Cummings Associates

Projected Gaming Revenues and Impacts of the New Horseshoe Casino in Downtown Baltimore

November 1, 2013

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Executive Summary

Background / Introduction

Will Cummings, the author of this report, has been retained to conduct an analysis of the gaming market in and around Maryland and to develop projections for the likely gaming revenues of the new Horseshoe Casino that is now under construction in Downtown Baltimore, as well as its impacts on the four existing casinos of Maryland.

I have developed projections for this casino, and its impacts, based upon the performance of the existing gaming facilities in the Mid-Atlantic region, as well as those most comparable elsewhere around the country, by using a gravity-model methodology that is described in more detail in an Appendix. This methodology relates the numbers of people who live at various distances from each gaming facility to their patronage at each such facility based on the experience elsewhere, using distance (or more accurately, travel time) and size as its most salient variables. These types of models have been employed with much success in a multitude of other markets across North America.

I have developed my projections under assumptions that:

- The new casino will be comparable to those already operating in the region, in particular, Maryland Live, in terms of access, appearance, spaciousness and amenities. I have assumed that "micro-access" with respect to ingress and egress will be good. There will be a parking structure behind the casino, but no hotel on site.

- The performance of the new facility and the underlying "propensity to spend" of the population surrounding it will therefore also be similar to those of Maryland Live, with adjustment for gaming on two floors and higher levels of competition in this market. I have specifically assumed average annual slot spending of $504 per distance-adjusted adult, which corresponds to a slot power rating of 70.1. I have assumed average annual table spending of $172 per distance-adjusted adult, which corresponds to a table power rating of 107.8. (These aspects of my methodology are described in detail in the Appendix.)

- I have also assumed small amounts of incremental slot and table business arising from hotel guests in downtown Baltimore.

- These assumptions apply to a time of "stabilized operations," which is typically one to three years down the road from the opening of a new gaming facility, and reflect standard industry patterns of investment in bricks and mortar and in player rewards.

- The existing casinos of Maryland continue to operate largely as they do today, with the addition of table games as planned at Ocean Downs.

- No other new gaming facilities are developed in Maryland, Delaware, Virginia, or the nearby portions of Pennsylvania and West Virginia.

- In particular, I have assumed no new casino in Prince George's County, Maryland, and therefore no increases in retention rates on slot gaming at some of the existing casinos in Maryland that are scheduled to take place when the Baltimore casino opens. These improved retention rates would tend to improve the performance of these casinos and thus offset some of the impacts of the new Horseshoe.

Projected Performance

Based on these assumptions, I took the detailed model described (in part) in the Appendix, calculated the numbers of "distance-adjusted" adults likely to patronize each facility, and applied the appropriate rates of spending for each. A summary of the most salient results is presented in **Exhibit A**. These are reported here as of "stabilized operations" and in terms of FY2016 dollars. **Exhibit 11** at the end of this report translates these into then-year dollars for the first five years of operation assuming 2% annual escalation and a first-year startup factor of minus 10%.

Without the new casino in Baltimore (top portion of Exhibit A), I project that the existing casinos will perform very much as they did in FY2013, with the additions, of course, of table games (with substantial revenues, in the case of Maryland Live) for full years at all these facilities, and a full year of operations at Rocky Gap, which just opened in May. (There are also three years of inflation between "today" and FY2016).

My projections for the new casino itself (highlighted in yellow in the bottom portion of the exhibit, again at "stabilized operations" and in terms of FY2016 dollars) are for $260.7 million in annual slot/VLT win and $164.4 million in table win, for a combined total of $425 million. Wins per unit per day will slightly exceed those at Maryland Live because the Horseshoe will be somewhat smaller and thereby enjoy slightly higher utilization rates.

The most severe impacts will be felt at Maryland Live, where I project slot win to decline by 16% and table win by 25%. The tables at Maryland Live will be affected more than its slots because the Horseshoe will offer nearly the same number of table games as Maryland Live, but only a little more than half as many slot machines.

Similarly-disproportionate impacts are projected for the Hollywood Casino at Perryville, though to a lesser degree due to its greater distance from Baltimore. Impacts on Rocky Gap and Ocean Downs are projected to be modest.

> My analyses and projections are based upon the assumptions described herein. Some of these assumptions will inevitably not materialize, and unanticipated events and circumstances will occur. The actual results will therefore vary from my projections, and such variations may be material.

Exhibit A: Projections for Gaming Win in Terms of FY2016 Dollars

Facility		Number of Units slots	Number of Units tables (1)	Proj. "Power Rating" slots	Proj. "Power Rating" tables	Projected Total Win (FY2016 $000) slots	Projected Total Win (FY2016 $000) tables	Projected Total Win (FY2016 $000) total	Proj. Win/Unit/Day slots	Proj. Win/Unit/Day tables (1)	Projected Impacts slots	Projected Impacts tables
Baseline WITHOUT Horseshoe Baltimore: (2)												
Horseshoe	Baltimore	0	0									
Maryland Live	Hanover	4,270	149	71.1	106.8	$454,809	$227,498	$682,307	$292	$4,183		
Hollywood	Perryville	1,128	17	78.1	105.2	$80,087	$15,141	$95,229	$195	$2,440		
Ocean Downs	Berlin	800	10	99.6	100.0	$53,882	$3,334	$57,216	$185	$914		
Rocky Gap	Flintstone	558	12	88.8	108.9	$34,331	$5,707	$40,038	$169	$1,360		
Total Maryland		6,756	188			$623,110	$251,680	$874,790				
Baseline WITH Horseshoe Baltimore: (2)												
Horseshoe	Baltimore	2,435	132	70.1	107.8	$260,696	$164,401	$425,098	$293	$3,412		
Maryland Live	Hanover	4,270	149	72.1	107.8	$382,713	$170,278	$552,991	$246	$3,131	-15.9%	-25.2%
Hollywood	Perryville	1,128	17	78.1	105.2	$69,738	$12,449	$82,187	$169	$2,006	-12.9%	-17.8%
Ocean Downs	Berlin	800	10	99.6	100.0	$52,366	$3,203	$55,569	$179	$877	-2.8%	-3.9%
Rocky Gap	Flintstone	558	12	88.8	108.9	$33,122	$5,238	$38,361	$163	$1,248	-3.5%	-8.2%
Total Maryland		9,191	320			$798,636	$355,569	$1,154,206			28.2%	41.3%

"Power Rating" reflects each facility's ability to attract revenues from the surrounding population based on gravity-model analysis. For discussion, see Appendix A.

(1) Poker tables counted as equivalent of 0.5 x house-banked tables. Horseshoe assumed to have 30 poker tables, Maryland Live 52, and Hollywood 10.

(2) Projections assume no new casino in Prince George's County, nor any enhancement of retention rates at these casinos related thereto.

Projected Gaming Revenues and Impacts of the New Horseshoe Casino in Downtown Baltimore

1. Introduction

The State of Maryland authorized casino gaming first in the form of VLTs (though these are entirely identical to slot machines in terms of look and feel to the customer) and subsequently authorized table games. Four gaming facilities are now in operation, and a fifth, the Horseshoe Casino, has been approved for downtown Baltimore. In this report, Will Cummings assesses the current state of the market for slot-machine and table gaming in the area and develops projections for likely gaming win at the new casino as well as its likely impacts on Maryland's existing facilities.

The Horseshoe is currently under construction on Russell Street just south of the baseball and football stadiums in downtown Baltimore. For a downtown location, access is very good, as the Baltimore-Washington Parkway turns into Russell Street with an exit to and from Interstate 95 just south of the site. A two-floor casino is planned, with 2,435 slot machines, 117 banked table games and 30 poker tables. There will be no hotel on site, but many are located just north of the stadiums, and there will be a parking structure behind the casino.

This report describes my analyses and conclusions. Section 2 presents background information regarding U.S. casinos in general, the competitive environment in the Mid-Atlantic region in particular, the performance of slot machines and table games at the facilities that currently serve Maryland and its neighbors, and those most comparable elsewhere, and recent trends in such gaming revenues.

Section 3 describes my analyses of existing markets for gaming across the U.S., and explains my methodology for analyzing and projecting such revenues. (I discuss this methodology in greater detail in an Appendix.) Section 4 describes the key assumptions underlying my projections, which are then presented in Section 5.

2. The Lay of the Land

Casino gaming has proliferated across North America over the past twenty-four years. With the most recent addition of Massachusetts, eighteen states now authorize full-scale casino gambling on a commercial scale without limiting it to Indian tribes. In fifteen other states, full-scale casino operations are conducted only by Native Americans, but in at least nine of them, including Connecticut, California and Florida, these casinos are quite substantial.

Seven of the 33 "casino" jurisdictions also authorize slot machines (or slot-like video lottery terminals) at their race tracks,[1] and two states have gaming devices at their race tracks "only" (i.e., without full casinos). A table which summarizes this information is presented on the following page.

Whether at full-scale casinos, at race tracks, or at additional locations in eight other states, the public's appetite for gambling at slot machines is immense. They now generate up to 90% of total revenues at most casinos – though table games approach 30% at many casinos in the Northeast. As described in Appendix A, my analyses indicate that the average adult who lives with convenient access to a "standard" facility with slot machines spends roughly $720 per year on them (approximately 1.25% of personal income across the U.S. as a whole). In the Northeast, the corresponding figure for table games is roughly $160 (0.25% of personal income).

[1] That is, slots only, but not full casinos. In some of the other states that authorize casinos, "full" race track gaming facilities feature prominently in the mix (and in some cases were the original venues for gaming of any kind in the state). Examples include Delaware, Iowa, Pennsylvania, and West Virginia, which typically started with "slots at tracks" and later added table games and/or additional, non-track casino locations. In Delaware, moreover, gaming facilities are still limited to race tracks by statute.

State-Regulated Casinos *	Indian Casinos Only *	Slots at Tracks Only
Colorado	Arizona	Arkansas[2]
Delaware	California	Rhode Island
Illinois[3]	Connecticut	
Indiana *	Florida *	
Iowa	Idaho	
Kansas	Minnesota	
Louisiana *[3]	Montana[3]	
Maine	New York *	
Massachusetts	New Mexico *[3]	
Michigan	North Dakota	
Mississippi	Oklahoma *	
Missouri	Oregon[3]	
Nevada[3]	Washington	
New Jersey	Wisconsin	
Ohio *	Wyoming	
Pennsylvania[4]		
South Dakota[3]		
West Virginia[3]		

* Indicates states with "slots at tracks" as well as / distinct from full casinos.

[2] Arkansas's machines are technically limited to "games of skill," such as video poker and blackjack.

[3] Louisiana, Montana, Nevada, New Mexico, Oregon, South Dakota, West Virginia and Illinois also authorize slots or slot-like VLTs at widespread bars, taverns, and/or fraternal establishments. In New Mexico, these are not economically significant, but most of the other "widespread" states, they are. Illinois passed such legislation in 2011, and has just begun to distribute these devices.

[4] Pennsylvania began with slots at tracks, but will ultimately have five substantial "standalone" (i.e., non-track) gaming facilities. Four have opened so far, at Pocono (Mount Airy), Bethlehem (Sands), Pittsburgh (The Rivers), and Philadelphia (SugarHouse). Smaller facilities have also opened at Valley Forge and at the Nemacolin Resort in Western Pennsylvania. Pennsylvania authorized table games in 2010, so these are all now "full" casinos.

A map which depicts the existing casinos in and around Maryland is presented in **Exhibit 1**. In this and the following maps, the black squares indicate existing casinos and the open square indicates the new Horseshoe Casino in Baltimore.

Detail for the immediate area is presented in **Exhibit 2**. Again, existing casinos are depicted by black squares, and locations proposed for new ones are shown as open squares. The new Horseshoe Casino in Baltimore will, as described above, enjoy good access from much of the surrounding area.

The top portion of **Exhibit 3** presents recent statistics for the performance of slot machines at Maryland's four existing casinos, and the bottom portion for a the nearest casinos in neighboring states. Performance varies among these casinos. The "power rating" statistics that I present in the final columns measure the performance of each facility in terms of its success in attracting spending from the surrounding population based on a gravity-model analysis that I describe later in this report. In brief, these are based upon the revenues of each facility compared to its size and accessibility to the surrounding population versus its competitors.

I would observe at this point that all of the gaming facilities in neighboring states operate under tax rates (and other financial burdens, such as purse allocations for horsemen) that are lower than those which will be levied at the Horseshoe. As described in the Appendix, "tax" rates and similar burdens have significant adverse impacts on casino performance. Aside from differences in demographics and access thereto, results at the Horseshoe should otherwise be more similar to those at Maryland Live than to those of the casinos in Pennsylvania, Delaware or West Virginia.

(The gravity-model analyses which I describe in the following sections take tax rates as well as capacity, access, and demographics into account in developing my projections.)

My perspective has to this point been rather static, and will be so again later: what is the performance *now*, or at Horseshoe, how it would have done in FY2013. Given, however, the severity of the recession from which we shall hopefully continue to emerge, it is reasonable to ask whether recent results provide a reasonable basis from which to project the future. The recession severely battered casinos in Nevada, Atlantic City, Connecticut and the Chicago area (aggravated there by the introduction of a ban on smoking in 2008). Elsewhere, however, and particularly in the Northeast, most "non-destination" gaming facilities held up rather well. Recent statewide statistics for slot win which illustrate these trends include:

State	Slot Gaming Revenues FY2013 vs. FY2011
"Destination" Markets (relatively remote from most customers):	
Connecticut	- 14.4%
New Jersey	- 11.9%
"Locals" Markets (relatively close to most customers):	
Rhode Island	+ 5.7%
Upstate New York	+ 12.7%
Pennsylvania	+ 1.1%[5]
Iowa	+ 0.0%[5]
New Mexico	+ 2.1%
(South) Florida tracks	+ 13.3%[5]

[5] The calculation for Pennsylvania excludes Valley Forge in toto, and extrapolates SugarHouse to a full year of operations in FY2011. The calculation for Iowa excludes Grand Falls, which opened in June, 2011. Florida race track slot performance continues to benefit from a large reduction in the

Customers clearly economized during the downturn by gambling closer to home rather than traveling longer distances to destination resorts. Locals-oriented regional casinos held up far better, and in many cases actually saw their revenues grow through the course of the recession. Gross VLT revenues in New York State, for example, increased by 34% between FY2008 and FY2012 (*excluding* Resorts World at Aqueduct), and those in Rhode Island, despite serious financial troubles at the Twin River casino there, by 10%. I therefore believe that recent performance does indeed provide a reasonable guide to that which we should expect in the near future – barring yet another recession, of course.

Longer-term trends are presented in the graphs of **Exhibit 4** for the "mega-casinos" (a category that now includes Maryland Live) in Southern New England and the New York City area, and for a selection of the VLT facilities in Upstate New York in **Exhibit 5**. I have not prepared similar graphs for the casinos of New Jersey, Delaware, Pennsylvania, and West Virginia, because they are uninformatively erratic due to a continuing series of competing new casinos opening within each of those or neighboring jurisdictions (including, in particular, Maryland). I believe, however, that these two exhibits demonstrate quite well my general thesis that "local" gaming facilities have held up well, while destination resorts have suffered – due in no small part to the large "locals" establishments which now cramp the reach of both Atlantic City and the Connecticut casinos in almost every direction.

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state tax rate enacted in 2009. I have excluded the casino at Miami Jai-Alai, which opened in mid-FY2012, from the calculation there.

3. Methodology

In order to develop my projections for the new gaming facility in Baltimore, I first conducted detailed analyses of the performance of the existing casinos in the Northeast (and those most comparable in other states) in relation to the demographics of the market areas which surround them. "Geography," by which I primarily mean the distribution of population, is the most important factor underlying the performance of gaming facilities, as it is indeed for the sales of many consumer goods and services.

My methodology is described in detail in Appendix A. In brief, it is based on the number of adults residing at various distances from each gaming facility in an area, and the ratio of actual revenues obtained to such numbers of adults so distributed. I apply "gravity models" that incorporate data for various geographic subunits in each market such as its adult population, per capita income, urban/rural nature, and travel time to the nearest casino(s) and/or race-track gaming-device facilities (or relevant group(s) of such facilities).[6] From these parameters, I estimate the "distance-adjusted" adult population of each market. This figure is intended to represent the effective market population "as if" the entire population resided within ten minutes of a gaming facility.[7] In order to do this on a detailed basis, I conducted this analysis by zip code in all of Maryland and the states that neighbor it. In order to analyze the performance of the most relevant existing casinos, the model also covers all or portions of many other states,

[6] These are called "gravity" models because in their simplest form, they are similar to Newton's Law of Gravitation: the "attraction" of each competing facility is inversely proportional to the square of its distance from the relevant population. Because economists named Reilly and Huff pioneered their application to retail sales, they are now called "Reilly" or, more commonly, "Huff models."

[7] And also had (disposable) per capita income of $29,671 (the U.S. average at 1/1/2013) and was urban in nature, i.e., part of a defined metropolitan statistical area. These relationships are based upon

extending as far as Maine to the north and Ohio to the west. For the areas most remote from existing casinos, I used counties as the basic elements of analysis.[8]

A portion of the detailed gravity model is illustrated in **Exhibit 6** (note that this exhibit extends over two pages, and presents just a small portion of the model). In addition to the demographic data pertaining to each zip code, a second set of inputs describes the time it takes to drive from there to each of many current or potential gaming facilities or groups of such facilities: the Russell Street site in downtown Baltimore, the four existing casinos in Maryland, the five in West Virginia, the 12 in Atlantic City (considered as a group), and so forth. Other pages cover the gaming facilities in New York, Connecticut, Pennsylvania, and many other casinos on the fringes of this region.

The model takes the travel time *from* each geographic market segment *to* each of the competing gaming-device facilities, identifies the closest such facility, and based on the distance/travel time, estimates a "distance-adjusted" adult population for each market segment. Again, these figures represent the number of adults that would generate the estimated level of spending if they all lived within ten minutes of the facility. For the State as a whole (and for all the adjoining markets), these figures are lower than the actual adult population, because most people live more than ten minutes from such a facility. The model then distributes the distance-adjusted adult populations of each market segment across all the competing facilities, depending upon travel time and attractiveness.

