to group guests, the majority of leisure guests are from Western Pennsylvania, occupying 30.2% of 2009 room nights. There are also a large percentage of leisure guests from Ohio and Maryland. Similar to group guests, the percentage of leisure guests from Eastern Pennsylvania has dropped the most sharply at an annual average decline of 8.3% from 2007 to 2009.

Table 3-3: State of Origin for Leisure Guests

State of Origin	% of 2007 Room Nights	% of 2008 Room Nights	% of 2009 Room Nights	A.A.G.
Western Pennsylvania	29.2%	28.5%	30.2%	1.7%
Eastern Pennsylvania	9.7%	8.7%	8.1%	-8.3%
Washington, D.C./Virginia	11.5%	11.5%	11.9%	1.6%
Maryland	17.1%	17.0%	15.6%	-4.7%
Ohio	17.4%	18.1%	17.8%	1.1%
New York/New Jersey	4.3%	4.9%	5.1%	8.9%
West Virginia	2.7%	2.7%	2.5%	-3.7%
Other	8.1%	8.6%	8.9%	4.5%
Total In-State	**38.9%**	**37.2%**	**38.3%**	-0.8%
Total Out-of-State	**61.1%**	**62.8%**	**61.8%**	0.6%

Source: Nemacolin Woodlands Resort; TMG Consulting Estimates

Redacted Confidential Information protected under 4 Pa. C.S. § 1206(f)(iii)

Redacted Confidential Information protected under 4 Pa. C.S. § 1206(f)(iii)

SECTION 4. GAMING MARKET ASSESSMENT

In order to estimate the potential revenue generation of the proposed casino at Nemacolin Woodlands Resort, TMG Consulting constructed a series of mathematical and locational models. The most accurate model, and the one that is widely accepted in the gaming industry, is the gravity model. Additionally, TMG Consulting created a resort and tourism market model to project non-resident visits and revenues for the proposed casino. The following sections of this report detail the creation of these models, their inputs, and the revenue estimates that result.

4.1. COMPETITIVE LANDSCAPE

The proposed casino at Nemacolin Woodlands Resort would be in competition with a growing gaming industry in what is predominately the Mid-Atlantic region. This region consists of the following states: Pennsylvania, New York, New Jersey, Delaware, Maryland, and West Virginia. Ohio, a state slated to get four casinos in the near future and not to be ignored due to its proximity to Pennsylvania, is included in our competitive landscape review and also was factored into the gravity model projection.

4.1.1. Pennsylvania

Currently, there are three casinos and six racinos in Pennsylvania. Casinos include Sands Casino Resort Bethlehem, Mount Airy Resort, and Rivers Casino. Sands opened in May 2009, Mount Airy in November 2007, and The Rivers in August 2009. Pennsylvania's racino offerings consist of Philadelphia Park Casino and Racetrack, Harrah's Chester Casino & Racetrack, Presque Isle Downs & Casino, Hollywood Casino at Penn National Race Course, The Meadows Racetrack and Casino, and Mohegan Sun at Pocono Downs. Since Pennsylvania introduced casino gaming in 2006, it has grown to become the second largest gaming market in the Mid-Atlantic region. Despite Pennsylvania's increasing success in gaming, the state faces more intense competition from its neighbors; for example, Ohio has legalized casinos and plans to capture a portion of Pennsylvania's current market. In anticipation of increased regional competition, and in order to position itself as a complete alternative to Atlantic City, Pennsylvania lawmakers approved table gaming in the state early in 2010, and the Pennsylvania Gaming Control Board (PGCB) held hearings with operators in the state to decide which facilities would be granted table games and the how many would be granted.[3]

[3] Barnes, Tom. "Rendell signs gambling bill, wants Pennsylvania table games on the fast track." Post-Gazette .com 2010. http://www.post-gazette.com/pg/10008/1026660-454.stm?cmpid=localstate.xml

4.1.1.1. Existing Facilities

Sands Casino Resort

Sands Casino Resort Bethlehem, the only casino in the United States to carry the Sands brand and Pennsylvania's second largest casino, is located on the former Bethlehem Steel land on the south side of the city. The casino features 3,250 slot machines and 89 table games. Construction of a 300-room hotel connected to the casino by a shopping mall is currently underway. The casino has two nightclubs, ten food and beverage outlets, and a gift shop located in the casino lobby. A parking garage with 3,300 spaces and valet parking are provided. There are an additional 1,400 parking spaces available in the lots near the uncompleted hotel tower and a separate bus bay with room for up to 13 buses. The site encompasses 126 acres, and proposed expansion plans include a concert hall, shopping mall, performing arts center, national museum, loft apartments, and additional restaurants, upscale retail shops, and nightlife venues.

Mount Airy Casino Resort

The Mount Airy Casino Resort sits in the heart of Pennsylvania's Pocono Mountains, less than two hours from Philadelphia, New York City, and northern New Jersey. The casino features over 430,000 square feet with 2,500 slot machines and 72 table games which include poker, roulette, and blackjack. For entertainment and leisure, the property features a 2,000-seat theater, five food and beverage outlets, a fitness center and an 18-hole golf course.

Mohegan Sun at Pocono Downs

On January 25, 2005, Mohegan Sun acquired its first gaming venture outside of Connecticut with its $280 million purchase of the Pocono Downs Racetrack in Plains Township, Pennsylvania from Penn National Gaming. Mohegan Sun renamed the property "Mohegan Sun at Pocono Downs" and began a major expansion. The new casino features 2,467 slot machines and 62 table games. There are thirteen food and beverage outlets, as well as five retail stores. Operation as the first slots casino in the Commonwealth of Pennsylvania commenced in November, 2006. The Mohegan Tribal Gaming Authority announced to the press in early December 2009 that they were seeking a hotel partner, ideally one with a brand name, to add a hotel expansion to Pocono Downs.[4]

Philadelphia Park Casino & Racetrack

Philadelphia Park Casino & Racetrack is comprised of Parx Casino, which opened as a permanent facility on December 20, 2009, and a main grandstand undergoing renovation. The new Parx facility is spacious and offers approximately 3,300 slot machines which and 57 table games. The casino has valet parking and five restaurants and bars, though some restaurants have yet to open. The horse track has a 1 mile dirt oval and a 7 furlong turf oval. In addition to live Thoroughbred racing, the racetrack also simulcasts races. Plans for the 430-acre site include a parking garage, luxury hotel, conference center, clubhouse spa, expanded dining and bar offerings, and shopping mall.[4]

4 Daddona, Patricia. "Mohegans seek partner to finish hotel tower." TheDay.com. 2009

5 Anastasi, John. "Gamblers get first look at new casino." Bucks County Courier Times. 2009.

Harrah's Chester Casino & Racetrack

Harrah's horse track features live harness racing on its 0.625 mile track and daily simulcasts. The 100,000 square foot gaming facility is located on Chester's waterfront, a short drive from both Philadelphia and the Philadelphia airport, and contains an event center, nine restaurants and bars, and more than 2,900 slot machines and 99 table games. A parking garage for 2,600 cars, valet parking, and a separate bus bay are available.

Presque Isle Downs and Casino

Presque Isle Downs is a 272-acre facility offering gaming, dining, and horse racing. The casino is over 48,000 square feet and has approximately 2,000 slot machines and 48 table games. The horse track features a one-mile track with live and simulcast racing. On site there are six food and beverage outlets.

Hollywood Casino and Penn National Race Course

Penn National Race Course is a Thoroughbred horse racing track and casino located in Grantville, Pennsylvania. The track features a one-mile long dirt course. The casino features approximately 2,000 slot machines and 50 table games. There are over 6,000 square feet of meeting and convention space, as well as eight food and beverage outlets.

The Meadows Racetrack and Casino

The Meadows Racetrack and Casino is a Standardbred harness racing track and slot machine casino in North Strabane Township in Pennsylvania. Formerly just a temporary structure, The Meadows Casino opened on April 15, 2009. The casino features a 350,000 square foot facility with 3,700 slot machines and 62 table games. There are private banquet rooms for functions of up to 100 people, as well as four food and beverage outlets and a bowling alley. The facility is about a 30 minute drive from Pittsburgh. The distance between Nemacolin Woodlands Resort and The Meadows is about 57 miles and is about 1 hour 10 minute drive.

The Rivers

The Rivers Casino is a 24/7 standalone casino featuring 3,000 slot machines and 85 table games, three bars, and five restaurants. This property opened in August 2009 and is located in Pittsburgh, Pennsylvania. The distance between Nemacolin Woodlands Resort and The Rivers is about 63 miles and is about 1 hour 30 minute drive.

4.1.1.2. Potential Developments

Valley View Downs & Casino

Centaur PA received the final harness racing license available in Pennsylvania in 2007. Being a harness racing licensee, Centaur PA is an eligible applicant for a Category 1 license. However, a slots license has yet to be awarded to the facility and financing for the project has been a challenge for Centaur PA. The proposed development includes the following features: a one-mile oval track, concession stands, lounges, a simulcast facility, multiple restaurants, and a slot machine facility. Valley View Downs & Casino would be located in Lawrence County, about 55 miles northwest of Pittsburgh. Due to the highly speculative nature of this project, it was left out of TMG Consulting's gaming revenue forecasts.

SugarHouse Casino

This planned casino development will house up to 3,000 slot machines and 40 table games will be located on the Delaware River water front, not far from central Philadelphia. The development is scheduled to open in September 2010. Planned amenities to be installed by the time the permanent structure opens include four restaurants, two bars, retail space, and a food court.

Foxwoods Philadelphia

Foxwoods has proposed the development of a casino on 16.5-acres of vacant land along the Delaware River waterfront. The original development proposed a one billion dollar facility including a casino, hotel, restaurants and entertainment venues. Pennsylvania lawmakers have become extremely impatient with the Foxwoods development and some are calling for the Foxwoods license to be revoked.[6] In early 2010, casino developer Steve Wynn announced his involvement as a 51% partner with the Foxwoods project, subject to an extension from the PGCB.[7] After extensive delays, financing trouble and a new controlling interest, it is not clear that the Foxwoods project will follow its original development proposal.

Category 3 – Resort Casinos[8]

In 2004, Pennsylvania legislation provided for up to two resort casino licenses to be granted. The provision allowed for up to 500 slot machines to be installed at these casino resorts with gaming restricted to guests and patrons of the resort. Since then, legislation has been approved in Pennsylvania that allows for the Category 3 resort casino licensees to be granted up to 600 slot machines, 50 table games, and relaxed restriction on who can access the resort casino, allowing another class of patrons—members—to access the resort casino.[9]

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[6] Lin, Jennifer. "Lawmakers call for revoking Foxwoods License." Philly.com. 2009.

[7] Levy, Marc. "Wynn gets a chance to revive the Philly casino project." The Associated Press. 2009.

[8] Barnes, Tom. "Casino bill for resorts set for House." Post-Gazette Harrisburg Bureau. 2009.

[9] Barnes, Tom. "Rendell signs gambling bill, wants Pennsylvania table games on the fast track." Post-Gazette .com 2010. http://www.post-gazette.com/pg/10008/1026660-454.stm?cmpid=localstate.xml

One of the projects listed below, Valley Forge, has already been awarded a license. The other four projects described below have either applied or announced their intent to apply for the remaining resort casino license.

Valley Forge Convention Center in Montgomery County[10]
This property was licensed to become a resort casino in April 2009. Valley Forge has not moved forward with any construction since being awarded the license and has not announced an opening date for its gaming operations due to an attempt by Philadelphia Park to have Valley Forge's license revoked.[11]

The Valley Forge complex currently consists of the Valley Forge Convention Center, a Radisson Hotel, and a Scanticon Hotel and Conference Center. There is a combined total of 488 hotel rooms available on site. The entire site is 850,000 square feet in size. Guests to Valley Forge are predominately, if not entirely, business convention visitors. Amenities offered at the Valley Forge complex include a dance club, three restaurants, and a fitness center.

Nemacolin Woodlands Resort
Nemacolin Woodlands Resort is one of four applicants for the second resort casino license. This resort is luxurious, extremely large, and offers a very wide range of amenities which include two 18-hole golf courses, a spa and salon, fine dining and casual dining options, bars, lounges, several outdoor activities, a pet hotel and spa, and several accommodation options for meetings and groups. Should Nemacolin be awarded the second resort casino license, the casino will be placed in an existing structure that currently functions as an entertainment center comparable to a Dave & Buster's. This entertainment complex is located down the highway from the resort's main lodging area and is about a five minute drive from the guest registration area. The existing structure will be expanded by 11,000 square feet bringing the total footprint to approximately 64,000 square feet. There is currently a parking lot which will be expanded to support up to 1,000 vehicles at the proposed casino site.

Holiday Inn Harrisburg West in Mechanicsburg[12]
Originally, Wyo Gaming filed an application for a Category 3 license proposing a resort casino at the Crowne Plaza in Reading. In early April 2010, Penn Harris Gaming, largely the same group of investors as Wyo Gaming, applied for the Category 3 license proposing a resort casino at the Holiday Inn Harrisburg West. Shortly after the filing for Holiday Inn, Wyo Gaming withdrew its application for the Crowne Plaza in Reading. The Holiday Inn Harrisburg West is located in Mechanicsburg and is about 11 miles away from Harrisburg. Not a resort in the traditional sense of the word, this Holiday Inn features miniature golf, indoor and outdoor swimming, volleyball, three lounges, less than 275 guest rooms, and convention and meeting space.

[10] Pennsylvania Gaming Control Board. "Valley Forge Convention Center Awarded Slots Operator License By PA Gaming Control Board." http://www.pgcb.state.pa.us. 2009.

[11] Pennsylvania Gaming Control Board. "Gaming Control Board Receives One New Application For A Category 3 Resort Slots License." http://www.pgcb.state.pa.us. 2009.

[12] Gibson, Elizabeth. "Casino proposal in Hampden Township encounters local indifference." pennlive.com. 2010.

Fernwood Hotel & Resort in Bushkill[13]

Fernwood Hotel & Resort sits on 440 acres of land in the Pocono Mountains in Bushkill and offers hotel rooms and villas to its guests. This resort is less than an hour and half drive's distance from Mt. Airy and Mohegan Sun at Pocono Downs. Amenities offered at Fernwood include live entertainment, outdoor activities, restaurants, a food court, lounges, and group and meeting accommodations.

Eisenhower Inn & Conference Center[14]

Located in the historic borough of Gettysburg amid private homes and farms, the Eisenhower Inn & Conference Center could be another contender for the Category 3 license. According to certain media reports, an application may be forthcoming for this location. The project's developers, if granted the Category 3 license, plan to renovate the existing structure and convert it into 'The Mason-Dixon Resort Casino,' which will include a 300 room hotel, 20,000 square feet of convention space, live entertainment, a mix of restaurants, and possibly other resort amenities.

Table 4-1: Potential Developments in Pennsylvania

Proposed Venue	Facility Type	Proposed Slots	Proposed Tables	Planned Opening
Valley View Downs & Casino	Racino	3,000	Up to 250	Does not currently hold a license to operate slot machines.
SugarHouse Casino	Casino	3,000	40	September 2010
Foxwoods Philadelphia	Casino	3,000	Up to 250	Late 2011
Valley Forge Convention Center	Resort Casino	Up to 600	Up to 50	License Granted; Project on hold
Holiday Inn Harrisburg West	Resort Casino	Up to 600	Up to 50	Submitted Application; Approval Pending
Fernwood Hotel & Resort	Resort Casino	Up to 600	Up to 50	Submitted Application; Approval Pending
Nemacolin Woodlands Resort	Resort Casino	600	28	Submitted Application; Approval Pending
Eisenhower Inn & Conference Center	Resort Casino	Up to 600	Up to 50	Application to be Submitted

Source: See footnotes 7-14

13 Pennsylvania Gaming Control Board. "Gaming Control Board Receives One New Application For A Category 3 Resort Slots License." http://www.pgcb.state.pa.us. 2009.

14 Goodwin, Terry. "Gettysburg Casino could be next for Pennsylvania," Casino Gambling Web. 2009. http://www.casinogamblingweb.com/gambling-news/casino-gambling/gettysburg_casino_could_be_next_for_pennsylvania_54751.html

4.1.1.3. Historical Pennsylvania Gaming Market Revenues

Casino operations are relatively new to Pennsylvania and were introduced in 2006, first at Mohegan Sun at Pocono Downs and later that year at Philadelphia Park. Since these two properties introduced slot machines relatively late in the year, Pennsylvania's total win was $31.6 million in 2006. Total annual win grew to $1 billion in 2007 as Harrah's, Presque Isle, The Meadows, and Mount Airy introduced casino games to their facilities, and the Pennsylvania gaming market exploded. In 2008, total Pennsylvania annual win increased 57% over the previous year to $1.6 billion and Penn National became another player to the market. November's 2009 total win for the state was up 27% higher than November 2008's total win, which Atlantic City Media Group attributes to the opening of The Rivers and Sands Bethlehem in Pennsylvania in 2009.[15] The year 2009 closed with nearly $2 billion in annual win for the state- a 21.5% increase over the previous year.

The State's average win per position[16] (win/pos) was $280 in 2008. Despite an increase in annual win in 2009 over 2008, Pennsylvania saw a decline in average annual win/position in 2009, which was $253 and down 10% from 2008.[17]

Table 4-2: Pennsylvania Total Market Annual Win and Average Win/Pos

Year	Total Annual Win	Change in Annual Win	Average Win/Pos	Change in Win/Pos
2006	$31,567,926		$238.46	
2007	$1,030,184,655	3163.4%	$275.85	15.7%
2008	$1,616,565,778	56.9%	$280.63	1.7%
2009	$1,964,570,480	21.5%	$252.73	-9.9%

Source: Pennsylvania Gaming Control Board, TMG Consulting Estimates

15 Press of Atlantic City Media Group. "Pennsylvania slot revenue jumps 27 percent in November, thanks to two new casinos." pressofAtlanticCity.com 2009.

16 Average win per position is defined as gross gaming revenues divided by the number of gaming positions, divided by the number of days in the period. Average win per position can also be referred to as win per position per day.

17 Though electronic table games are legal and present at Pennsylvania's gaming facilities, these devices are not tracked separately from single player machines and their count per facility is impossible to determine for calculations; thus references to win per positions in Pennsylvania may be inflated to some degree.

Gaming Statistics by Property

Annual Win

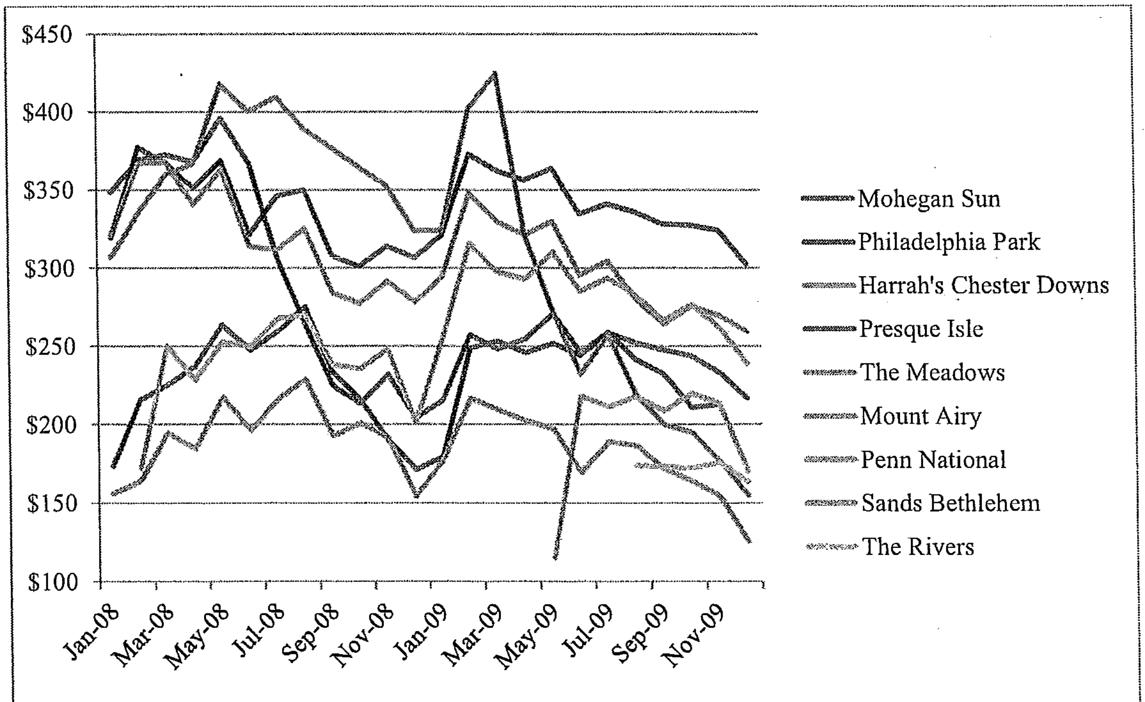
Philadelphia Park became the market leader in total gaming revenues in 2008 with $346.5 million. Chester Downs made $328 million in total win in 2008. The Meadows ranked third in total among the seven venues with casino gaming, bringing in $244 million in 2008. In terms of total annual win, Mohegan Sun, Presque Isle, Mount Airy, and Penn National fared competitively bringing in annual wins ranged from $185.5 million to $171 million. For 2009, the top three venues in terms of most annual win are Philadelphia Park, Chester Downs, and The Meadows. Penn National exceeded its previous year's annual win and has a 2009 win of approximately $238 million. Despite being open for less than a year, Sands Bethlehem brought in an impressive 2009 annual win of over $142 million. The Rivers generated nearly $79 million in win during its first five months of operations in 2009.

