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ECONOMIC, FINANCIAL and STRATEGY CONSULTANTS

Indian Gaming & Beyond: Yesterday, Today, & Tomorrow

Presented by:

Alan Meister, Ph.D.

Presented at:

National Congress of American Indians
65th Annual Convention

Phoenix, Arizona
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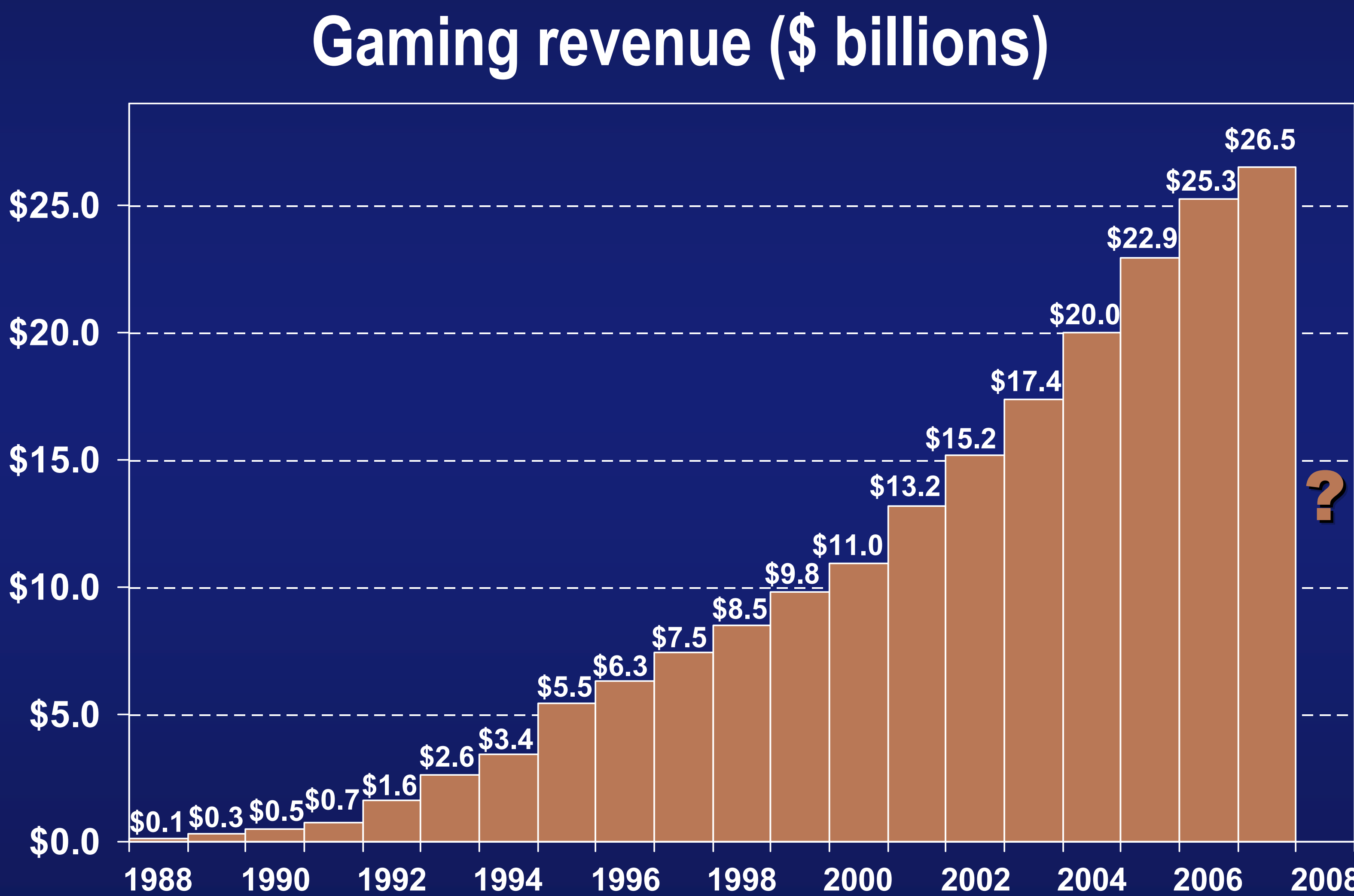
The Role of Indian Gaming

"… a means of promoting tribal economic development, self-sufficiency, and strong tribal governments."