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statistical analysis of these models and of survey data from several large casino markets. The ten-minute criterion is no special figure; it is simply a benchmark intended to represent convenient access.

[8] Because I have used similar models to develop projections elsewhere, I have actually analyzed all of the northeastern U.S. at the zip-code level except for northern New York, as well as most of the Midwest.

I have used such models for analysis and projections extensively in the Northeast, Midwest, West and many other markets across the country in a similar fashion. The results of these are summarized in **Exhibit 7**. This exhibit presents an index that I call a slot-machine "power rating" for each of the facilities (or groups thereof) in most of the major markets of the U.S.[9] These power ratings represent annual spending on slot machines (and/or VLTs) per "distance-adjusted" adult compared to a representative "Midwest Standard" figure of $720 (the middle yellow bar in this exhibit). Annual spending averaging $792 per (distance-adjusted) adult would translate into a power rating of 110 (the upper yellow bar); $648 translates into a power rating of 90 (the lower yellow bar). (For additional discussion, see Appendix A.)

Exhibit 7 presents the broad range of markets in three groups: the Northeastern U.S. and Florida in the first column, medium to large markets elsewhere in the second column (largely in the West and Midwest), and very rural markets in the third column. Rural facilities often do very well.[10] More competitive markets also generally attract higher rates of spending, but as they

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[9] It may be helpful to consider these power ratings as a kind of extension of the "fair share" concept that is often used to compare different gaming facilities. If, for example, all the slot machines in a given market average $200 in win per day as a group, a facility at which they win $240 per day is said to do 120% of its "fair share." One that wins $180 per machine per day is said to do just 90% of its fair share.

The concepts behind my power ratings are similar, but include analyses of the surrounding demographics. If there are many people and few machines in an area (Chicago, for example), each machine *should* win a lot each day. In rural Iowa, on the other hand, there are many more machines and many fewer people. A facility with the same power rating in Iowa will win much less per machine per day than in Chicago, but will do equally well in attracting spending from the (smaller) surrounding population.

The major omissions from this chart involve California and Arizona. In these two states (as in many others), tribal gaming operations rarely release revenue statistics. In addition, I have not had the opportunity to analyze the markets of Louisiana and Mississippi in great detail.

[10] As described in Appendix A, there are at least three reasons why rural facilities appear to do so well: (i) easier to get around, (ii) less to do, and (iii) "survival bias" – in small markets, sometimes only the best survive.

may be either urban, rural, North, South, East or West, I have not devoted a separate column to them.

It is obvious that many of the gaming facilities in the Northeast (the first column) perform poorly by this measure. This is due in large part to the relatively high tax rates imposed on most slots-at-tracks facilities there – and in Florida, too (at first), at the bottom of that column. (The bottom of the middle column, by contrast, generally comprises old-style riverboats that have not yet been replaced by more spacious and micro-accessible modern facilities.) Under high-tax conditions, casino operators can invest only very modest amounts in bricks and mortar and in player rewards, and these are increasingly critical to most gaming operations today – especially in competitive markets.

There is, in fact, a strong correlation between slot performance and tax rate, or more precisely its converse, the "retention rate" which casinos are allowed to keep.[11] I discuss this relationship in more detail in the Appendix – but in brief, the high tax rate in Maryland is the primary reason why its gaming facilities lag in the lower left-hand corner of Exhibit 7.

Based upon the experience elsewhere and the specific assumptions that I describe in Section 4, the model applies the "elasticities" of spending versus distance and income to the population of all the relevant zip codes. It calculates the market shares of each casino or group of casinos, and also incorporates the potential impacts of capacity constraints. The model then calculates the impacts of all these factors on the appropriate rate(s) of spending per adult per year from each zip code or county, and allocates that spending among all the facilities in the region –

[11] In addition to taxes on gross revenues, at race track facilities (and some others) the retention rate also reflects the subtraction of mandatory purse payments to horsemen, breeders' funds, and miscellaneous social mandates.

including in particular the new Horseshoe Casino Baltimore and, in order to estimate impacts, at the four existing casinos in Maryland.

4. Assumptions

I have assumed for my projections that:

- The new Horseshoe casino will be very comparable to the existing facilities in the region, in particular, Maryland Live, in terms of access, appearance, spaciousness and amenities. I have assumed that "micro-access" with respect to ingress and egress will be good. A parking structure is planned behind the casino, but no hotel on site.

- The performance of the Horseshoe facility and the underlying "propensity to spend" of the population surrounding it will therefore also be similar to those of Maryland Live, with adjustment for gaming on two floors. I have specifically assumed average annual slot spending of $504 per distance-adjusted adult, which corresponds to a slot power rating of 70.1. I have assumed average annual table spending of $172 per distance-adjusted adult, which corresponds to a table power rating of 107.8.

- These assumptions apply to a time of "stabilized operations," which typically occurs one to three years down the road from the opening of a new gaming facility, and reflect industry-standard patterns of investment in bricks and mortar and in player rewards.

- The existing casinos of Maryland continue to operate largely as they do today, with the addition of table games as planned at Ocean Downs. With heightened competition, however (and less crowding at prime times), I assume that Maryland Live (and therefore the Horseshoe) will demonstrate power ratings one point higher than they do (or would) today.

- No other new gaming facilities are developed in Maryland, Delaware, Virginia, or the nearby portions of Pennsylvania and West Virginia.

- In particular, I have assumed no new casino in Prince George's County, Maryland, and therefore no increases in retention rates on slot gaming at some of the existing casinos in Maryland that are scheduled to take place when the Baltimore casino opens. These improved retention rates, as described above, would tend to improve the performance of these casinos and thus offset some of the impacts of the new Horseshoe.

In addition to spending by local residents, in some cases my models include contributions from (long-distance) drive-by traffic, seasonal residents, and/or hotel guests. I do not believe that the first two of these will be significant here. I have, however, added minor incremental contributions from overnight guests at the hotels of Downtown Baltimore. I have

essentially assumed that hotel guests spend at rates similar to (for slots) or slightly higher than (for tables) the rates at which they would spend if residents of the area.[12]

My projections for the Horseshoe are otherwise based on my gravity model of the region. I took the detailed model illustrated (in part) in Exhibit 6, calculated the numbers of "distance-adjusted" adults likely to patronize the various facilities in the region, and applied the appropriate average rates of spending to each. The results are described below.

[12] Specifically, I have assumed that guests spend 1.25% of the amounts they spend on lodging at the Horseshoe's slot machines, and 0.50% at its table games. At $200/day±, downtown hotel rates approximate household incomes. I have been generous with regard to table games because I believe business travelers will be (relatively) more likely to play them than local residents.

5. Projections

My analyses and projections are based on the performance of facilities elsewhere in Fiscal Year 2013, and are therefore calculated initially in terms of FY2013 dollars. I then extrapolate to future years assuming "normal" growth, due to rising local population, incomes, and inflation, at 2% per year. As a new gaming facility works out its kinks, however, there is typically an initial transient of five to 15 percent in the first year or two. I have assumed the first year here will likely be in the middle of this range (-10%). The Horseshoe will have to develop its players' list and rewards programs in the face of what will likely be strenuous efforts by its existing competitors to retain their current players, but Caesar's expertise and the extensive reach of its Total Rewards program likely assist in this process. I therefore believe the initial "learning curve" will not be as steep here as at some other casinos.

Exhibit 9 presents my projections as initially calculated in terms of "stabilized operations," but for ease of comparison I have inflated them to FY2016 dollars. In the top portion of this exhibit, *without* the new casino in Baltimore, I project that the existing casinos will perform very much as they did in FY2013, with the additions, of course, of table games (with substantial revenues, in the case of Maryland Live) for full years at all these facilities, a complete year of operations at Rocky Gap, which just opened in May of this year, and three years of inflation.

My projections for the new casino itself (highlighted in yellow in the bottom portion of the exhibit, again at "stabilized operations" and in terms of FY2016 dollars) are for $260.7 million in annual slot/VLT win and $164.4 million in table win, for a combined total of $425 million in annual gaming revenue. Wins per unit per day will slightly exceed those at Maryland

Live because the Horseshoe will be somewhat smaller and thereby enjoy slightly higher utilization rates.

The most severe impacts will be felt at Maryland Live, where I project slot win to decline by 16% and table win by 25%. The tables at Maryland Live will be affected more than its slots because the Horseshoe will offer nearly the same number of table games as Maryland Live, but only a little more than half as many slot machines.

Similarly-disproportionate impacts are projected for the Hollywood Casino at Perryville, though to a lesser degree due to its greater distance from Baltimore. Impacts on Rocky Gap and Ocean Downs are projected to be modest.

Exhibit 10 presents detail regarding consumers' spending on the slots and table games at the Horseshoe Baltimore by state of origin.

Exhibit 11 extrapolates my top-line projections over the first five years of operation of the new casino, again assuming "normal" annual growth of two percent per year at these facilities. I have assumed the Horseshoe Baltimore opens in mid-August of 2014, so my projections for FY2015 therefore represent roughly ten and a half months of operations (and impacts) in that year.

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Exhibits

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List of Exhibits

Exhibit 1: Gaming Facilities in and Near Maryland

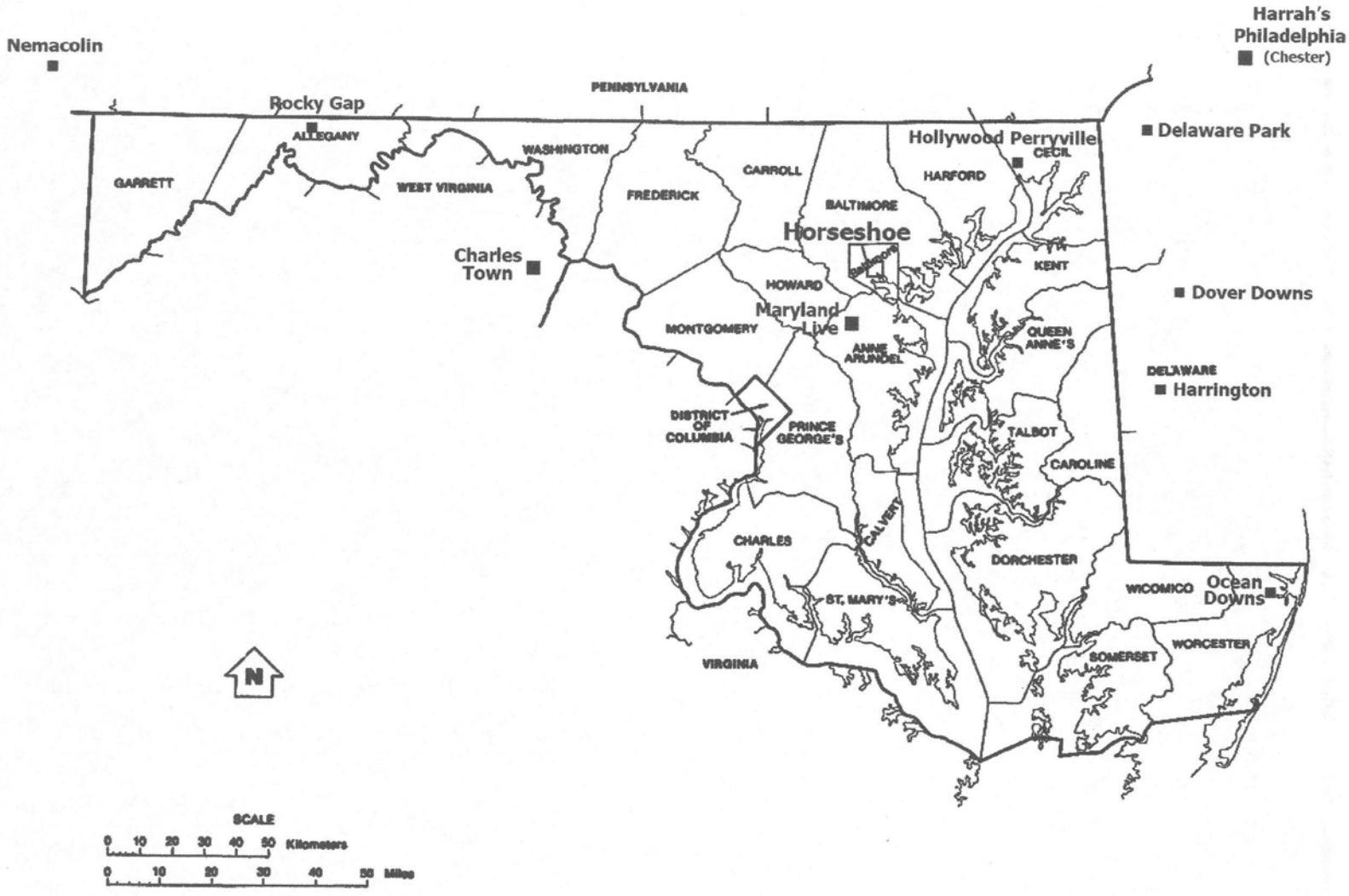

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Exhibit 2: Detail for Central Maryland

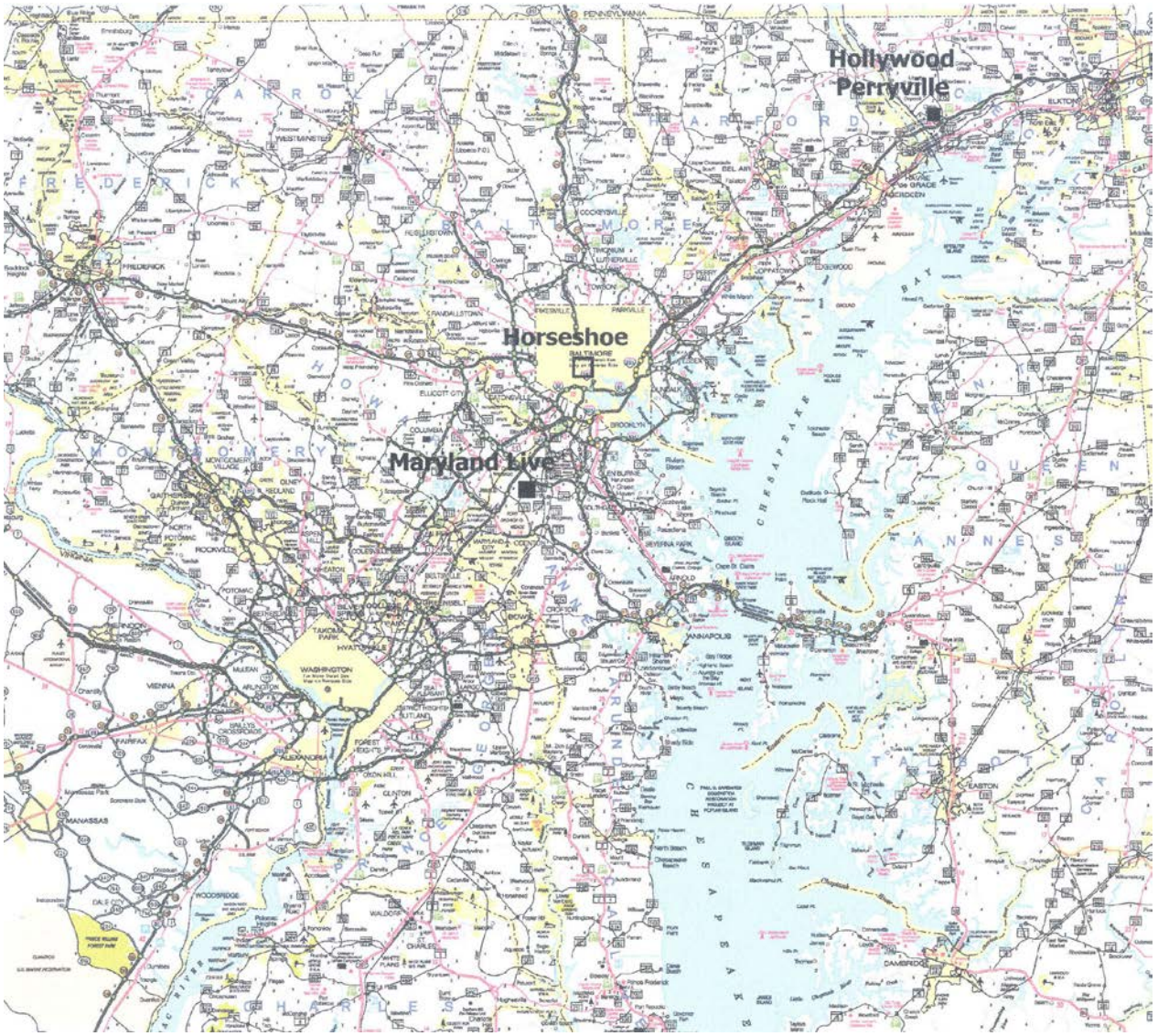

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Exhibit 3: Recent Performance of Casinos in the Area

State	Facility		# Units (FY Average) slots	# Units (FY Average) tables (1)	FY2013 Total Win ($000) slots	FY2013 Total Win ($000) tables	FY2013 Total Win ($000) total		versus Prior FY (3)	FY 2013 Win/Unit/Day slots	FY 2013 Win/Unit/Day tables (1)	Est. "Power Rating" slots	Est. "Power Rating" tables
Maryland:													
MD	Maryland Live	Hanover	4,345	122	$431,118	$41,619	$472,737	(2)	na	$272	$4,463	71.0	106.8
MD	Hollywood	Perryville	1,328	17	$76,002	$5,957	$81,959	(2)	-30.6%	$157	$2,182	76.1	105.2
MD	Ocean Downs	Berlin	800		$50,390		$50,390		5.1%	$173		99.0	
MD	Rocky Gap	Flintstone	558	10	$2,801	$461	$3,262	(2)	na	$122	$1,125	86.0	110.0
Nearby:													
DE	Delaware Park	Wilmington	2,309	66	$158,813	$31,645	$190,458		-14%	$188	$1,324	96.2	109.1
DE	Dover Downs	Dover	2,472	50	$155,398	$22,406	$177,804		-17%	$172	$1,228	97.7	108.3
DE	Harrington Racewy	Harrington	1,818	38	$88,779	$11,546	$100,325		-11%	$134	$832	96.5	104.8
PA	Harrah's Phila.	Chester	2,793	103	$249,569	$80,331	$329,900		-4%	$245	$2,147	88.9	111.3
PA	Penn National	Grantville	2,467	61	$238,200	$37,810	$276,010		-5%	$265	$1,698	93.7	107.7
WV	Charles Town	Ranson	3,447	127	$346,346	$153,611	$499,957		-12%	$275	$3,314	89.1	116.2

"Power Rating" reflects each facility's ability to attract revenues from the surrounding population based on gravity-model analysis. For discussion, see Appendix A.

