

SugarHouse Casino

Petition to Amend Statement of Conditions



**Before the Pennsylvania Gaming Control Board
Thursday, May 13, 2010
Harrisburg, PA**



Overview

- ❑ Modify SOC by 98 slots
 - Will be highly accretive to PA
 - Mgmt has already made several other changes to the floor to make as much room as possible

- ❑ Revenue Projections:
 - May 2009 Projection: \$240M in slot revenue with 1,700
 - April 2010 Projection: \$240M with 1,602 slots and 40 table

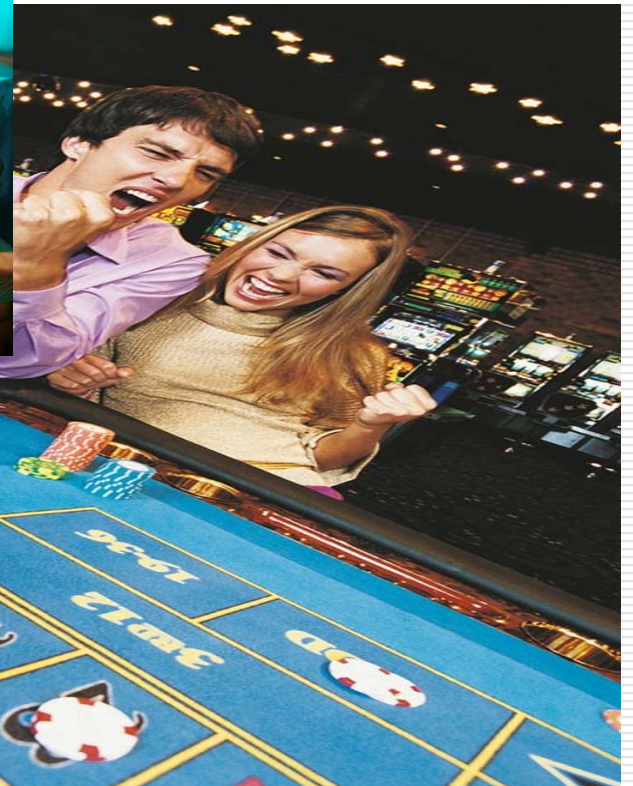
**As was the case one year ago, mgmt projections are at a discount to Innovation's projections

Speakers

- ❑ **Greg Carlin, CEO, SugarHouse Casino**
- ❑ **David Patent, COO, Rush Street Gaming**
- ❑ **Wendy Hamilton, General Manager, SugarHouse Casino**
- ❑ **Paul Girvan, Managing Director, Innovation Group**

Total Revenue & Gaming Tax Change: Old vs. New (Mgmt Projections)

<i>\$ in millions</i>	OLD - 1,700 Slots	NEW - 1,602 Slots / 40 Tables	Incremental Revenues / Gaming Tax
Slot Revenue	\$240	\$240	\$0
Table Revenue	0	32	32
Total Revenue	\$240	\$272	\$32
Table Tax Revenue (state & local)		\$5	\$5
Table License Fee		\$16.5	\$16.5
GTR Tax (state & local)	\$132	\$132	\$0
Total Gaming Taxes / License Fee	\$132	\$154	\$22