– Indian Gaming Regulatory Act (1988)

Historical Performance of Indian Gaming



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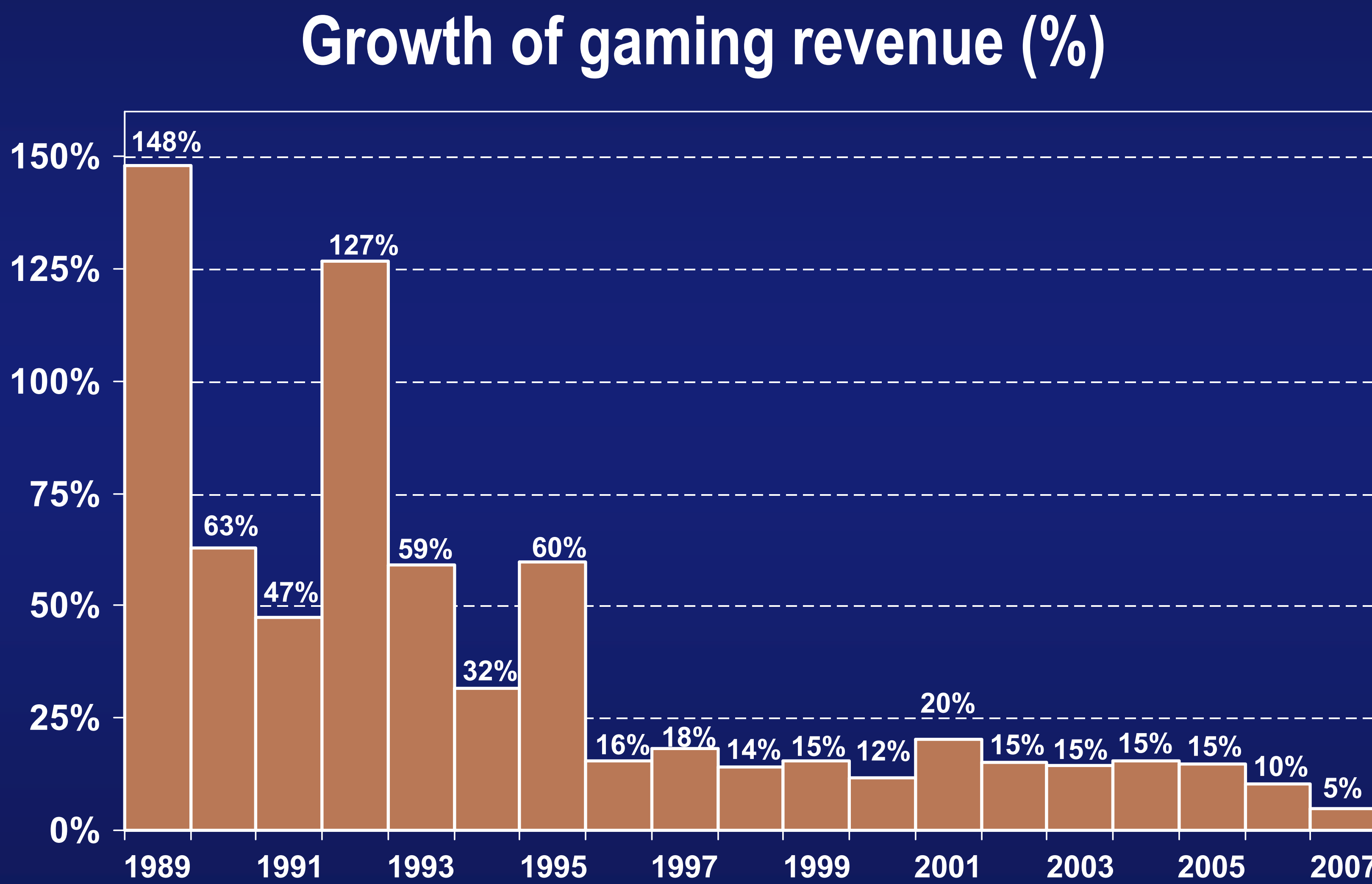
Overview of Indian Gaming in 2007

- $26.5 billion in gaming revenue
- 230 tribes
- 425 gaming facilities
- Within 28 states
- 300,000 gaming machines
- 7,700 table games
- 346,000 jobs
- $12 billion paid in wages to employees