Table 4-3: Pennsylvania Market Annual Win

Year	Mohegan Sun	Philadelphia Park	Harrah's Chester Downs	Presque Isle	The Meadows	Mount Airy	Penn National	Sands Bethlehem	The Rivers
2006	$21,655,033	$9,912,892							
2007	$175,503,593	$285,032,169	$285,978,663	$142,184,554	$115,739,844	$25,745,832			
2008	$185,583,564	$346,502,693	$328,443,772	$164,475,937	$244,052,451	$176,389,734	$171,117,626		
2009	$220,808,247	$359,274,246	$315,938,366	$166,701,204	$278,474,209	$164,634,128	$237,721,830	$142,267,867	$78,750,383

Source: Pennsylvania Gaming Control Board, TMG Consulting Estimates

Figure 4-1: Pennsylvania Total Monthly Win per Position by Casino 2008 - 2009



Source: Pennsylvania Gaming Control Board; TMG Consulting

Average Annual Positions

Harrah's Chester Downs had an average of 2,815 positions in 2008, which was the highest average positions number of all properties opened that year. Mohegan Sun had the least amount of average positions in 2008, averaging 1,798 for the year. In 2009, The Meadows had the highest average positions—3,128—while Presque Isle offered the least amount of positions on average—1,995.

Average Annual Win/Pos

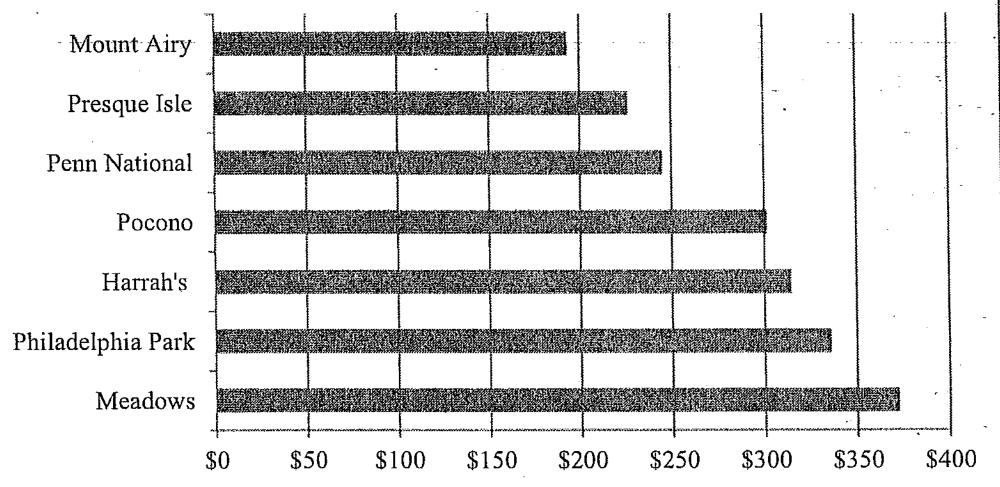
Penn National had the highest average annual win/position in 2008, at $423. Second in average annual win/pos rank for 2008 was The Meadows. Though the state leader in annual win, Philadelphia Park ranked only third highest in 2008 win/position in 2008. Mount Airy had the lowest average annual win/position in 2008 at $209. In 2009, the two newest casino gaming venues in the state, Sands Bethlehem and The Rivers, had average win/position of $196 and $172, respectively. The following table and chart detail historical positions and win per position for Pennsylvania properties. Philadelphia Park had the highest win/position in 2009—$339.

Table 4-4: Pennsylvania Market Average Annual Positions and Win/Pos

Property	2008 Average Position	2009 Average Position	2008 Average Win/Pos	2009 Average Win/Pos
Mohegan Sun	1,798	2,466	$282.75	$245.27
Philadelphia Park	2,831	2,904	$335.29	$339.01
Harrah's Chester Downs	2,815	2,916	$319.61	$296.89
Presque Isle	1,997	1,995	$225.67	$228.92
The Meadows	1,821	3,128	$367.20	$243.94
Mount Airy	2,521	2,506	$191.67	$180.02
Penn National	2,151	2,318	$238.16	$281.02
Sands Bethlehem	n/a	2,964	n/a	$195.93
The Rivers	n/a	2,999	n/a	$171.61

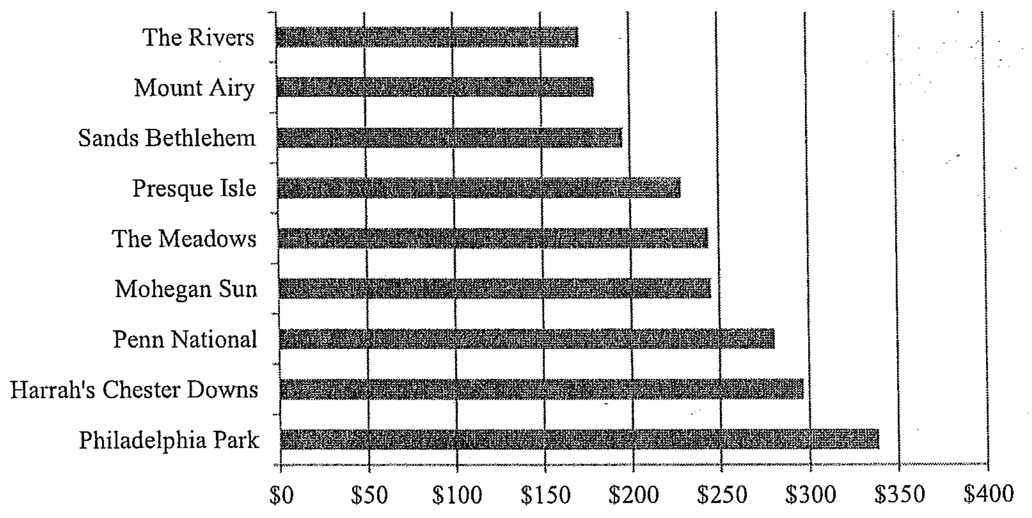
Source: Pennsylvania Gaming Control Board, TMG Consulting Estimates

Figure 4-2: Pennsylvania Win/Position 2008



Source: Pennsylvania Gaming Control Board; TMG Consulting Estimates

Figure 4-3: Pennsylvania Win/Position 2009



Source: Pennsylvania Gaming Control Board; TMG Consulting Estimates

4.1.2. *West Virginia*

West Virginia offers five locations with casino gaming in addition to its statewide Limited Video Lottery. Of the five locations with casino gaming, Charles Town Races & Slots is the only property that does not presently have table games; however its county approved the installation of additional slot machines to the facility in early December 2009 and is expected to begin offering table games to its visitors in June 2010.[18] Below is a description of West Virginia's current offerings.

4.1.2.1. Existing Facilities

Charles Town Races & Slots

While this property located in Charles Town, West Virginia does not currently offer table games, it has the most Video Lottery Terminal (VLT) positions in the state. Table games are expected to begin being offered in June 2010. The horse track racino features six restaurants, an inn with 153 rooms, VLT gaming, and race wagering.

Wheeling Island Racetrack and Gaming Center

Wheeling Island is the greyhound racetrack with the highest greyhound purses paid in the United States. Located in Wheeling, West Virginia, this facility offers greyhound racing and wagering, VLTs, table games, six restaurants, and a 151 room hotel. The facility is decorated with a tropical theme.

Mountaineer Casino, Racetrack & Resort

This Thoroughbred racetrack is located in Chester, West Virginia and is about an hour away from Pittsburgh and Cleveland. On site, there are ten restaurants, two bars, a hotel, a spa, and an offsite golf course. The facility offers VLT and table gaming, in addition to horse race wagering.

Tri-State Casino and Resort

This dog track in Cross Lanes, West Virginia features greyhound racing and betting, VLT gaming, and table games. Tri-State is themed after Mardi Gras and includes this theme in its logo, décor, and some of its amenities such as its restaurants. The property has a 150-room hotel scheduled to open in the summer of 2010.

Limited Video Lottery

Established in 2001, West Virginia's Limited Video Lottery system allows for a limited amount of VLTs, 9,000 maximum, to be located in adult only environments throughout the state. Despite facing competition from West Virginia's racinos, Limited Video Lottery continues to thrive throughout the state, and since 2008 there have been at least 8,000 Limited VLTs in West Virginia.

[18] Mason, Cecelia. "Table games at Charles Town means more for other counties." West Virginia Public Broadcasting. 2009.

The Tavern Casino at Greenbrier

The Tavern at Greenbrier is a temporary casino open to guests, golf and tennis club members, and registered convention visitors at the Greenbrier. The Casino at the Greenbrier, the permanent facility, is scheduled to open in April 2010 and will be a Monte-Carlo themed casino with retail and dining amenities. The permanent facility will adhere to the same state law which limits access to the casino to various types of guests at the Greenbrier.

4.1.2.2. Historical West Virginia Gaming Market Revenues

West Virginia's gaming market consists of five venues: two greyhound racetracks, two horse racetracks, and one hotel casino. The Tavern Casino at The Greenbrier is currently a temporary casino, which began operations in October 2009. It offers 44 VLTs and 10 table games. The permanent casino is scheduled to open in April 2010. The Greenbrier's casino facilities are only available to overnight guests and registered convention participants, as well as golf and tennis club members.

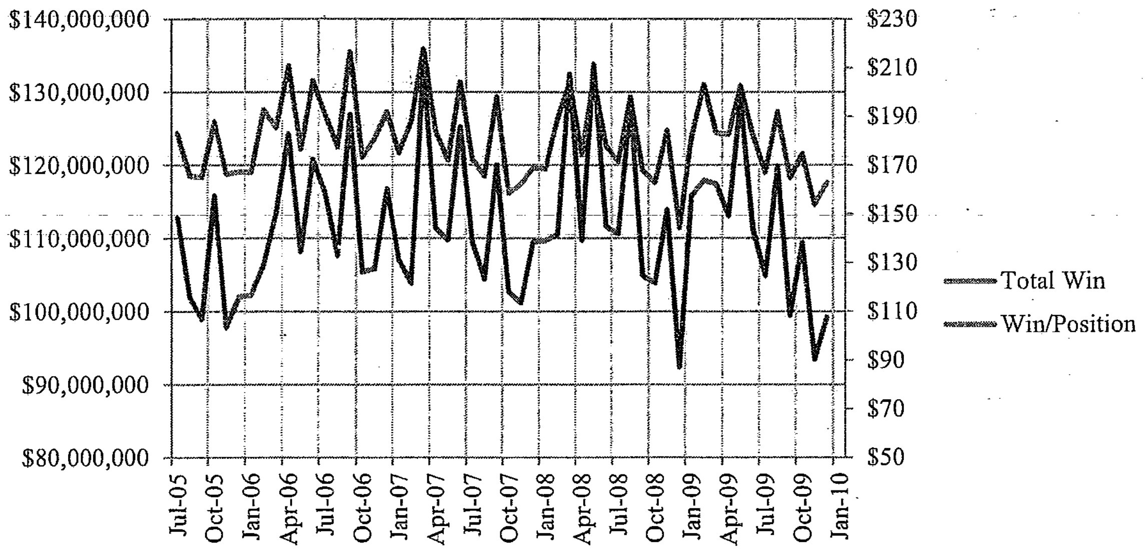
Table games began operations in West Virginia facilities in late 2007. So far, the introduction of table games in West Virginia does not seem to be having a significant impact on total annual win. Total gaming revenues since 2006 have remained consistent with less than 2.5% growth in either direction for 2007 and 2008. In 2009, West Virginia's gaming revenue declined 2.3% and totaled over $1.3 billion. In recent years, 2006 had the highest average win/position, $197, for the state. For the year 2009, win/position of $183 is the second highest win/position since 2006, and is nearly 3% up over 2008's win/position.

Table 4-5: West Virginia Gaming Revenues and Win/Position

Year	Total VLT and Table Win	Average Win/Pos	Change in Total Win	Change in Win/Pos
2006	$1,354,079,011	$197.09		
2007	$1,338,021,079	$181.28	-1.2%	-8.0%
2008	$1,361,787,203	$178.04	1.8%	-1.8%
2009	$1,330,642,920	$182.86	-2.3%	2.7%

Source: West Virginia Lottery Commission, TMG Consulting Estimates

Figure 4-4: West Virginia Monthly Total Market Win and Win/Position



Source: West Virginia Lottery Commission, TMG Consulting

Gaming Statistics by Facility

Annual Win

Though it is the only one of the four racetracks to not yet include table games, Charles Town is the leader in the West Virginia market in terms of annual win, with 2007 being its record high in recent years with an annual win of $463 million. Mountaineer ranks second among the four racetracks in terms of annual win and brought in its highest gaming revenues since 2005 with $258 million in 2006. Wheeling Island, the third largest racino in terms of win, brought in more win in 2006, $202 million, than in later years. Tri-State Casino is the smallest gaming revenue generator of the four racinos, and brought in its best win in recent years with $68.5 million in 2009.

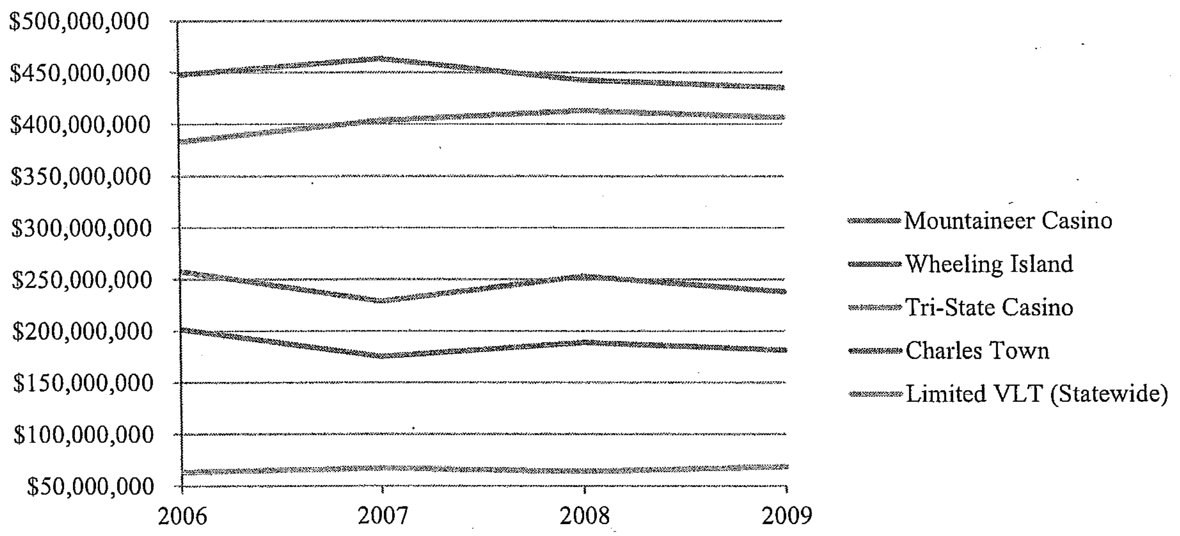
Limited Video Lottery brings in less annual gaming revenues than Charles Town, but more than Mountaineer Casino. In 2008, Limited Video Lottery had an exceptionable year in annual win, earning $413 million.

Table 4-6: West Virginia Market Annual Win

Year	Mountaineer Casino	Wheeling Island	Tri-State Casino	Charles Town	Tavern Greenbrier	Limited VLT (Statewide)	Total
2006	$257,832,471	$201,730,419	$63,254,607	$448,022,596		$383,238,917	$1,354,079,011
2007	$228,581,977	$175,186,545	$67,169,838	$463,367,816		$403,714,904	$1,338,021,079
2008	$253,095,900	$188,793,219	$63,763,465	$442,841,293		$413,293,326	$1,361,787,203
2009	$237,824,437	$181,427,155	$68,544,713	$435,503,532	$634,406	$406,708,677	$1,330,642,920

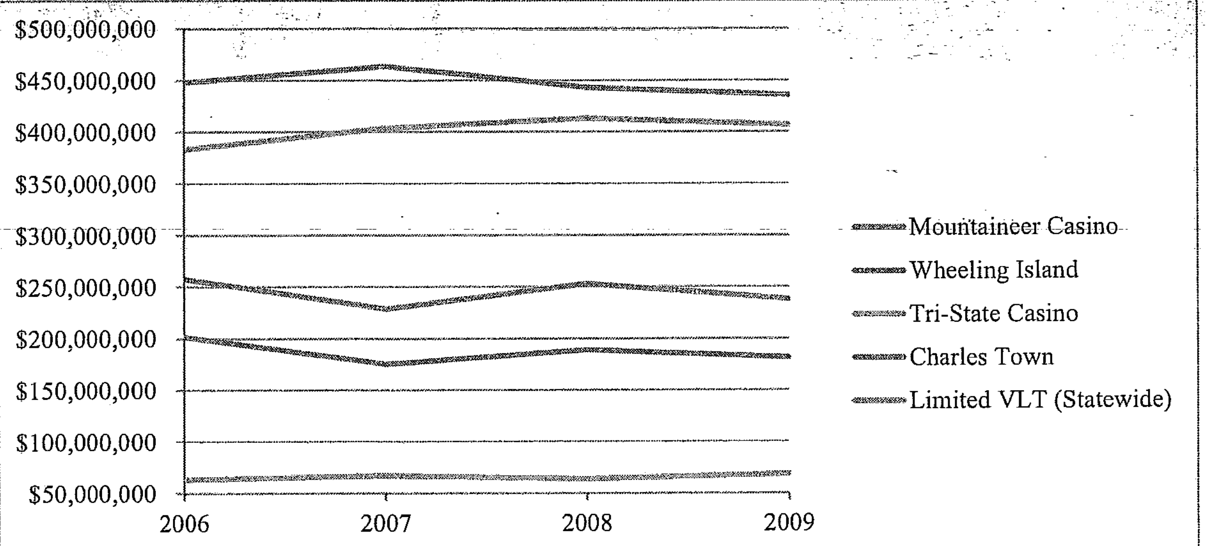
Source: West Virginia Lottery Commission, TMG Consulting Estimates

Figure 4-5: West Virginia Market Annual Win



Source: West Virginia Lottery Commission, TMG Consulting Estimates

Figure 4-6: West Virginia Total Annual Win (VLTs and Tables) by Property



Source: West Virginia Lottery Commission, TMG Consulting Estimates

Average Annual Positions

The largest of the facilities, Charles Town also ranks first among the four racetracks in average annual positions. Their highest recent average annual position was in 2008 with 5,013 positions. Mountaineer Casino ranks second among the four racetracks in average annual positions and had its highest average annual positions in 2008 with 3,684 positions. Wheeling Island had its highest average annual positions in 2008 with 2,452 positions. Tri-State Casino is the smallest of the four racetracks in terms of average annual positions. In 2007, it had 1,742 in average annual positions, a record high for the property in recent years.

The Limited VLT system as a whole ranks second in terms of most annual win and brought in its record high annual win since 2005 with $413 million in 2008. Since 2006 there has been an annual average of at least 8,000 Limited Lottery positions.

Table 4-7: West Virginia Market Average Annual Positions (VLTs and Tables)

Year	Mountaineer Casino	Wheeling Island	Tri-State Casino	Charles Town	Tavern Greenbrier	Limited VLT (Statewide)
2006	3,177	2,310	1,742	4,120		8,304
2007	3,323	2,291	1,705	4,762		8,257
2008	3,684	2,452	1,602	5,013		8,095
2009	3,350	2,279	1,658	4,976	104	8,061

Source: West Virginia Lottery Commission, TMG Consulting Estimates

Average Annual Win/Position

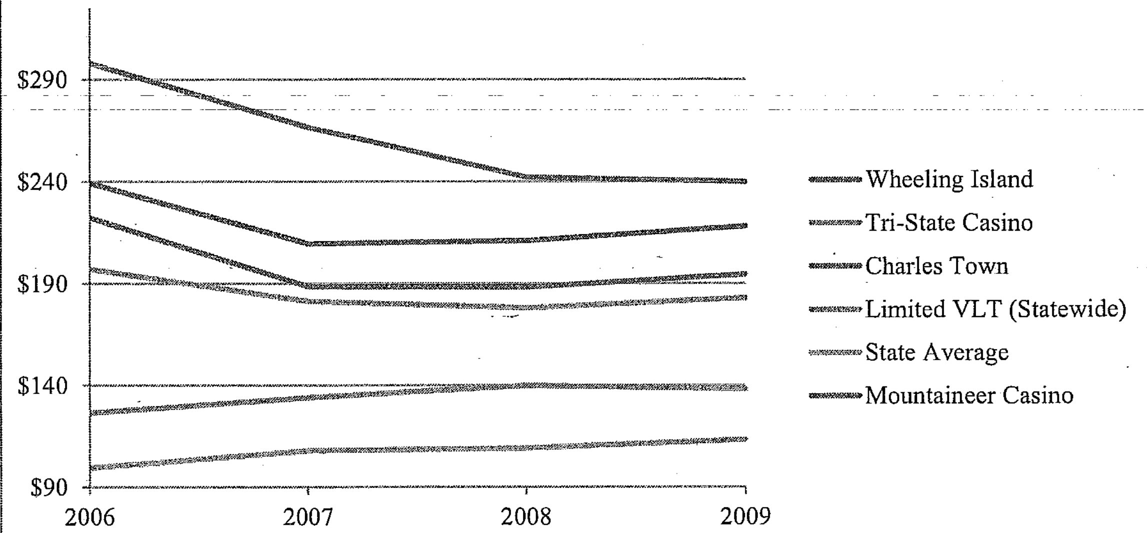
Charles Town typically earns the highest average annual win/position in West Virginia. Its highest was $298 in 2006. Wheeling Island ranks second in average annual win per position among the four racetracks and Limited Video Lottery, and had a record high win per position in 2006 of $239. Mountaineer Casino ranks third among the five operators in win per position, and in 2006 had its highest win per position of $222. Limited Video Lottery ranks fourth, and had its record year in 2009 with $140 in win per position. Tri-State Casino has the lowest win per position among all five. Its best year for win per position was in 2009 with $115 and its win per position has been steadily improving since it began offering table games. The following charts and table detail these historical performance statistics.

Table 4-8: West Virginia Market Average Annual Win/Pos (VLTs and Tables)

Year	Mountaineer Casino	Wheeling Island	Tri-State Casino	Charles Town	Tavern Greenbrier	Limited VLT (Statewide)	State Average
2006	$222.33	$239.28	$99.50	$297.90		$126.45	$197.09
2007	$188.46	$209.50	$107.91	$266.58		$133.95	$181.28
2008	$188.25	$210.96	$109.08	$242.01		$139.89	$178.04
2009	$200.40	$226.34	$114.81	$244.94	$37.84	$140.07	$182.86

Source: West Virginia Lottery Commission, TMG Consulting Estimates

Figure 4-7: West Virginia Win per Position by Facility



Source: West Virginia Lottery Commission; TMG Consulting Estimates

While there appears to be no trend suggesting that the introduction of table games to the West Virginia market impacted each facility in a consistent fashion, and there are not enough periods of data since their introduction to statistically make a case for such a trend if one truly exists, the following is a discussion of what has happened in the market since table gaming was introduced in 2007.

