

A Quiet Riot

*Is the U.S. gaming market slowing?
We believe not*

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In recent months, leading economic indicators such as fuel prices, home sales and interest rates have been pointing toward the direction of a slowdown in the US economy. Fuel prices are at all-time highs, home sales are down and interest rates are rising. Is the gaming industry following suit? The numbers, for now, say no. The chart below displays the top 36 gaming markets in the United States and their revenue performance for the last reported month, the last six months ended June 30, 2006, annual numbers for the years ended 2003-2005 and the most recent 10-year compounded annual growth rates. A quick glance at the chart will show that, absent a few down markets in the months of June and July, by no means is gaming growth showing a slowing trend.

Casino Gaming Markets —Listing By Size (\$ in Millions)

Market	Month	2006	2005	% Change
Las Vegas-Strip, NV	June	454.81	489.59	-7.1%
Atlantic City, NJ	July	520.43	504.77	3.1%
Chicago Area	July	224.13	219.26	2.2%
Connecticut Indian*	June	141.16	135.26	4.4%
Detroit, MI ****	June	142.41	130.19	9.4%
Tunica, MS	May	135.96	107.75	26.2%
St. Louis Area	July	84.73	85.92	-1.4%
West Virginia	June	87.48	83.54	4.7%
Gulf Coast, MS Area*****	May	62.59	78.25	-20.0%
Bossier City/Shreveport, LA	June	70.18	65.40	7.3%
Lake Charles, LA**	June	53.64	56.31	-4.7%
Cincinnati Area	July	70.35	71.49	-1.6%
Reno, NV	June	63.81	62.59	1.9%
Kansas City, MO	July	60.68	60.93	-0.4%
Las Vegas-Downtown, NV	June	44.62	51.38	-13.2%
Laughlin, NV	June	45.78	48.98	-6.5%
Black Hawk/Central City, CO	June	50.40	49.25	2.3%
Delaware Racetracks	June	47.58	45.88	3.7%
New Orleans, LA	June	50.98	59.76	-14.7%
Council Bluffs, IA	July	43.16	38.92	10.9%
Rhode Island	June	33.12	33.25	-0.4%
So. Shore Lake Tahoe, NV	June	27.53	25.61	7.5%
Vicksburg, MS	May	23.02	21.81	5.5%
Southern IL/IN***	July	27.87	25.98	7.2%
Baton Rouge, LA	June	21.23	16.77	26.6%
Quad Cities Area	July	18.92	20.15	-6.1%
Des Moines, IA	July	15.81	16.17	-2.2%
Cripple Creek, CO	June	13.06	13.10	-0.3%
Dubuque, IA	July	14.34	14.37	-0.2%
Peoria, IL	July	11.35	12.01	-5.5%
Coahoma, MS	May	7.66	8.46	-9.4%
Deadwood, SD	June	7.90	7.77	1.7%
Greenville, MS	May	4.44	5.02	-11.4%
Natchez, MS	May	3.55	2.98	19.0%
St. Joseph, MO	July	3.13	2.55	23.0%
Caruthersville, MO	July	2.61	2.59	0.9%

* Publicly available numbers are slot revenues only. However for the 12 months ended March 31, 2003 Mohegan Sun disclosed that slots made up 72.1% of total gaming revenues and we used this to calculate total market size.

** We have estimated the Indian casino located just outside of Lake Charles at \$225 million of win and have added this to that market.

*** Includes Evansville, Indiana and Metropolis, Illinois.

**** Includes Ontario Casino's Casino Windsor in Windsor, Canada gaming revenue. Since Windsor, Canada only reports revenue data quarterly, we assumed the same quarterly revenue as the previous quarter presented on a monthly basis. Windsor Casino was closed for the half of the month of April 2004 as well.

***** The casinos in Gulf Coast were closed indefinitely on August 29th due to Hurricane Katrina. Thus, these numbers are not indicative of the actual market.

As we look at the two biggest markets, Las Vegas and Atlantic City (outside of the last reported months, June for Vegas and July for Atlantic City), neither market shows any signs of slowing. Las Vegas is up 12 percent for the last six months and 13 percent for the year ended December 2005 and Atlantic City is up 6 percent for the last six months and 4.5 percent for the year ended December 2005.

Going back to June 2005 both markets have shown positive growth in every month and, with the exception of March 2006, one must go all the way back to April 2005 just to find a single-digit growth rate in Las Vegas. It is true that June was a down month for Las Vegas and July was a down month for Atlantic City, but, does this indicate a trend? One month out of the last 13 would lead us to say that it does not. Also, adjusted for the forced closure of all casinos in the month and luck, July was actually a good month for Atlantic City, up an adjusted 3.1 percent.

Moving on to the larger markets in the Midwest, each market (with the exception of Quad Cities) has shown positive growth in the last six months. As we look at the larger markets of Chicago, St. Louis and Cincinnati, one will see low growth and negative growth in the month of July; however, May and June were positive months for all three markets.

Again we ask, does one down month indicate a negative trend? While it is logical to be concerned about a weakening economy and increasing fuel prices, we believe we need to see more than just one month to come to the conclusion that Midwest gaming markets are showing a decline. We look toward August numbers to give us further indication.

Finally, we move to the markets in the South and Gulf Coast. We believe these markets are not in any way indicative of recent gaming growth, or lack thereof, in the United States. The Mississippi Gulf Coast, Lake Charles and New Orleans were all devastated by hurricanes in the late summer/fall of 2005 and markets such as Vicksburg, Natchez, Tunica, Shreveport and Baton Rouge are continuing to benefit from the fallout. Thus, the recent negative trends in the devastated markets followed

Gaming Industry STOCK PRICE PERFORMANCE

For Week Ending July 11, 2006

TOP 5

Wynn Resorts (WYNN)	3.6%
Ameristar Casinos (ASCA)	2.5%
Isle of Capri (ISLE)	2.5%
Penn National (PENN)	1.4%
MGM Mirage (MGM)	1.3%

BOTTOM 5

Dover Downs (DDE)	-8.7%
Pinnacle Entertainment (PNK)	-7.9%
Alliance Gaming (BYI)	-6.9%
Shuffle Master (SHFL)	-6.0%
Progressive Gaming (PGIC)	-5.1%

MARKETS

S&P	-1.0%
Dow Jones	-1.4%
Nasdaq	-1.3%

by the extreme positive trends in the "non-coastal" markets are not an indication of actual depression or growth.

The numbers show that gaming growth in the United States is absolutely not slowing, as one month does not indicate a slowing trend. We should note, however, that at the time of publication we had only seen one month of negative growth in a few of the larger U.S. markets. Given concerns about a weakening economy and increased fuel prices, and given that July represented the weakest month for a number of markets in the Midwest, with regard to this market we look toward August numbers to get a better feel if July is the beginning of a slowdown. □

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