Historical Growth of Indian Gaming



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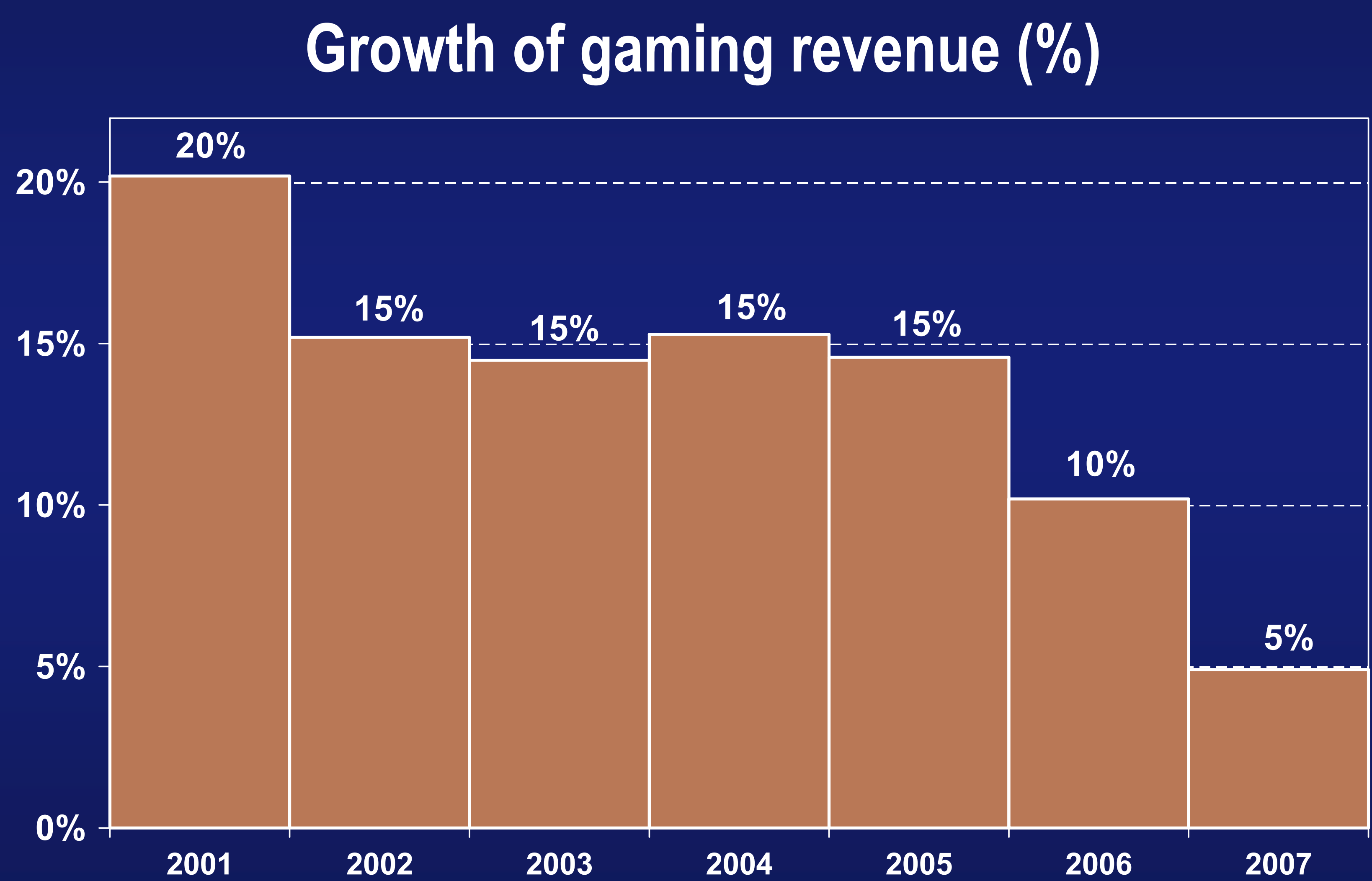
Recent Growth of Indian Gaming



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Reasons for Slower Growth

Slowdown in the general economy

- Only partly to blame for slower growth of Indian gaming in 2007
  - General economic slowdown started in late 2007
- Slower growth of Indian gaming began well before the slowdown of the general economy