Mountaineer Casino and Wheeling Island introduced table games in October 2007. VLT win/position and VLT win for both properties experienced some decline between years 2006 and 2008. In 2007, Tri-State's VLT win and VLT win/position were up from the previous year, while Charles Town's VLT win was up and its VLT win/position was down. In August 2008, Tri-State introduced table gaming to its facilities. That same year, Tri-State's VLT win per position and VLT win declined from the previous year. The Limited VLT system was up in win/position and VLT Win in 2007 and 2008. Between 2006 and 2008, Wheeling, Tri-State and the Limited VLT system decreased their VLT positions. For 2009, all facilities and the Limited VLT system, with the exception of Tri-State, reduced their VLT positions. Compared to VLT win per position in 2008, table game win per position was significantly higher at Mountaineer and Tri-State. At Wheeling Island, table game win per position was only about $10 higher than VLT win/position.

Table 4-9: West Virginia Market Annual VLT Win

Year	Mountaineer Casino	Wheeling Island	Tri-State Casino	Charles Town	Tavern Greenbrier	Limited VLT (Statewide)	Total
2006	$257,832,471	$201,730,419	$63,254,607	$448,022,596		$383,238,917	$1,354,079,011
2007	$226,025,183	$172,676,035	$67,169,838	$463,367,816		$403,714,904	$1,332,953,775
2008	$204,252,373	$156,102,438	$57,773,319	$442,841,293		$413,293,326	$1,274,262,748
2009	$192,504,235	$150,329,246	$48,831,524	$435,503,532	$199,434	$406,708,677	$1,234,076,648

Source: West Virginia Lottery Commission, TMG Consulting Estimates

Table 4-10: West Virginia Market Annual Table Games Win

Year	Mountaineer Casino	Wheeling Island	Tri-State Casino	Tavern Greenbrier	Total
2007	$2,556,794	$2,510,511			$5,067,305
2008	$48,843,527	$32,690,781	$5,990,147		$87,524,455
2009	$45,320,202	$31,097,909	$19,713,190	$434,972	$96,566,272

Source: West Virginia Lottery Commission, TMG Consulting Estimates

4.1.3. New Jersey

Atlantic City is the second highest grossing gaming destination in the United States, second only to Las Vegas. In 2008, the casinos generated $4.5 billion in gaming revenues, with over 31 million annual visits. There are currently twelve large casinos operating in the area, each offering an array of attractions such as luxury hotels, retail shops, fine dining, convention centers, concert venues, and additional resort-style amenities. There have been a few large casino transactions in recent years, including the auctioning of the Tropicana. Potential developments in the area include the construction-phase Revel Atlantic City. Outside of Atlantic City, New Jersey also offers four horse racetracks which only offer wagering on races. In other Atlantic City development news, Carl Icahn and Beal Bank have partnered up in an attempt to buy all of the Trump properties in Atlantic City[19], and have already succeeded in purchasing the Tropicana.[20]

4.1.3.1. Existing Facilities

Atlantic City Hilton

Previously known as The Golden Nugget and Bally's Grand, the Atlantic City Hilton is a beach themed hotel and casino. This casino features 60,000 square feet of gaming space with slot machines and an array of table games. On-site is an upscale hotel with 800 guest rooms. Additional amenities include eight food and beverage outlets, a 1,420-seat theater, and a variety of meeting and convention spaces.

Bally's Atlantic City

This property is an American Old-West themed hotel and casino. Previously known as Park Place and Bally's Park Place, the casino features 80,000 square feet of gaming space with 2,170 slot machines and table games. The hotel has over 1,700 rooms available. Additional amenities include thirteen food and beverage outlets, a spa, and seven retail outlets.

Borgata Hotel, Casino and Spa

The Borgata is one of Atlantic City's largest hotel and casino complexes. The casino features 161,000 square feet of gaming with 4,100 slot machines, 200 table games, and an 85-table poker room. The Borgata hotel features 1,600 classic rooms and over 300 specialty suites. There are over 80,000 square feet of meeting and convention space. Additional amenities include an array of entertainment, retail, and culinary outlets.

[19] Post, Kevin. "Icahn joins Beal bid to acquire trump Atlantic City Casinos." pressofAtlanticCity.com 2009.
[20] Morrisey, Janet. "Casinos: Carl Icahn is Wagering Big on Casinos." Time. 2010.

Caesars Atlantic City
This facility is a hotel and casino centrally located in Atlantic City, New Jersey. Like Caesars Palace in Las Vegas, it has an ancient Roman theme. Atlantic City's second casino, it opened in 1979 as the Caesars Boardwalk Regency Hotel Casino. It was renamed Caesars Atlantic City in 1983. The casino features over 124,000 square feet of gaming space with over 3,400 slot machines, 135 table games and 44-seat Keno and Racebook. The property features an upscale hotel with four towers, over 40,000 square feet of convention space and sixteen food and beverage outlets.

Claridge Casino Hotel
Claridge Atlantic City was a casino and currently is a hotel tower for Bally's Atlantic City in Atlantic City, New Jersey. Formerly known as The Claridge Hotel and Casino & Claridge Casino at Bally's, the resort was officially acquired by Bally's on December 30, 2002. The casino features 59,000 square feet of gaming space with 1,800 slot machines and 60 table games. The hotel features 500 guest rooms and suites. There are six food and beverage outlets on-site.

Harrah's Casino and Resort Atlantic City
Harrah's Atlantic City is a hotel and casino located in the Marina District of Atlantic City, New Jersey. Harrah's has three sister properties, Bally's Atlantic City and Caesars Atlantic City (which were acquired by the Caesars Entertainment merger with Harrah's) and Showboat Atlantic City. The property's newest hotel tower, which opened in 2008, is Atlantic City's tallest building at 525 feet. The casino features 113,000 square feet of gaming space with 3,700 slot machines. The five-tower hotel features over 2,500 guest rooms. The property features convention space, twelve food and beverage outlets, a full-service spa, and retail shops.

Resorts Casino Hotel
Resorts, the first casino hotel in Atlantic City, opened on May 26, 1978. In 2005, before the completion of the Harrah's Entertainment and Caesars Entertainment merger, Caesars Entertainment sold the Atlantic City Hilton to the Colony Capital, making Resorts and Hilton sister properties. The casino features 100,000 square feet of gaming space with over 2,500 slot machines and twelve types of table games. The hotel includes approximately 500 guestrooms and suites. There is convention space, a small theater, a full-service spa, and nine food and beverage outlets.

Showboat
Showboat Atlantic City is a Mardi Gras-themed casino in Atlantic City, New Jersey. In 1998, the property was purchased by Harrah's Entertainment. The casino features over 3,600 slot machines and 100 table games as well as Keno and Racebook. The hotel features over 1,300 guestrooms and suites with luxury accommodations. An array of meeting and convention space is available on-site, in addition to twelve food and beverage outlets, retail shops and the House of Blues Music Hall.

Tropicana Casino and Resort Atlantic City
This is a casino and hotel located at Brighton Avenue and the Boardwalk in Atlantic City, New Jersey. The Tropicana is, in part, the largest hotel in New Jersey, featuring 2,125 rooms, and is in part a 148,000 square-foot casino. There are 18 food and beverage outlets. Carl Icahn became the owner of Tropicana Casino in March 2010.

Trump Marina Hotel Casino
This property is located in Atlantic City, New Jersey and is managed by Trump Entertainment Resorts. It was built as a Hilton, but that company was denied a gambling license by the State of New Jersey. On May 30, 2008, it was announced that Trump Marina was to be sold to Coastal Development LLC and converted into a "Margaritaville" themed resort. While this sale eventually fell through, Coastal Development LLC is once again attempting to purchase the casino.[21] The property currently features a 2,000-slot casino, a 728-room hotel, and eleven food and beverage outlets.

Trump Plaza Hotel and Casino
This property is a Trump branded casino-hotel resort located on the Boardwalk in Atlantic City. The property features a 1,827-slot casino, 906-room hotel, 25,000 square feet of convention space and 16 food and beverage outlets.

Trump Taj Mahal Casino Resort
This property is located on the Boardwalk and is owned by Trump Entertainment Resorts. The Taj Mahal has one of the largest poker rooms in Atlantic City, second in size only to the Borgata. The casino features 158,000 square feet of gaming space with 4,000 slot machines and 210 table games. The hotel features 1,250 guest rooms including 237 suites. There are over 155,000 square feet of meeting space as well as 17 food and beverage outlets.

4.1.3.2. Potential Developments

Revel Atlantic City
This casino and hotel development in Atlantic City, New Jersey that has already begun the first phases of construction on 20 beachfront acres of land adjacent to the Showboat Hotel & Casino. Revel was planned to be a 6-million square foot complex with about 20 restaurants, 45 stores, a private beach, and three theaters. The project has suffered from lack of adequate financing. Revel City's CEO has been in negotiations to secure financing from a Chinese bank for nearly a year and a half, but has yet to reach a deal. Revel Atlantic City is projected to open 20 months after, and if, financing is secured.[22]

[21] Ortiz, Erik. "Trump CEO tells bankruptcy court that Icahn has no long-term plans for Atlantic City casinos." pressofAtlanticCity.com . 2010. http://www.pressofatlanticcity.com/business/article_59466b3a-26ef-11df-89f1-001cc4c002e0.html
[22] Stilwell, Eileen. "Economic problems linger." CourierPostOnline.com. 2010. http://www.courierpostonline.com/article/20100320/BUSINESS/3200310/1003/business/Economic-problems-linger

Table 4-11: Potential Developments in Atlantic City

Proposed Venue	Facility Type	Proposed Slots	Proposed Tables	Projected Opening
Revel Casino	Casino	3,000	120	2012

Source: See footnote 22; TMG Consulting Estimates

4.1.3.3. Historical Atlantic City Gaming Industry Revenues

New Jersey is home to eleven casinos, all located in Atlantic City. While the state also has horse tracks, wagering is limited to horse or harness racing at these facilities. The data described below is an aggregate of Atlantic City's casino offerings.

Annual Win

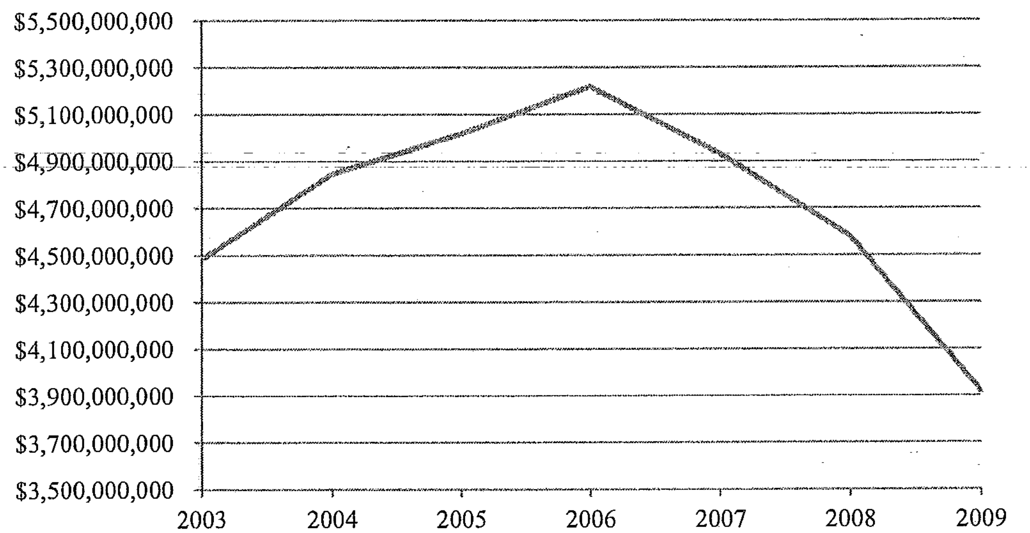
Between 2003 and 2006, Atlantic City experienced positive annual growth in terms of annual Win and average annual Win/Visit. The year 2006 was a record year for Atlantic City. The total market brought in an annual win of over $5.2 billion, with over 34.5 million gaming visits, and a win/visit of $151. However, Atlantic City has been on the decline since 2007, when it experienced a 5.5% reduction in total annual win. In 2008, annual win dropped even lower, to approximately $4.6 million, an annual change in total win of -7%. Average annual visits were down to 32 million in 2008 and average annual win/visit dropped to $144. For 2009, Atlantic City experienced an even greater decline in annual win, down 14.5% from the previous year's win, bringing in $3.9 billion.

Table 4-12: Atlantic City Total Market Annual Win, Total Annual Visits, and Win/Visit

Year	Total Market Annual Win	Average Annual Visits	Win/Visit	Annual Change in Revenues	Annual Change in Visits
2003	$4,482,618,969	32,224,000	$139		
2004	$4,845,372,998	33,313,000	$145	8.1%	3.4%
2005	$5,016,258,523	34,924,000	$144	3.5%	4.8%
2006	$5,217,839,614	34,534,000	$151	4.0%	-1.1%
2007	$4,931,831,513	33,300,000	$148	-5.5%	-3.6%
2008	$4,580,904,414	31,813,000	$144	-7.1%	-4.5%
2009	$3,918,343,183	n/a	n/a	-14.5%	n/a

Source: New Jersey Casino Control Commission, TMG Consulting Estimates

Figure 4-8: Atlantic City Annual Win



Source: New Jersey Casino Control Commission

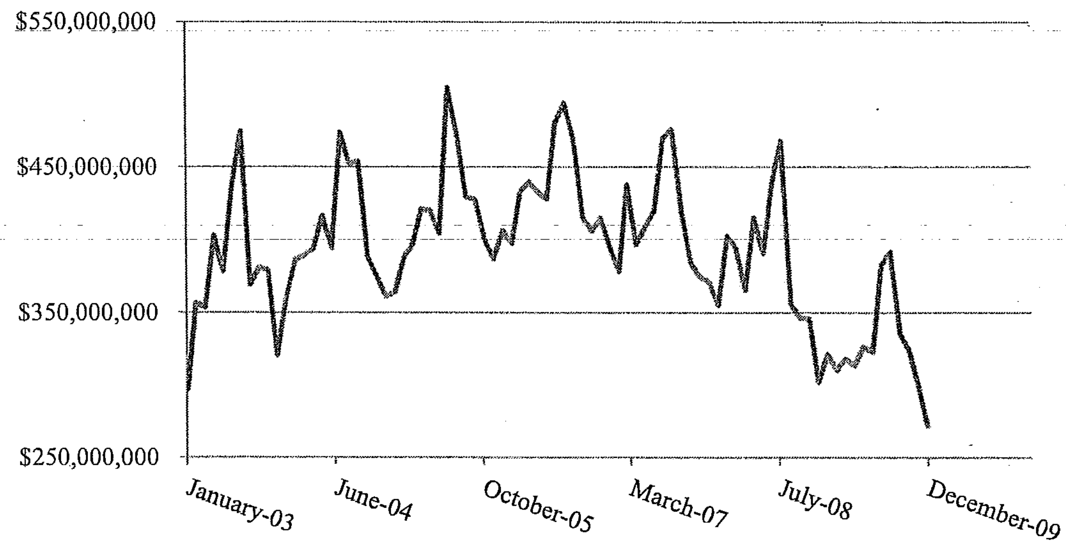
Average Annual Positions

In 2003, Atlantic City had about 40,500 slot machines and 7,800 tables on average. Since then, average annual positions have greatly declined, and in 2009, Atlantic City averaged about 31,700 slot machines and approximately 9,750 tables.

Average Win/Position

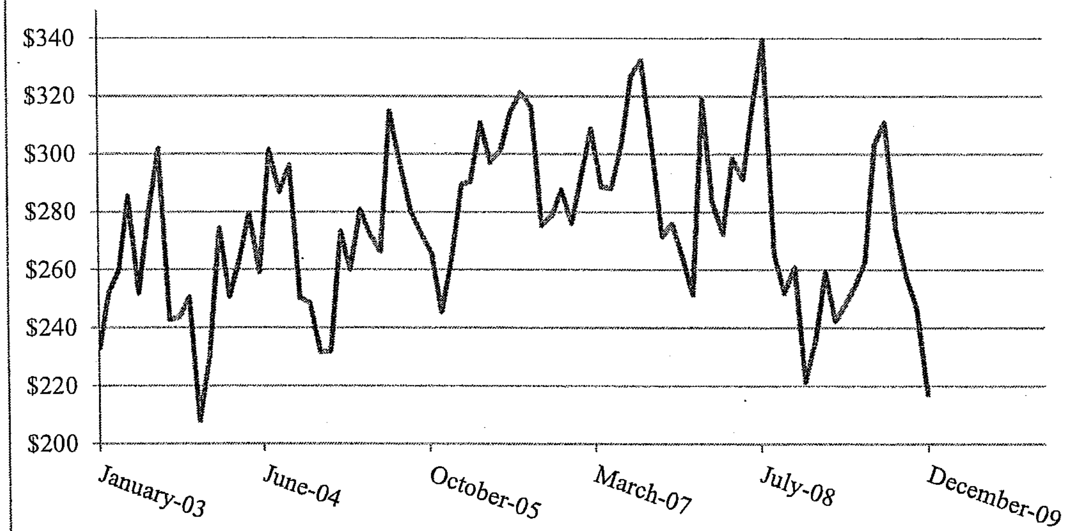
Average annual win/position for slots and tables together experienced positive growth in Atlantic City from 2003 to 2006. In 2006, Atlantic City had an average win/position of $296, but since that year the city's win/position has been on the decline. In 2009, Atlantic City had an average win/position of $259. The following chart and tables detail Atlantic City's historical average annual positions and win per position.

Figure 4-9: New Jersey Monthly Total Market Win



Source: New Jersey Casino Control Commission

Figure 4-10: New Jersey Monthly Total Market Win/Position



Source: New Jersey Casino Control Commission

Table 4-13: Atlantic City Annual Slots Win

Year	Total Market Annual Slot Win	Total Market Annual Slot Machines	Win/Position	Change in Win/Position
2003	$3,321,572,681	40,494	$224.73	
2004	$3,594,184,659	41,724	$236.01	5.0%
2005	$3,673,959,455	41,306	$243.68	3.3%
2006	$3,803,782,038	38,337	$271.83	11.6%
2007	$3,464,470,777	35,923	$264.22	-2.8%
2008	$3,168,444,566	34,801	$249.44	-5.6%
2009	$2,311,186,092	31,677	$199.90	-19.9%

Source: New Jersey Casino Control Commission, TMG Consulting Estimates

Table 4-14: Atlantic City Annual Table Win

Year	Total Market Annual Table Win	Total Market Annual Tables	Win/Position	Change in Win/Position
2003	$1,161,046,288	7,814	$407.08	
2004	$1,251,188,339	8,494	$403.59	-0.9%
2005	$1,342,299,068	9,260	$397.14	-1.6%
2006	$1,414,057,576	10,027	$386.37	-2.7%
2007	$1,467,360,736	9,952	$403.98	4.6%
2008	$1,412,459,848	9,888	$391.38	-3.1%
2009	$1,035,793,807	9,754	$290.95	-25.7%

Source: New Jersey Casino Control Commission, TMG Consulting Estimates

Table 4-15: Atlantic City Average Annual Win/Position (Slots & Tables)

Year	Average Win/Pos	Change in Win/Position
2003	$254	
2004	$264	4.0%
2005	$272	2.8%
2006	$296	8.8%
2007	$295	-0.4%
2008	$281	-4.7%
2009	$259	-7.7%

Source: New Jersey Casino Control Commission, TMG Consulting Estimates

4.1.4. *New York*

New York State currently has an expansive group of gaming facilities. Most of these venues are operated by the New York State Lottery system and offer VLT gaming. The majority of the gaming venues are racinos, bingo halls, and poker rooms. There are a few Native American casinos that currently operate in the upstate New York region and offer slot machine gaming, as well as expanded amenities such as luxury hotels, conference centers, fine dining and other resort-style attractions. Additionally, New York has three horse racing facilities with no casino gaming; however a bid for slot operations at Aqueduct Racetrack is expected to be awarded in the near future.

4.1.4.1. Existing Facilities

Mohawk Bingo Palace
The Mohawk Bingo Palace is a gaming facility with 363 total video slot machines. The main attractions at Mohawk are bingo and bingo related video games. The bingo hall includes over 1,000 seats. There are no hotel, meeting or convention spaces. The premises include a snack bar for food and beverage services. The property is owned by the St. Regis Mohawk Tribe.

Seneca Buffalo Creek Casino
The existing temporary casino includes 5,000 square feet of gaming space and 240 slot machines. The current facilities include a snack bar for food and beverage services. A new proposed casino is presently scheduled to open in 2010 but the casino is presently combating a federal lawsuit with claims against the legality of the facility.

Akwesasne Mohawk Casino
This casino offers 50,000 square feet of gaming space with 1,000 slot machines and 25 table games. There are no hotel, meeting or convention facilities. The casino has two food and beverage outlets. The property is owned and managed by the St. Regis Mohawk Tribe.

Seneca Gaming and Entertainment, Irving
The facility features 540 video gaming terminals, daily bingo events and a poker room. The gaming center features a café on the premises for food and beverage service. The Seneca Nation owns and manages the facility.

Seneca Gaming and Entertainment, Salamanca
Seneca Gaming and Entertainment, located in Salamanca, offers over 300 video gaming machines, daily bingo, poker, and a VIP game room. The facility is open seven days a week and features a food court.

Seneca Niagara Casino and Hotel
The Seneca Niagara Casino and Hotel offers 147,000 square feet of gaming facilities with 4,200 slot machines, 100 table games and a 16-table poker room. In addition, there is a hotel, five dining establishments, and a full-service spa. The facility is located in Niagara, NY and is within minutes of the Canada/US border.