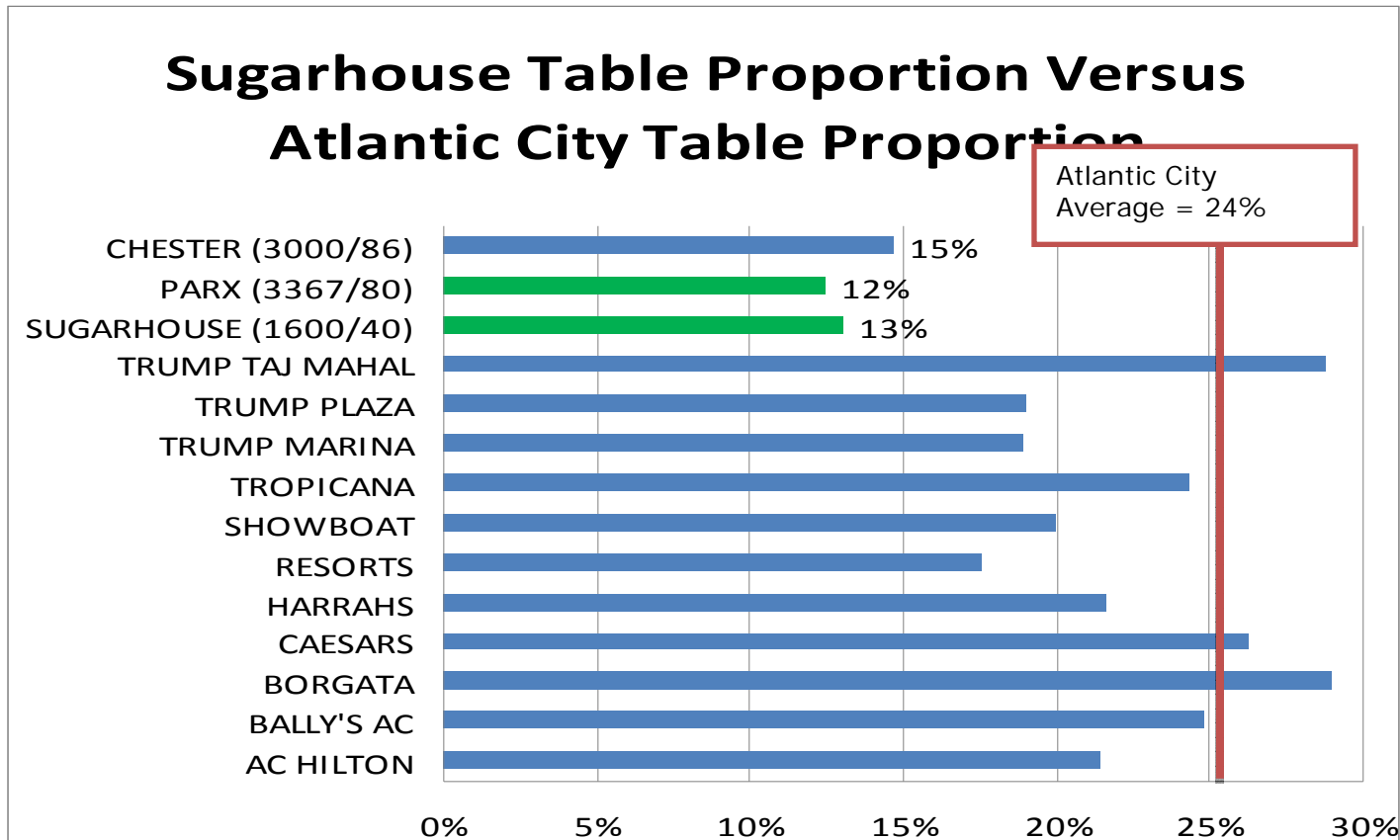


The Issue

- ❑ To be competitive with Atlantic City and Philadelphia area casinos, SugarHouse seeks approval to have 1,602 slots and 40 table games.
- ❑ This will maximize revenues and tax receipts to the Commonwealth by fully inducing “companion slot play” from the addition of table games.
- ❑ The tax impact to the Commonwealth is positive.



The SugarHouse table games offering needs to be competitive with Atlantic City and Philadelphia area casinos





The Net Impact on Slot Revenue is Positive

Additional Slot Revenue

The addition of table games will have strong a “Companion Effect” on SugarHouse slots, given its location. We estimate a 4.8% increase in slot revenue on original \$253M projection.

Possible Capacity Constraints:

The reduction of 98 slots may impact capacity and revenues during only a few hours on Friday and Saturday evenings, and only if slot occupancy is maxed out.