(1) Poker tables counted as equivalent of 0.5 x house-banked tables. Wins/table/day in Maryland are for May and June of 2013 only.
(2) Table games opened at Hollywood and Maryland Live in March and April, 2013, respectively; Rocky Gap opened in toto May 21, 2013.
(3) Declines at existing casinos primarily due to opening of Maryland Live.

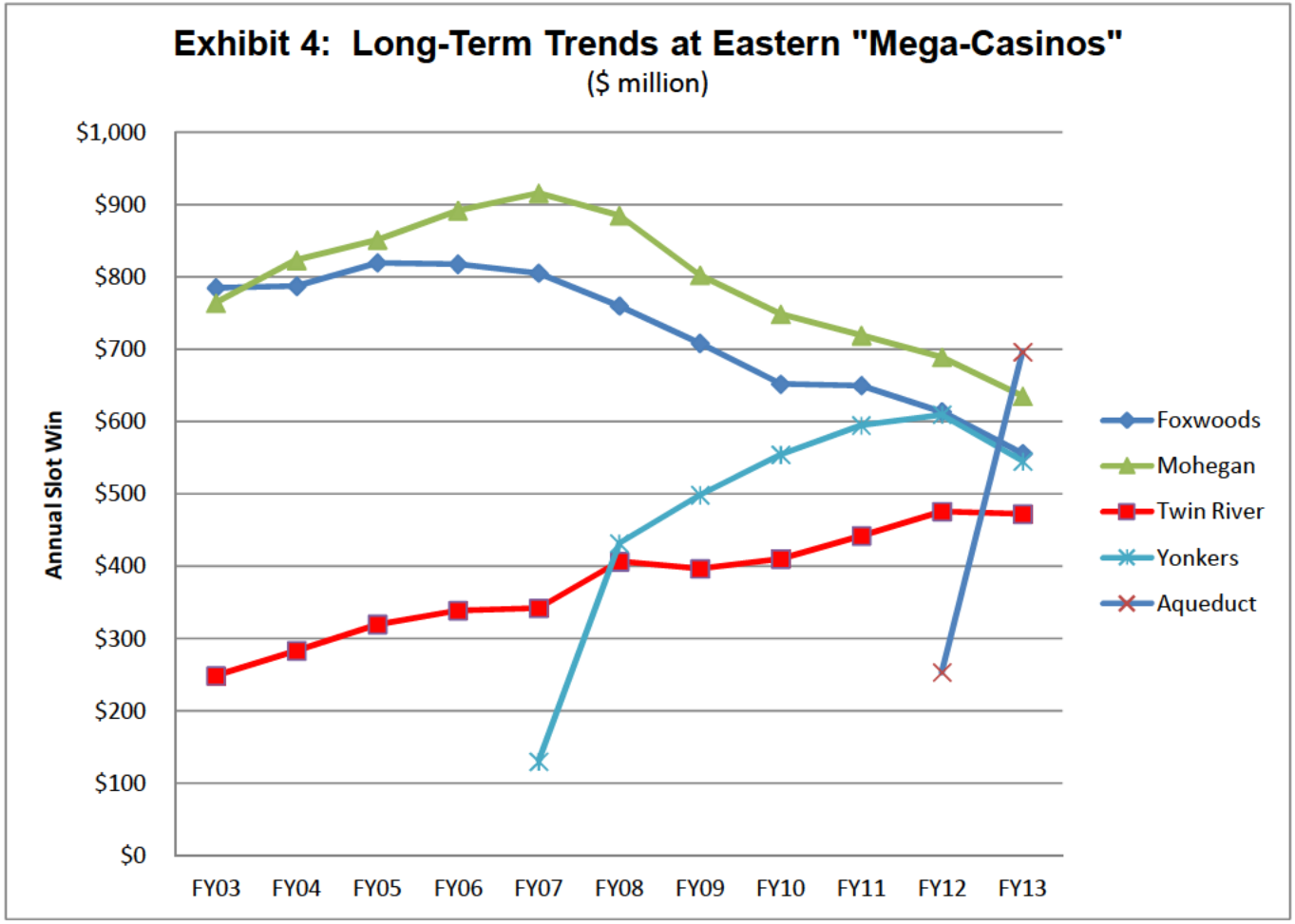
Exhibit 4: Long-Term Trends at Eastern "Mega-Casinos"
($ million)
Annual Slot Win
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
FY03
FY04
FY05
FY06
FY07
FY08
FY09
FY10
FY11
FY12
FY13
Foxwoods
Mohegan
Twin River
Yonkers
Aqueduct

Exhibit 5: Long-Term Trends at VLTs in Upstate New York

($ million)

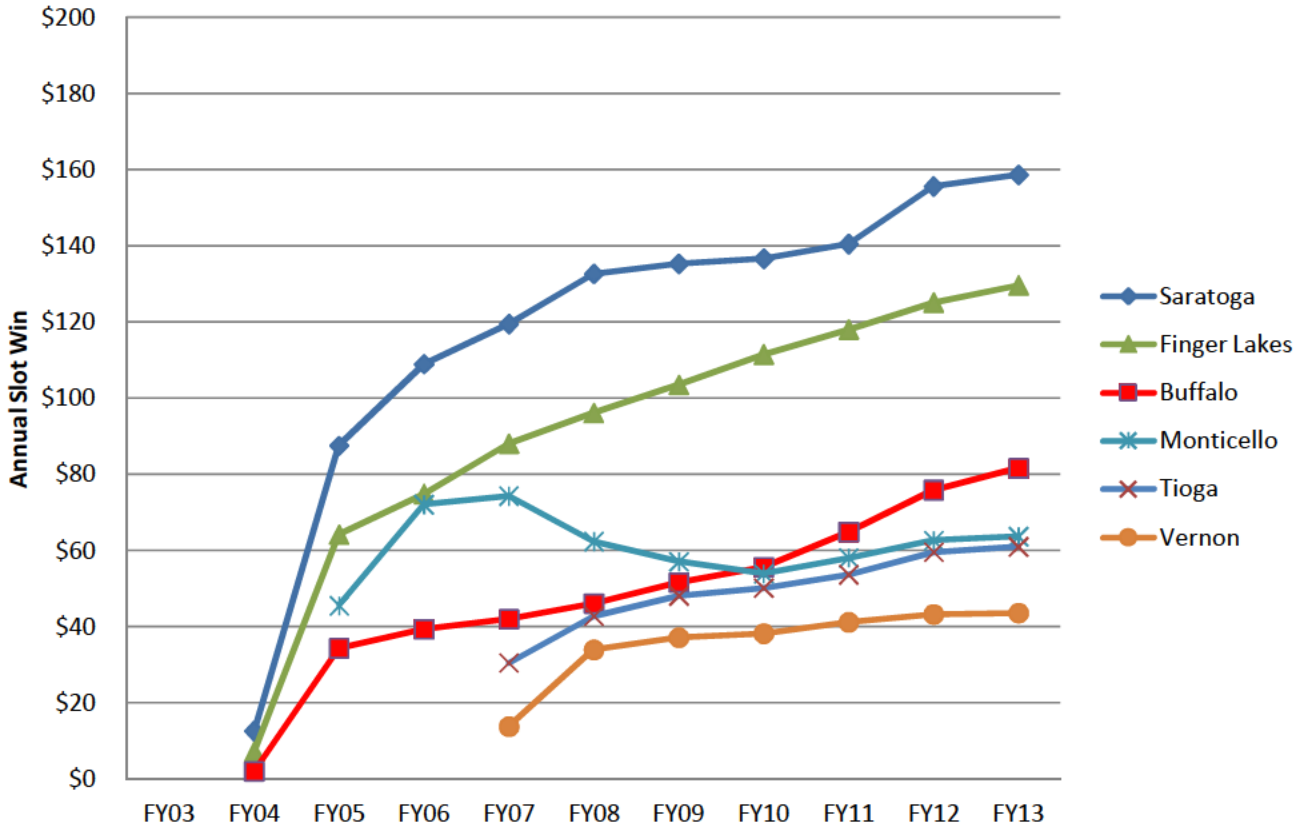

Exhibit 6: Portion of Model Inputs

Northeast Slot Estimates

			Travel Time (in minutes):												
State	County	ZIP Code	Baltim.	MD Live	H'woodF	RockyG	OceanD	MTR	Wheelin(	M Gras	Charles1	Greenbr	Atl City	Del Park	DoverD
MD	Allegany	21502	132.0	133.0	168.7	22.2	302.4	167.1	138.4	208.5	96.4	233.9	269.8	198.8	224.6
MD	Allegany	21504	123.1	124.1	159.8	13.3	293.5	169.9	136.9	207.0	87.5	240.2	260.9	189.9	215.7
MD	Allegany	21521	162.7	163.7	199.4	52.9	333.1	174.4	144.0	214.1	127.1	243.1	300.5	229.5	255.3
MD	Allegany	21529	137.1	138.1	173.8	27.3	307.5	162.5	146.8	216.9	101.5	254.2	274.9	203.9	229.7
MD	Allegany	21530	124.2	125.3	161.0	13.8	294.6	179.1	146.1	216.2	88.7	241.4	262.1	191.1	216.9
MD	Allegany	21532	137.5	138.5	174.2	27.7	307.9	159.7	131.2	201.4	102.0	235.7	275.4	204.3	230.1
MD	Allegany	21539	150.0	151.0	186.7	40.2	320.4	167.9	137.6	207.7	114.4	242.0	287.8	216.8	242.6
MD	Allegany	21540	159.4	160.5	196.2	49.6	329.8	186.1	157.5	235.8	116.6	214.4	297.3	226.3	252.1
MD	Allegany	21543	132.5	133.5	169.2	22.7	302.9	155.9	127.2	197.3	96.9	231.6	270.3	199.3	225.1
MD	Allegany	21545	141.5	142.6	178.3	31.7	311.9	159.6	141.1	218.1	106.0	252.4	279.4	208.4	234.2
MD	Allegany	21555	140.9	142.0	177.7	41.0	311.3	203.2	170.2	240.4	105.4	258.1	278.8	207.8	233.6
MD	Allegany	21557	143.2	144.2	179.9	33.4	313.6	181.1	152.5	222.6	107.6	228.7	281.0	210.0	235.8
MD	Allegany	21560	131.8	132.8	168.5	22.0	302.2	179.4	146.4	216.5	96.2	252.4	269.7	198.6	224.4
MD	Allegany	21562	149.1	150.1	185.8	39.3	319.5	187.1	158.4	223.0	103.8	216.6	287.0	215.9	241.7
MD	Allegany	21766	114.9	115.9	151.6	26.9	285.3	198.0	165.0	235.1	79.3	232.1	252.8	181.7	207.5
MD	Anne Arundel	20711	44.8	43.4	80.0	144.1	134.3	303.7	282.2	352.3	96.5	248.0	181.1	110.1	100.2
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MD	Worcester	21851	147.0	145.2	145.2	257.6	38.2	417.2	395.7	465.8	209.9	353.1	128.4	138.0	96.1
MD	Worcester	21862	131.5	129.6	129.6	242.0	12.0	397.3	380.1	450.2	194.4	359.3	92.6	113.1	70.9
MD	Worcester	21863	137.8	136.0	136.0	248.3	25.0	403.6	386.5	456.6	200.7	365.7	115.2	128.7	86.8
MD	Worcester	21864	153.4	151.6	151.6	263.9	38.3	419.2	402.1	472.2	216.3	364.4	138.2	144.3	102.4
MD	Worcester	21872	132.2	130.3	130.3	242.7	16.0	398.0	380.8	451.0	195.1	360.0	94.5	115.0	72.8

Total MD

Exhibit 6: Portion of Model Inputs

Northeast Slot Estimates

State	County	ZIP Code	Harring'n		Chester	Closest	2013 Adult Population	2013 PCI	Impacts: Dstnce	Urban?	Prox'y	Income	Dist-Adj Adults
MD	Allegany	21502	218.9	. . .	214.7	22.2	34,787	$23,287	46%	100%	95%	91%	13,811
MD	Allegany	21504	210.0	. . .	205.8	13.3	113	$23,983	65%	100%	95%	92%	64
MD	Allegany	21521	249.6	. . .	245.4	52.9	1,007	$22,575	26%	100%	95%	90%	220
MD	Allegany	21529	224.0	. . .	219.8	27.3	817	$23,496	40%	100%	95%	91%	283
MD	Allegany	21530	211.1	. . .	207.0	13.8	1,061	$21,657	63%	100%	95%	88%	562
MD	Allegany	21532	224.4	. . .	220.3	27.7	11,417	$24,898	40%	100%	95%	93%	4,008
MD	Allegany	21539	236.9	. . .	232.7	40.2	2,166	$22,623	31%	100%	95%	90%	571
MD	Allegany	21540	246.3	. . .	242.2	49.6	54	$21,271	27%	100%	95%	88%	12
MD	Allegany	21543	219.4	. . .	215.2	22.7	309	$26,004	46%	100%	95%	95%	126
MD	Allegany	21545	228.4	. . .	224.3	31.7	1,501	$25,964	36%	100%	95%	95%	489
MD	Allegany	21555	227.8	. . .	223.7	41.0	1,503	$24,306	31%	100%	95%	92%	402
MD	Allegany	21557	230.1	. . .	225.9	33.4	1,424	$27,656	35%	100%	95%	97%	460
MD	Allegany	21560	218.7	. . .	214.6	22.0	73	$27,293	46%	100%	95%	97%	31
MD	Allegany	21562	236.0	. . .	231.9	39.3	2,310	$23,909	31%	100%	95%	92%	631
MD	Allegany	21766	201.8	. . .	197.7	26.9	592	$23,900	41%	100%	95%	92%	209
MD	Anne Arundel	20711	87.6	. . .	126.0	43.4	5,220	$40,243	29%	100%	84%	100%	1,296
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MD	Worcester	21851	75.5	. . .	153.9	38.2	5,196	$25,657	32%	100%	100%	94%	1,564
MD	Worcester	21862	58.5	. . .	129.1	12.0	75	$24,202	70%	100%	100%	92%	48
MD	Worcester	21863	66.2	. . .	144.7	25.0	3,781	$29,305	43%	100%	100%	100%	1,596
MD	Worcester	21864	81.8	. . .	160.3	38.3	422	$25,474	32%	100%	100%	94%	126
MD	Worcester	21872	60.6	. . .	131.0	16.0	496	$26,777	57%	100%	100%	96%	272
	Total MD						4,321,403						1,355,186

Exhibit 7: Gaming-Device "Power Ratings" in Various US Markets

(vs. $720 Benchmark Spending on Slots and/or VLTs Per "Distance-Adjusted" Adult in 2012-13)

Eastern US		Medium to Large Markets Elsewhere		Rural / Remote Markets Elsewhere	
		Mississippi average	131.8 n		
				St Jo MO	124.6 o
		Downstream Resort, OK	119.4	Deadwood, SD	119.8
		Harrahs NKCMO	119.2	S Dakota Tribes (avg of 8)	118.2
				Upstate Michigan avg.	118.0 e
		San Felipe (ABQ), NM	117.5 n	Lagunas (3 facils), NM	117.9 n
				Kansas Tribes (avg of 4)	117.0 e
				Cripple Creek, CO (2)	116.1 n
Turning Stone, NY	115.0 e	Santa Ana (ABQ), NM	115.6 n	Diamond Jo Worth, IA	115.8
Seneca Salamanca, NY	115.0 e	Argosy Riverside, MO	114.5	Upstate Wisconsin avg.	115.0 e
		Louisiana average	113.9 n	Other NM (avg. of 9)	114.9 n
		Sandia (ABQ), NM	113.9 n	Iowa Tribes (avg of 3)	112.1 e
		Ameristar KCMO	113.8	Dodge City, KS	112.0
				Emmetsburg, IA	111.8
				Terribles Lakeside, IA	111.7
				Black Hawk/CC, CO (2)	110.3 n
				Zia Park (Hobbs), NM	110.1 n
Midwest Standard +10%					
		Isleta (ABQ), NM	109.9 n		
Atlantic City, NJ avg.	109.2	Riverside, IA	109.9	SunRay Park, NM	109.7 n
Seneca Niagara, NY	109.2 e	IOC Waterloo, IA	108.9	Mt. Pleasant, MI	108.7 e
Vernon Downs, NY	106.8			IOC Boonville, MO	106.9 n, o
Tioga Downs, NY	106.7				
(Buffalo) Fairgrounds, NY	105.7	Dubuque Diamond Jo, IA	105.9		
		Horseshoe / Bluffs Run, IA	105.6	Taos, NM	105.2 n
		Dubuque Mystique, IA	104.4	IOC Marquette, IA	104.2 o
Mohegan Sun, CT	103.1	Argosy Sioux City, IA	103.8 o	Wisconsin Dells	104.0 e
		Grand Falls, IA (S. Falls, SD)	103.3		
		Prairie Meadows, IA	103.2		
		The Downs at ABQ, NM	102.7 n		
		Jumers Rock Island, IL	102.3		
Mountaineer Park, WV	101.5	Ameristar Council Bluffs, IA	102.2		
Foxwoods, CT	100.6				
Mohegan @ Pocono Downs, PA	100.4				
"Midwest Standard"					
Ocean Downs, MD	99.6				
Presque Isle, Erie, PA	98.9				
Finger Lakes, NY	98.8	Michigan City, IN	98.7 n		
Wheeling, WV	98.0				
Dover Downs, DE	97.7			Ruidoso Downs, NM	97.5 n
The Meadows / Pittsburgh	97.3	IOC KCMO	97.3 o		
Saratoga, NY	97.0	Harrahs W St Louis	96.9 n		
Harrington Raceway, DE	96.5	Clinton, IA	96.9		
Delaware Park	96.2	Detroit (avg / 3 facils)	96.0 n		
Mount Airy / Pocono, PA	94.6	Harrahs Council Bluffs, IA	94.5		
		Catfish Bend Burlington, IA	94.2		
		IOC Bettendorf, IA	93.8 o		
Penn National / Harrisburg, PA	93.7	Belterra, Florence, IN	93.7 n, o	Mark Twain, MO	93.7 n, o
		Ameristar St Chas, MO	93.1 n		
		Indiana Grand	92.9		
		Harrahs Joliet, IL	92.8 n, o	Metropolis, IL/KY	92.7 n, o
		East St Louis, IL (2 boats)	92.0 n, o		
		Rhythm City, IA	91.6 o		
Batavia, NY	90.8				