Seneca Allegheny Casino and Hotel
The Seneca Allegany Casino & Hotel is located in the foothills of the Allegany Mountains in upstate New York. The casino features 68,000 square feet of gaming space with 2,300 slot machines, 100 table games and a poker room with 16 tables. The hotel features 212 hotel rooms including suites. This full-service resort destination offers on-site gaming, hotel convention space, restaurants, spas, and other amenities.

Turning Stone Resort and Casino
Turning Stone Resort & Casino is nestled in the heart of Central New York's Mohawk Valley. It is 35 miles east of Syracuse Hancock International Airport. The 1,200-acre resort features luxury-class hotel accommodations, a full-service destination spa, a variety of gourmet restaurants and casual dining options, celebrity entertainment, five championship golf courses, a new dance club, and a world-class casino.

Batavia Downs Casino
Batavia Downs Gaming is a racing and video gaming center owned and operated by Western Regional Off-Track Betting Corporation in association with the New York Lottery. Western OTB is a public benefit corporation in the state of New York. Batavia Downs is the oldest lighted harness track in North America, opening on September 20, 1940. The facility features 604 video gaming machines, convention space and a food and beverage outlet.

Finger Lakes Gaming and Racetrack
Located in the heart of the Finger Lakes region in Western New York, the facility has hosted over 62,000 horse races and entertained over 19 million fans since opening in 1962. The casino facility features over 30,000 square feet of gaming space and 1,199 video gaming terminals. Additionally, the facility features five food and beverage outlets.

Fairgrounds Gaming and Racetrack
The Fairgrounds, located in Hamburg, NY, is a Western New York entertainment destination. With over 265 acres, the facility is home to a variety of the top events and attractions in the area. The casino features 959 video gaming machines. There is over 100,000 square feet of convention and meeting space as well as three food and beverage outlets.

Monticello Casino and Raceway
Located just 90 miles from downtown New York City, Monticello is located in the heart of the Sullivan County Catskills vacationland, offering year-round harness racing on a half-mile track. The casino features 40,000 square feet of gaming space with 1,430 video lottery terminals (VLT). The property features three food and beverage outlets.

Tioga Downs
Tioga Downs is a racing and gaming destination. The facility includes a casino with 770 video gaming terminals. The facility includes meeting and convention space for up to 250 people. There are four food and beverage outlets.

Saratoga Gaming and Raceway

The facility includes horse racing and gaming facilities. The casino features 100,000 square feet of gaming space with 1,770 video lottery terminals. Event space is available for meetings and conventions. There are three food and beverage outlets.

Vernon Downs Casino and Hotel

Vernon Downs features racing, gaming and hotel accommodations. The casino features 761 video gaming machines and the track features live harness racing. Additionally, the property features a 173-suite hotel, event space for up to 350 people, and six food and beverage outlets.

Empire City Casino at Yonkers Raceway

Empire City is one of the largest video gaming centers in New York State affiliated with the state's lottery system. The property features a casino and live harness racing on the track. The casino features 5,321 video gaming machines. There is convention and meeting space to accommodate up to 400 people. The property features six food and beverage outlets.

4.1.4.2. Potential Developments

Aqueduct Racetrack [23]

The Aqueduct Racetrack opened in 1894 in Queens. There has been new construction since its opening, with the most recent inner track built in 1975 to facilitate winter racing. Various tribes have bid to develop the land into a large-scale casino resort destination. Currently the facility features horse racing on its one and one-eighth mile main course. The facility can accommodate over 40,000 spectators. After a much delayed legislative process, the bid to operate a casino with 4,500 slots at Aqueduct was awarded to Aqueduct Entertainment Group.

Shinnecock Casino[24]

Achieving federal recognition as a Native American tribe in December of 2009, the Shinnecock tribe is moving forward with their plans to build a casino. The tribe has expressed interest in building a casino that is off reservation land, but the likelihood of this happening is low. If the tribe cannot expand their reservation land or build off-reservation, the casino would have to be built in Hamptons which tribal leaders and local elected officials agree is not a good location for a casino.

Table 4-16: Potential Developments in New York

Proposed Venue	Facility Type	Proposed VGMs	Proposed Slots	Proposed Tables	Planned Opening
Aqueduct Racetrack	Racino	4,500	-	-	n/a
Shinnecock Casino	Casino	-	n/a	n/a	n/a

Source: See footnotes 23 and 24

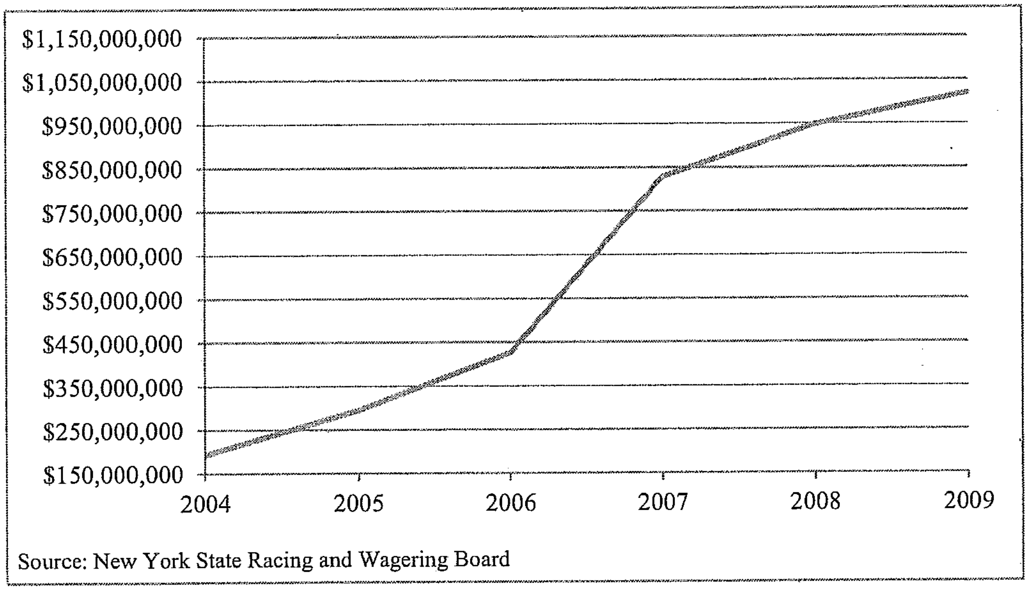
[23] Precious, Tom. "AEG Selected to Operate Aqueduct VLT Casino." BloodHorse.com. 2010. http://www.bloodhorse.com/horse-racing/articles/55101/aeg-selected-to-operate-aqueduct-vlt-casino

[24] Eltman, Frank. "Hurdles remain for NY tribe's Long Island Casino." The Associated Press. 2009.

4.1.4.3. Historical New York Gaming Market Revenues

In 2008, the New York gaming market had a gross annual gaming win of $947 million. Since gaming began in 2004, New York has seen increased revenues each year as more venues offering video gaming machines (New York's equivalent to VLTs) enter the market. The total market win for 2009 was $1 billion surpassing 2008's total market win.

Figure 4-11: New York Annual Market Win



New York's win per position increased by 19% and 13% in 2005 and 2006, only to decline by 4% in 2007, which coincided with the first full year of Empire City video gaming operations. In 2009, New York's average win/position of $185 was 8% higher than the previous year's annual average.

Figure 4-12: New York Average Annual Win/Pos

Source: New York State Racing and Wagering Board

Table 4-17: New York Market Win and Average Win/Position

Year	Total Market Win	Average Annual Win/Position	Change in Total Win	Change in Annual Win/Position
2004	$192,447,498	$123.80		
2005	$294,994,056	$147.58	53%	19%
2006	$426,305,441	$167.21	45%	13%
2007	$828,205,000	$159.93	94%	-4%
2008	$947,275,377	$173.52	14%	8%
2009	$1,019,279,108	$184.90	8%	7%

Source: New York State Racing and Wagering Board; TMG Consulting Estimates

Historical Gaming Statistics by Property

Annual Win

At the end of 2004, there were four racetracks properties with video gaming machines: Saratoga, Finger Lakes, the Fairgrounds, and Monticello. Saratoga was the market leader in terms of annual win until Empire City experienced its first full year of video gaming operations in 2007. In 2008, Empire City earned the highest gaming revenues at $486 million—more than half of the total market revenues. Empire City's impressive market share is more than likely due to it being the closest facility with video gaming machines to New York City. The Saratoga and Finger Lakes properties were the second and third highest revenues with $134 and $101 million in 2008. Since the introduction of gaming to New York, its facilities have been operating under an oppressively high tax rate. This tax rate, 71%, hindered gaming facilities' ability to invest in their product or to market to customers. However, New York recently reduced the gaming revenue tax from 71% to a less stifling 57%. This decrease could be expected to impact the market revenues positively as current casinos use the extra cash flow to increase advertising and incentive programs.

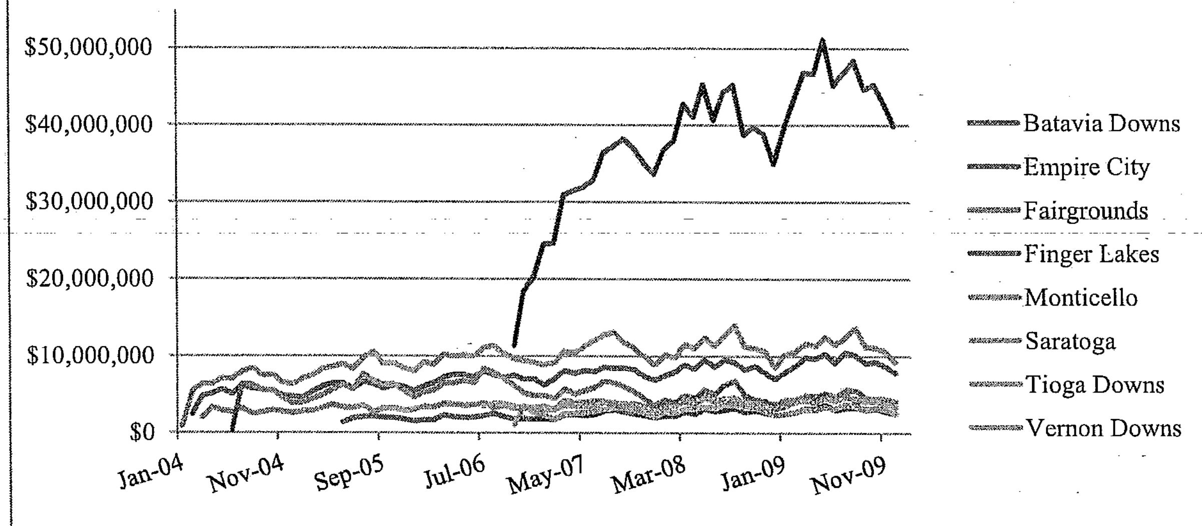
In 2009, Empire City led the market with an annual win of $540.5 million. Batavia Downs was the least grossing property in 2009, with only $36 million in annual win but was not too far behind Vernon Downs which grossed $37 million in gaming revenues for the year.

Table 4-18: New York Market Annual Win

Year	Batavia Downs	Empire City	Fairgrounds	Finger Lakes	Monticello	Saratoga	Tioga Downs	Vernon Downs	Total
2004			$27,495,665	$55,397,604	$32,284,767	$77,269,462			$192,447,498
2005	$14,679,788		$37,654,947	$71,030,754	$68,058,989	$103,569,578			$294,994,056
2006	$24,009,119	$49,933,132	$41,858,757	$86,612,598	$76,510,346	$119,318,771	$20,869,261	$7,193,457	$426,305,441
2007	$28,248,761	$394,326,303	$44,852,733	$93,213,533	$64,290,240	$129,784,671	$41,433,974	$32,054,785	$828,205,000
2008	$32,460,379	$486,459,681	$50,002,128	$101,370,718	$58,109,181	$134,373,560	$47,240,210	$37,259,520	$947,275,377
2009	$36,311,199	$540,495,929	$55,114,655	$111,066,222	$53,751,367	$136,038,290	$49,352,263	$37,149,183	$1,019,279,108

Source: New York State Racing and Wagering Board

Figure 4-13: New York Monthly Win per Property



Source: New York State Racing and Wagering Board

Average Annual Positions

In 2004, Monticello led the New York market in video game machine positions, averaging 1,744 positions for the year. The Fairgrounds had the lowest amount of positions in 2004, averaging 990. In 2009, Empire City led the market in average positions, offering an average of 5,320 video game machines. Batavia Downs offered the least amount of average positions in 2009 with little more than 600 video game machines available.

Table 4-19: New York Market Average Annual Positions

Year	Batavia Downs	Empire City	Fair-grounds	Finger Lakes	Monticello	Saratoga	Tioga Downs	Vernon Downs
2004			990	1,010	1,744	1,324		
2005	586		990	1,010	1,693	1,324		
2006	588	2,264	972	1,048	1,580	1,326	750	777
2007	591	5,206	961	1,199	1,587	1,593	750	767
2008	596	5,339	959	1,199	1,587	1,770	751	761
2009	604	5,320	959	1,199	1,401	1,770	771	761

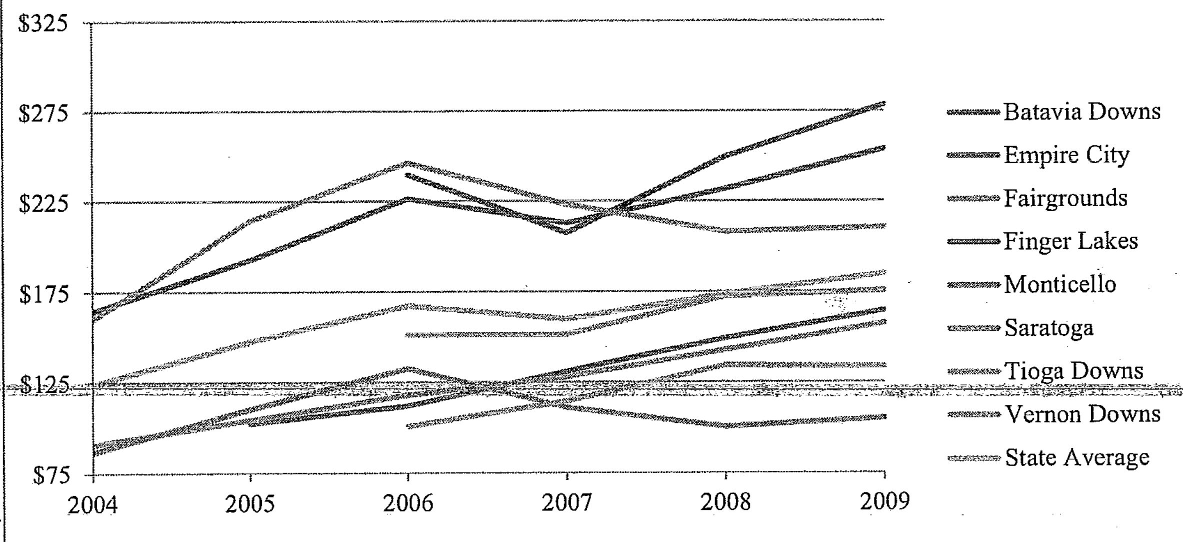
Source: New York State Racing and Wagering Board

Average Annual Win/Position

New York racinos' win per position in 2008 ranged from a low of $100, at Monticello, to a high of $250 at Empire City. The average win per position for all New York facilities in 2008 was $173, higher than any previous year and shows a marked improvement from 2007 when the win per position showed a dramatic decrease, most likely due to the sudden influx in supply with the opening of Empire City and the smaller Vernon Downs.

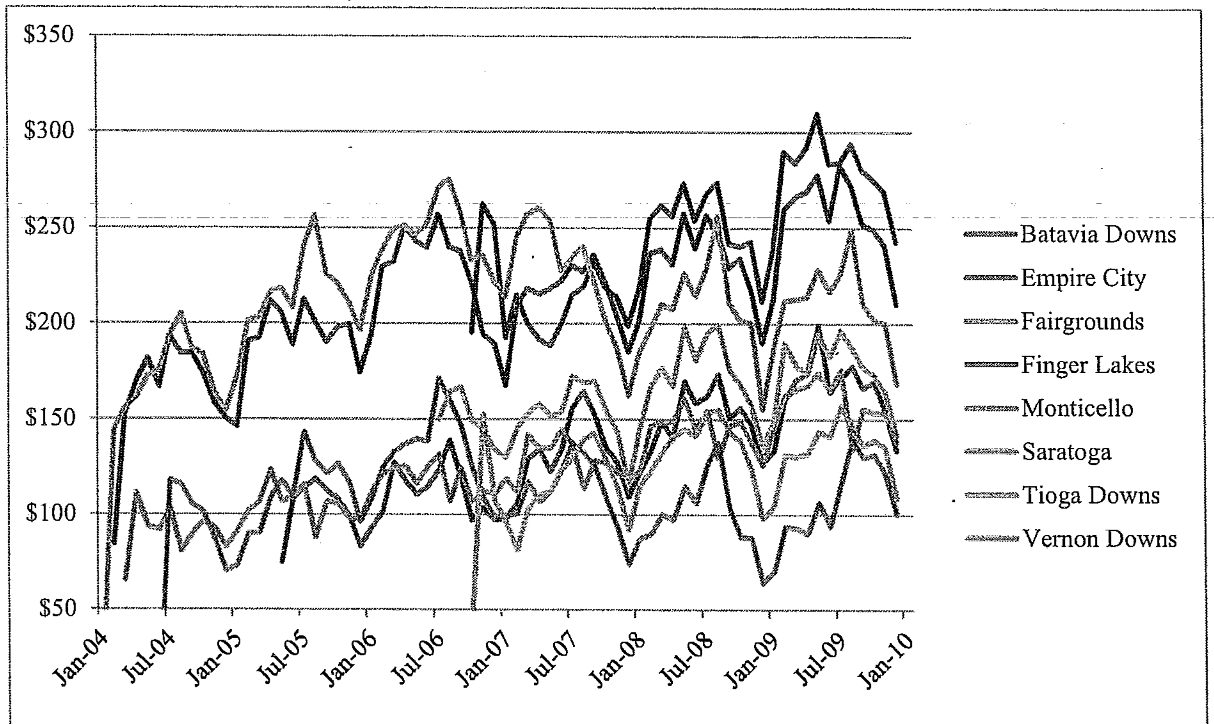
Batavia Downs, the smallest casino, had a $149 win/position in 2008. Empire City had a win/position of $250 in 2008, and Finger Lakes trailed behind the Yonkers facility with $232 in win/position the same year. In 2009, Empire City continued to lead the market in win/position with $278, while Monticello had the lowest win/position which was $105.

Figure 4-14: New York Annual Win per Position



Source: New York State Racing and Wagering Board

Figure 4-15: New York Monthly Win/Position



Source: New York State Racing and Wagering Board

Table 4-20: New York Market Average Annual Win/Position

Year	Batavia Downs	Empire City	Fair-grounds	Finger Lakes	Monticello	Saratoga	Tioga Downs	Vernon Downs	State Average
2004			$90.76	$164.22	$86.52	$159.89			$123.80
2005	$102.25		$104.22	$192.68	$110.12	$214.31			$147.58
2006	$111.96	$239.73	$117.96	$226.39	$132.64	$246.45	$151.23	$100.63	$167.21
2007	$130.94	$207.53	$127.93	$212.92	$110.99	$223.28	$151.36	$114.51	$159.93
2008	$149.26	$249.65	$142.85	$231.68	$100.32	$208.00	$172.28	$134.14	$173.52
2009	$164.62	$278.37	$157.45	$253.84	$105.09	$210.57	$175.49	$133.74	$184.90

Source: New York State Racing and Wagering Board; TMG Consulting Estimates

4.1.5. *Maryland*

Maryland is preparing to enter the Mid-Atlantic casino market with five possible venues of casino gaming with a maximum total of 15,000 slot positions statewide.[25] Currently, Maryland is home to six horse tracks which allow bets on races. One of them, Ocean Downs in Berlin, is slated to become a racino by 2010. People within Maryland's legislature and other parties speculate that the Maryland law permitting slot machines could be expanded at a later date to permit electronic table games at the five venues.[26] Members of the Maryland's Video Lottery Facility Location Commission have begun discussing the possibility of adding table games to facilities.[27]

4.1.5.1. Potential Developments

Ocean Downs[28]

Ocean Downs is a harness race track located in Berlin, Maryland. The site features a snack bar, two restaurants, and a bar. Ocean Downs was the first property in Maryland to be approved for slots by the Maryland Video Lottery Committee. Management plans for the property to be ready by Memorial Day, 2010 to roll out its initial slot offering of 600 machines, with 200 more to follow within the next year. Developers plan to convert an existing 34,000 square foot grandstand into the property's gaming facility.

Penn Cecil Maryland[29]

Perryville, Cecil County, Maryland is expected to host a slots only casino operated by Penn National Gaming. The facility will offer 1,500 slot machines in 75,000 feet of gaming space, a coffee shop, and a buffet. Penn National Gaming plans to purchase 36 acres of land in Perryville for a Hollywood-themed facility. Penn Cecil Maryland may be open for business by late 2010.

Baltimore Slots Facility[30]

Baltimore City Entertainment Group was the lead candidate for developing the planned 3,750 slots facility in Baltimore, but negotiations with Maryland's Video Lottery Facility Location Commission fell apart in mid-December 2009. The Commission cited doubt in the developer's ability to complete the proposal as the reason for terminating negotiations. While this particular bid has been rejected, TMG Consulting anticipates that Baltimore will find a suitable developer and have a slots facility opened in the near future, and this is factored into our models.

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[25] Smitherman, Laura and Gadi Dechter. "Md. voters give OK to 15,000 slots," Baltimore Sun. 2009. http://www.baltimoresun.com/news/nation-world/bal-te.slots05nov05,0,7246023.story

[26] Wagner, John. "Slots casinos can open up a wide world of gambling," Washington Post. 2009. http://www.washingtonpost.com/wp-dyn/content/article/2009/11/14/AR2009111402730.html

[27] Whelan, Robbie. "Panel urges changes for Maryland." The Daily Record. 2010. http://mddailyrecord.com/2010/02/21/panel-urges-slot-changes-for-maryland/

[28] "Media," Ocean Downs LLC, 2009, http://www.oceandowns.com/media.php

[29] Business Wire. "Penn National Gaming selected by Maryland Video Lottery Location Commission to develop video lottery terminal facility in Cecil County," MSN Money. 2009. http://news.moneycentral.msn.com/ticker/article.aspx?Feed=BW&Date=20091021&ID=10581481&Symbol=PENN

[30] Bykowicz, Julie and Annie Linskey. "City slots parlor rejected." Baltimore Sun. 2009.