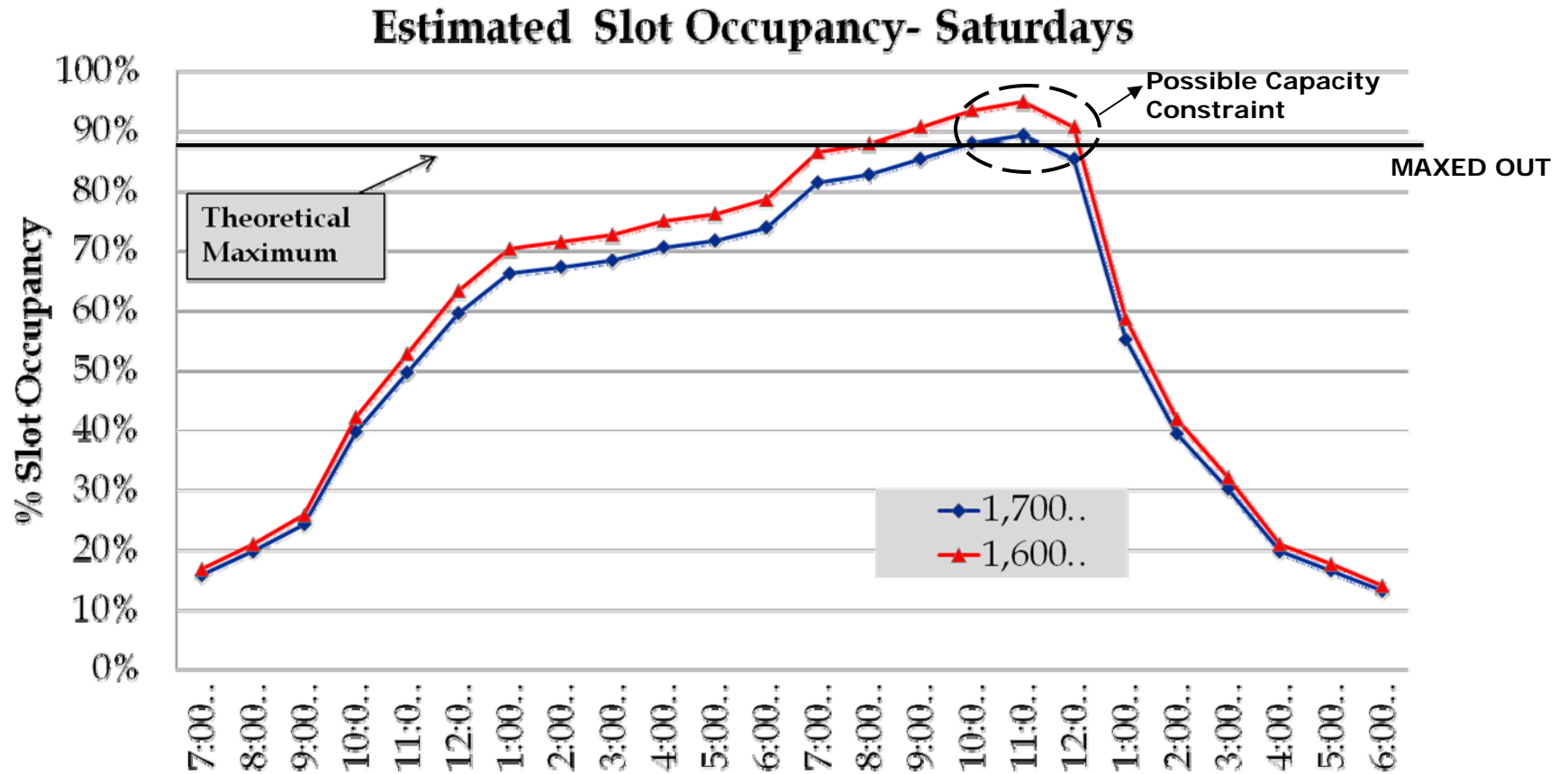


GTR Analysis

Original SugarHouse Slot Revenue (No Tables, 1,700 Slots)	\$252,607,299
Additional Slot Revenue (40 Tables, 1,602 slots)	\$12,125,150
Possible Capacity Constraints	(\$906,711)
Net Additional Slot Revenue	\$11,218,439



Possible Capacity Constraints





Total Revenue & Gaming Tax Change: Old vs. New (Innovation Projections)

<i>\$ in millions</i>	OLD - 1,700 Slots	NEW - 1,602 Slots / 40 Tables	Incremental Revenues / Gaming Tax
Slot Revenue	\$253	\$264	\$11
Table Revenue	0	32	32
Total Revenue	\$253	\$296	\$43
Table Tax Revenue (state & local)		\$5	\$5
Table License Fee		\$16.5	\$16.5
GTR Tax (state & local)	\$139	\$145	\$6
Total Gaming Taxes / License Fee	\$139	\$167	\$28

Job Creation: Table Games

- ❑ Estimated Additional Team Members: **304**
 - 212 Full-Time and 92 Part-Time dealers
 - Commitment to diverse employee and vendor base for table games implementation
 - SugarHouse Dealer School

- ❑ 15-20 Additional Construction Jobs

Construction Update