Eastern US		Medium to Large Markets Elsewhere		Rural / Remote Markets Elsewhere	
Midwest Standard -10%		Green Bay, WI	90.0 e		
		KCKS 7th St Casino	90.0 e (Class II slots)		
Charles Town, WV	89.1	Hoosier Park, IN	89.3		
Harrahs @ Chester, PA	88.9	Ameristar, E Chicago IN	88.9 n, o		
Monticello, NY	88.9	St. Louis, MO (2 facils)	88.3 n		
Twin River @ Lincoln, RI	87.9				
Sands Bethlehem, PA	87.8				
		Hammond, IN	87.2 n, o	Caruthersville, MO	87.3 n, o
The Rivers / Pittsburgh	86.3				
		Rising Sun, IN	85.8 n, o		
		Hollywood, Lawr'burg, IN	85.4 n, o		
		Hollywood Toledo, OH	84.8		
Parx / Philadelphia	83.8			French Lick, IN	83.8 n
		Majestic Star, Gary IN	82.4 n, o		
		Elgin (Chicago), IL	81.7 n, o		
Sugarhouse / Philadelphia	81.2	Louisville, KY/IN	81.1 n, o		
Valley Forge, PA	80.2				
Midwest Standard -20%		Milwaukee, WI	80.0 e o		
		Aurora (Chicago), IL	79.7 n, o		
Resorts W @ Aqueduct, NY	79.4 o				
Hollywood @ Bangor, ME	78.5	Joliet Empress, IL	78.5 n, o		
Newport Grand, RI	78.1				
Oxford, ME	77.7	Scioto Downs(Columbus), OH	77.5		
Pompano Park, FL	77.1				
Hollywood Perryville, MD	76.2				
Mardi Gras, WV	75.5				
Empire City @ Yonkers, NY	75.5 o				
Gulfstream Park, FL	75.4				
Mardi Gras / Hollywood, FL	73.1				
		Peoria, IL	72.3 n, o		
Maryland Live	71.1				
		Evansville, IN	69.2 n, o		
		Montana VLTs (2)	69.2 e		
		Sunland Park, NM	69.0 n, o		
Magic City / Miami, FL	68.1				
Calder / Miami, FL	65.0	Horseshoe Cleveland, OH	65.2		
		South Dakota VLTs	64.7		
		Hollywood Columbus, OH	61.5		
Miami Jai-Alai & Casino	57.5 a				
Greenbrier, WV	54.6 o				

a = annual rate
e = slot revenues estimated (usually "n" as well)
n = mileage-based and/or low-resolution estimate
o = old boat, hotel- or capacity-constrained market

(1) Nevada local markets appear to be off this scale, in the range of 140 to 150.
(2) Colorado and Montana statistics do not include the Indian casinos in those states.

Exhibit 8: Table-Game Power Ratings in the Eastern U.S.

(Benchmark = Total Annual Spending of $160 per Distance-Adjusted Adult)

Large Urban Markets (or Fed From Such)		Smaller Cities & Misc. Markets		Rural Markets	
The Rivers / Pittsburgh	157.5				
Atlantic City, NJ avg.	124.5				
Eastern Standard +20%					
		Sands Bethlehem, PA	117.3		
Charles Town, WV	116.2				
Sugarhouse / Philadelphia	115.0	Seneca Niagara (NY)	115.0 e		
Mohegan Sun, CT	114.9				
Harrahs @ Chester, PA	111.3	Mount Airy / Pocono, PA	110.6		
		Mohegan @ Pocono Downs	110.2		
Eastern Standard +10%					
Delaware Park	109.1				
		Dover Downs, DE	108.3		
		Penn National / Harrisburg	107.7		
Foxwoods, CT	107.2				
Maryland Live	106.8				
		Hollywood Perryville, MD	105.2	Harrington Raceway, DE	104.8
Horseshoe Cleveland, OH	104.0				
Parx / Philadelphia	103.9				
Valley Forge, PA	101.6				
Twin River @ Lincoln, RI	100.1 a				
"Eastern Standard"		Detroit (avg / 3 facils)	100.0 e		
		Hollywood Toledo, OH	96.4		
		Presque Isle @ Erie, PA	94.8		
		Oxford, ME	90.5		
Eastern Standard -10%					
		Mardi Gras, WV	87.9		
		Hollywood Columbus, OH	87.1		
Eastern Standard -20%					
		Hollywood @ Bangor, ME	79.5		
				Greenbrier, WV	72.3 o
The Meadows / Pittsburgh	68.3				
(Typical Chicagoland Casino)		Mountaineer Park, WV	61.2		

a = annual rate, e = estimated, n = mileage-based or low-resolution estimate, o = old boat, hotel- or capacity-constrained market

Exhibit 9: Projections for Gaming Win in Terms of FY2016 Dollars

Facility		Number of Units slots	Number of Units tables (1)	Proj. "Power Rating" slots	Proj. "Power Rating" tables	Projected Total Win (FY2016 $000) slots	Projected Total Win (FY2016 $000) tables	Projected Total Win (FY2016 $000) total	Proj. Win/Unit/Day slots	Proj. Win/Unit/Day tables (1)	Projected Impacts slots	Projected Impacts tables
Baseline WITHOUT Horseshoe Baltimore: (2)												
Horseshoe	Baltimore	0	0									
Maryland Live	Hanover	4,270	149	71.1	106.8	$454,809	$227,498	$682,307	$292	$4,183		
Hollywood	Perryville	1,128	17	78.1	105.2	$80,087	$15,141	$95,229	$195	$2,440		
Ocean Downs	Berlin	800	10	99.6	100.0	$53,882	$3,334	$57,216	$185	$914		
Rocky Gap	Flintstone	558	12	88.8	108.9	$34,331	$5,707	$40,038	$169	$1,360		
Total Maryland		6,756	188			$623,110	$251,680	$874,790				
Baseline WITH Horseshoe Baltimore: (2)												
Horseshoe	Baltimore	2,435	132	70.1	107.8	$260,696	$164,401	$425,098	$293	$3,412		
Maryland Live	Hanover	4,270	149	72.1	107.8	$382,713	$170,278	$552,991	$246	$3,131	-15.9%	-25.2%
Hollywood	Perryville	1,128	17	78.1	105.2	$69,738	$12,449	$82,187	$169	$2,006	-12.9%	-17.8%
Ocean Downs	Berlin	800	10	99.6	100.0	$52,366	$3,203	$55,569	$179	$877	-2.8%	-3.9%
Rocky Gap	Flintstone	558	12	88.8	108.9	$33,122	$5,238	$38,361	$163	$1,248	-3.5%	-8.2%
Total Maryland		9,191	320			$798,636	$355,569	$1,154,206			28.2%	41.3%

"Power Rating" reflects each facility's ability to attract revenues from the surrounding population based on gravity-model analysis. For discussion, see Appendix A.

(1) Poker tables counted as equivalent of 0.5 x house-banked tables. Horseshoe assumed to have 30 poker tables, Maryland Live 52, and Hollywood 10.

(2) Projections assume no new casino in Prince George's County, nor any enhancement of retention rates at these casinos related thereto.

Exhibit 10: Projected Consumer Spending by State

(FY2016 $million)

	Slots	Tables	Total	%
By Source Market:				
Maryland	$215.0	$118.8	$333.8	79%
Virginia	$23.8	$23.3	$47.0	11%
DC	$8.5	$7.0	$15.4	4%
Pennsylvania	$7.2	$8.1	$15.3	4%
Delaware	$0.7	$1.1	$1.8	0%
NJ & WV	$1.7	$2.6	$4.2	1%
Other Northeast	$0.8	$2.3	$3.1	1%
Downtown Hotels (1)	$3.1	$1.2	$4.4	1%
Total	$260.7	$164.4	$425.1	100%

(1) Hotel estimate incremental to some visitors from the states above.

Exhibit 11: Projections for Gaming Win in Then-Year Dollars

Facility		Year	Number of Units		Projected Total Win ($000)			Projected Impacts	
			slots	tables (1)	slots	tables	total	slots	tables
Baseline WITHOUT Horseshoe Baltimore: (2)									
Horseshoe	Baltimore	FY2014	0	0					
		FY2015	0	0					
		FY2016	0	0					
		FY2017	0	0					
		FY2018	0	0					
		FY2019	0	0					
Maryland Live	Hanover	FY2014	4,270	149	$437,149	$218,664	$655,812		
		FY2015	4,270	149	$445,892	$223,037	$668,928		
		FY2016	4,270	149	$454,809	$227,498	$682,307		
		FY2017	4,270	149	$463,906	$232,047	$695,953		
		FY2018	4,270	149	$473,184	$236,688	$709,872		
		FY2019	4,270	149	$482,647	$241,422	$724,070		
Hollywood	Perryville	FY2014	1,128	17	$76,977	$14,553	$91,531		
		FY2015	1,128	17	$78,517	$14,844	$93,361		
		FY2016	1,128	17	$80,087	$15,141	$95,229		
		FY2017	1,128	17	$81,689	$15,444	$97,133		
		FY2018	1,128	17	$83,323	$15,753	$99,076		
		FY2019	1,128	17	$84,989	$16,068	$101,057		
Ocean Downs	Berlin	FY2014	800	10	$51,789		$51,789		
		FY2015	800	10	$52,825	$2,942	$55,767		
		FY2016	800	10	$53,882	$3,334	$57,216		
		FY2017	800	10	$54,959	$3,401	$58,360		
		FY2018	800	10	$56,059	$3,469	$59,528		
		FY2019	800	10	$57,180	$3,538	$60,718		
Rocky Gap	Flintstone	FY2014	558	12	$29,698	$4,937	$34,635		
		FY2015	558	12	$33,658	$5,595	$39,253		
		FY2016	558	12	$34,331	$5,707	$40,038		
		FY2017	558	12	$35,018	$5,821	$40,839		
		FY2018	558	12	$35,718	$5,938	$41,656		
		FY2019	558	12	$36,432	$6,057	$42,489		
Total Maryland		FY2014	6,756	188	$595,614	$238,154	$833,767		
		FY2015	6,756	188	$610,892	$246,419	$857,310		
		FY2016	6,756	188	$623,110	$251,680	$874,790		
		FY2017	6,756	188	$635,572	$256,714	$892,286		
		FY2018	6,756	188	$648,283	$261,848	$910,131		
		FY2019	6,756	188	$661,249	$267,085	$928,334		

(1) Poker tables counted as 0.5 x house-banked tables. Horseshoe assumed to have 30 poker tables, Maryland Live 52, and Hollywood 10.

(2) Projections assume no new casino in Prince George's County, nor any enhancement of retention rates at these casinos related thereto.

Exhibit 11: Projections for Gaming Win in Then-Year Dollars

Facility		Year	Number of Units		Projected Total Win ($000)			Projected Impacts	
			slots	tables (1)	slots	tables	total	slots	tables
Baseline WITH Horseshoe Baltimore: (2)									
Horseshoe	Baltimore	FY2014	0	0					
		FY2015	2,435	132	$201,273	$126,927	$328,200	(10.5 months)	
		FY2016	2,435	132	$260,696	$164,401	$425,098		
		FY2017	2,435	132	$265,910	$167,689	$433,600		
		FY2018	2,435	132	$271,228	$171,043	$442,272		
		FY2019	2,435	132	$276,653	$174,464	$451,117		
Maryland Live	Hanover	FY2014	4,270	149	$437,149	$218,664	$655,812		
		FY2015	4,270	149	$384,044	$173,952	$557,996	-13.9%	-22.0%
		FY2016	4,270	149	$382,713	$170,278	$552,991	-15.9%	-25.2%
		FY2017	4,270	149	$390,367	$173,684	$564,051	-15.9%	-25.2%
		FY2018	4,270	149	$398,175	$177,157	$575,332	-15.9%	-25.2%
		FY2019	4,270	149	$406,138	$180,701	$586,839	-15.9%	-25.2%
Hollywood	Perryville	FY2014	1,128	17	$76,977	$14,553	$91,531		
		FY2015	1,128	17	$69,639	$12,535	$82,174	-11.3%	-15.6%
		FY2016	1,128	17	$69,738	$12,449	$82,187	-12.9%	-17.8%
		FY2017	1,128	17	$71,133	$12,698	$83,831	-12.9%	-17.8%
		FY2018	1,128	17	$72,556	$12,952	$85,508	-12.9%	-17.8%
		FY2019	1,128	17	$74,007	$13,211	$87,218	-12.9%	-17.8%
Ocean Downs	Berlin	FY2014	800	10	$51,789		$51,789		
		FY2015	800	10	$51,525	$2,844	$54,369	-2.5%	-3.3%
		FY2016	800	10	$52,366	$3,203	$55,569	-2.8%	-3.9%
		FY2017	800	10	$53,414	$3,267	$56,680	-2.8%	-3.9%
		FY2018	800	10	$54,482	$3,332	$57,814	-2.8%	-3.9%
		FY2019	800	10	$55,572	$3,399	$58,970	-2.8%	-3.9%
Rocky Gap	Flintstone	FY2014	558	12	$29,698	$4,937	$34,635		
		FY2015	558	12	$32,621	$5,193	$37,814	-3.1%	-7.2%
		FY2016	558	12	$33,122	$5,238	$38,361	-3.5%	-8.2%
		FY2017	558	12	$33,785	$5,343	$39,128	-3.5%	-8.2%
		FY2018	558	12	$34,461	$5,450	$39,910	-3.5%	-8.2%
		FY2019	558	12	$35,150	$5,559	$40,709	-3.5%	-8.2%
Total Maryland		FY2014	6,756	188	$595,614	$238,154	$833,767		
		FY2015	9,191	320	$739,103	$321,451	$1,060,553	21.0%	30.4%
		FY2016	9,191	320	$798,636	$355,569	$1,154,206	28.2%	41.3%
		FY2017	9,191	320	$814,609	$362,681	$1,177,290	28.2%	41.3%
		FY2018	9,191	320	$830,901	$369,934	$1,200,836	28.2%	41.3%
		FY2019	9,191	320	$847,519	$377,333	$1,224,853	28.2%	41.3%

(1) Poker tables counted as 0.5 x house-banked tables. Horseshoe assumed to have 30 poker tables, Maryland Live 52, and Hollywood 10.

(2) Projections assume no new casino in Prince George's County, nor any enhancement of retention rates at these casinos related thereto.

Cummings Associates

Projected Gaming Revenues and Impacts of the New Horseshoe Casino in Downtown Baltimore

Appendix:

Details of the Gravity-Model Methodology

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Appendix

Details of the Gravity-Model Methodology

My projections for the likely performance of new gaming facilities are based upon analyses of the experience of the most comparable operations elsewhere in the immediate region and more broadly all across the United States. I use "gravity models" as a key element of this process. This methodology has been refined over the years as others and I have applied it to assessing the performance of many gaming facilities, both existing and proposed. It is based essentially on the demographics of the areas surrounding each facility, in particular the number of adults residing at various distances, and the ratio of actual revenues obtained to such adult populations at existing facilities. *Access time*, not mileage per se, and population density are the most critical variables. (A bibliography is attached.)

To illustrate the relationships among casino revenues, population, and distance, **Exhibit A-1** presents a graph which compares rates of visitation versus distance for the casinos of Mississippi, based upon statewide survey data. There is clearly a relationship between patronage and distance: the greater the distance the customer has to travel, the lower the number of visits. Fewer patrons are willing to travel longer distances, and when they do, they usually visit less often. (Offsetting this to some extent, when they *do* visit, they typically spend more on each occasion than nearby customers who visit more frequently – distance acts as a filter to deter more casual fans.) In addition, the further you live from *these* casinos, the closer you generally get to competing casinos in other states, further reducing your rate of visiting Mississippi.

Because rates of visitation appear to decline so dramatically as distance increases, and because the scale is so large when looking at statewide data such as these from Mississippi, it is

useful to transform this data by taking logarithms ("log-transforming the data," as economists say). **Exhibit A-2** presents the Mississippi data in such fashion, and, to my eyes, at least, presents a pattern that comes across more clearly. When we exclude the most distant data (beyond 250 miles, where competition, rather than distance, usually becomes the most critical factor), regression analysis indicates a relationship that is indeed fairly robust (**Exhibit A-3**).

I have analyzed such data from a wide variety of markets, and have estimated that in general, over a reasonable range of distances the aggregate "elasticity" of slot spending with respect to distance is roughly -0.7, that is, consumers' total spending on slot machines declines in somewhat less than direct proportion to the distance to be traveled.[1] When, however, several facilities compete within the same (or closely connected) market(s), the customer overwhelmingly prefers the closest. It appears that in this respect slot machines (and similar video lottery terminals, or VLTs) behave in a fashion very similar to many other retail markets, in which the relative "attraction" of each outlet is roughly inversely proportional to the distance *squared*.[2]

Using these parameters to account for the relationships with distance and demographic data for each county in gaming markets across the United States (and in cases such as Maryland for each zip code), I have calculated the "distance-adjusted" adult population surrounding each slot or VLT

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[1] This is a relatively "long-distance" attraction; if you double the distance, revenues decline by about 38%. For comparison, pari-mutuel betting at race tracks generally exhibits a distance coefficient of about -1 to -1.2: if you double the distance, visitation declines by 50% or more. Generically, this type of relationship is called a "gravity model," because it is similar to Newton's law of gravitation (for which the "distance factor" would be -2.0: if you double the distance, the attraction declines by a factor of 2^2, or four). With respect to travel time, the elasticity appears to be slightly less; I estimate -0.67.