Arundel Mills Mall Casino[31]

This proposal is the largest scaled of Maryland's casino developments. Cordish Cos., the developers, will build an entertainment complex with 4,750 slot machines in the Arundel Mills Mall parking lot. Anne Arundel County Council members recently approved the plans for this project after much deliberation. If built to the specifications outlined in the proposal, Cordish Cos. will create a 215,000 square foot facility with 125,000 square feet designated for gaming.

Rocky Gap Lodge[32]

Maryland legislators picked this rural Allegany County location in which the State invested in, for a slots only facility and put it out to bid, only to attract one bidder who was disqualified. Nothing will move forward with the Rocky Gap Lodge development until the project is rebid. Due to no bid being awarded previously and a rebidding of Rocky Gap Lodge being nothing more than speculation, this site was not included in TMG's revenue projections.

Table 4-21: Potential Developments in Maryland

Proposed Venue	Facility Type	Proposed Slots	Planned Opening
Ocean Downs	Racino	800	2010
Penn Cecil Maryland	Casino	1,500	2010
Baltimore Casino	Casino	3,750	n/a
Arundel Mills Mall Casino	Casino	4,750	n/a
Rocky Gap Lodge	Casino	1,500	n/a

Source: See footnotes 28-32

31 Wbaltv.com. "Leopold: Yes to Arundel Mills slots, no to Laurel Park." wbaltv.com. 2009.

32 Rascovar, Barry. "The ups and downs of gambling in Maryland," The Gazette.Net. 2009. http://www.gazette.net/stories/11062009/poliras161709_32528.shtml

4.1.6. Ohio

In November 2009, Ohio became the 39th state to approve gambling. Four cities have been authorized to host one casino each: Cleveland, Cincinnati, Toledo, and Columbus.[33] Penn National Gaming has been authorized to build and operate the Columbus casino and the Toledo casino. Dan Gilbert, owner of the Cleveland Cavaliers NBA team and founder of Quicken Loans has authorization to build the Cleveland casino and the Cincinnati casino.[34] Operators of casinos in Ohio will be able to include not only slots at these casinos, but also table games.

Speculation has been made that Ohio may eventually approve slots at their seven racetracks. Since there is currently no legislation approving racetrack slots, TMG did not factor potential Ohio racetrack casinos into its projections of gaming revenues.

Table 4-22: Approved Casinos in Ohio

Facility	Projected Slots	Projected Tables	Projected Opening Year
Cincinnati's Broadway Commons Casino	3,500	85	2013
Penn National Toledo	2,500	65	2013
Cleveland Casino	3,500	85	2013
Penn National Columbus	3,000	85	2013

Source: Bloomberg, Fox News; TMG Consulting Estimates

33 The Associated Press. "Struggling Ohio Votes to Open Doors to Casinos." FoxNews.com 2009. http://www.foxnews.com/politics/2009/11/04/struggling-ohio-votes-open-doors-casinos/

34 Jinks, Beth. "Penn National Advances After Ohio Approves Casinos." Bloomberg.com 2009. http://www.bloomberg.com/apps/news?pid=20601087&sid=aLcKNxEpJpBE&pos=6

4.1.7. Delaware

Delaware currently has gaming at three venues: Delaware Park Racetrack Slots and Golf, Dover Downs Hotel and Casino, and Harrington Raceway and Casino. All three venues offer VLT gaming, parlay sports betting on National Football League games, and race betting. Delaware recently passed legislation allowing table games at the three existing facilities in the state, which are expected to be operable in summer 2010[35].

Sports betting, according to an article in *The News Journal*, was something the three gaming properties in Delaware implemented in order to give them a competitive edge over increasingly competitive neighboring states. However, a federal appeals court limited Delaware sports betting to three-game parlay bets[36]. Dover Downs, in response to federal limitations on sports betting, cancelled a planned expansion that would have erected a $100 million facility for sports betting and a supporting parking garage.

4.1.7.1. Existing Facilities

Delaware Park

Delaware Park is a horse racing facility located outside the city of Wilmington with two tracks that feature live Thoroughbred racing. Delaware Park is one of 12 tracks in the country to offer pari-mutuel wagering on purebred Arabians. The 78,520 square foot gaming space has two floors and features 2,936 slot machines and 27 electronic table games, as well as eight restaurants and bars.

Dover Downs Hotel & Casino

Dover Downs, located in Dover, Delaware, is a hotel, casino, and racing facility that holds harness horse races on a 0.625 mile track and NASCAR events on a 1 mile concrete surface. Dover Downs Hotel is highly rated and the largest hotel in Delaware. The hotel features 500 rooms and offers amenities including meeting and convention facilities, a full-service spa & salon, valet parking, food and beverage outlets, and additional entertainment. Dover Downs has live harness racing in addition to daily simulcasts. The casino features 3,009 slot machines and 18 electronic table games.

Harrington Raceway and Casino

Located in Harrington, Delaware, Harrington Raceway's half-mile horse track features live harness racing and simulcast events. The racetrack is a thirty minute drive south from Dover Downs. The 140,000 square foot gaming space features 2,037 slot machines and 11 electronic table games, and has 3 restaurants and bars. The racetrack is removed from the casino area and features an open-air grandstand. Valet parking is offered at the facility.

[35] Wittkowski, Donald. "Delaware legalizes table games at its casinos." Press of Atlantic City. 2010

[36] Ruth, Eric. "Dover slots profits take a hefty hit." The News Journal. 2009.

4.1.7.2. Potential Developments

While Delaware has not approved additional gaming facilities in its state, several entities have proposed venues and continue to lobby for expanded gaming. Due to the highly speculative nature of these proposed sites, none of them were factored into TMG's projection for revenues.

Del Pointe Racino & Resort[37]

Del Pointe Racino & Resort is a destination racino proposed to be built in Millsboro, Sussex County, Delaware. Part of the planned development's value proposition is that it would compete directly with Maryland's Ocean Downs (a racetrack that is scheduled to become a racino) by preventing an outflow of slot revenues from Delaware to Maryland. Highlights of the proposed racino include the construction of a one-mile harness race track, a casino with a hotel and convention center, and general attractions designed to attract vacationing families, such as a movie theater, sports complex, and water park.

Delmar International Raceway & Casino[38]

Delmar International Raceway & Casino is a proposed project that would combine the already existing Delaware Motorsports Complex in Delmar, Sussex County with a casino facility that would be built directly across the highway from the racetrack. The proposed gaming facility would capitalize on its proximity to the Maryland-Delaware state line, with additional attractions, such as a tax-free shopping mall, to bring in tourists from Maryland.

Georgetown Downs[39]

The third gaming project proposed for Delaware's Sussex County is Georgetown Downs, which would convert the former Georgetown Raceway into a half-mile horse track with a casino. The project's principals have said they would like to model and design the property after Louisiana's Evangeline Downs with Evangeline Downs' assistance. The property would include restaurants, an upscale bar, and a clubhouse in addition to horse racing facilities.

New Castle Racino, Claymount Racino, Four Venues Proposed in the Wilmington Area[40]

In an article that appeared on CapeGazette.com on November 25th, 2009, Delaware Video and Sports Lottery Licensing Commission Chairman Dennis Rochford revealed that new racinos in New Castle and Claymount are being considered. The Chairman also mentioned that four venues in the Wilmington area have been proposed.

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[37] Del Pointe Resort & Casino. Del Pointe Resort & Casino, 2009, http://delpointeresort.com/

[38] Evans Jr, Henry J. "Delmar's casino - a horse of a different color." Cape Gazette. 2009. http://www.capegazette.com/storiescurrent/200906/delmarcasino26.html .

[39] Spence, Kevin. "Investors plan Georgetown casino," Cape Gazette. 2009. http://www.capegazette.com/storiescurrent/200910/gtown-racino09.html

[40] Spence, Kevin. "Casino Report: Back to lawmakers in December," Cape Gazette. 2009. http://www.capegazette.com/storiescurrent/200911/casino-report20.html

Table 4-23: Potential Developments in Delaware

Proposed Venue	Facility Type	Proposed Positions
Del Pointe Racino & Resort	Racino	n/a
Delmar International Raceway & Casino	Racino	n/a
Georgetown Downs	Racino	n/a
New Castle Racino	Racino	n/a
Claymount Racino	Racino	n/a
Four Venues Proposed in the Wilmington Area	Racino or Casino	n/a

Sources: Del Pointe Casino & Resort, Cape Gazette

4.1.7.3. Historical Delaware VLT Gaming Industry Revenues

Video Lottery Terminal gaming began in January 1996 at Delaware Park and Dover Downs. Harrington added VLTs in August 1996. The total market VLT Win started off modestly and grew rapidly from 1996 to 2000 with a total growth of 163% for the period at an average annual growth rate of 27%. Growth in VLT Win slowed down from 2000 to 2002 with an average annual growth rate of about 8%. Between 2002 and 2003, VLT Win dropped dramatically, by 11%, which was likely attributable to the state's newly implemented smoke-free law. VLT Win started to increase annually after 2003, and the introduction of 24-hour gaming in 2006 seems to had a positive effect on VLT Win for the year. VLT Win in 2006 was $652 million, the highest annual VLT Win for the State so far. However, VLT Win has been on the decline since 2006.

The average win per position for Delaware VLT gaming has fluctuated a lot over the years. From 1996 to 1998, the statewide average win/position increased from $291 to $345 and then dropped down to $264 in 2000. From 2000 to 2002, this increased modestly, and then between 2002 and 2003, just like total VLT win, the average win/position experienced a sharp drop, decreasing 12.7%. Except for some modest increases in average win/position in 2005 and 2006, it has been decreasing annually. The average VLT win/position for 2009 was $183, the lowest the State has experienced so far.

Table 4-24: Delaware Gaming Revenues and Win/Pos

Year	VLT Win	Win/Pos	Change in Win	Change in Win/Pos
1996	$184,386,811	$290.65		
1997	$299,445,100	$314.17	62.4%	8.1%
1998	$350,821,200	$345.41	17.2%	9.9%
1999	$412,494,300	$303.86	17.6%	-12.0%
2000	$485,104,300	$263.99	17.6%	-13.1%
2001	$526,395,600	$269.32	8.5%	2.0%
2002	$565,909,900	$283.37	7.5%	5.2%
2003	$504,999,700	$247.28	-10.8%	-12.7%
2004	$553,318,700	$234.09	9.6%	-5.3%
2005	$579,446,000	$237.30	4.7%	1.4%
2006	$651,733,800	$248.55	12.5%	4.7%
2007	$612,407,100	$225.70	-6.0%	-9.2%
2008	$588,923,000	$190.38	-3.8%	-15.6%
2009	$564,239,300	$182.90	-4.2%	-3.9%

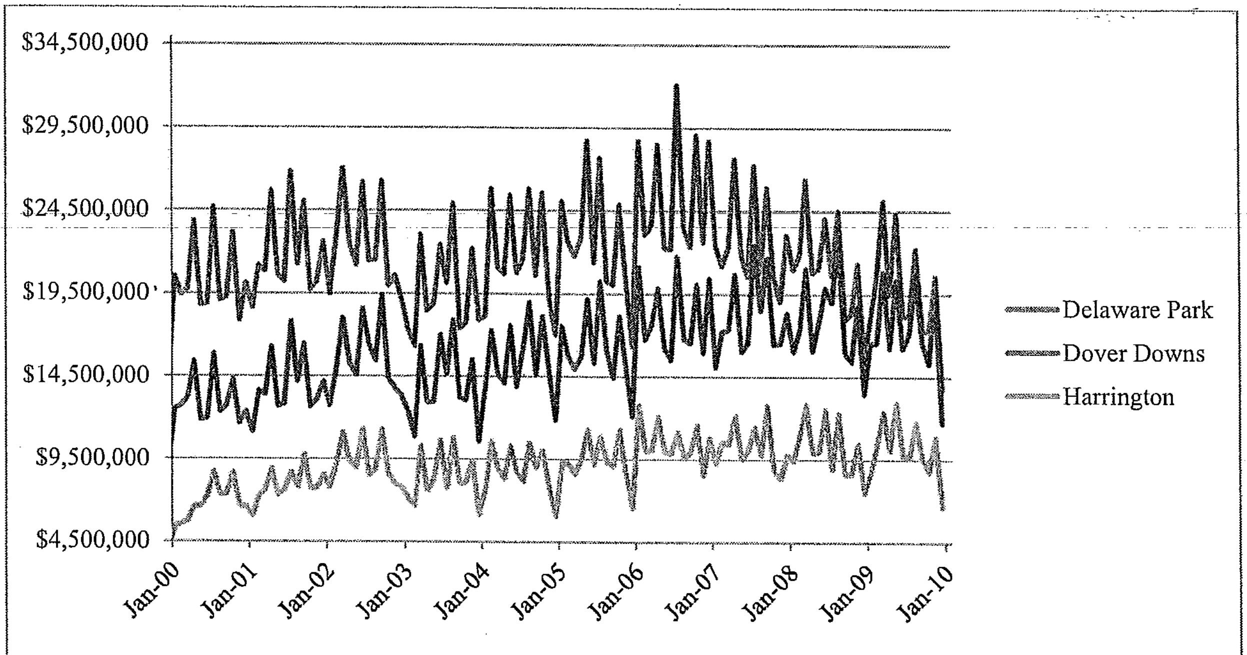
Source: Delaware Lottery Commission, TMG Consulting Estimates

Gaming Statistics by Facility

Annual Win

Delaware Park has historically been the larger scaled VLT venue, both in terms of positions and win. Dover Downs follows Delaware Park in rank of scale, and Harrington is the smallest in terms of win generated and positions. In 2009, Delaware Park led the market in VLT win with $235 million, followed by Dover Downs with $208 million. Harrington had $121.5 million VLT Win for 2009. The following chart and table detail the annual gaming revenues, or VLT Win, for each of the three Delaware facilities from 1996 through 2009.

Figure 4-16: Delaware Monthly Win



Source: Delaware Lottery Commission; TMG Consulting Estimates

Table 4-25: Delaware Annual Win

Year	Delaware Park	Dover Downs	Harrington	State Total
1996	$111,204,811	$58,485,700	$14,696,300	$184,386,811
1997	$151,100,900	$90,133,000	$58,211,200	$299,445,100
1998	$171,902,200	$113,115,400	$65,803,600	$350,821,200
1999	$203,751,200	$141,291,000	$67,452,100	$412,494,300
2000	$245,470,800	$156,999,600	$82,633,900	$485,104,300
2001	$262,876,900	$168,373,700	$95,145,000	$526,395,600
2002	$268,209,000	$186,893,500	$110,807,400	$565,909,900
2003	$236,889,500	$167,411,100	$100,699,100	$504,999,700
2004	$261,596,000	$185,866,100	$105,856,600	$553,318,700
2005	$272,026,200	$194,544,900	$112,874,900	$579,446,000
2006	$306,668,000	$218,586,800	$126,479,000	$651,733,800
2007	$272,615,900	$216,892,300	$122,898,900	$612,407,100
2008	$253,288,300	$213,571,000	$122,063,700	$588,923,000
2009	$235,034,600	$207,738,200	$121,466,500	$564,239,300

Source: Delaware Lottery Commission, TMG Consulting Estimates

Average Annual Positions

In 2009, Delaware Park offered an average of 3,106 positions, Dover Downs offered 3,117 positions, and Harrington offered 2,095 positions. The following table offers a comparison and breakdown of the historical positions offered in Delaware.

Table 4-26: Delaware Average Annual Positions

Year	Delaware Park	Dover Downs	Harrington
1996	832	650	498
1997	1,000	1,000	566
1998	1,017	1,031	661
1999	1,413	1,474	728
2000	1,924	1,959	1,016
2001	2,000	2,000	1,200
2002	2,000	2,000	1,339
2003	2,025	2,005	1,432
2004	2,453	2,449	1,435
2005	2,500	2,500	1,542
2006	2,796	2,630	1,594
2007	3,167	2,808	1,466
2008	3,281	2,958	2,067
2009	3,106	3,117	2,095

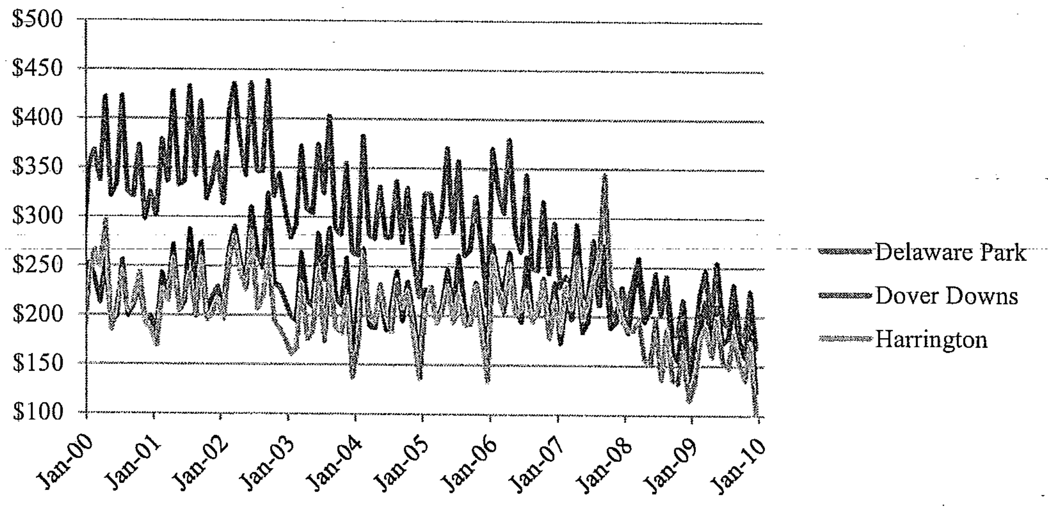
Source: Delaware Lottery Commission, TMG Consulting Estimates

Average Annual Win/Position

In 2009, Delaware Park had $207 in win/position, Dover Downs had $183 in win/position, and Harrington had $159 in win/position. Delaware Park has historically had the highest win/position, followed by Dover Downs, and then Harrington, though Harrington has achieved a higher win/position than Dover Downs on a few occasions.

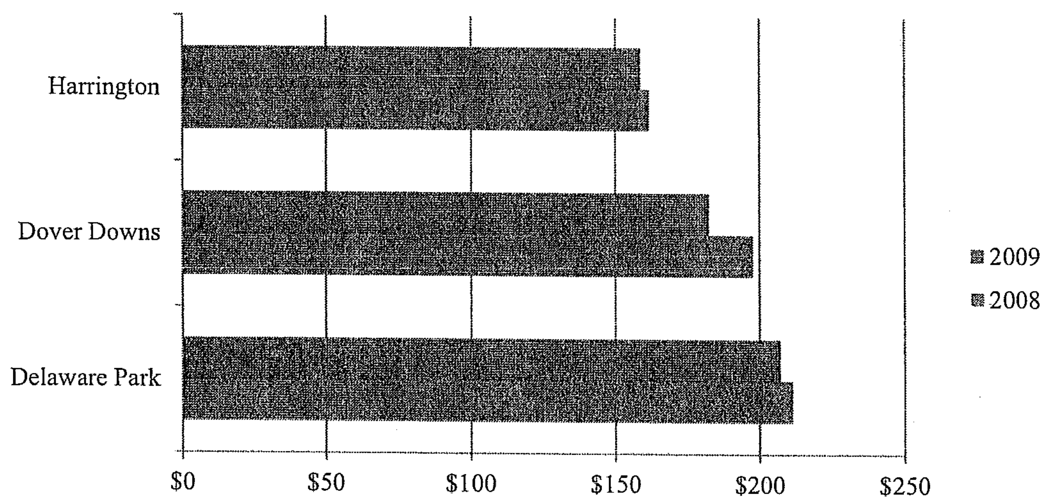
The following charts and table compare Delaware's three VLT facilities historically among VLT win per position.

Figure 4-17: Delaware Monthly Win per Position



Source: Delaware Lottery Commission;TMG Consulting Estimates

Figure 4-18: Delaware Win per Position: 2008 and 2009



Source: Delaware Lottery Commission; TMG Estimates

Table 4-27: Delaware Average Annual Win/Position (Single and Multiplayer)

Year	Delaware Park	Dover Downs	Harrington	State Average Win/Pos
1996	$366.26	$246.58	$192.88	$290.65
1997	$413.98	$246.94	$281.61	$314.17
1998	$463.17	$300.47	$272.61	$345.41
1999	$395.09	$262.66	$253.82	$303.86
2000	$349.60	$219.62	$222.76	$263.99
2001	$360.11	$230.65	$217.20	$269.32
2002	$367.41	$256.02	$226.68	$283.37
2003	$320.49	$228.72	$192.63	$247.28
2004	$292.23	$207.94	$202.08	$234.09
2005	$298.11	$213.20	$200.60	$237.30
2006	$300.55	$227.71	$217.38	$248.55
2007	$235.86	$211.61	$229.63	$225.70
2008	$211.53	$197.83	$161.78	$190.38
2009	$207.32	$182.57	$158.81	$182.90

Source: Delaware Lottery Commission, TMG Consulting Estimates

4.2. GRAVITY MODEL CREATION

This section of the report details TMG Consulting's projections of gaming revenues for a potential resort casino at Nemacolin Woodlands Resort. Our models take into account existing competition and revenue patterns, as well as anticipated additions to the competitive supply. A measure of growth in gaming behavior in the area was also projected, as new supply typically creates new demand.

The following section provides data on the visitation and revenue projected for the local market for the proposed Nemacolin casino. Gravity model results provide visitation and revenue projections for those casino visitors who live within the market area of the casino. Visitation and revenue projections for those casino visitors who live outside the market area are calculated separately (see *Section 5.4*).

4.2.1. Methodology

Gravity models are commonly used for commercial developments, public facilities and residential developments. First formulated in 1929 and later refined in the 1940s, the gravity model estimates where a population will shop or gamble based on travel distance and the size and quality of competing facilities. One of the gravity model's strengths is its malleability; the model can simultaneously incorporate many different variables such as population, geographical location, income, propensity to gamble and frequency of gaming trips, and measure the impact of new competition.

