INDIANA GAMING LAWS: A BALANCING ACT

• Casino competitiveness
• Casino profitability

• State tax revenues
• Number of jobs
• Economic development

Presented by:
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Indiana Legislative Services Agency
<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indiana Gross Gaming Revenues</td>
<td>$2,625 M</td>
<td>$2,231 M</td>
</tr>
<tr>
<td>Gaming Tax as a Share of General Fund</td>
<td>5.5%</td>
<td>3%</td>
</tr>
<tr>
<td>Casino Employment</td>
<td>16,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Casino Employee Wages</td>
<td>$610 M</td>
<td>$461 M</td>
</tr>
</tbody>
</table>
Indiana Casinos – Gaming Floor Space & Revenues

GROSS GAMING REVENUE TRENDS

Space in Sq.ft.
1,000,000
950,000
900,000
850,000
800,000
750,000
700,000
650,000
600,000
550,000
500,000


GGR in $M
$3,000
$2,800
$2,600
$2,400
$2,200
$2,000
$1,800
$1,600

Gaming Floor Space
Gross Gaming Revenues
GROSS GAMING REVENUE TRENDS

Gross Gaming Revenue Indexed to 2004
U.S., Indiana, and Region

Racino Opening
Regional Gaming Locations
25 mile and 50 mile buffers

1995

2014
COMMON GOAL → CASINO ATTENDANCE → GROSS GAMING REVENUE

Yogi Berra on baseball attendance:
“If people don’t come to the ballpark, how are you going to stop them?”
# REGIONAL MARKET SHARE

### Indiana’s Share in the Region in 2014

<table>
<thead>
<tr>
<th>Category</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population 21 and above</td>
<td>14.2%</td>
</tr>
<tr>
<td>Personal Income</td>
<td>13.6%</td>
</tr>
<tr>
<td>Gaming Floor Square Footage</td>
<td>23.5%</td>
</tr>
<tr>
<td>Number of Slot Machines</td>
<td>21.8%</td>
</tr>
<tr>
<td>Gross Gaming Revenue</td>
<td>29.5%</td>
</tr>
</tbody>
</table>
Penn National Gaming operates Hollywood Casino in Lawrenceburg Indiana.

Since 2012 it has added 4 new facilities in Ohio and Video Lottery Terminals in Illinois that directly compete with the Indiana facilities.
Penn National – U.S. and Indiana

- Hollywood Indiana was 18% of Indiana Gaming GGR in 2008. It is 8% of Gaming GGR in 2015.

- Penn National had 15% of the regional market in 2008. It has 12% of the larger regional market in 2015. The companies total regional revenue went up.

- **New Facilities Added:**
  - Hollywood Casino – Columbus, OH
  - Hollywood Casino – Toledo, OH
  - Dayton Raceway – Dayton, OH
  - Mahoning Valley – Youngstown, OH
  - Prairie State Gaming – VLT Operation, IL
Since its acquisition of Indiana casino in 2011, the company acquired another casino in Mississippi in October 2012.

- Rising Star Indiana was 5% of Indiana Gaming GGR in 2008. It is 2% of Gaming GGR in 2015.
- Full House Resorts had 1.5% of the regional market in 2011. It has .5% of the larger regional market in 2015. The companies total regional revenue went down.
- New Facilities Added: None
AVAILABLE OPTIONS & PROPOSALS

- Wagering Tax Rate Cut
- Repeal Admissions Tax
- Partial to Full Free Play Deduction
- Change Local Development Agreements

- Allow Land Based Casinos
- Provide Capital Investment Tax Credit
- Allow Moving Casinos to Population Centers

- Allow Table Games at the Racinos
- Allow Video Lottery Terminals in Bars and Taverns
- Allow Sports Betting as a License Plus Option
Sources:
Indiana Gaming Commission
American Gaming Association
National Indian Gaming Commission
Yahoo Finance
Penn National Gaming Inc.
Full House Resort Inc.

THANK YOU