[2] A relationship sometimes called Reilly's Law of Retail Gravitation, based upon its mathematical identity with Newton's Law, above. David Huff and others have extended these models further with many retail applications, so they are more generally known today as Huff models.

A point of terminology: Huff describes the "general" decline with distance (as opposed to the "competitive" decline) as "friction." I think this is a very useful way to look at this process, particularly with respect to the traffic-congested markets of the Northeast as opposed to the more rural Midwest.

facility or close group of such facilities in each market. (A portion of my model for the Northeastern U.S. is presented in **Exhibit A-4**, which extends over two pages.) Dividing the total revenues, or spending, in each existing market by these population figures results in ratios measuring revenues, or consumer spending, per "distance-adjusted" adult. The gravity model, based upon "Reilly's Law" noted above, then distributes these adults (and so, by proxy, their spending) across the different gaming facilities, or closely-situated groups of gaming facilities, to which they have access. By summing across geographic areas, we can then estimate the sources of revenues (again, consumer spending) for each such group of facilities.

These models can also be used to compare different markets and facilities against one another. Statistics of this type are presented for the major regional gaming markets of the U.S. in **Exhibit A-5**, listed in order of estimated slot (or VLT) spending per person.[3] Again, the gravity-model procedure simply puts the different markets onto a common footing in terms of performance, abstracting out differences due to the varying distributions of population around each facility. The figure for each market represents the amount that the "average" adult that lives within ten minutes of (legal) gaming devices spends on them each year.[4]

Note that this exhibit extends over two pages. As benchmarks, I have inserted several horizontal yellow bars, which represent what I call "Midwest Standard" performance ($720 per distance-adjusted adult per year), plus ten percent, minus ten percent, and minus twenty percent. In the Midwest, modern casino facilities in populous markets that are more or less typical consistently

[3] These figures do not include relatively modest amounts spent at casinos in Las Vegas, the Caribbean, and other remote "destination resorts" in the U.S. and abroad.

[4] There is nothing special about the ten-minute figure; it is simply a benchmark to represent convenient access.

cluster around the $720 benchmark. In other parts of the country, as indicated in the columns to the left and to the right, the dispersion is somewhat greater.

In an attempt to simplify comparisons among markets, and to clarify discussion of the principles involved, I have converted these dollar figures into what I call "power ratings" in **Exhibit A-6** and (pardon the small print) all on one page in **Exhibit A-7**. "Midwest Standard" spending of $720 per year translates into a power rating of 100; ten percent higher ($770) translates into 110, and ten percent less into 90. I think these ratings are intuitively more comprehensible than large dollar figures that have not been normalized versus some standard for comparison.

It may be helpful to consider these power ratings as a kind of extension of the "fair share" concept that is often used to compare different facilities in the gaming industry. If, for example, all the slot machines in a given market average $200 in win per day as a group, a facility at which the machines win $240 per day is said to do 120% of its "fair share." One that does $180/day/machine, on the other hand, wins just 90% of its fair share.

My extension to power ratings adds analysis of the surrounding demographics. If there are many people and few machines (like the Chicago area, for example), high wins per machine per day should be expected. Harrah's Joliet, as an extreme example, wins roughly $500/machine/ day. In Iowa, on the other hand, there are many more machines and many fewer people. The newly land-based Wild Rose casino at Clinton, for example, wins just $177/machine/day. Based on my gravity-model analysis, however, I estimate the power rating for the Clinton casino at 96.9, while that for Harrah's Joliet is just 92.8. Despite its much lower win/slot/day, the Wild Rose at Clinton actually does *better* in drawing from the population which surrounds it – that population is simply much smaller at Clinton than at Joliet. And some other casinos in Iowa actually do even better, such as the casino at Riverside, Iowa, the Dubuque Diamond Jo, and the Mystique (formerly

Dubuque Greyhound Park). My analyses indicate that these casinos have slot power ratings ranging from 104 to 110, while their wins/slot/day are in the same ballpark as the Wild Rose ($150-$190/day).[5]

When analyzed in this way, the range of experience across the diverse spectrum of markets depicted in these exhibits is, in my opinion, not all that wide. The difference between the best markets (Mississippi, South Dakota, Colorado, New Mexico and Louisiana) and the worst (several highly "urban" casinos in New York and South Florida) amounts to roughly a factor of two. Most of these markets fall into the range of $600 to $800 in annual spending per distance-adjusted adult – or in terms of power ratings, from 80 to 110.

As indicated by the columns in these exhibits, I have divided the broad universe of markets into three groups: the Northeastern U.S. and Florida in the first column, medium to large markets elsewhere in the second column, and very rural markets in the third column. Rural markets tend to do better than others for three reasons: (i) it is easier to get around rural areas than urban ones (the "friction" is less – a twenty-minute drive on a rural highway is generally far less challenging than one of similar duration in urban or even suburban traffic), (ii) there is less competition from other commercial entertainment activities, and (iii) there is likely some "survival bias" in the data – rural

[5] To press my point further, the Horseshoe Casino at the Bluffs Run greyhound track has a power rating that is very similar to these (105.6), but because it serves a more densely-populated market (Omaha), its win per slot per day is significantly higher ($247).

I should perhaps explain at this point that because of all the ways in which I use power ratings in my models, the difference between 93 and 105 (for example) ultimately results in much more than a twelve percent difference in performance. I use the power ratings to modulate (i) average spending per person in the market, (ii) market share for each facility, and (iii) the "reach" of each facility at greater distances (the distance coefficient that represents the competitive interactions of the Reilly and Huff models). Other things being equal (i.e., the surrounding demographics), one point of power rating typically translates into 3-4% change in performance.

facilities often serve such small markets that only the best survive. Thus, most of the "best" facilities in the top right corners of Exhibits A-5 through A-7 are very "country."[6]

More competitive markets also appear to attract higher rates of spending. This is true even for the Northeastern U.S. and for rural areas, but I have placed all of the markets in each area into their respective geographic zones for ease of comparison.

Outside of the most rural markets, those in Mississippi demonstrate the best performance. Tunica is, of course, somewhat "rural," but the more urban casinos on the Gulf Coast and at Vicksburg seem to do nearly as well. In my view, this is because there are no statutory limits on the number or size of casinos in Mississippi, its tax rate is very low, and there are multiple properties at most locations, so all of its markets are highly competitive. These casinos therefore attract high rates of spending.

Similar factors apply to New Mexico, both in rural areas and in the metropolitan area of Albuquerque. And while their tax rates are somewhat higher, the Colorado casinos, while restricted to three remote former mining towns (and until recently to $5 bets), are also highly competitive, as are most of the major (and minor) markets of Louisiana and Iowa, and many of the rural markets in other states in the top right corner.

As we move down the middle column, we generally find less competitive conditions, with areas such as Chicago, Detroit, and Milwaukee where the number of facilities and/or gaming devices is nowhere near sufficient to meet the demand for them, and/or the markets are constrained by cramped conditions, on riverboats or ashore. As a result of these capacity-constrained

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[6] Even in the left-hand column, the data points at the top are generally very rural, or else large but relatively remote "destination resorts," while casinos in the most urban settings (The Rivers, Parx, and SugarHouse casinos in Pennsylvania, Resorts World and Empire City in New York, and three casinos in Miami) fall near the bottom.

conditions, spending per (distance-adjusted) adult is relatively low in these areas. (Conversely, spending *per machine* is typically [but not always] very high, as people are figuratively lined up at the machines to play them.)[7] Even in these markets, however, slot spending per "distance-adjusted" adult generally ranges from $550 to $650 per year, not all that far below the $720± that most competitive casino markets demonstrate and even some less-competitive markets achieve.

At the bottom of the left-hand column are some of the "VLT" facilities in New York State, Rhode Island, and West Virginia, along with most of the slot-machine facilities in South Florida, and even two of the facilities in Maryland (highlighted in orange). The facts that these tend to involve "video lottery terminals," and are often located at race tracks, are in my opinion of little import. In most cases (aside from New York), these VLTs are identical to the slot machines found in casinos elsewhere.[8] It is, however, surely no coincidence that these jurisdictions have some of the highest tax rates on gaming devices found anywhere in the U.S. With high tax rates, only modest investments in new and improved facilities can earn a reasonable return. As a result, the facilities in New York were initially very modest indeed, and, with a few exceptions, most of those in the other states as well. High tax rates also limit the operators' ability to spend effectively on promoting their gaming product, including in particular player rewards programs. In highly competitive jurisdictions such as Iowa and New Jersey, casinos spend more than twenty percent of their gaming revenues on such promotion. With less than fifty percent of the gross retained by the

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[7] Markets can effectively be "capacity-constrained" even when, as at some of the New York and Rhode Island VLT facilities, win/machine/day is not at astronomical levels. If the major issues are accessibility and attractiveness (simply in terms of spaciousness, amenities, and/or quality of machines, not necessarily "glitz"), players may indeed not be lined up to play as they are in other jurisdictions where the unsatisfied demand is far more obvious.

[8] The gaming facilities at race tracks in Pennsylvania, Delaware and West Virginia, now offer table games as well, so they are now truly "full"(-spectrum) casinos.

gaming facilities in the lower left corner, spending any significant fraction of that amount is impossible.

Florida, with many facilities at the bottom of the left-hand column, initially followed a similar model, with a tax rate of 50% on slot gaming at the pari-mutuel facilities in Miami-Dade and Broward Counties that it authorized in 2006. With very modest investments at most of the facilities and little to spend on player rewards, the slots at the South Florida tracks have so far performed in a fashion very similar to the worst of those in the Northeast. Their tax rate was reduced to 35% in 2009, but because they were designed in much leaner times, their performance (like their facilities) still tends to lag their peers elsewhere.[9]

In today's competitive environment, attractive facilities and intensive promotion are essential to obtaining high volumes of revenue. In the 1990s, when slot machines and VLTs were novelties to most of the country, it was often sufficient to put slots in a barn and attract large numbers of customers. That is *not* the case today. If facilities do not meet competitive standards of attractiveness and marketing, they will see many fewer customers than those that do.

The data do in fact demonstrate a strong relationship between tax rate, or more precisely its converse, the "retention rate" that casinos are allowed to keep,[10] and their ability to generate slot

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[9] In addition to gaming facilities and player rewards (initially) designed on a shoestring, the slot operations at the pari-mutuel facilities in South Florida suffer from serious traffic congestion and access issues, and face substantial competition from first-class gaming facilities operated by the Seminole Tribe immediately nearby. Moreover, smoking is allowed at the Seminole facilities, but not (indoors) at the pari-mutuels'.

Still, four out of the five South Florida race track facilities then operating showed double-digit growth in over the past two years, with three in the range of 18-19%.

[10] In addition to taxes on gross revenues, the retention rate also reflects the subtraction of mandatory purse payments to horsemen, breeders funds, and other social mandates (in Iowa, for example, the gaming license must technically be held by a public-benefit non-profit entity, which typically receives about 4% of GGR.) In Delaware, New York and West Virginia, retention rates vary by facility. The

revenues as measured by power rating. The raw data regarding this effect are rather ragged (see **Exhibit A-8**), but when aggregated by state, or portion thereof, in the table below (and in **Exhibit A-9**) the impacts of retention rate on performance stand out:

State/Region	**Retention Rate** (FY2012-13)	**Average Power Rating** (FY2012-13)
Downstream, OK	93.0%	119.4
Atlantic City, NJ	90.2%	109.2
Deadwood, SD	84.0%	119.8
Iowa non-tracks[11]	75.2%	103.3
Connecticut	75.0%	102.1
Kansas City, MO	73.3%	111.2
Iowa track casinos	67.9%	103.8
Upstate New York[12]	53.9%	99.2

figures shown for each state are arithmetic averages of those for each gaming facility (i.e., they are not weighted by GGR).

I have excluded Florida, Indiana and New Mexico from this analysis: Indiana because its race track facilities are handicapped by amortization of enormous up-front license fees – one has just emerged from Chapter 11, and one is still going through it. (Those tracks retain roughly 49%, and their performance to date has been in the mid-eighties.) I have omitted New Mexico (retention rate 53.8%, average power rating 109.1), because three of its five race tracks are located in rural areas that are very remote, which boosts their ratings substantially. I have excluded Florida because (a) the tax rate was reduced there so recently, and (b) I do not have precise figures regarding purse contributions, and therefore effective retention rates, at its track slot facilities. With retention rates (formerly) "in the 40s" and power ratings "in the 70s," however, its facilities would generally fall somewhat below the curve set by the others.

[11] Several of the non-track casinos are highly rural, which would tend to skew this picture; I have, however, eliminated the three greatest such outliers from this analysis and "re-balanced" it by also excluding three old-style riverboats. Illinois and Indiana still harbor a substantial number of old-style riverboats, so I have also excluded them from this analysis.

[12] For comparability among the different states, the retention rates presented here assume that the operators pay for the gaming machines. In Delaware, New York, Maryland and Rhode Island, these are actually provided by the State Lottery, but in the other states must be provided by the tracks. The "retention" rates shown in my charts and this table therefore include six percent to represent machine costs in those circumstances in which they are actually paid by the state.

Delaware[12]	46.8%	96.1
Pennsylvania	45.0%	91.3
West Virginia	44.0%	90.5
Maryland[12]	39.0%	84.5
Rhode Island[12]	34.0%	83.4

With an effective retention rate of 39% (including 6% to cover the costs of the gaming machines), the new Horseshoe Casino will face one of the highest effective tax rates in the country. I therefore believe that it will demonstrate a slot power rating very similar to that of the nearby Maryland Live casino, which I estimate at 71.1. This corresponds to average annual spending of $512 per distance-adjusted adult. (I actually assume 70.1 for the new Horseshoe because its slot machines will be spread over two floors. This tends to reduce performance.)

The picture with respect to table games is rather more diverse. In the Midwest, table games attract an average of roughly $80 per distance-adjusted adult per year; the East, the corresponding figure is approximately $160. Table-game players tend to be younger, higher-income and are much more often men than slot players, so their aggregate behavior is somewhat different, and their representation among the population appears to vary more widely even *within* the East and the Midwest than slot players. My analyses of spending rates at table games in the East are summarized in **Exhibits A-10** (presenting annual spending per distance-adjusted adult) and **A-11** (the corresponding power ratings, here normalized to an "Eastern Standard" benchmark of $160).[13]

I should also note that this analysis was conducted in May of 2013, so the power ratings presented above (and in Exhibits A-8 and A-9) may differ slightly from those presented elsewhere in this report.

[13] Because table-game spending appears to increase with income to a degree that is not paralleled by slot spending, this figure is not strictly comparable to the $720 benchmark I use for that activity. At the nationwide average per capita income of $29,671, the benchmarks are actually $720 (unchanged) for slots, but only $136 for table games.

In these exhibits, the first two columns represent large urban markets and smaller/miscellaneous markets, respectively, because urban areas appear to generate higher rates of table spending than rural ones – another contrast with consumers' spending on slot machines. Note the small aqua box in the lower left-hand corner of each of these exhibits; this represents the distance-adjusted spending rates in the Chicago area, which are the *highest* in the Midwest. Note that they would barely make the chart here in the East.

My gravity-model analyses of spending on table games suggest that these players (likely because they are younger and more male, etc.) also appear willing to travel slightly farther than slot players (which I reflect in my models), and I believe they will also likely be less deterred by a two-level gaming floor. For my projections, I have therefore assumed that the table-game power rating of the new Horseshoe casino will be identical to that I which estimate for Maryland Live.[14]

Projections for new facilities based on similar gravity models have in my opinion proved reasonably accurate in the past. **Exhibit A-12** presents a tabulation of actual results versus my projections for facilities that have actually been built over the past ten years.

[14] Because gaming facilities in competitive markets appear to do better – in terms of power ratings, not necessarily win per unit per day or in total – I estimate that the slot and table power ratings of Maryland Live will actually rise by one point when the Horseshoe Baltimore opens. I then assume that the Horseshoe demonstrates the same power rating at its table games, and two points less at its slots because they are spread over two floors.

Projections for the Horseshoe Baltimore

For the new Horseshoe Casino in Baltimore, I have specifically assumed that:

- The gaming facility will be comparable to those of existing casinos in the region, in particular, Maryland Live, in terms of access, appearance, spaciousness and amenities. I have assumed that "micro-access" with respect to ingress and egress will be good. There is a parking structure planned at the rear of the casino, but no hotel on site.

- The performance of the Horseshoe facility and the underlying "propensity to spend" of the population surrounding it will therefore also be similar to those of Maryland Live, with adjustment for gaming on two floors. I have specifically assumed average annual slot spending of $504 per distance-adjusted adult, which corresponds to a slot power rating of 70.1. I have assumed average annual table spending of $172 per distance-adjusted adult, which corresponds to a table power rating of 107.8.

- I have also assumed small amounts of incremental slot and table business arising from hotel guests in downtown Baltimore.

- These assumptions apply to a time of "stabilized operations," which is typically one to three years down the road from the opening of a new gaming facility, and reflect industry-standard patterns of investment in bricks and mortar and in player rewards.

- The existing casinos of Maryland continue to operate largely as they do today, with the addition of table games as planned at Ocean Downs.

- No other new gaming facilities are developed in Maryland, Delaware, Virginia, or the nearby portions of Pennsylvania and West Virginia.

- In particular, I have assumed no new casino in Prince George's County, Maryland, and therefore no increases in retention rates on slot gaming at some of the existing casinos in Maryland that are scheduled to take place when the Baltimore casino opens. These improved retention rates, as described above, would tend to improve the performance of these casinos and thus offset some of the impacts of the new Horseshoe.