Public policies intended to artificially restrict the supply of Indian gaming:

- Legislation
- Regulations
- Tribal-State gaming compacts

Indian Gaming is Not Created Equally

Indian gaming is very fragmented

- 230 tribes with 425 gaming facilities in 28 states

Size and growth of Indian gaming has varied widely from state to state depending on:

- Legal, regulatory, and political environments
- Types of games offered
- Market conditions

Concentration of Gaming Revenue

	Percentage of	
Gaming Revenue Range	Facilities	Gaming Revenue
$250 Million+	6%	42%
$100-250 Million	12%	30%
$50-100 Million	12%	13%
$25-50 Million	15%	8%
$10-25 Million	22%	6%
$3-10 Million	17%	2%
Under $3 Million	15%	<1%

Detail may not equate to total due to rounding.

Sources: National Indian Gaming Commission, 2007.

Concentration of Gaming Revenue

Gaming Revenue Range		Percentage of Facilities		Percentage of Gaming Revenue
$250 Million+	18%	6%	72%	42%
$100-250 Million		12%		30%
$50-100 Million		12%		13%
$25-50 Million		15%		8%
$10-25 Million		22%		6%
$3-10 Million		17%		2%
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Concentration of Gaming Revenue

		Percentage of		
Gaming Revenue Range		Facilities		Gaming Revenue
$250 Million+		6%		42%
$100-250 Million	30%	12%	85%	30%
$50-100 Million		12%		13%
$25-50 Million		15%		8%
$10-25 Million		22%		6%
$3-10 Million		17%		2%
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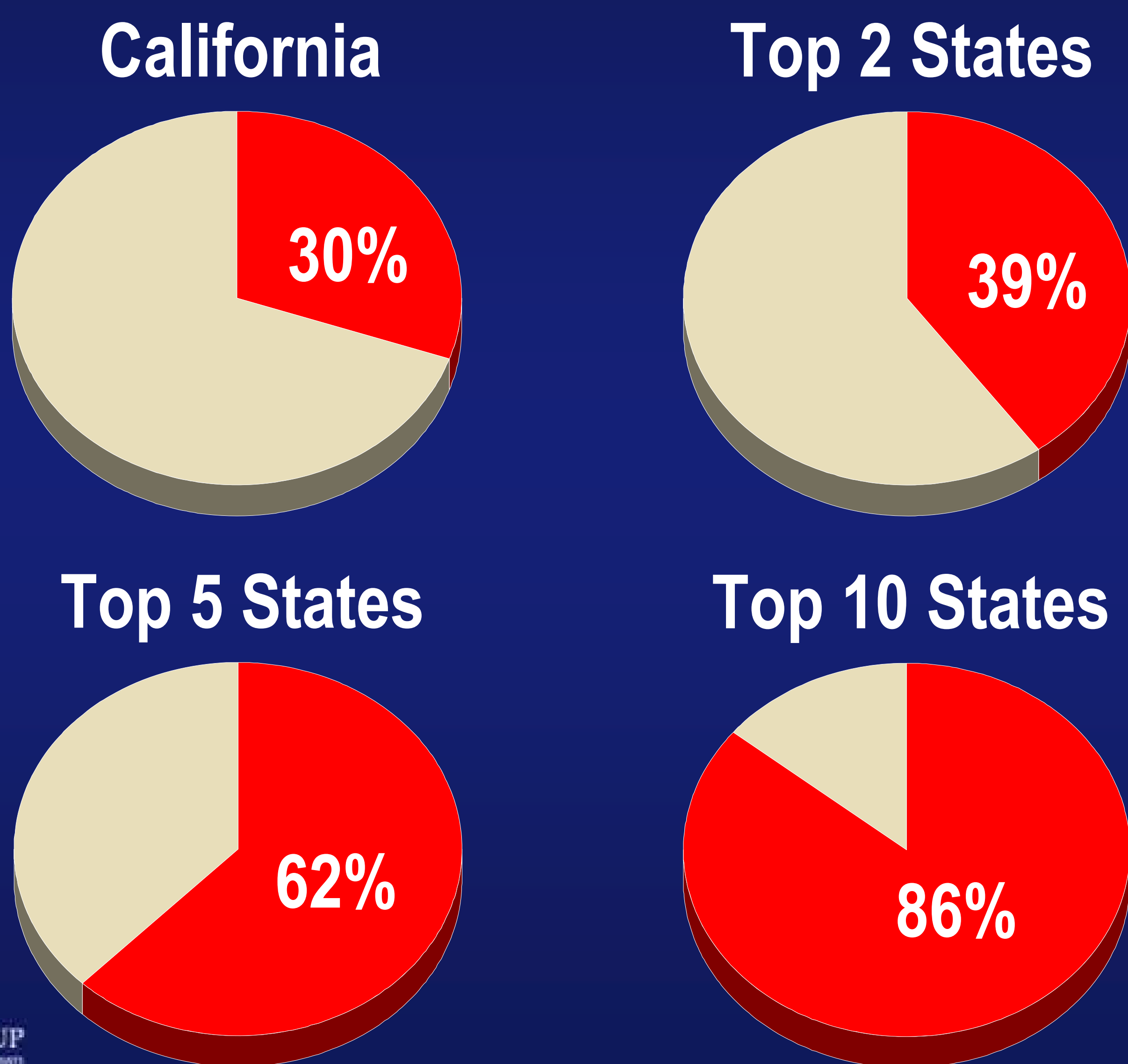
Geographic Concentration of Indian Gaming