The gravity model is based on the concept that the attractiveness or "gravitational pull" of a facility is related to its size, quality, and distance from a given population. Technically speaking, the interaction between a market area and one or more gaming venues, including racetrack casinos, is based on Newton's Law of Universal Gravitation: two bodies in the universe attract each other in direct proportion to the product of their masses and in inverse proportion to the square of the distance between them.

The figure which is titled 'Gravity Model' and follows this section corresponds to the following explanation of how the gravity model calculates gamer visits for a particular casino, (Casino i), in a particular submarket, (Submarket j). Please see the following section for definitions.

Total visits to All Casinos from Submarket j, denoted as P_j, is represented in the figure as the pink pie chart in *Section 1* of the figure. P_j is determined by the product of three inputs: the Adult Population in Submarket j, the propensity to gamble of individuals in Submarket j, and the frequency of visits annually of individuals in Submarket j.

Section 2 of the figure shows that a piece of Submarket j's total visits to all casinos is visits to Casino i. The gravity model calculates this piece by first determining Casino i's market share of visits to casinos from Submarket j. Casino i's market share is directly related to its attractiveness and inversely related to its distance from Submarket j. The model for calculating visits from Submarket j to Casino i is shown below in *Block A* of the figure.

P_i = Number of gaming positions in Casino i which is adjusted by a factor of 1.0 if the casino is average in terms of amenities and quality of facility with respect to other competing gaming venues and accordingly by a factor < 1.0 if the casino is less attractive than average in terms of amenities and by a factor > 1.0 if the casino is more attractive than average in terms of amenities. The attractiveness factors are assigned by TMG based on its knowledge of each casino in competition with Casino i and Casino i as proposed, and our experience. Please see *Section 3* of the figure for corresponding description.

d_{ij} is the straight line distance between Submarket j and Casino i. d_{ij} is adjusted by an ease of travel factor, set at 1 for normal ease of travel, greater than 1 for less than normal ease of travel, less than 1 for other positive conditions, and based on transportation infrastructures, congestion, and natural geographical boundaries.

Once Casino i's visits from Submarket j are calculated, Casino i's win from Submarket j is determined by multiplying Casino i's visits from Submarket j by the average win/visit of Submarket j visits.

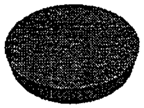
Casino i's Total Win, as shown in *Section 4* of the figure, is the sum of that casino's win from each submarket that it pulls gamer visits from, e.g., Submarket j, Submarket m, etc.

P_j is allocated among all of the casinos in competition with our casino, and our casino on the following probabilistic basis:

The model is loaded with each of the P_i's, P_j's, d_{ij}'s, and propensities, distance and attractiveness factors, and frequencies. It is then run to project the revenues for each of the casinos in the market in a known year—in this case 2009. The revenue projections of the model are then compared with the known revenues. The propensities, frequencies, and distance and attractiveness factors are adjusted so that the model's projections of revenue for a known year for each casino are acceptably close to the known revenue for that casino. When the model projections are acceptably close to the know revenues for each casino (which is a proprietary determination made by us), the model is deemed calibrated. The model is then loaded with data for the projection year including any changes that might occur between the known year and the projection year. Included with this data is the information for Casino i. The model is run with this new data and it projects visits to Casino i from each submarket. Once the visits are know, they are multiplied by win in each submarket to yield revenue from each submarket to Casino i. The sum of revenues from each submarket is the total revenue for Casino i.

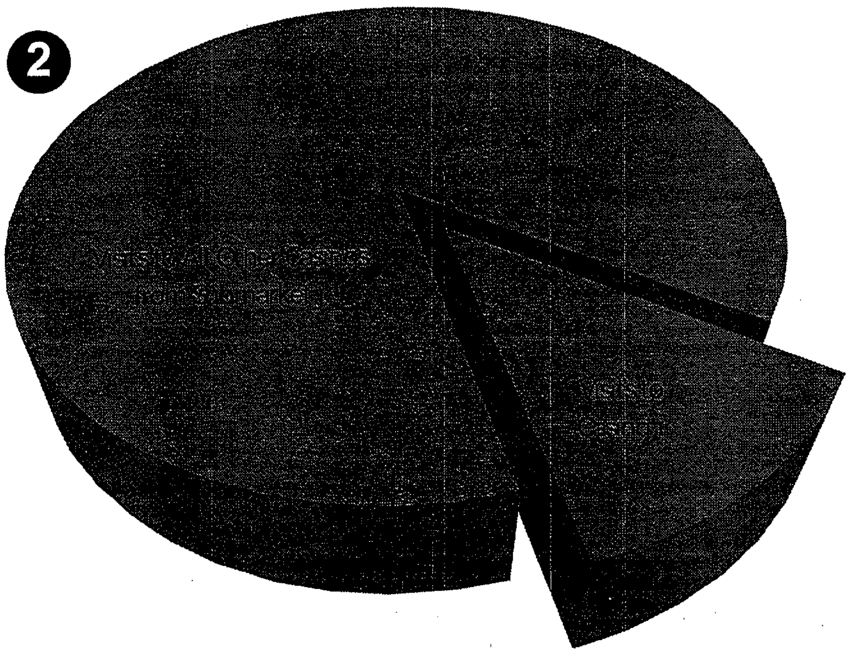
GRAVITY MODEL

1

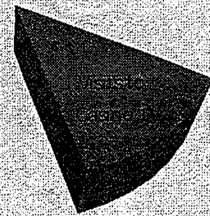


P_j, Total Visits to All Casinos from Submarket j = Adult Population × Propensity × Frequency

2



3



Casino i's market share is directly related to its attractiveness and inversely related to its distance from Submarket j.

Visits to Casino i = Total Visits × Casino i's market share

Casino i Win from Submarket j = Visits × Win/Visit

4

Casino i Total Win = Sum of Win from each submarket: j, m, others

A

$$\text{Visits to Casino } i = P_j \times \frac{P_i}{d_{ij}} \times \frac{1}{\sum \frac{P_i}{d_{ij}}}$$

P_j = Adult Population × Propensity × Frequency
P_i = # of Positions in Casino i
d_{ij} = Distance from Submarket j to Casino i

$$\text{Market Share} = \frac{P_i}{d_{ij}} \times \frac{1}{\sum \frac{P_i}{d_{ij}}}$$

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Planning, Economics & Engineering

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4.2.2. Definitions

The following section provides a description and definition of the various components of the model.

Gamer Visits

This measure is used to specify the number of patron trips to a gaming market, where an individual can make any number of separate visits in the course of a year. In order to estimate the gamer visits, separate measures of propensity and frequency are applied to the adult population in each zip code.

Propensity

Propensity is a measure of the likelihood that an individual will visit a casino in a given year. This varies based upon a number of factors, including the number of gaming venues in the area, their quality and type (e.g., land based versus riverboat, or full casino versus racetrack slot-only facility), the games permitted, the availability of other entertainment and leisure options, and most importantly, distance from a gaming venue.

Frequency

The frequency factor measures the average number of visits that an adult with a propensity to gamble will make annually to a gaming venue in the subject market. Frequency is a function of annual gaming budget as indicated by income variations, the number of venues in the market, and the quality and type of gaming facility. The frequency of visitation is inversely related to distance from a gaming venue, as fewer trips are made as convenience declines. However, the length of the average gaming trip increases with distance, such that an annual gaming budget for those living relatively far from a gaming venue may approach that of those living close by, for whom short gaming trips are typical.

Win per Admission

A win per admission value is the win by the gaming venue for each visit made to the venue. Generally this increases with distance from the gaming venue reflecting the less frequent nature of the trips and the effort required to make them. These factors tend to create a larger proportion of more dedicated players and hence a larger win per admission. Effective buying income, or disposable income, is also a factor in variances in win per admission as those with more disposable income have more money with which to game.

Attractiveness Factors

Attractiveness factors measure the relative attraction of one gaming venue in relation to others in the market. Attractiveness factors are applied to the size of the gaming venue as measured by the number of positions it has in the market. Positions are defined as the number of gaming machines plus the number of seats at gaming tables. A normative attractiveness factor would be one. When this is applied to the number of positions in a gaming venue there is no change in the size of the gaming venue as calculated by the model and hence its attractiveness to potential patrons. A value of less than one adjusts the size of the gaming venue downwards making it less attractive, and conversely, a value greater than one indicates that the gaming venue has characteristics that make it more attractive. Attractiveness factors can be based on a number of components including branding, the level and effectiveness of marketing efforts, and the level of quality of the casino and the amenities offered by a facility. Travel factors are also adjusted to model the presence of natural and man-made boundaries which impact ease of access and convenience of travel in the market area.

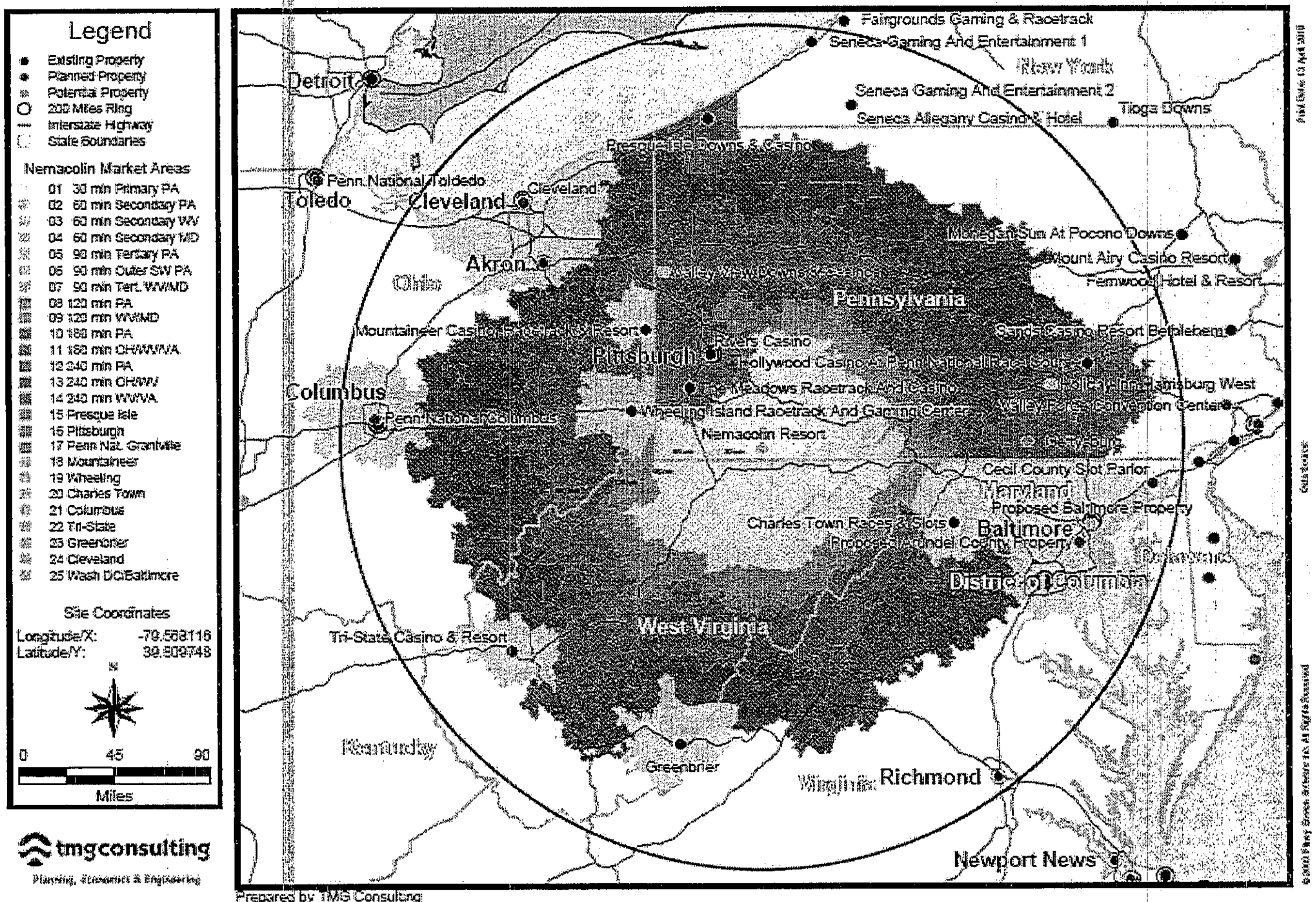
The sensitivity of the model to changes in these factors is not in the nature of a direct multiplication. For example, a doubling of the attractiveness factor will not lead to a doubling of the gamer visits attracted to the site. It will, however, cause a doubling of the attractive power of the gaming venue, which is then translated via non-linear equations into an increase in the number of gamer visits attracted to the gaming venue.

4.2.3. Market Carve-Out

In total, the potential local market area from which the proposed casino should be able to draw includes 15.8 million residents of legal gaming age. By 2012, this gaming age population is expected to grow to 16 million.

The following map and tables describe the 25 distinct market areas that have been designated for the Nemacolin Market Area.

Figure 4-19: Nemacolin Woodlands Resort Casino Market Areas



The distinct market areas were designated by three criteria: areas that will be or currently are primary markets for existing or planned casinos, areas defined by drive time to the Nemacolin site, and other areas lying within or not too distant from 200 miles of the site. Using our Geographic Information System, TMG Consulting estimated the drive time contours to the site: 0-30 minutes, 30-60 minutes, 60-90 minutes, 90-120 minutes, and 120-240 minutes. The largest market area by gamer population is the *Washington DC/Baltimore Market Area*, with an expected 2012 gamer population of almost 4.4 million. This market area includes the densely populated area of Baltimore and Washington D.C. and the surrounding neighborhoods and suburbs. The smallest market area, both geographically and population-wise is the *90 min Outer SW PA Market Area.*

It should be noted that while certain market areas include the populations of multiple states, all Pennsylvania market areas have been kept isolated, so that the resulting projections will clearly show the revenues that are generated by Pennsylvania residents and those that are generated from out of state. Additionally, unless noted otherwise, submarkets were designed to convey driving distances, but sometimes because of the size of zip code areas, submarkets exceed or fall short of their intended drive time in certain portions.

4.2.4. Submarket Descriptions

30 min Primary Submarket

The primary submarket is located around the immediate area surrounding Nemacolin Woodlands Resort, encompassing the 30 minute drive area from the site within Pennsylvania's borders. The estimated 2009 gaming population was 80,510 and is projected to be 81,425 by 2012, indicating an average annual growth of 0.4%.

60 min Secondary PA Submarket

The 60 min Secondary PA submarket encompasses an area that is a 30-60 minute drive from Nemacolin and is contained within Pennsylvania's borders. The estimated 2009 gaming population was 248,218 and is projected to grow to 249,889 by 2012, indicating an average annual growth of 0.2%.

60 min Secondary WV Submarket

The 60 min Secondary WV/MD submarket covers an area that is mostly a 30-60 minute drive from Nemacolin and lies south of Pennsylvania's borders in West Virginia. The estimated 2009 gaming population was 118,108 and is projected to grow to 121,366 by 2012, indicating an average annual growth of 0.9%.

60 min Secondary MD Submarket

The 60 min Secondary WV/MD submarket covers an area that is mostly a 30-60 minute drive from Nemacolin and lies south of Pennsylvania's borders in Maryland. The estimated 2009 gaming population was 39,584 and is projected to grow to 39,681 by 2012, indicating an average annual growth of 0.1%.

90 min Tertiary PA Submarket

The 90 min Tertiary PA submarket encompasses an area east and southeast of Pittsburgh that is approximately a 60-90 minute drive from Nemacolin and is contained within Pennsylvania's borders. The estimated 2009 gaming population was 171,661 and is projected to grow to 172,863 by 2012, indicating an average annual growth of 0.2%.

90 min Outer SW PA Submarket

The 90 min Outer SW PA submarket covers an area that is in the southwestern corner of Pennsylvania and is a 60-90 minute drive from Nemacolin. The estimated 2009 gaming population was 4,006 and is projected to grow to 4,095 by 2012, indicating an average annual growth of 0.7%.

90 min Tertiary WV/MD Submarket

The 90 min Tertiary WV/MD submarket encompasses an area that is a 60-90 minute drive from Nemacolin and lies south of the Pennsylvania border in West Virginia and Maryland. The estimated 2009 gaming population was 161,172 and is projected to grow to 163,988 by 2012, indicating an average annual growth of 0.6%.

120 min PA Submarket

The 120 PA Submarket covers an area that is within the Pennsylvania border and is a 90-120 minute drive from Nemacolin. The estimated 2009 gaming population was 218,437 and is projected to grow to 221,054 by 2012, indicating an average annual growth of 0.4%.

120 min WV/MD Submarket

The 120 min WV/MD submarket encompasses an area that is a 90-120 minute drive from Nemacolin and lies outside of the Pennsylvania border in West Virginia and Maryland. The estimated 2009 gaming population was 96,377 and is projected to grow to 98,481 by 2012, indicating an average annual growth of 0.7%.

180 min PA Submarket

The 180 min PA submarket covers an area that is a 120-180 minute drive from Nemacolin and lies within the Pennsylvania border. The estimated 2009 gaming population was 727,284 and is projected to grow to 740,108 by 2012, indicating an average annual growth of 0.6%.

180 min OH/WV/VA Submarket

The 180 min OH/WV/VA submarket is a 120-180 minute drive from Nemacolin and lies outside of Pennsylvania's borders in Ohio, West Virginia, and Virginia. The estimated 2009 gaming population was 726,807 and is projected to grow to 734,648 by 2012, indicating an average annual growth of 0.4%.

240 min PA Submarket

The 240 min PA submarket is a 180-240 minute drive from Nemacolin and lies within Pennsylvania's borders. The estimated 2009 gaming population was 327,428 and is projected to grow to 330,463 by 2012, indicating an average annual growth of 0.3%.

240 min OH/WV Submarket

The 240 min OH/WV submarket is a 180-240 minute drive from Nemacolin that covers an area outside of Pennsylvania's borders in Ohio and West Virginia and ends at the northern border of the Tri-State submarket. The estimated 2009 gaming population was 969,556 and is projected to grow to 978,111 by 2012, indicating an average annual growth of 0.3%.

240 min WV/VA Submarket

The 240 min WV/VA submarket is a 180-240 minute drive from Nemacolin and covers land that is in West Virginia and Virginia. The estimated 2009 gaming population was 965,047 and is projected to grow to 1,005056 by 2012, indicating an average annual growth of 1.4%.

Presque Isle Submarket

The Presque Isle submarket encompasses an area within Pennsylvania that is within a 30 minute drive of Presque Isle Downs & Casino. The estimated 2009 gaming population was 201,744 and is projected to grow to 204,006 by 2012, indicating an average annual growth of 0.4%.

Pittsburgh Submarket

The Pittsburgh submarket covers an area of Pennsylvania that is within a consolidated area of Pittsburgh's Rivers Casino and The Meadows Racetrack and Casino's 30 minute drive time rings. The estimated 2009 gaming population was 1,206,551 and is projected to grow to 1,218,821 by 2012, indicating an average annual growth of 0.3%.

Penn National Grantville Submarket

The Penn National Grantville submarket encompasses an area in Pennsylvania that is approximately a 30 minute drive from both Hollywood Casino at Penn National Race Course and Gettysburg and covers portions of Reading, Pennsylvania as well. The estimated 2009 gaming population was 1,142,415 and is projected to grow to 1,172,245 by 2012, indicating an average annual growth of 0.9%.

Mountaineer Submarket

The Mountaineer submarket covers an area that is within a 30 minute drive from Mountaineer Casino but does not cross into Pennsylvania. The estimated 2009 gaming population was 70,140 and is projected to grow to 70,056 by 2012, indicating nearly zero growth.

Wheeling Submarket

The Wheeling submarket covers an area that is within a 30 minute drive of Wheeling Island Racetrack and Casino but does not cross into Pennsylvania. The estimated 2009 gaming population was 127,380 and is projected to grow to 127,856 by 2012, indicating an average annual growth of 0.1%.

Charles Town Submarket

The Charles Town Submarket encompasses an area that is approximately within a 30 minute drive of Charles Town Races & Slots but does not cross into Pennsylvania. The estimated 2009 gaming population was 397,245 and is projected to grow to 406,968 by 2012, indicating an average annual growth of 0.8%.

Columbus Submarket
The Columbus submarket covers an area that is within approximately a 30 minute drive from Columbus, Ohio. The estimated 2009 gaming population was 1,072,087 and is projected to grow to 1,102,222 by 2012, indicating an average annual growth of 0.9%.

Tri-State Submarket
The Tri-State submarket encompasses an area that is within approximately a 30 minute drive from Tri-State Casino & Resort. The estimated 2009 gaming population was 191,337 and is projected to grow to 1964,867 by 2012, indicating an average annual growth of 0.6%.

Greenbrier Submarket
The Greenbrier submarket covers an area that is approximately a 30 minute drive from The Greenbrier Resort in West Virginia. The estimated 2009 gaming population was 43,073 and is projected to grow to 443,844 by 2012, indicating an average annual growth of 0.6%.

Cleveland Submarket
The Cleveland submarket encompasses an area that includes Cleveland and Akron, Ohio and surrounding suburbs. This submarket was based on dot density. The estimated 2009 gaming population was 2,054,815 and is projected to grow to 2,068,759 by 2012, indicating an average annual growth of 0.2%.

Washington DC/Baltimore Submarket
The Washington DC/Baltimore submarket covers an area that is based on dot density and includes both Washington DC and Baltimore, Maryland but does not cross over the Pennsylvania border. The estimated 2009 gaming population was 4,397,663 and is projected to grow to 4,445,503 by 2012, indicating an average annual growth of 0.4%.