To develop projections based on these assumptions, I took the detailed model illustrated (in part) in Exhibit A-4, calculated the numbers of "distance-adjusted" adults likely to patronize the new facility, and applied the appropriate average rates of spending for slots and tables. The results are described in the main body of this report.

All my analyses and projections are based on the performance of facilities elsewhere in Fiscal Year 2013, and are therefore calculated initially in terms of FY2013 dollars. I then extrapolate to future years assuming "normal" growth, due to rising local population, incomes, and inflation, at 2% per year. As a new gaming facility works out its kinks, however, there is typically an initial transient of five to 15 percent in the first year or two. I have assumed the first year here will likely be in the middle of this range (-10%). The Horseshoe will have to develop its players' list and rewards programs in the face of what will likely be strenuous efforts by its existing competitors to retain their current players, but Caesar's expertise and the extensive reach of its Total Rewards program will likely assist this process. I therefore believe the initial "learning curve" will not be as steep here as at some other casinos.

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Cummings Associates

Projected Gaming Revenues and Impacts of the New Horseshoe Casino in Downtown Baltimore

Appendix:

Details of the Gravity-Model Methodology

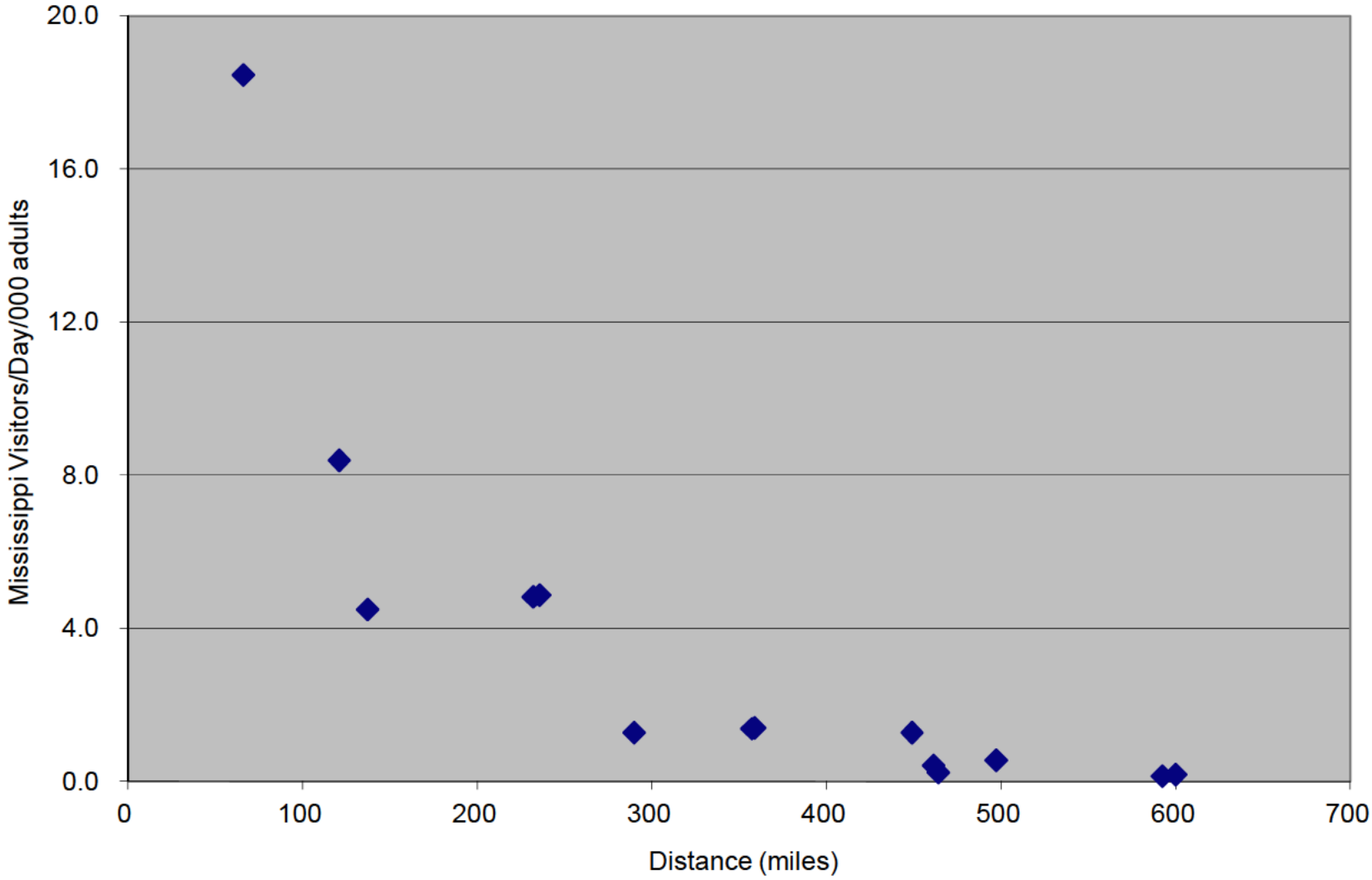
Exhibits

November 1, 2013

135 Jason Street, Arlington, Massachusetts 02476
Telephone: 781.641.1215 - Fax: 641.0954 - e-mail: cummingsw@aol.com

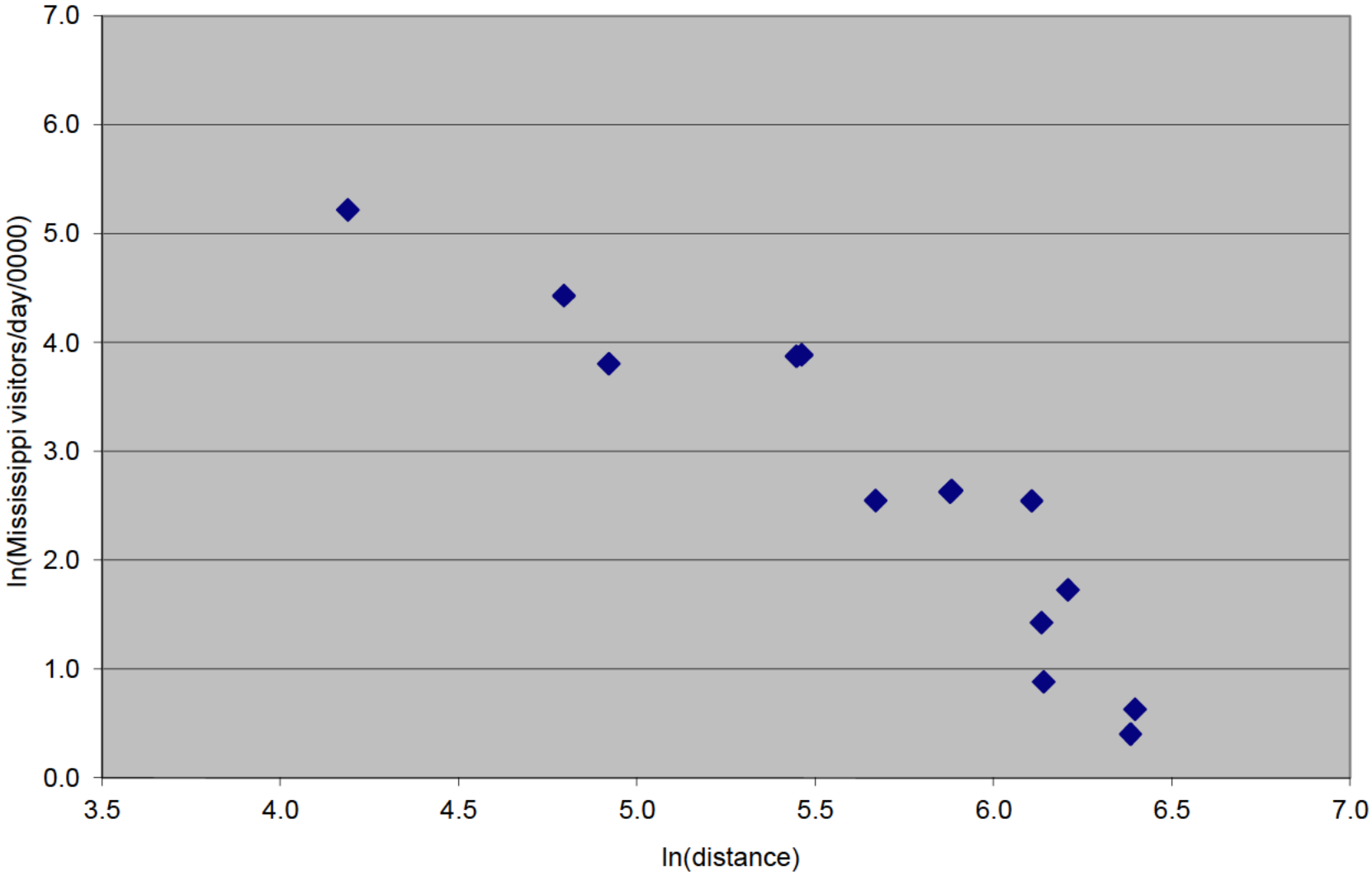
List of Exhibits

Exhibit A-1: Illustrative Distance Relationships (Mississippi)



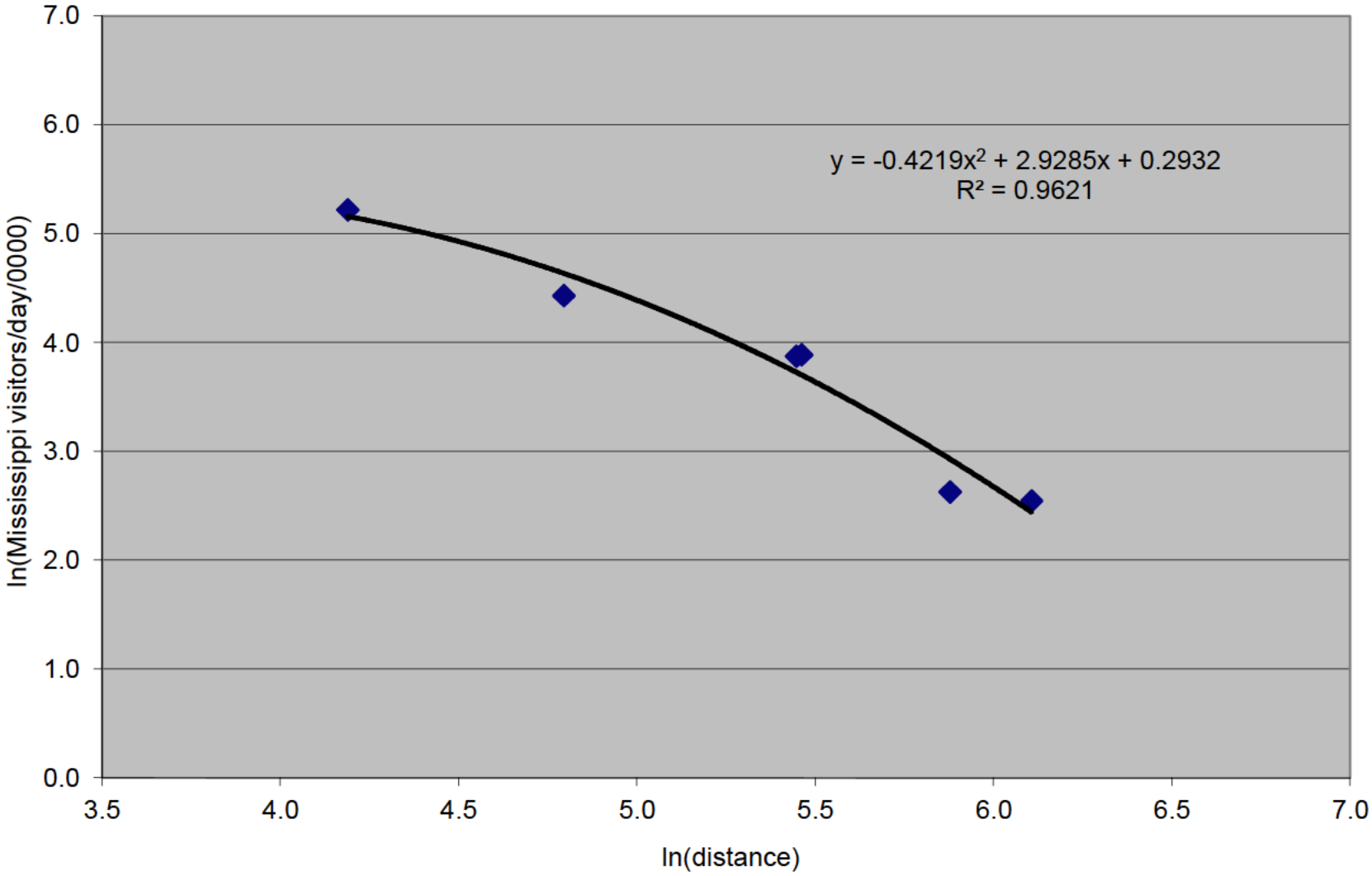
Cummings Associates

Exhibit A-2: Distance Relationships II



Cummings Associates

Exhibit A-3: Distance Relationships III



Cummings Associates

Exhibit A-4: Portion of Model Inputs

Northeast Slot Estimates

			Travel Time (in minutes):												
State	County	ZIP Code	Baltim.	MD Live	H'woodF	RockyG	OceanD	MTR	Wheelin(	M Gras	Charles1	Greenbr	Atl City	Del Park	DoverD
MD	Allegany	21502	132.0	133.0	168.7	22.2	302.4	167.1	138.4	208.5	96.4	233.9	269.8	198.8	224.6
MD	Allegany	21504	123.1	124.1	159.8	13.3	293.5	169.9	136.9	207.0	87.5	240.2	260.9	189.9	215.7
MD	Allegany	21521	162.7	163.7	199.4	52.9	333.1	174.4	144.0	214.1	127.1	243.1	300.5	229.5	255.3
MD	Allegany	21529	137.1	138.1	173.8	27.3	307.5	162.5	146.8	216.9	101.5	254.2	274.9	203.9	229.7
MD	Allegany	21530	124.2	125.3	161.0	13.8	294.6	179.1	146.1	216.2	88.7	241.4	262.1	191.1	216.9
MD	Allegany	21532	137.5	138.5	174.2	27.7	307.9	159.7	131.2	201.4	102.0	235.7	275.4	204.3	230.1
MD	Allegany	21539	150.0	151.0	186.7	40.2	320.4	167.9	137.6	207.7	114.4	242.0	287.8	216.8	242.6
MD	Allegany	21540	159.4	160.5	196.2	49.6	329.8	186.1	157.5	235.8	116.6	214.4	297.3	226.3	252.1
MD	Allegany	21543	132.5	133.5	169.2	22.7	302.9	155.9	127.2	197.3	96.9	231.6	270.3	199.3	225.1
MD	Allegany	21545	141.5	142.6	178.3	31.7	311.9	159.6	141.1	218.1	106.0	252.4	279.4	208.4	234.2
MD	Allegany	21555	140.9	142.0	177.7	41.0	311.3	203.2	170.2	240.4	105.4	258.1	278.8	207.8	233.6
MD	Allegany	21557	143.2	144.2	179.9	33.4	313.6	181.1	152.5	222.6	107.6	228.7	281.0	210.0	235.8
MD	Allegany	21560	131.8	132.8	168.5	22.0	302.2	179.4	146.4	216.5	96.2	252.4	269.7	198.6	224.4
MD	Allegany	21562	149.1	150.1	185.8	39.3	319.5	187.1	158.4	223.0	103.8	216.6	287.0	215.9	241.7
MD	Allegany	21766	114.9	115.9	151.6	26.9	285.3	198.0	165.0	235.1	79.3	232.1	252.8	181.7	207.5
MD	Anne Arundel	20711	44.8	43.4	80.0	144.1	134.3	303.7	282.2	352.3	96.5	248.0	181.1	110.1	100.2
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MD	Worcester	21851	147.0	145.2	145.2	257.6	38.2	417.2	395.7	465.8	209.9	353.1	128.4	138.0	96.1
MD	Worcester	21862	131.5	129.6	129.6	242.0	12.0	397.3	380.1	450.2	194.4	359.3	92.6	113.1	70.9
MD	Worcester	21863	137.8	136.0	136.0	248.3	25.0	403.6	386.5	456.6	200.7	365.7	115.2	128.7	86.8
MD	Worcester	21864	153.4	151.6	151.6	263.9	38.3	419.2	402.1	472.2	216.3	364.4	138.2	144.3	102.4
MD	Worcester	21872	132.2	130.3	130.3	242.7	16.0	398.0	380.8	451.0	195.1	360.0	94.5	115.0	72.8