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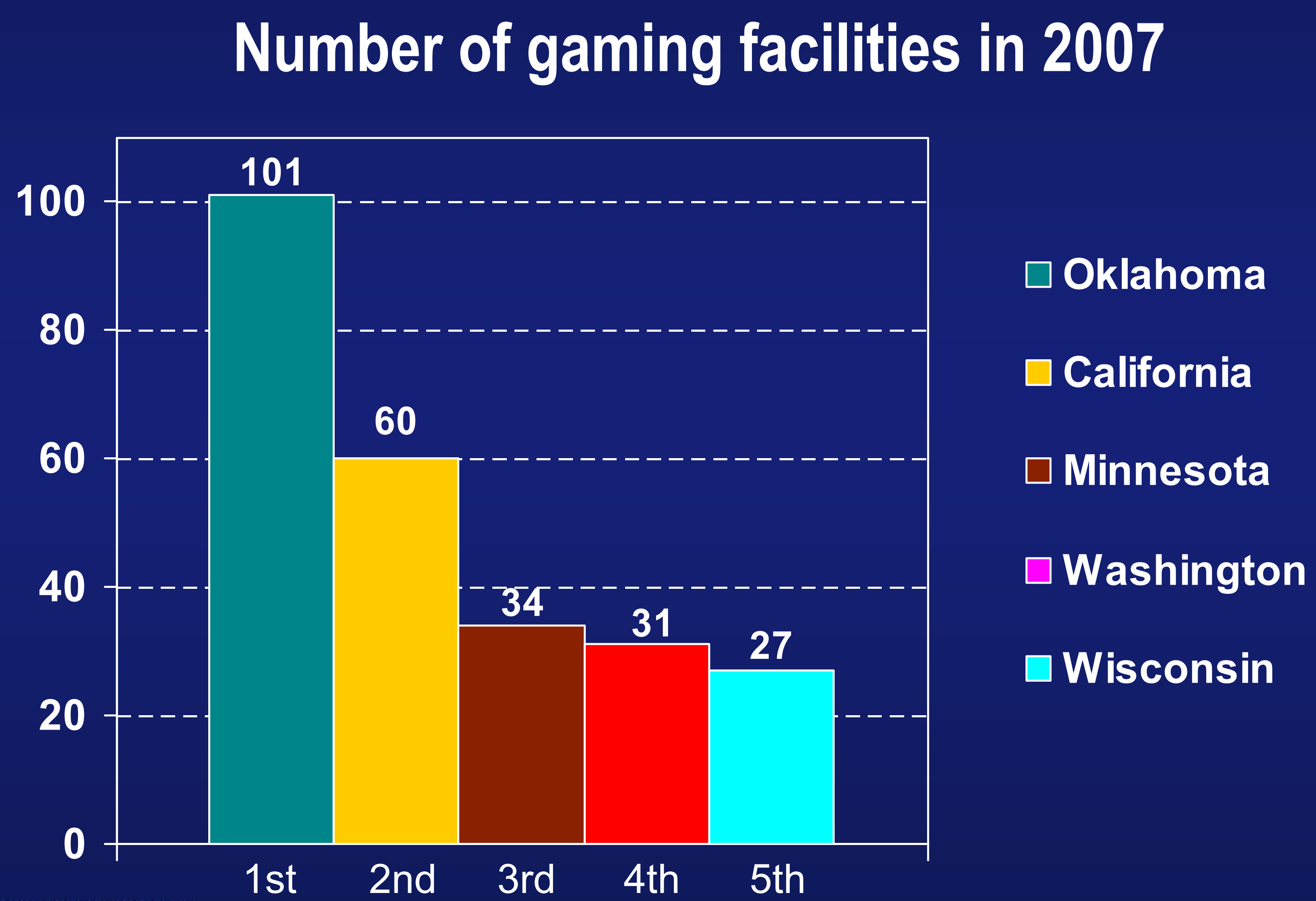
Top Indian Gaming States