Table 4-28: Gaming Age Population of Market Areas

Submarket	Average Drive-time to Nemacolin	2009	2012 Projection	2013 Projection	Average Annual Growth
30 min Primary PA	0:15	80,510	81,425	81,733	0.4%
60 min Secondary PA	0:45	248,218	249,889	250,452	0.2%
60 min Secondary WV	0:45	118,108	121,366	122,476	0.9%
60 min Secondary MD	0:45	39,584	39,681	39,716	0.1%
90 min Tertiary PA	1:15	171,661	172,863	173,272	0.2%
90 min Outer SW PA	1:15	4,006	4,095	4,125	0.7%
90 min Tertiary WV/MD	1:15	161,172	163,988	164,953	0.6%
120 min PA	1:45	218,437	221,054	221,941	0.4%
120 min WV/MD	1:45	96,377	98,481	99,198	0.7%
180 min PA	2:30	727,284	740,108	744,468	0.6%
180 min OH/WV/VA	2:30	726,807	734,648	737,325	0.4%
240 min PA	3:30	327,428	330,463	331,492	0.3%
240 min OH/WV	3:30	969,556	978,111	981,015	0.3%
240 min WV/VA	3:30	965,047	1,005,056	1,019,091	1.4%
Presque Isle	4:00	201,744	204,006	204,771	0.4%
Pittsburgh	1:30	1,206,551	1,218,821	1,223,019	0.3%
Penn National Grantville	3:30	1,142,415	1,172,245	1,182,396	0.9%
Mountaineer	2:30	`70,140	70,056	70,029	0.0%
Wheeling	2:00	127,380	127,856	128,017	0.1%
Charles Town	2:30	397,245	406,968	410,319	0.8%
Columbus	4:00	1,072,087	1,102,222	1,112,771	0.9%
Tri-State	4:00	191,337	194,867	196,071	0.6%
Greenbrier	4:00	43,073	43,844	44,106	0.6%
Cleveland	3:30	2,054,815	2,068,759	2,073,619	0.2%
Washington DC/Baltimore	4:00	4,397,663	4,445,503	4,462,169	0.4%
Total		15,758,645	15,996,375	16,078,544	

Source: AnySite, Claritas, Inc.; TMG Consulting Estimates

Table 4-29: Market Area Average Annual Household Incomes

Submarket	2009	2012 Projection	2013 Projection	Average Annual Growth
30 min Primary PA	$50,860	$57,997	$60,592	4.5%
60 min Secondary PA	$55,317	$62,736	$65,424	4.3%
60 min Secondary WV	$53,599	$57,061	$58,264	2.1%
60 min Secondary MD	$64,801	$70,188	$72,082	2.7%
90 min Tertiary PA	$54,099	$61,419	$64,073	4.3%
90 min Outer SW PA	$52,220	$60,199	$63,120	4.9%
90 min Tertiary WV/MD	$51,521	$57,356	$59,444	3.6%
120 min PA	$53,826	$60,381	$62,739	3.9%
120 min WV/MD	$48,352	$53,164	$54,872	3.2%
180 min PA	$54,816	$61,644	$64,104	4.0%
180 min OH/WV/VA	$55,382	$60,890	$62,844	3.2%
240 min PA	$55,934	$63,171	$65,785	4.1%
240 min OH/WV	$57,498	$63,309	$65,374	3.3%
240 min WV/VA	$91,117	$99,565	$102,552	3.0%
Presque Isle	$59,532	$66,766	$69,368	3.9%
Pittsburgh	$69,178	$77,560	$80,574	3.9%
Penn National Grantville	$68,442	$76,685	$79,648	3.9%
Mountaineer	$50,999	$57,535	$59,895	4.1%
Wheeling	$49,052	$53,825	$55,517	3.1%
Charles Town	$70,454	$76,111	$78,096	2.6%
Columbus	$72,050	$76,538	$78,095	2.0%
Tri-State	$64,544	$73,620	$76,921	4.5%
Greenbrier	$56,847	$62,235	$64,142	3.1%
Cleveland	$70,826	$78,280	$80,936	3.4%
Washington DC/Baltimore	$77,535	$84,310	$86,697	2.8%

Source: AnySite, Claritas, Inc.; TMG Consulting Estimates

4.3. GRAVITY MODEL PROJECTIONS

Before projecting the potential revenues that could be generated by the market area in 2012 and 2013, TMG Consulting first created a Base Model, calibrated to existing conditions. Using 2009 reported historical revenues for the existing competition, survey data, and published reports as reference points, a gravity model was created which recreated those conditions. The following table details the inputs for this Base Model which recreated 2009 revenue patterns.

Table 4-30: Gravity Model Gaming Characteristics: 2009 Base Calibration

Submarket	Propensity	Frequency	Win/Visit
30 min Primary PA	33%	9.0	$59.34
60 min Secondary PA	34%	11.2	$64.55
60 min Secondary WV	31%	10.5	$62.54
60 min Secondary MD	33%	11.0	$75.61
90 min Tertiary PA	34%	10.7	$63.12
90 min Outer SW PA	35%	12.5	$60.93
90 min Tertiary WV/MD	33%	10.7	$60.12
120 min PA	30%	11.0	$62.81
120 min WV/MD	32%	10.7	$56.42
180 min PA	31%	10.4	$63.96
180 min OH/WV/VA	32%	11.0	$64.62
240 min PA	32%	11.0	$65.26
240 min OH/WV	29%	11.0	$67.09
240 min WV/VA	33%	11.7	$106.32
Presque Isle	37%	12.5	$70.42
Pittsburgh	40%	11.2	$80.72
Penn National Grantville	40%	13.0	$79.86
Mountaineer	40%	15.0	$59.51
Wheeling	42%	15.5	$57.23
Charles Town	40%	13.0	$82.21
Columbus	29%	9.2	$84.07
Tri-State	35%	11.0	$75.31
Greenbrier	30%	10.0	$66.33
Cleveland	26%	8.5	$82.64
Washington DC/Baltimore	29%	9.5	$90.47

Source: TMG Consulting Estimates

By calibrating the model to the revenue patterns that we know to be historically true, we were then able to more accurately develop a model to incorporate future population growth and the introduction of new competition to the marketplace.

By the time the proposed Nemacolin casino is open and in its first full year of operation, (expected in 2012), some new competitors are expected to come on line. Included in this new competitive supply are four casinos in Maryland, two new gaming facilities in New York, and a resort casino and two new casinos in Pennsylvania. Our 2012 projection also models the addition of table games at one facility in West Virginia, all three existing facilities in Delaware, and all existing and planned facilities in Pennsylvania. To accommodate the anticipated opening of four casinos in Ohio, a separate gravity model-based projection was made for 2013. The following table details the number of gaming positions for each facility as considered in TMG Consulting's gravity model.

Table 4-31: Nemacolin Gravity Model Assumptions: Competition in 2012 and 2013

Competitor	Slots	Tables	VLTs
Nemacolin Woodlands Resort, PA	600	28	0
Aqueduct Racetrack, NY	0	0	4,500
Atlantic City Casinos, NJ	31,677	1,626	0
Baltimore/Arundel, MD	8,500	0	0
Batavia Downs Gaming, NY	0	0	604
Cecil County Slots Only Casino, MD	1,500	0	0
Charles Town Races & Slots, WV	4,976	80	0
~~Cincinnati's Broadway Commons Casino, OH~~	~~3,500~~	~~85~~	~~0~~
Cleveland, OH	3,500	85	0
Delaware Properties, DE	0	175	7,974
Empire City At Yonkers Raceway, NY	0	0	5,320
Fairgrounds Gaming & Racetrack, NY	0	0	959
Finger Lakes Gaming & Racetrack, NY	0	0	1,199
Hollywood Casino, PA	2,318	69	0
Mohawk Facilities, NY	1,363	25	0
Mohegan Sun At Pocono Downs, PA	2,466	74	0
Monticello Gaming And Raceway, NY	0	0	1,401
Mount Airy Casino Resort, PA	2,506	75	0
Mountaineer Casino, Racetrack & Resort, WV	2,852	83	0
Ocean Downs, MD	800	0	0
PARX and Chester Downs, PA	5,819	174	0
Penn National Columbus, OH	3,000	85	0
Penn National Toledo, OH	2,500	65	0
Presque Isle Downs & Casino, PA	1,995	60	0
Proposed Foxwoods and Sugarhouse, PA	6,000	300	0
Rivers Casino, PA	3,001	90	0
Sands Casino Resort Bethlehem, PA	2,964	89	0
Saratoga Gaming and Raceway, NY	0	0	1,770
Seneca Buffalo Creek Casino, NY	244	0	0
Seneca Irving/Allegany/Salamanca, NY	3,109	71	0
Seneca Niagara Casino & Hotel, NY	4,207	125	0
Shinnecock Casino, NY	3,000	80	0
The Meadows Racetrack and Casino, PA	3,128	94	0
Tioga Downs, NY	0	0	771
Tri-State Casino & Resort, WV	1,424	39	0
Turning Stone Resort and Casino, NY	2,400	80	0
Valley Forge Convention Center, PA	600	30	0
Vernon Downs & Miracle Isle Gaming Resort, NY	0	0	761
Wheeling Island Racetrack and Gaming Center, WV	1,877	67	0
Total Positions	**111,826**	**3,631**	**25,258**

Source: State Gaming Agencies; TMG Consulting Estimates
*Ohio Properties are projected to open in 2013 and are modeled accordingly

In estimating the propensity, frequency, and average win for each market area, a number of factors were considered: proximity to gaming facilities, existing market patterns, and income growth as projected by the U.S. Census and Claritas. The *Nemacolin Primary Market Area* is expected to see large increases in gaming behavior, as the residents of this area would now have easy access to the proposed Nemacolin casino, making their likelihood of participating in casino gaming increase, as well as the frequency by which they would gamble. This same expectation is true for other market areas in the model which are hosting gaming facilities for the first time, e.g., Baltimore.

With regard to average win per visit, the level of income growth projected for the market areas was used as a guide. The following two tables show the gaming characteristics applied to the 2012 and 2013 projections respectively.

Table 4-32: Gravity Model Gaming Characteristics: 2012 Projection

Submarket	Propensity	Frequency	Win/Visit
30 min Primary PA	38%	12.0	$67.67
60 min Secondary PA	36%	11.8	$73.20
60 min Secondary WV	35%	11.0	$66.58
60 min Secondary MD	35%	11.5	$81.90
90 min Tertiary PA	35%	11.0	$71.67
90 min Outer SW PA	38%	12.5	$70.24
90 min Tertiary WV/MD	34%	11.0	$66.92
120 min PA	30%	11.0	$70.45
120 min WV/MD	32%	10.7	$62.03
180 min PA	31%	10.4	$71.93
180 min OH/WV/VA	32%	11.0	$71.05
240 min PA	32%	11.0	$73.71
240 min OH/WV	29%	11.0	$73.87
240 min WV/VA	33%	11.7	$116.17
Presque Isle	37%	12.5	$78.06
Pittsburgh	40%	11.2	$90.50
Penn National Granville	40%	13.0	$89.48
Mountaineer	40%	15.0	$67.13
Wheeling	42%	15.5	$62.80
Charles Town	40%	13.0	$88.81
Columbus	29%	9.2	$89.31
Tri-State	35%	11.0	$85.90
Greenbrier	30%	10.0	$72.62
Cleveland	26%	8.5	$91.34
Washington DC/Baltimore	32%	13.0	$98.37

Source: TMG Consulting Estimates

Table 4-33: Gravity Model Gaming Characteristics: 2013 Projection

Submarket	Propensity	Frequency	Win/Visit
30 min Primary PA	38%	12.0	$70.70
60 min Secondary PA	36%	11.8	$76.34
60 min Secondary WV	35%	11.0	$67.98
60 min Secondary MD	35%	11.5	$84.11
90 min Tertiary PA	35%	11.0	$74.76
90 min Outer SW PA	38%	12.5	$73.65
90 min Tertiary WV/MD	34%	11.0	$69.36
120 min PA	30%	11.0	$73.20
120 min WV/MD	32%	10.7	$64.03
180 min PA	31%	10.4	$74.80
180 min OH/WV/VA	32%	11.0	$73.33
240 min PA	32%	11.0	$76.76
240 min OH/WV	29%	11.0	$76.28
240 min WV/VA	33%	11.7	$119.66
Presque Isle	37%	12.5	$80.80
Pittsburgh	40%	11.2	$94.02
Penn National Grantville	40%	13.0	$92.93
Mountaineer	40%	15.0	$69.89
Wheeling	42%	15.5	$64.78
Charles Town	40%	13.0	$91.12
Columbus	34%	11.0	$91.12
Tri-State	35%	11.0	$89.75
Greenbrier	30%	10.0	$74.84
Cleveland	30%	12.0	$94.44
Washington DC/Baltimore	32%	13.0	$101.16

Source: TMG Consulting Estimates

The gravity model projections resulted in gaming revenue and visitation estimates for the proposed casino specifically from market area visitors. These projections do not include visits and revenues from resort guests and tourists in general, which were estimated in a separate model detailed in *Section 5.4* of this report.

For 2012, TMG Consulting's gravity model projected gaming revenues for the proposed Nemacolin casino of approximately **$46.6 million**, over **49,000 customers, and about 553,400 annual visits***. (The 2012 $46.6 million revenue projection excludes revenues generated by the resort and tourism market of $15 million described in *Section 4.4* and likewise for the 2013 projection described in the following sentence.) TMG's 2013 projection includes the addition of four Ohio casinos in the market area and some negative impact on the proposed Nemacolin casino with gaming revenues projected to be approximately **$44.5 million, 45,160 customers, and about 509,700 annual visits.**

Table 4-34: Nemacolin Casino Gravity Model Projections: 2012

*The totals below do not include resort and tourism market revenue projections which are shown separately.

Submarket	Customers	Avg. Drive Time to Nemacolin in Hours	Annual Win per Customer	Revenue from Submarket
30 min Primary PA	3,994	0:15	$812	$3,243,545
60 min Secondary PA	3,826	0:45	$864	$3,304,782
60 min Secondary WV	2,089	0:45	$732	$1,530,062
60 min Secondary MD	31	0:45	$942	$29,034
90 min Tertiary PA	1,576	1:15	$788	$1,242,028
90 min Outer SW PA	35	1:15	$878	$30,628
90 min Tertiary WV/MD	1,276	1:15	$736	$939,552
120 min PA	551	1:45	$775	$427,179
120 min WV/MD	559	1:45	$664	$370,835
180 min PA	989	2:30	$748	$739,897
180 min OH/WV/VA	1,024	2:30	$782	$800,636
240 min PA	813	3:30	$811	$659,451
240 min OH/WV	2,920	3:30	$813	$2,372,504
240 min WV/VA	2,788	3:30	$1,359	$3,790,102
Presque Isle	438	4:00	$976	$427,211
Pittsburgh	8,318	1:30	$1,014	$8,431,078
Penn National Grantville	1,679	3:30	$1,163	$1,953,209
Mountaineer	178	2:30	$1,007	$178,896
Wheeling	457	2:00	$973	$445,278
Charles Town	917	2:30	$1,155	$1,058,534
Columbus	2,399	4:00	$822	$1,970,832
Tri-State	631	4:00	$945	$596,453
Greenbrier	167	4:00	$726	$121,408
Cleveland	5,562	3:30	$776	$4,318,161
Washington DC/Baltimore	5,987	4:00	$1,279	$7,656,091
Total*	**49,204**			**$46,637,386**

Source: AnySite, Claritas, Inc.; State Gaming Agencies; TMG Consulting Estimates

* Based on a Nemacolin casino of the quality comparable to The Meadows with a marketing plan of superior quality and scope.

Table 4-35: Nemacolin Gravity Model Visitation and Revenue Projections: 2012

*The totals below do not include resort and tourism market revenue projections which are shown separately.

Submarket	Visits	Revenue
30 min Primary PA	47,931	$3,243,545
60 min Secondary PA	45,146	$3,304,782
60 min Secondary WV	22,981	$1,530,062
60 min Secondary MD	355	$29,034
90 min Tertiary PA	17,331	$1,242,028
90 min Outer SW PA	436	$30,628
90 min Tertiary WV/MD	14,039	$939,552
120 min PA	6,063	$427,179
120 min WV/MD	5,978	$370,835
180 min PA	10,287	$739,897
180 min OH/WV/VA	11,269	$800,636
240 min PA	8,947	$659,451
240 min OH/WV	32,117	$2,372,504
240 min WV/VA	32,624	$3,790,102
Presque Isle	5,473	$427,211
Pittsburgh	93,162	$8,431,078
Penn National Grantville	21,829	$1,953,209
Mountaineer	2,665	$178,896
Wheeling	7,090	$445,278
Charles Town	11,919	$1,058,534
Columbus	22,068	$1,970,832
Tri-State	6,943	$596,453
Greenbrier	1,672	$121,408
Cleveland	47,276	$4,318,161
Washington DC/Baltimore	77,826	$7,656,091
Total*	553,427	$46,637,386

Source: AnySite, Claritas, Inc.; State Gaming Agencies; TMG Consulting Estimates

Table 4-36: Nemacolin Casino Gravity Model Projections: 2013

*The totals below do not include resort and tourism market revenue projections which are shown separately.

Submarket	Customers	Avg. Drive Time to Nemacolin	Annual Win per Customer	Revenue from Submarket
30 min Primary PA	3,757	0:15	$812	$3,187,692
60 min Secondary PA	3,558	0:45	$864	$3,204,578
60 min Secondary WV	1,934	0:45	$732	$1,446,116
60 min Secondary MD	29	0:45	$942	$27,792
90 min Tertiary PA	1,468	1:15	$788	$1,207,107
90 min Outer SW PA	32	1:15	$878	$29,597
90 min Tertiary WV/MD	1,177	1:15	$736	$898,217
120 min PA	514	1:45	$775	$413,814
120 min WV/MD	513	1:45	$664	$351,501
180 min PA	942	2:30	$748	$732,884
180 min OH/WV/VA	887	2:30	$782	$715,274
240 min PA	760	3:30	$811	$641,590
240 min OH/WV	2,317	3:30	$813	$1,943,900
240 min WV/VA	2,613	3:30	$1,359	$3,658,181
Presque Isle	403	4:00	$976	$407,380
Pittsburgh	7,789	1:30	$1,014	$8,201,968
Penn National Grantville	1,633	3:30	$1,163	$1,973,043
Mountaineer	164	2:30	$1,007	$171,463
Wheeling	421	2:00	$973	$423,037
Charles Town	886	2:30	$1,155	$1,049,832
Columbus	1,418	4:00	$822	$1,188,965
Tri-State	545	4:00	$945	$538,563
Greenbrier	150	4:00	$726	$112,022
Cleveland	5,420	3:30	$776	$4,350,416
Washington DC/Baltimore	5,829	4:00	$1,279	$7,665,495
Total*	**45,159**			**$44,540,427**

Source: AnySite, Claritas, Inc.; State Gaming Agencies; TMG Consulting Estimates

Table 4-37: Nemacolin Gravity Model Visitation and Revenue Projections: 2013

*The totals below do not include resort and tourism market revenue projections which are shown separately.

Submarket	Visitation	Revenue
30 min Primary PA	45,088	$3,187,692
60 min Secondary PA	41,979	$3,204,578
60 min Secondary WV	21,272	$1,446,116
60 min Secondary MD	330	$27,792
90 min Tertiary PA	16,146	$1,207,107
90 min Outer SW PA	402	$29,597
90 min Tertiary WV/MD	12,950	$898,217
120 min PA	5,653	$413,814
120 min WV/MD	5,490	$351,501
180 min PA	9,798	$732,884
180 min OH/WV/VA	9,754	$715,274
240 min PA	8,358	$641,590
240 min OH/WV	25,484	$1,943,900
240 min WV/VA	30,572	$3,658,181
Presque Isle	5,042	$407,380
Pittsburgh	87,240	$8,201,968
Penn National Grantville	21,230	$1,973,043
Mountaineer	2,453	$171,463
Wheeling	6,531	$423,037
Charles Town	11,521	$1,049,832
Columbus	13,048	$1,188,965
Tri-State	6,000	$538,563
Greenbrier	1,497	$112,022
Cleveland	46,067	$4,350,416
Washington DC/Baltimore	75,776	$7,665,495
Total*	**509,681**	**$44,540,427**

Source: AnySite, Claritas, Inc.; State Gaming Agencies; TMG Consulting Estimates

4.4. RESORT AND TOURISM MARKET REVENUE PROJECTIONS

In addition to the visits and resulting revenues of market area residents projected in the gravity model, TMG projected non-resident visits and revenues for the proposed casino. These non-residents consist of guests at Nemacolin Woodlands Resort, Farmington area guests, tourists in the areas surrounding Nemacolin, and drive-by visitors.

4.4.1. Nemacolin Guests

Projections for Nemacolin Woodlands Resort guest visits to the proposed casino were completed by segmenting resort guests into the following two groups: regular resort guests and player development guests. Regular resort guests are defined as guests who come to Nemacolin Woodlands Resort to enjoy a variety of amenities—not specifically the casino. Player development guests are those expected to come to Nemacolin Woodlands Resort primarily to enjoy the on-site casino. Resort guest projections are based on Nemacolin's 2012 Room Nights of Demand (RND) projection of about 101,550 rooms sold. Of these room sold, Isle of Capri projects that 10,400 could be sold to player development guests, leaving about 91,150 room nights of demand to regular resort guests. In total, the combined annual win of regular guests and player development guests at Nemacolin is projected to be $13.7 million.

Regular Resort Guests

To arrive at an estimate of how many adults on average would visit Nemacolin Woodlands Resort Casino as regular resort guests, TMG Consulting utilized figures from Nemacolin Woodlands Resort's 2012 forecast and guest surveys. To project total regular adult guests at the resort, the 2012 forecast for Room Nights of Demand (RND) (91,150) was multiplied by the industry average for adults per room (1.9). The product of this calculation was then divided by the average length of stay of guests based on the resort's guest statistics (2.14 days)—resulting in a projection of 81,100 regular adult guests per year.

TMG Consulting projected a capture rate based on Nemacolin Woodlands Resort's guest demographics, income levels, and the positioning of the proposed casino as another amenity among many. According to Nemacolin's guest statistics, typical guests are from households with above average household incomes. The proposed casino's capture rate (39.5%) was determined as guests at the resort go there to enjoy a variety of leisure activities in a self-contained environment.