Total MD

Exhibit A-4: Portion of Model Inputs

Northeast Slot Estimates

State	County	ZIP Code	Harring'n		Chester	Closest	2013 Adult Population	2013 PCI	Impacts: Dstnce	Urban?	Prox'y	Income	Dist-Adj Adults
MD	Allegany	21502	218.9	. . .	214.7	22.2	34,787	$23,287	46%	100%	95%	91%	13,811
MD	Allegany	21504	210.0	. . .	205.8	13.3	113	$23,983	65%	100%	95%	92%	64
MD	Allegany	21521	249.6	. . .	245.4	52.9	1,007	$22,575	26%	100%	95%	90%	220
MD	Allegany	21529	224.0	. . .	219.8	27.3	817	$23,496	40%	100%	95%	91%	283
MD	Allegany	21530	211.1	. . .	207.0	13.8	1,061	$21,657	63%	100%	95%	88%	562
MD	Allegany	21532	224.4	. . .	220.3	27.7	11,417	$24,898	40%	100%	95%	93%	4,008
MD	Allegany	21539	236.9	. . .	232.7	40.2	2,166	$22,623	31%	100%	95%	90%	571
MD	Allegany	21540	246.3	. . .	242.2	49.6	54	$21,271	27%	100%	95%	88%	12
MD	Allegany	21543	219.4	. . .	215.2	22.7	309	$26,004	46%	100%	95%	95%	126
MD	Allegany	21545	228.4	. . .	224.3	31.7	1,501	$25,964	36%	100%	95%	95%	489
MD	Allegany	21555	227.8	. . .	223.7	41.0	1,503	$24,306	31%	100%	95%	92%	402
MD	Allegany	21557	230.1	. . .	225.9	33.4	1,424	$27,656	35%	100%	95%	97%	460
MD	Allegany	21560	218.7	. . .	214.6	22.0	73	$27,293	46%	100%	95%	97%	31
MD	Allegany	21562	236.0	. . .	231.9	39.3	2,310	$23,909	31%	100%	95%	92%	631
MD	Allegany	21766	201.8	. . .	197.7	26.9	592	$23,900	41%	100%	95%	92%	209
MD	Anne Arundel	20711	87.6	. . .	126.0	43.4	5,220	$40,243	29%	100%	84%	100%	1,296
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MD	Worcester	21851	75.5	. . .	153.9	38.2	5,196	$25,657	32%	100%	100%	94%	1,564
MD	Worcester	21862	58.5	. . .	129.1	12.0	75	$24,202	70%	100%	100%	92%	48
MD	Worcester	21863	66.2	. . .	144.7	25.0	3,781	$29,305	43%	100%	100%	100%	1,596
MD	Worcester	21864	81.8	. . .	160.3	38.3	422	$25,474	32%	100%	100%	94%	126
MD	Worcester	21872	60.6	. . .	131.0	16.0	496	$26,777	57%	100%	100%	96%	272
	Total MD						4,321,403						1,355,186

Exhibit A-5: Spending on Slots/VLTs per Distance-Adjusted Adult

("Midwest Standard" Benchmark = $720 in 2012-13)

(one of two pages)

Northeastern US and Florida		Medium to Large Markets Elsewhere		Rural / Remote Markets Elsewhere	
		Mississippi average	$949 n		
				St Jo MO	$897 o
		Downstream Resort, OK	$859	Deadwood, SD	$862
		Harrahs NKCMO	$858	S Dakota Tribes (avg of 8)	$851
				Upstate Michigan avg.	$850 e
		San Felipe (ABQ), NM	$846 n	Lagunas (3 facils), NM	$849 n
				Kansas Tribes (avg of 4)	$842 e
				Cripple Creek, CO (2)	$836 n
Turning Stone, NY	$828 e	Santa Ana (ABQ), NM	$833 n	Diamond Jo Worth, IA	$834
Seneca Salamanca, NY	$828 e	Argosy Riverside, MO	$824	Upstate Wisconsin avg.	$828 e
		Louisiana average	$820 n	Other NM (avg. of 9)	$827 n
		Sandia (ABQ), NM	$820 n	Iowa Tribes (avg of 3)	$807 e
		Ameristar KCMO	$820	Dodge City, KS	$806
				Emmetsburg, IA	$805
				Terribles Lakeside, IA	$804
				Black Hawk/CC, CO (2)	$794 n
				Zia Park (Hobbs), NM	$793 n
Midwest Standard +10%					
		Isleta (ABQ), NM	$791 n		
Atlantic City, NJ avg.	$786	Riverside, IA	$791	SunRay Park, NM	$790 n
Seneca Niagara, NY	$786 e	IOC Waterloo, IA	$784	Mt. Pleasant, MI	$783 e
Vernon Downs, NY	$769			IOC Boonville, MO	$770 n, o
Tioga Downs, NY	$768				
(Buffalo) Fairgrounds, NY	$761	Dubuque Diamond Jo, IA	$762		
		Horseshoe / Bluffs Run, IA	$760	Taos, NM	$758 n
		Dubuque Mystique, IA	$751	IOC Marquette, IA	$750 o
Mohegan Sun, CT	$742	Argosy Sioux City, IA	$748 o	Wisconsin Dells	$749 e
		Grand Falls, IA (S. Falls, SD)	$744		
		Prairie Meadows, IA	$743		
		The Downs at ABQ, NM	$739 n		
		Jumers Rock Island, IL	$736		
Mountaineer Park, WV	$731	Ameristar Council Bluffs, IA	$736		
Foxwoods, CT	$724				
Mohegan @ Pocono Downs, PA	$723				
"Midwest Standard"					
Ocean Downs, MD	$717				
Presque Isle, Erie, PA	$712				
Finger Lakes, NY	$711	Michigan City, IN	$711 n		
Wheeling, WV	$706				
Dover Downs, DE	$704			Ruidoso Downs, NM	$702 n
The Meadows / Pittsburgh	$700	IOC KCMO	$701 o		
Saratoga, NY	$698	Harrahs W St Louis	$698 n		
Harrington Raceway, DE	$695	Clinton, IA	$698		
Delaware Park	$692	Detroit (avg / 3 facils)	$691 n		
Mount Airy / Pocono, PA	$681	Harrahs Council Bluffs, IA	$680		
		Catfish Bend Burlington, IA	$678		
		IOC Bettendorf, IA	$676 o		
Penn National / Harrisburg, PA	$675	Belterra, Florence, IN	$674 n, o	Mark Twain, MO	$674 n, o
		Ameristar St Chas, MO	$670 n		
		Indiana Grand	$669		
		Harrahs Joliet, IL	$668 n, o	Metropolis, IL/KY	$667 n, o
		East St Louis, IL (2 boats)	$662 n, o		
		Rhythm City, IA	$659 o		
Batavia, NY	$654				

Northeastern US and Florida			Medium to Large Markets Elsewhere			Rural / Remote Markets Elsewhere		
Midwest Standard -10%			Green Bay, WI	$648	e			
			KCKS 7th St Casino	$648	e (Class II slots)			
Charles Town, WV	$641		Hoosier Park, IN	$643				
Harrahs @ Chester, PA	$640		Ameristar, E Chicago IN	$640	n, o			
Monticello, NY	$640		St. Louis, MO (2 facils)	$636	n			
Twin River @ Lincoln, RI	$633							
Sands Bethlehem, PA	$632							
			Hammond, IN	$628	n, o	Caruthersville, MO	87.3	n, o
The Rivers / Pittsburgh	$622							
			Rising Sun, IN	$618	n, o			
			Hollywood, Lawr'burg, IN	$615	n, o			
			Hollywood Toledo, OH	$611				
Parx / Philadelphia	$603					French Lick, IN	$603	n
			Majestic Star, Gary IN	$593	n, o			
			Elgin (Chicago), IL	$588	n, o			
Sugarhouse / Philadelphia	$585		Louisville, KY/IN	$584	n, o			
Valley Forge, PA	$577							
Midwest Standard -20%			Milwaukee, WI	$576	e o			
			Aurora (Chicago), IL	$574	n, o			
Resorts W @ Aqueduct, NY	$572	o						
Hollywood @ Bangor, ME	$565		Joliet Empress, IL	$565	n, o			
Newport Grand, RI	$563							
Oxford, ME	$559		Scioto Downs(Columbus), OH	$558				
Pompano Park, FL	$555							
Hollywood Perryville, MD	$548							
Mardi Gras, WV	$544							
Empire City @ Yonkers, NY	$543	o						
Gulfstream Park, FL	$543							
Mardi Gras / Hollywood, FL	$526							
			Peoria, IL	$520	n, o			
Maryland Live	$512							
			Evansville, IN	$498	n, o			
			Montana VLTs (2)	$498	e			
			Sunland Park, NM	$497	n, o			
Magic City / Miami, FL	$490							
Calder / Miami, FL	$468		Horseshoe Cleveland, OH	$470				
			South Dakota VLTs	$466				
			Hollywood Columbus, OH	$443				
Miami Jai-Alai & Casino	$414	a						
Greenbrier, WV	$393	o						

a = annual rate
e = slot revenues estimated (usually "n" as well)
n = mileage-based and/or low-resolution estimate
o = old boat, hotel- or capacity-constrained market

(1) Nevada local markets appear to be off this scale, in the range of 140 to 150.
(2) Colorado and Montana statistics do not include the Indian casinos in those states.

Exhibit A-6: Gaming-Device "Power Ratings" in Various US Markets

(vs. $720 Benchmark Spending on Slots and/or VLTs Per "Distance-Adjusted" Adult in 2012-13)

Northeastern US and Florida		Medium to Large Markets Elsewhere		Rural / Remote Markets Elsewhere	
		Mississippi average	131.8 n		
				St Jo MO	124.6 o
		Downstream Resort, OK	119.4	Deadwood, SD	119.8
		Harrahs NKCMO	119.2	S Dakota Tribes (avg of 8)	118.2
				Upstate Michigan avg.	118.0 e
		San Felipe (ABQ), NM	117.5 n	Lagunas (3 facils), NM	117.9 n
				Kansas Tribes (avg of 4)	117.0 e
				Cripple Creek, CO (2)	116.1 n
Turning Stone, NY	115.0 e	Santa Ana (ABQ), NM	115.6 n	Diamond Jo Worth, IA	115.8
Seneca Salamanca, NY	115.0 e	Argosy Riverside, MO	114.5	Upstate Wisconsin avg.	115.0 e
		Louisiana average	113.9 n	Other NM (avg. of 9)	114.9 n
		Sandia (ABQ), NM	113.9 n	Iowa Tribes (avg of 3)	112.1 e
		Ameristar KCMO	113.8	Dodge City, KS	112.0
				Emmetsburg, IA	111.8
				Terribles Lakeside, IA	111.7
				Black Hawk/CC, CO (2)	110.3 n
				Zia Park (Hobbs), NM	110.1 n
Midwest Standard +10%					
		Isleta (ABQ), NM	109.9 n		
Atlantic City, NJ avg.	109.2	Riverside, IA	109.9	SunRay Park, NM	109.7 n
Seneca Niagara, NY	109.2 e	IOC Waterloo, IA	108.9	Mt. Pleasant, MI	108.7 e
Vernon Downs, NY	106.8			IOC Boonville, MO	106.9 n, o
Tioga Downs, NY	106.7				
(Buffalo) Fairgrounds, NY	105.7	Dubuque Diamond Jo, IA	105.9		
		Horseshoe / Bluffs Run, IA	105.6	Taos, NM	105.2 n
		Dubuque Mystique, IA	104.4	IOC Marquette, IA	104.2 o
Mohegan Sun, CT	103.1	Argosy Sioux City, IA	103.8 o	Wisconsin Dells	104.0 e
		Grand Falls, IA (S. Falls, SD)	103.3		
		Prairie Meadows, IA	103.2		
		The Downs at ABQ, NM	102.7 n		
		Jumers Rock Island, IL	102.3		
Mountaineer Park, WV	101.5	Ameristar Council Bluffs, IA	102.2		
Foxwoods, CT	100.6				
Mohegan @ Pocono Downs, PA	100.4				
"Midwest Standard"					
Ocean Downs, MD	99.6				
Presque Isle, Erie, PA	98.9				
Finger Lakes, NY	98.8	Michigan City, IN	98.7 n		
Wheeling, WV	98.0				
Dover Downs, DE	97.7			Ruidoso Downs, NM	97.5 n
The Meadows / Pittsburgh	97.3	IOC KCMO	97.3 o		
Saratoga, NY	97.0	Harrahs W St Louis	96.9 n		
Harrington Raceway, DE	96.5	Clinton, IA	96.9		
Delaware Park	96.2	Detroit (avg / 3 facils)	96.0 n		
Mount Airy / Pocono, PA	94.6	Harrahs Council Bluffs, IA	94.5		
		Catfish Bend Burlington, IA	94.2		
		IOC Bettendorf, IA	93.8 o		
Penn National / Harrisburg, PA	93.7	Belterra, Florence, IN	93.7 n, o	Mark Twain, MO	93.7 n, o
		Ameristar St Chas, MO	93.1 n		
		Indiana Grand	92.9		
		Harrahs Joliet, IL	92.8 n, o	Metropolis, IL/KY	92.7 n, o
		East St Louis, IL (2 boats)	92.0 n, o		
		Rhythm City, IA	91.6 o		
Batavia, NY	90.8				

Northeastern US and Florida		Medium to Large Markets Elsewhere		Rural / Remote Markets Elsewhere	
Midwest Standard -10%		Green Bay, WI	90.0 e		
		KCKS 7th St Casino	90.0 e (Class II slots)		
Charles Town, WV	89.1	Hoosier Park, IN	89.3		
Harrahs @ Chester, PA	88.9	Ameristar, E Chicago IN	88.9 n, o		
Monticello, NY	88.9	St. Louis, MO (2 facils)	88.3 n		
Twin River @ Lincoln, RI	87.9				
Sands Bethlehem, PA	87.8				
		Hammond, IN	87.2 n, o	Caruthersville, MO	87.3 n, o
The Rivers / Pittsburgh	86.3				
		Rising Sun, IN	85.8 n, o		
		Hollywood, Lawr'burg, IN	85.4 n, o		
		Hollywood Toledo, OH	84.8		
Parx / Philadelphia	83.8			French Lick, IN	83.8 n
		Majestic Star, Gary IN	82.4 n, o		
		Elgin (Chicago), IL	81.7 n, o		
Sugarhouse / Philadelphia	81.2	Louisville, KY/IN	81.1 n, o		
Valley Forge, PA	80.2				
Midwest Standard -20%		Milwaukee, WI	80.0 e o		
		Aurora (Chicago), IL	79.7 n, o		
Resorts W @ Aqueduct, NY	79.4 o				
Hollywood @ Bangor, ME	78.5	Joliet Empress, IL	78.5 n, o		
Newport Grand, RI	78.1				
Oxford, ME	77.7	Scioto Downs(Columbus), OH	77.5		
Pompano Park, FL	77.1				
Hollywood Perryville, MD	76.2				
Mardi Gras, WV	75.5				
Empire City @ Yonkers, NY	75.5 o				
Gulfstream Park, FL	75.4				
Mardi Gras / Hollywood, FL	73.1				
		Peoria, IL	72.3 n, o		
Maryland Live	71.1				
		Evansville, IN	69.2 n, o		
		Montana VLTs (2)	69.2 e		
		Sunland Park, NM	69.0 n, o		
Magic City / Miami, FL	68.1				
Calder / Miami, FL	65.0	Horseshoe Cleveland, OH	65.2		
		South Dakota VLTs	64.7		
		Hollywood Columbus, OH	61.5		
Miami Jai-Alai & Casino	57.5 a				
Greenbrier, WV	54.6 o				

a = annual rate
e = slot revenues estimated (usually "n" as well)
n = mileage-based and/or low-resolution estimate
o = old boat, hotel- or capacity-constrained market

(1) Nevada local markets appear to be off this scale, in the range of 140 to 150.
(2) Colorado and Montana statistics do not include the Indian casinos in those states.

Exhibit A-7: Slot Power Ratings on One Page

(Benchmark = Total Annual Spending of $720 per Distance-Adj. Adult)

Northeastern US and Florida		Medium to Large Markets Elsewhere		Rural / Remote Markets Elsewhere	
		Mississippi average	131.8 n		
				St Jo MO	124.6 o
		Downstream Resort, OK	119.4	Deadwood, SD	119.8
		Harrahs NKCMO	119.2	S Dakota Tribes (avg of 8)	118.2 e
				Upstate Michigan avg.	118.0 e
		San Felipe (ABQ), NM	117.5 n	Laguna Tribe (3 facils), NM	117.9 n
				Kansas Tribes (avg. of 4)	117.0 e
				Cripple Creek, CO (2)	116.1 n
Turning Stone, NY	115.0 e	Santa Ana (ABQ), NM	115.6 n	Diamond Jo Worth, IA	115.8
Salamanca, NY	115.0 e	Argosy Riverside, MO	114.5	Upstate Wisconsin avg.	115.0 e
		Louisiana average	113.9 n	Other NM (avg. of 9)	114.9 n
		Sandia (ABQ), NM	113.9 n	Iowa Tribes (average of 3)	112.1 e
		Ameristar KCMO	113.8	Dodge City, KS	112.0
				Emmetsburg, IA	111.8
				Terribles Lakeside. IA	111.7
				Black Hawk/CC, CO (2)	110.3 n
				Zia Park (Hobbs), NM	110.1 n
Midwest Standard +10%					
		Isleta (ABQ), NM	109.9 n		
Atlantic City, NJ avg.	109.2	Riverside, IA	109.9	SunRay Park, NM	109.7 n
Seneca Niagara (NY)	109.2 e	IOC Waterloo, IA	108.9	Mt. Pleasant, MI	108.7 e
Vernon Downs, NY	106.8			IOC Boonville, MO	106.9 n, o
Tioga Downs, NY	106.7				
(Buffalo) Fairgrounds, NY	105.7	Dubuque Diamond Jo, IA	105.9		
		Horseshoe / Bluffs Run, IA	105.6	Taos, NM	105.2 n
		Dubuque Mystique, IA	104.4	IOC Marquette, IA	104.2 o
		Argosy Sioux City, IA	103.8 o	Wisconsin Dells	104.0 e
		Grand Falls, IA (S. Falls, SD)	103.3		
Mohegan Sun, CT	103.1	Prairie Meadows, IA	103.2		
		The Downs at ABQ, NM	102.7 n		
		Jumers Rock Island, IL	102.3		
Mountaineer Park, WV	101.5	Ameristar Council Bluffs, IA	102.2		
Foxwoods, CT	100.6				
Mohegan @ Pocono Downs, PA	100.4				
"Midwest Standard"					
Ocean Downs, MD	99.6				
Presque Isle @ Erie, PA	98.9				
Finger Lakes, NY	98.8	Michigan City, IN	98.7 n		
Wheeling, WV	98.0				
Dover Downs, DE	97.7	IOC KCMO	97.3 o	Ruidoso Downs, NM	97.5 n
The Meadows / Pittsburgh	97.3	Harrahs W St Louis	96.9 n		
Saratoga, NY	97.0	Clinton, IA	96.9		
Harrington Raceway, DE	96.5	Detroit (avg / 3 facils)	96.0 n		
Delaware Park	96.2	Harrahs Council Bluffs, IA	94.5		
Mount Airy / Pocono, PA	94.6	Catfish Bend Burlington, IA	94.2		
		IOC Bettendorf, IA	93.8 o		
Penn National / Harrisburg, PA	93.7	Belterra, Florence, IN	93.7 n, o	Mark Twain, MO	93.7 n, o
		Ameristar St Chas, MO	93.1 n		
		Indiana Grand	92.9		
		Harrahs Joliet, IL	92.8 n, o	Metropolis, IL/KY	92.7 n, o
		East St Louis, IL (2 facils)	92.0 n, o		
		Rhythm City, IA	91.6 o		
Batavia, NY	90.8				
		Green Bay, WI	90.0 e		
Midwest Standard -10%		KCKS 7th St Casino	90.0 e (Class II slots)		
Charles Town, WV	89.1	Hoosier Park, IN	89.3		
Harrahs @ Chester, PA	88.9	Ameristar, E Chicago IN	88.9 n, o		
Monticello, NY	88.9	St. Louis, MO (2 facils)	88.3 n		
Twin River @ Lincoln, RI	87.9				
Sands Bethlehem, PA	87.8				
		Hammond, IN	87.2 n, o	Caruthersville, MO	87.3 n, o
The Rivers / Pittsburgh	86.3				
		Rising Sun, IN	85.8 n, o		
		Hollywood Lawrenceburg, IN	85.4 n, o		
		Hollywood Toledo, OH	84.8		
Parx / Philadelphia	83.8			French Lick, IN	83.8 n
		Majestic Star, Gary IN	82.4 n, o		
		Elgin (Chicago) IL	81.7 n, o		
Sugarhouse / Philadelphia	81.2	Louisville, KY/IN	81.1 n, o		
Valley Forge, PA	80.2				
Midwest Standard -20%		Milwaukee, WI	80.0 e, o		
		Aurora (Chicago), IL	79.7 n, o		
Resorts World @ Aqueduct, NY	79.4 o				
Hollywood @ Bangor, ME	78.5	Joliet Empress, IL	78.5 n, o		
Newport Grand, RI	78.1				
Oxford, ME	77.7	Scioto Downs(Columbus), OH	77.5		
Pompano Park, FL	77.1				
Hollywood Perryville, MD	76.2				
Mardi Gras, WV	75.5				
Empire City @ Yonkers, NY	75.5 o				
Gulfstream Park, FL	75.4				
Mardi Gras / Hollywood, FL	73.1				
		Peoria, IL	72.3 n, o		
Maryland Live	71.1				
		Evansville, IN	69.2 n, o		
		Montana VLTs	69.2		
		Sunland Park, NM	69.0 n, o		
Magic City / Flagler, Miami, FL	68.1				
Calder Race Course, Miami, FL	65.0	Horseshoe Cleveland, OH	65.2		
		South Dakota VLTs	64.7		
		Hollywood Columbus, OH	61.5		
Miami Jai-Alai & Casino	57.5 a				
Greenbrier, WV	54.6 o				