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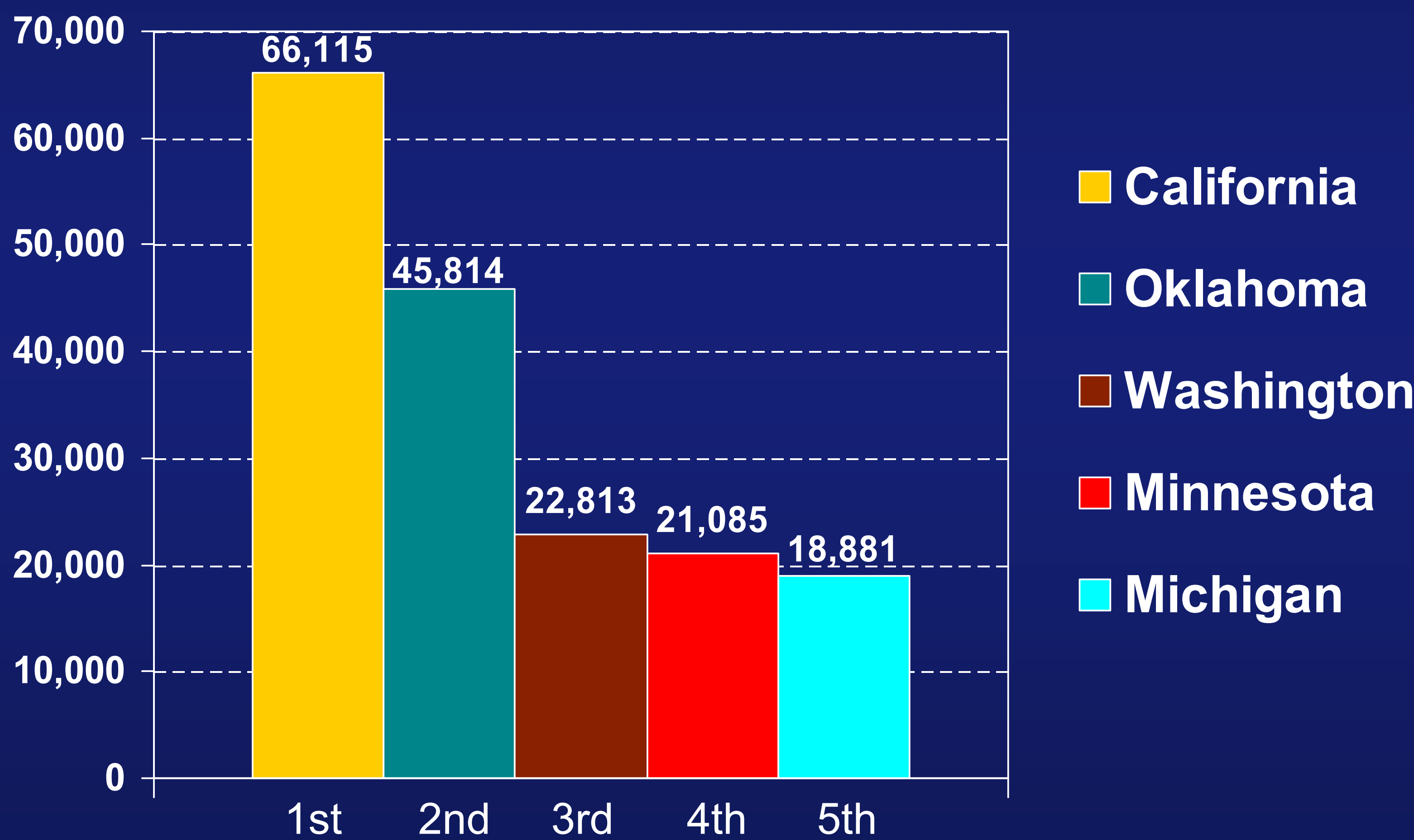
Top Indian Gaming States