Based on this capture rate and the estimated annual amount of adult resort guests, TMG projected about 32,000 regular resort guests would visit the casino annually. TMG Consulting estimated an average 1.05 casino visits per stay for these guests, having considered the broad appeal of Nemacolin's other amenities. Multiplying casino visitors by casino visits per stay resulted in a projection of about 33,640 casino visits from regular resort guests. The average win per visit projected for these resort guests visiting the casino was $300—based on guest surveys and statistics, the resort's advertised room rate, and TMG Consulting's experience with resort casino facilities. Multiplying the projected volume of regular resort guest casino visits by win per visit yielded $10.1 million in gaming revenue from these guests in 2012.

Table 4-38: Nemacolin Woodlands Resort Guest Model—Regular Guests

Category	Figure / Estimate
RND/ Rooms Sold	91,147
Adults/Room	1.9
Average Length of Stay	2.14
Total Adult Guests	**81,111**
Capture Rate	39.5%
Casino Patrons	**32,039**
Casino Visits/Stay	1.05
Casino Visits	**33,641**
Average Win/Visit	$300
TOTAL WIN	**$10,092,277**

Source: Nemacolin Woodlands Resort Estimates; Isle of Capri Estimates; TMG Consulting Estimates
Note: Calculations made to reproduce the figures on this table may not correspond to what is shown due to rounding error.

Player Development Guests

Player Development Guests are those whose primary purpose for staying at Nemacolin is casino gaming. Based on statistics from Isle of Capri's player database and the *2009 Las Vegas Profile Report* prepared for the Las Vegas Convention and Visitors Authority by GLS Research, TMG Consulting projected approximately how many of these guests could stay at the resort annually.

To project total player development guests at the resort, Isle of Capri's forecast for player development RND (10,400) was multiplied by the industry average for adults per room (1.9). The product of this calculation was then divided by the average length of stay of guests based on the resort's guest statistics (2.14 days)—resulting in a projection of 9,250 player development guests per year.

Player development guests are expected to visit the casino each day of their stay. Data provided by Isle of Capri regarding spending by players in the company's player database yielded an estimate of average casino spend per trip. These guests are expected to spend $389 per trip (or $182 per visit) in the proposed casino. Combining projections of annual player development guests, the average length of stay at the resort, casino visits per stay, and win per stay yields a forecast of $3.6 million of gaming revenues from these guests in 2012.

Table 4-39: Nemacolin Woodlands Resort Guest Model—Player Development Guests

Category	Figure / Estimate
RND/ Rooms Sold	10,400
Adults/Room	1.9
Average Length of Stay	2.14
Total Adult Guests	**9,255**
Capture Rate	100%
Casino Patrons	**9,255**
Average Win/Stay	$389
TOTAL WIN	**$3,599,613**

Source: Nemacolin Woodlands Resort Estimates; Isle of Capri Estimates; 2009 Las Vegas Profile Report prepared for the Las Vegas Convention and Visitors Authority by GLS Research; TMG Consulting Estimates

Note: Calculations made to reproduce the figures on this table may not correspond to what is shown due to rounding error.

4.4.2. Farmington Area Guests

Based on a Smith Travel Research Custom Report[41] showing approximately 139,000 room nights of demand for hotels in the Farmington market, and an industry average of 1.9 adults per occupied room, TMG estimated an average annual adult overnight visitor population for the area of about 264,000 adults. The average length of stay for these guests was estimated at 1 night based on research indicating that most hotels in the region have historically functioned as stop-over lodging. These adult guest figures exclude Nemacolin Woodlands Resort's guests.

A relatively low capture rate of 19% was set for this market because visitors to this area tend to be families on camping trips and drive-by visitors. This capture rate translates to about 50,200 annual visits from the Farmington overnight market.

The average win per visit estimated for this population was forecasted at $70, based on visitor spending statistics as well as the regional average win per visit in our local market area models. Multiplying the projected overnight market casino visits by this average win per visit yielded $3.5 million in gaming revenues for Nemacolin from these guests in 2012.

41 "Uniontown, PA, Area Selected Properties" created by Smith Travel Research on February, 4th 2010.

Table 4-40: Farmington Area Guests Model

Category	Figure / Estimate
Room Nights of Demand (RND)	139,149
Adults/Room	1.9
Average Length of Stay (days)	1.00
Adult Guests	**264,383**
Capture Rate	19%
Casino Visits	**50,233**
Average Win/Visit	$70
TOTAL WIN	**$3,516,295**

Source: Nemacolin Woodlands Resort Estimates; STR Custom Report; Laurel Highlands Visitors Bureau; TMG Consulting Estimates
Note: Calculations made to reproduce the figures on this table may not correspond to what is shown due to rounding error.

4.4.3. Area Tourists

The Laurel Highlands (a region consisting of three counties in Pennsylvania), Preston County in West Virginia, and Garrett County in Maryland, were analyzed as submarkets of a larger area market for potential tourists not staying at hotels in Farmington, and that would potentially visit the proposed casino. As in the previously described segments, TMG performed this analysis utilizing demographic statistics, resulting in projections of the potential win and visits this market could bring to a casino at Nemacolin. A total of approximately 1.6 million annual tourist visits to the area were estimated based on statistics from the Laurel Highlands Visitors Bureau, the Greater Morgantown Convention & Visitors Bureau, and the Garrett County Chamber of Commerce.

TMG Consulting estimated that 70% of each submarket's annual tourist visitors were adults—based on the median age of tourists in the area reported by the Laurel Highlands Visitor Bureau, the Greater Morgantown Convention & Visitors Bureau, and the Garrett County Chamber of Commerce. Total adult guests estimates for Nemacolin Woodlands Resort and Farmington (as reported in the previous two tables) were subtracted from the estimate of annual adult Laurel Highlands tourists to avoid double-counting. Combined, the three component regions of area tourism in this model yielded an estimate of about 1.1 million annual adult visitors to the area.

A capture rate of 5% was estimated for this market based on the remoteness of Nemacolin Woodlands Resort in relation to the tourist areas included in this model and the typical activities these tourists engage in, e.g., family camping trips. Combining the estimate of total annual visitors to the area with the capture rate yielded a forecast of about 55,170 potential annual casino visits from this population. The average win per visit was projected to be $71 and was based on average visitor spending statistics compiled by the Laurel Highlands Visitor Bureau, the Greater Morgantown Convention & Visitors Bureau, and the Garrett County Chamber of Commerce. The proposed casino could potentially bring in an annual win (win/visit multiplied by tourist visits to the casino) of $3.9 million from area tourists in 2012.

Table 4-41: Nemacolin Woodlands Resort Area Tourism Model

Category	Figure / Estimate
Annual Tourists	1,576,334
% over 21	70%
Adult Tourists	**1,103,434**
Capture Rate	5%
Casino Visitors	**55,169**
Average Win Per Visit	$71
TOTAL TOURIST WIN	**$3,896,712**

Source: Nemacolin Woodlands Resort Estimates; STR Custom Report; Laurel Highlands Visitors Bureau; Greater Morgantown Convention & Visitors Bureau; Garrett County Chamber of Commerce; TMG Consulting Estimates
Note: Calculations made to reproduce the figures on this table may not correspond to what is shown due to rounding error.

4.4.4. Drive-by

TMG assessed the potential revenues and visits the proposed casino could expect to receive from the drive-by visitor market. Utilizing Annual Average Daily Traffic (AADT) data from the Pennsylvania Department of Transportation and standard multipliers for average adults per vehicle, this analysis yielded an annual adult population of 775,260 who drive by Nemacolin Woodlands Resort on U.S. Route 40. Next, TMG applied an expected capture rate of 2% to those adults. This 2% capture rate was forecast based on the planned casino's location on U.S. Route 40, (as opposed to within the resort complex), the lack of competing casinos in the area, and TMG's industry expertise. This calculation translated into about 15,500 potential annual visits to the proposed casino. The win per visit for this market was projected to be approximately $40. In total, over $620,000 is expected to be generated from these visitors.

Table 4-42: Nemacolin Woodlands Resort Drive-by Model

Category	Figure / Estimate (Daily)	Figure / Estimate (Annual)
Annual Average Daily Traffic (AADT)	5,900	2,153,500
Thru Traffic %	20%	20%
Drive-Through Vehicles	**1,180**	**430,700**
Adults/Vehicle	1.8	1.8
Drive-by Adults	**2,124**	**775,260**
Capture Rate	2%	2%
Drive by Gaming Visits	**42**	**15,505**
Avg. Win/Visit	$40	$40
TOTAL DRIVE-BY GAMING WIN	**$1,699**	**$620,208**

Source: Penn DOT 2008, TMG Consulting Estimates

The table below details the results of our projection for resort and tourist revenues:

Table 4-43: Total Visitor Gaming Market Estimates: 2012 and 2013

Segment	Adults in Segment	Capture Rate	Average Visits/Adult	Gaming Visits	Win/ Visit	2012 Win	2013 Win
Nemacolin Regular Guests	81,111	39.5%	1.05	33,641	$300	$10,092,277	$10,344,584
Nemacolin Player Development Guests	9,255	100.0%	2.14	19,760	$182	$3,599,613	$3,689,604
Farmington Area Guests	264,383	19.0%	1	50,233	$70	$3,516,295	$3,604,203
Area Tourists	1,103,434	5.0%	1	55,169	$71	$3,896,712	$3,994,130
Drive-by	775,260	2.0%	1	15,505	$40	$620,208	$635,713
TOTAL	**2,233,443**			**174,308**		**$21,725,106**	**$22,268,233**

Source: Nemacolin Woodlands Resort Estimates; Isle of Capri Estimates; 2009 Las Vegas Profile Report prepared for the Las Vegas Convention and Visitors Authority by GLS Research; STR Custom Report; Laurel Highlands Visitors Bureau; Greater Morgantown Convention & Visitors Bureau; Garrett County Chamber of Commerce; PennDOT; TMG Consulting Estimates

Note 1: Projections of Resort and Tourism Market Win for 2013 based on 2.5% inflationary growth of 2012 projection.

Note 2: Calculations made to reproduce the figures on this table may not correspond to what is shown due to rounding error.

4.5. TOTAL GAMING REVENUE PROJECTIONS

4.5.1. Total Gaming Revenue Projection 2012

In total, TMG Consulting estimates that the proposed Nemacolin casino should be capable of generating **$68.4 million in gaming revenues annually, for an average win per position of $244**.

Table 4-44: Nemacolin Gaming Revenue Estimates 2012

2012 Gravity Model Projection	**$46,637,386**
2012 Total Visitor Gaming Revenues	
Nemacolin Guests*	$13,691,890
Farmington Area Guests	$3,516,295
Area Tourists	$3,896,712
Drive-by	$620,208
TOTAL Gaming Revenues	**$68,362,491**
Slots	600
Tables	28
Win/Position	**$243.87**

Source: AnySite, Claritas, Inc.; State Gaming Agencies; Nemacolin Woodlands Resort Estimates; Isle of Capri Estimates, 2009 Las Vegas Profile Report prepared for the Las Vegas Convention and Visitors Authority by GLS Research; STR Custom Report; Laurel Highlands Visitors Bureau; Greater Morgantown Convention & Visitors Bureau; Garrett County Chamber of Commerce; PennDOT; TMG Consulting Estimates

*Includes regular resort guests and player development guests

Table 4-45: Nemacolin Gravity Model and Tourism Model Visitation and Revenue: 2012 Projection

Submarket	Avg. Drive Time to Nemacolin in Hours	Visitation	Revenue
Local Market:			
30 min Primary PA	0:15	47,931	$3,243,545
60 min Secondary PA	0:45	45,146	$3,304,782
60 min Secondary WV	0:45	22,981	$1,530,062
60 min Secondary MD	0:45	355	$29,034
90 min Tertiary PA	1:15	17,331	$1,242,028
90 min Outer SW PA	1:15	436	$30,628
90 min Tertiary WV/MD	1:15	14,039	$939,552
120 min PA	1:45	6,063	$427,179
120 min WV/MD	1:45	5,978	$370,835
180 min PA	2:30	10,287	$739,897
180 min OH/WV/VA	2:30	11,269	$800,636
240 min PA	3:30	8,947	$659,451
240 min OH/WV	3:30	32,117	$2,372,504
240 min WV/VA	3:30	32,624	$3,790,102
Presque Isle	4:00	5,473	$427,211
Pittsburgh	1:30	93,162	$8,431,078
Penn National Grantville	3:30	21,829	$1,953,209
Mountaineer	2:30	2,665	$178,896
Wheeling	2:00	7,090	$445,278
Charlestown	2:30	11,919	$1,058,534
Columbus	4:00	22,068	$1,970,832
Tri-State	4:00	6,943	$596,453
Greenbrier	4:00	1,672	$121,408
Cleveland	3:30	47,276	$4,318,161
Washington DC/Baltimore	4:00	77,826	$7,656,091
Resort & Tourism Market:			
Nemacolin Guests	n/a	53,401	$13,691,890
Farmington Area Guests	n/a	50,233	$3,516,295
Area Tourists	n/a	55,169	$3,896,712
Drive-by	n/a	15,505	$620,208
Total		**727,735**	**$68,362,491**

Source: AnySite, Claritas, Inc.; State Gaming Agencies; Nemacolin Woodlands Resort Estimates; Isle of Capri Estimates, 2009 Las Vegas Profile Report prepared for the Las Vegas Convention and Visitors Authority by GLS Research; STR Custom Report; Laurel Highlands Visitors Bureau; Greater Morgantown Convention & Visitors Bureau; Garrett County Chamber of Commerce; PennDOT; TMG Consulting Estimates

4.5.2. *Total Gaming Revenue Projection 2013*

In total, TMG Consulting estimates that the proposed Nemacolin casino should be capable of generating **$66.8 million in gaming revenues annually, for an average win per position of $238.**

Table 4-46: Nemacolin Gaming Revenue Estimates 2013

2013 Gravity Model Projection	**$44,540,427**
2013 Total Visitor Gaming Revenues	
Nemacolin Guests	$14,034,187
Farmington Area Guests	$3,604,203
Area Tourists	$3,994,130
Drive-by	$635,713
TOTAL Gaming Revenues	**$66,808,661**
Slots	600
Tables	28
Win/Position	**$238.33**

Source: AnySite, Claritas, Inc.; State Gaming Agencies; Nemacolin Woodlands Resort Estimates; Isle of Capri Estimates, 2009 Las Vegas Profile Report prepared for the Las Vegas Convention and Visitors Authority by GLS Research; STR Custom Report; Laurel Highlands Visitors Bureau; Greater Morgantown Convention & Visitors Bureau; Garrett County Chamber of Commerce; PennDOT; TMG Consulting Estimates

*Includes regular resort guests and player development guests

Table 4-47: Nemacolin Gravity Model and Tourism Model Visitation and Revenue: 2013 Projection

Submarket	Avg. Drive Time to Nemacolin in Hours	Visitation	Revenue
Local Market:			
30 min Primary PA	0:15	45,088	$3,187,692
60 min Secondary PA	0:45	41,979	$3,204,578
60 min Secondary WV	0:45	21,272	$1,446,116
60 min Secondary MD	0:45	330	$27,792
90 min Tertiary PA	1:15	16,146	$1,207,107
90 min Outer SW PA	1:15	402	$29,597
90 min Tertiary WV/MD	1:15	12,950	$898,217
120 min PA	1:45	5,653	$413,814
120 min WV/MD	1:45	5,490	$351,501
180 min PA	2:30	9,798	$732,884
180 min OH/WV/VA	2:30	9,754	$715,274
240 min PA	3:30	8,358	$641,590
240 min OH/WV	3:30	25,484	$1,943,900
240 min WV/VA	3:30	30,572	$3,658,181
Presque Isle	4:00	5,042	$407,380
Pittsburgh	1:30	87,240	$8,201,968
Penn National Grantville	3:30	21,230	$1,973,043
Mountaineer	2:30	2,453	$171,463
Wheeling	2:00	6,531	$423,037
Charlestown	2:30	11,521	$1,049,832
Columbus	4:00	13,048	$1,188,965
Tri-State	4:00	6,000	$538,563
Greenbrier	4:00	1,497	$112,022
Cleveland	3:30	46,067	$4,350,416
Washington DC/Baltimore	4:00	75,776	$7,665,495
Resort & Tourism Market:			
Nemacolin Guests	n/a	53,401	$14,034,187
Farmington Area Guests	n/a	50,233	$3,604,203
Area Tourists	n/a	55,169	$3,994,130
Drive-by	n/a	15,505	$635,713
Total		**683,989**	**$66,808,661**

Source: AnySite, Claritas, Inc.; State Gaming Agencies; Nemacolin Woodlands Resort Estimates; Isle of Capri Estimates, 2009 Las Vegas Profile Report prepared for the Las Vegas Convention and Visitors Authority by GLS Research; STR Custom Report; Laurel Highlands Visitors Bureau; Greater Morgantown Convention & Visitors Bureau; Garrett County Chamber of Commerce; PennDOT; TMG Consulting Estimates

4.5.3. Five Year Revenue Projection for Nemacolin Woodlands Resort Casino

The proposed casino at Nemacolin Woodlands Resort is expected to start business June 1, 2011. To arrive at a projection for this first, partial year of operations, TMG Consulting discounted its 2012 revenue projection by 2.5% for inflationary growth, 58% for a partial year of operations, and 75% to account for 2011 being the first year of operations. This calculation resulted in a projection yielding approximately $29.1 million in total gaming revenue and a win/position of $177 for 2011. The combined output of the gravity model and the total visitor model yielded a projection of $68.4 million in total gaming revenue and a win/position of $244 in 2012. The combined output of the gravity model and the inflation-adjusted total visitor model yielded a projection of $66.8 million in total gaming revenues and a win/position of $238 in 2013. To project the years 2014 through 2016, TMG projected the 2013 total gaming revenue with annual inflationary growth and assumed no further changes to the market area in terms of competition. This projection yielded $71.9 million in total gaming revenue and a win/position of $257 in 2016.

Table 4-48: Nemacolin Gaming Revenue Projection*, 5 Years

Year	Total Gaming Revenue	Table Revenue	Slots Revenue	Win/Position
2011**	$29,160,875	$4,596,828	$24,564,047	$177
2012	$68,362,491	$10,776,448	$57,586,044	$244
2013	$66,808,661	$10,531,507	$56,277,154	$238
2014	$68,478,877	$10,794,794	$57,684,083	$244
2015	$70,190,849	$11,064,664	$59,126,185	$250
2016	$71,945,620	$11,341,281	$60,604,340	$257

Source: AnySite, Claritas, Inc.; State Gaming Agencies; Nemacolin Woodlands Resort Estimates; Isle of Capri Estimates, 2009 Las Vegas Profile Report prepared for the Las Vegas Convention and Visitors Authority by GLS Research; STR Custom Report; Laurel Highlands Visitors Bureau; Greater Morgantown Convention & Visitors Bureau; Garrett County Chamber of Commerce; PennDOT; TMG Consulting Estimates

*The split between table games and slots revenue was estimated based on operational averages provided by Isle of Capri.

**Represents the partial first year of operations (7 months), but the opening date of June 1, 2011 requires PGCB license decision by September 30, 2010.

DISCLAIMER

Consumer demand for gaming is particularly sensitive to downturns in the economy. Changes in consumer preferences or discretionary consumer spending brought about by factors such as fears of war, future acts of terrorism, general economic conditions, disposable consumer income, fears of recession and changes in consumer confidence in the economy could reduce customer demand for luxury products and leisure services, thus imposing practical limits on pricing and harming operations. Our projections would thereby be adversely affected.

All projections will be affected by international, national and local economic conditions. A recession or downturn in the general economy, or in a region constituting a significant source of customers, could result in fewer customers, which would adversely affect projections.

Casinos are generally dependent on the willingness of customers to travel. As a result of the terrorist acts of September 11, 2001, domestic and international travel was severely disrupted, which resulted in a decrease in customer visits to casinos. In addition, developments in international conflicts such as the conflict in Iraq could have a similar effect on domestic and international travel. No one can predict the extent to which disruptions in air or other forms of travel as a result of any future terrorist act, outbreak of hostilities or escalation of war would adversely affect projections. It is possible that airplane terrorism could lead to increased travel by automobile and possibly an increase in local casino admissions.

As a result of the SARS outbreak in Asia, there was a decrease in travel to and from, and economic activity in, affected regions. In addition, there have been recent fears concerning the spread of an avian flu. Potential future outbreaks of SARS, avian flu or other highly infectious diseases may adversely affect the number of visitors. Any new outbreak of such a highly infectious disease could have a material adverse effect on the projections.

If changes in transportation infrastructure cause it to become insufficient to meet the demand of visitors, the desirability of this location as a gaming and tourist destination, as well as the results of operations, could be negatively impacted.

This report reflects analysis and opinion based on primary and secondary sources of information. We have utilized sources that are deemed to be reliable but cannot guarantee their accuracy. Moreover, estimates and analysis regarding the project are based on trends and assumptions and, therefore, there will usually be differences between the estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. The accompanying study is prepared for the information and use of our client, and may not be relied upon by any third party for any purpose, including but not limited to financing of the project or investing in the project. We have no obligation, unless subsequently engaged, to update this report or revise this analysis as presented due to events or conditions occurring after the date of this report.

TMG Consulting makes no express or implied representation or warranty or guarantee as to the attainability of any projected or estimated information referenced or set forth herein, or as to the accuracy or completeness of the assumptions from which such projected or estimated information is derived. Any such projections or estimations are necessarily subject to a high degree of uncertainty and may vary materially and adversely from actual results.

Some of the statements in this report constitute forward-looking statements. These statements involve risks, uncertainties and other factors that may cause you or your industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "would," "could," "believe," "expect," "anticipate," "estimate," "intend," "plan," "continue" or the negative of these terms or other comparable terminology.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. If one or more of the assumptions underlying our forward-looking statements proves incorrect, then actual results, levels of activity, performance or achievements could differ significantly from those expressed in or implied by the forward-looking statements contained herein. These forward-looking statements are subject to risks, uncertainties, and assumptions about or the projections that are subject to change based on various important factors, some of which are beyond our control. The factors identified above, among others, could cause our projections to differ significantly from the goals, plans, objectives, intentions and expectations expressed in our forward-looking statements. Therefore, we caution you not to place undue reliance on our forward-looking statements. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

While TMG Consulting endeavors to provide reliable estimates and projections, it will not be liable for any claim by any party acting on these estimates and projections.