a = annual rate, e = estimated, n = mileage-based or low-resolution estimate, o = old boat, hotel- or capacity-constrained market

Exhibit A-8: Slot Power Rating vs. Casino Retention % (Detail)

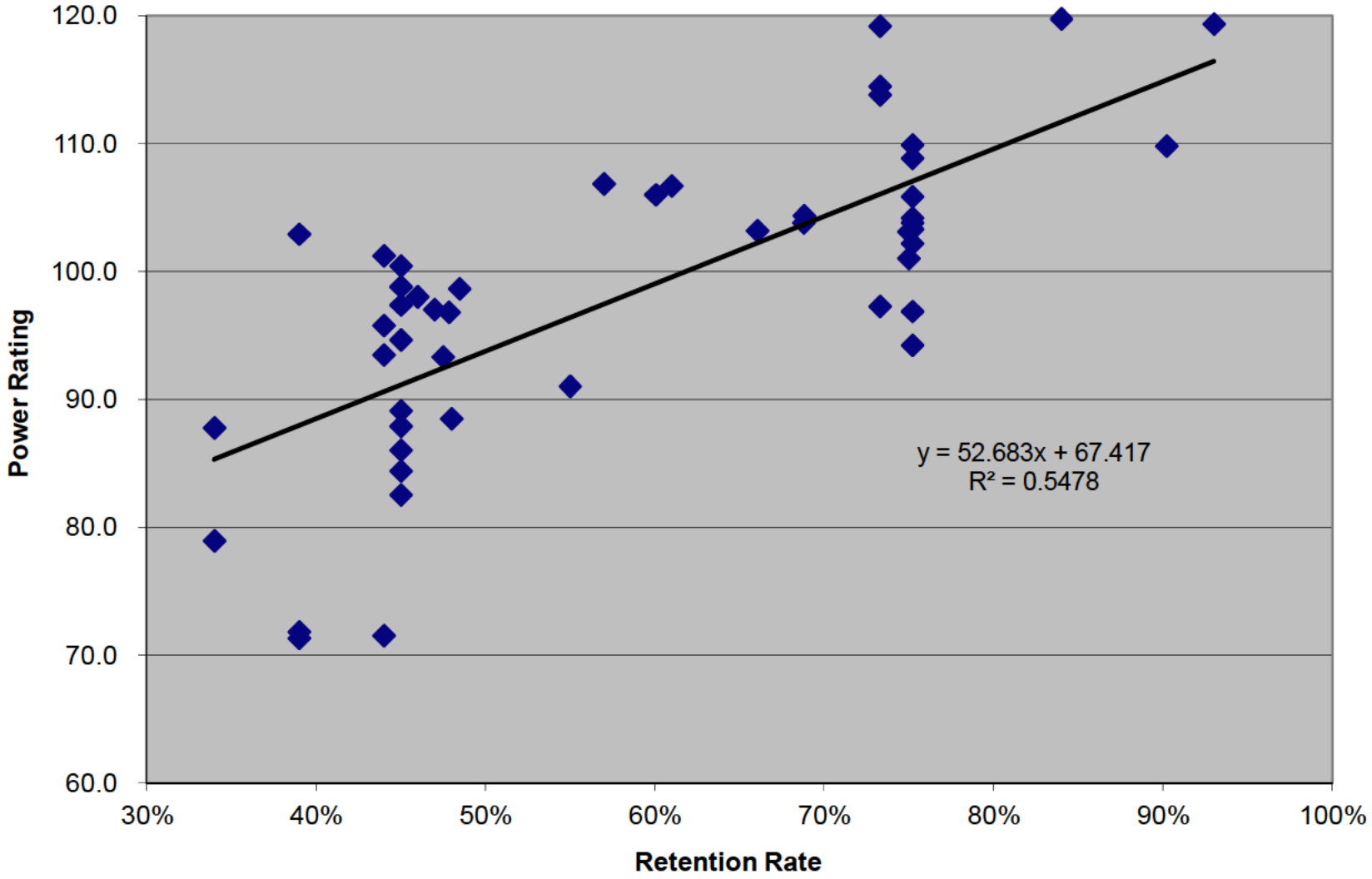

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Exhibit A-9: Slot Power Rating vs. Retention % (Regional Averages)

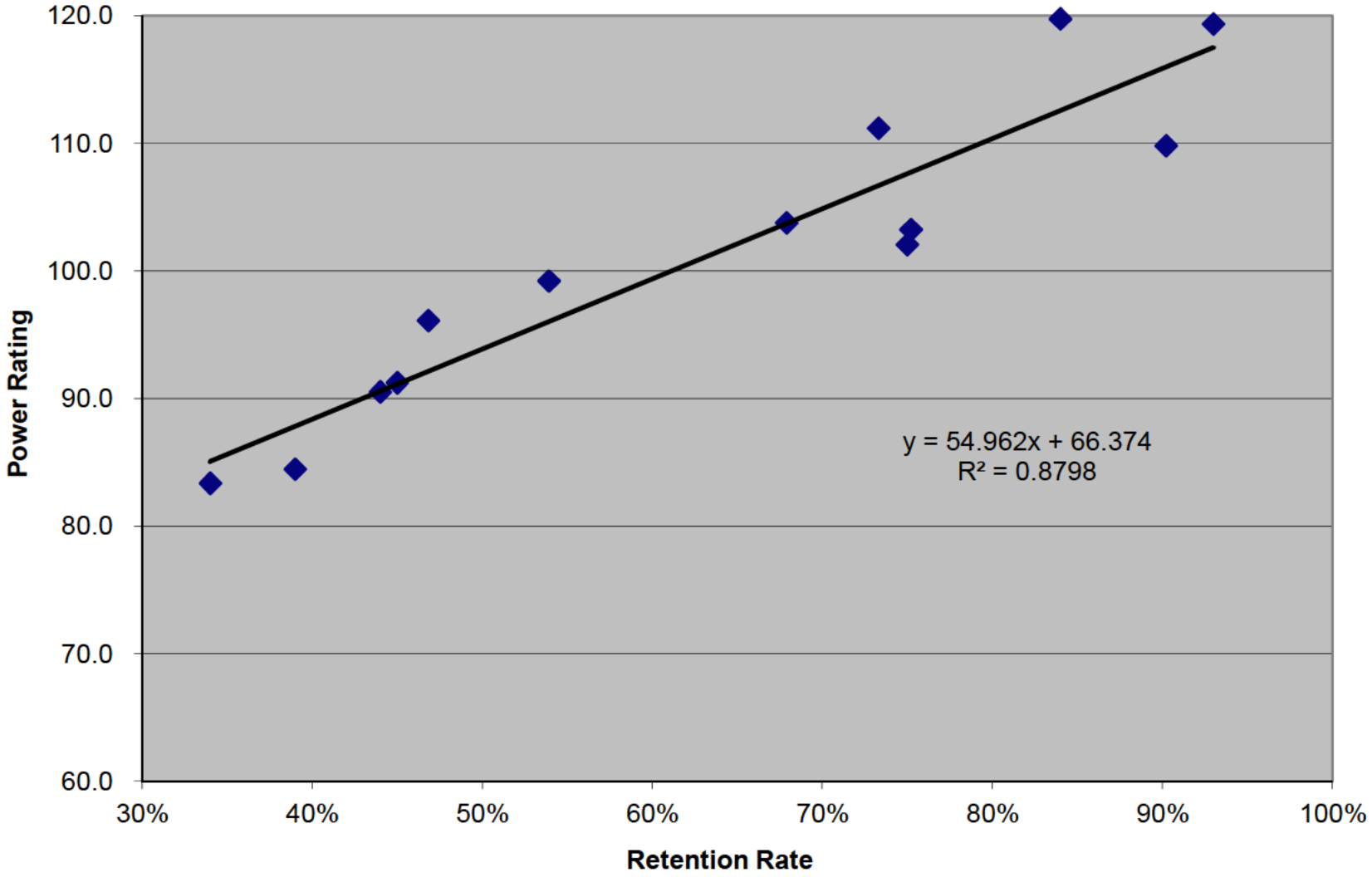

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Exhibit A-10: Spending on Table Games per Distance-Adj. Adul

(Eastern U.S. Only; "Eastern Standard" Benchmark = $160 in 2012-13)

Large Urban Markets (or Fed From Such)		Smaller Cities & Misc. Markets		Rural Markets	
The Rivers / Pittsburgh	$252				
Atlantic City, NJ avg.	$199				
Eastern Standard +20%					
		Sands Bethlehem, PA	$188		
Charles Town, WV	$186				
Sugarhouse / Philadelphia	$184	Seneca Niagara (NY)	$184 e		
Mohegan Sun, CT	$184				
Harrahs @ Chester, PA	$178	Mount Airy / Pocono, PA	$177		
		Mohegan @ Pocono Downs	$176		
Eastern Standard +10%					
Delaware Park	$175				
		Dover Downs, DE	$173		
		Penn National / Harrisburg	$172		
Foxwoods, CT	$172				
Maryland Live	$171				
		Hollywood Perryville, MD	$168	Harrington Raceway, DE	$168
Horseshoe Cleveland, OH	$166				
Parx / Philadelphia	$166				
Valley Forge, PA	$163				
Twin River @ Lincoln, RI	$160 a				
"Eastern Standard"		Detroit (avg / 3 facils)	$160 e		
		Hollywood Toledo, OH	$154		
		Presque Isle @ Erie, PA	$152		
		Oxford, ME	$145		
Eastern Standard -10%					
		Mardi Gras, WV	$141		
		Hollywood Columbus, OH	$139		
Eastern Standard -20%					
		Hollywood @ Bangor, ME	$127		
				Greenbrier, WV	$116 o
The Meadows / Pittsburgh	$109				
(Typical Chicagoland Casino)		Mountaineer Park, WV	$98		

a = annual rate, e = estimated, n = mileage-based or low-resolution estimate, o = old boat, hotel- or capacity-constrained market

Exhibit A-11: Table-Game Power Ratings in the Eastern U.S.

(Benchmark = Total Annual Spending of $160 per Distance-Adjusted Adult)

Large Urban Markets (or Fed From Such)		Smaller Cities & Misc. Markets		Rural Markets	
The Rivers / Pittsburgh	157.5				
Atlantic City, NJ avg.	124.5				
Eastern Standard +20%					
		Sands Bethlehem, PA	117.3		
Charles Town, WV	116.2				
Sugarhouse / Philadelphia	115.0	Seneca Niagara (NY)	115.0 e		
Mohegan Sun, CT	114.9				
Harrahs @ Chester, PA	111.3	Mount Airy / Pocono, PA	110.6		
		Mohegan @ Pocono Downs	110.2		
Eastern Standard +10%					
Delaware Park	109.1				
		Dover Downs, DE	108.3		
		Penn National / Harrisburg	107.7		
Foxwoods, CT	107.2				
Maryland Live	106.8				
		Hollywood Perryville, MD	105.2	Harrington Raceway, DE	104.8
Horseshoe Cleveland, OH	104.0				
Parx / Philadelphia	103.9				
Valley Forge, PA	101.6				
Twin River @ Lincoln, RI	100.1 a				
"Eastern Standard"		Detroit (avg / 3 facils)	100.0 e		
		Hollywood Toledo, OH	96.4		
		Presque Isle @ Erie, PA	94.8		
		Oxford, ME	90.5		
Eastern Standard -10%					
		Mardi Gras, WV	87.9		
		Hollywood Columbus, OH	87.1		
Eastern Standard -20%					
		Hollywood @ Bangor, ME	79.5		
				Greenbrier, WV	72.3 o
The Meadows / Pittsburgh	68.3				
(Typical Chicagoland Casino)		Mountaineer Park, WV	61.2		

a = annual rate, e = estimated, n = mileage-based or low-resolution estimate, o = old boat, hotel- or capacity-constrained market

Exhibit A-12: Recent Projections Compared to Actual Results

(Total Annual Gaming Win / $million)

Facility / Market:	Projection	Source	Actual	Source
Zia Park, New Mexico	$53.7	(1)	$68.9	(2)
Emmetsburg, Iowa	$23.4	(3)	$26.4	(4)
Worth County, Iowa	$34.2	(3)	$67.5	(4)
Riverside, Iowa	$82.0	(3)	$85.8	(4)
IOC Waterloo, Iowa	$96.8	(3)	$76.9	(4)
Tioga Downs , NY	$30.2 $49.9	(5)	$42.2	(6)
Hoosier Park, Indiana	$275	(7)	$217	(8)
Indiana Grand / Shelbyville	$261	(7)	$240	(8)
Wild Rose Clinton, Iowa	$48.2	(9)	$40.2	(10)
DBQ Diamond Jo, Iowa	$61.9	(9)	$67.2	(10)
Jumers Rock Island, Illinois	$89.7	(9)	$85.8	(11)
Dodge City, Kansas	$40.7	(12)	$44.0	(14)
Sumner County, Kansas	$159.1	(13)	$183.2	(14)
Kansas City, Kansas	$203.3	(15)	$125.0	(14)

(Sources cited in numbered notes described on next page)

Exhibit A-12: Recent Projections

Footnotes / Sources

(1) *The Projected Performance of a New Race Track / Slot Facility at Hobbs, New Mexico* February 15, 2002.

(2) Penn National Gaming Press Release, 4/17/07 stated total revenue was $76.6 million in 2006. I assume that 90% was gaming. (Revenues have since increased).

(3) *Analysis of Current Markets for Casino Gaming in Iowa, with Projections for the Revenues and Impacts of Potential New Facilities -- Update*, April 18, 2005.

(4) Iowa Racing and Gaming Commission, FY2007 for Emmetsburg and Worth County, FY2008 for Riverside and Waterloo (first full fiscal years of operation for each). As of FY2012, the Worth County facility (after expansion) is running roughly $20mn higher, the others ~$5mn.

(5) *Projections for the Performance of a New Race Track and Video Lottery Facility at Tioga Park*, September 14, 2004. Higher projection is without competition from Pocono Downs; lower figure is with such competition.

(6) New York State Lottery, FY2008. Pocono Downs's temporary slot facility was open through-out this period. Following substantial tax reductions, Tioga Downs won $59.6mn in FY2012.

(7) *Projections for the Performance of Slot Machines at the Race Tracks of Central Indiana*, September 8, 2007.

(8) Indiana Gaming Commission, Annual Report for [Fiscal Year] 2011.

(9) *Assessment of the Value of a License for a New Casino in Davenport, Iowa,* July 21, 2008.

(10) Iowa Racing and Gaming Commission, revenue statistics for FY2011. FY2012 performance was $3mn higher at Dubuque, $1mn lower at Clinton.

(11) Illinois Gaming Board, 2011 [Calendar] Annual Report.

(12) *Projections for the Likely Gaming Revenues of New Casinos in the Northeast and Southwest Gaming Zones* [of Kansas], September 12, 2008.

(13) *Projections for the Performance of New Gaming Facilities in South-Central Kansas,* November 23, 2010.

(14) Kansas Racing and Gaming Commission Lottery Gaming Facility Revenue Reports, Calendar 2012 for Dodge City and Sumner County and FY2013 for Kansas City.

(15) *Projections for the Performance of New Gaming Facilities in Kansas,* October 19, 2009.