Number of gaming machines in 2007



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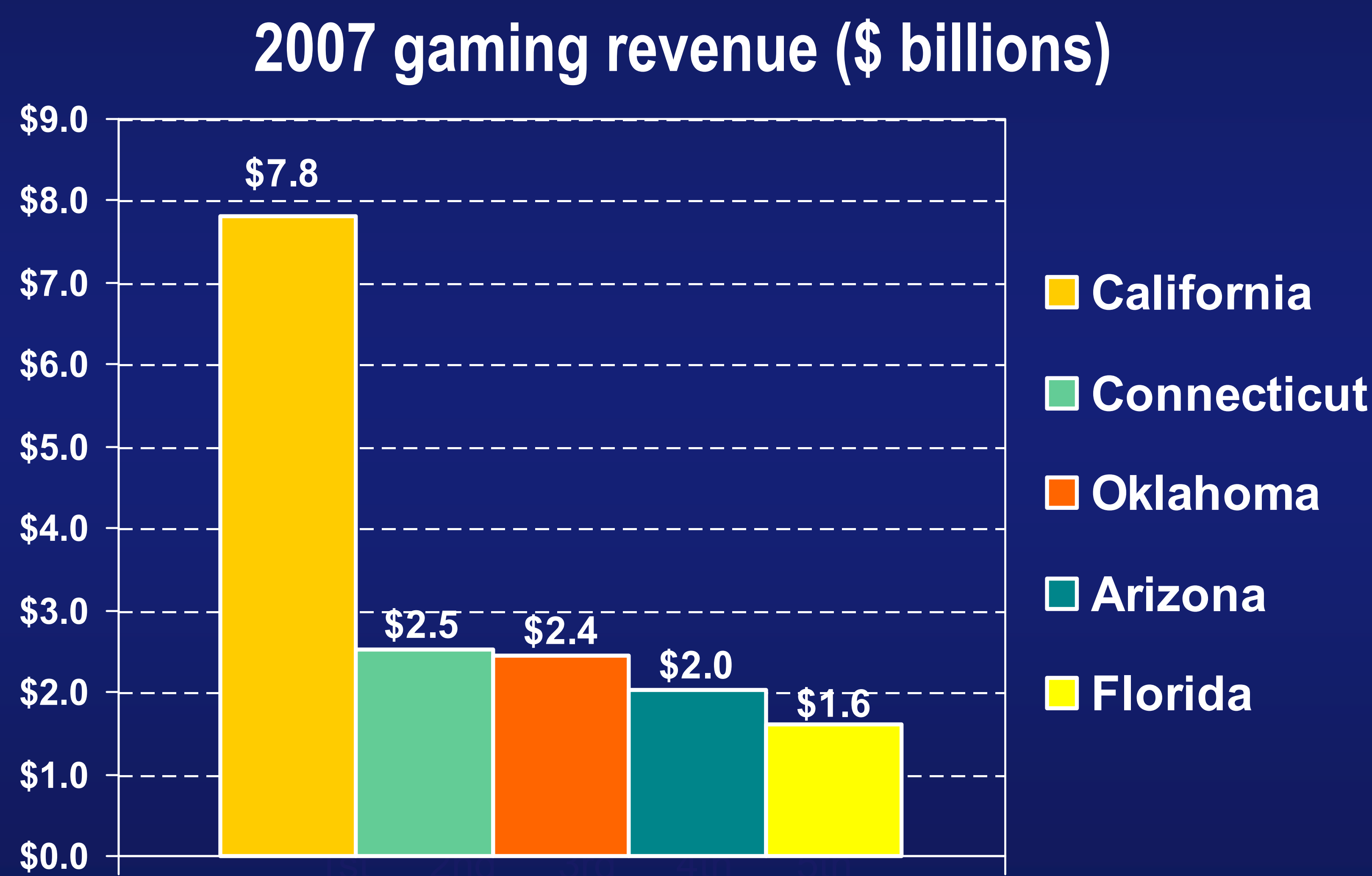
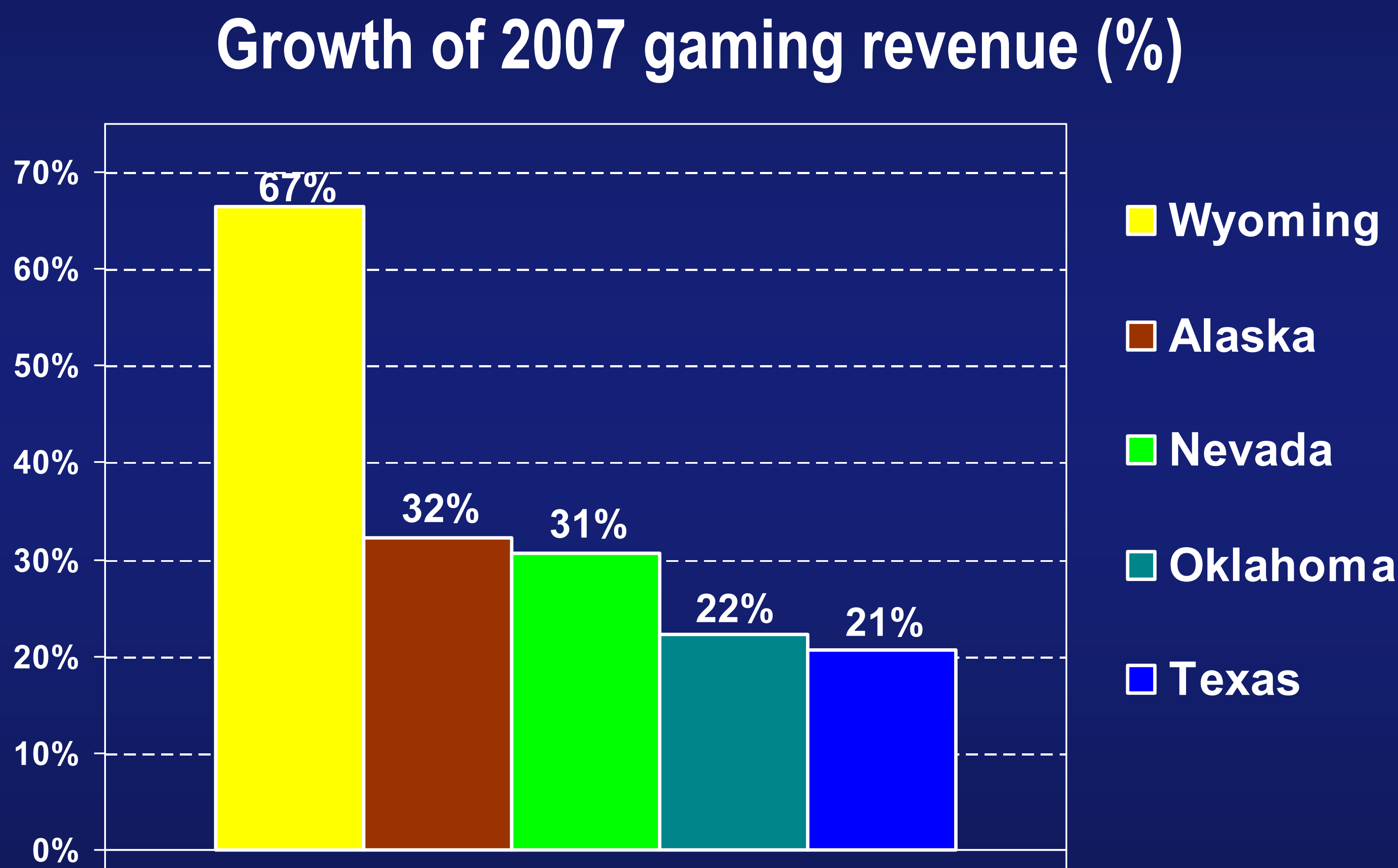
Indian Gaming Revenue by State



Indian Gaming Revenue Growth by State



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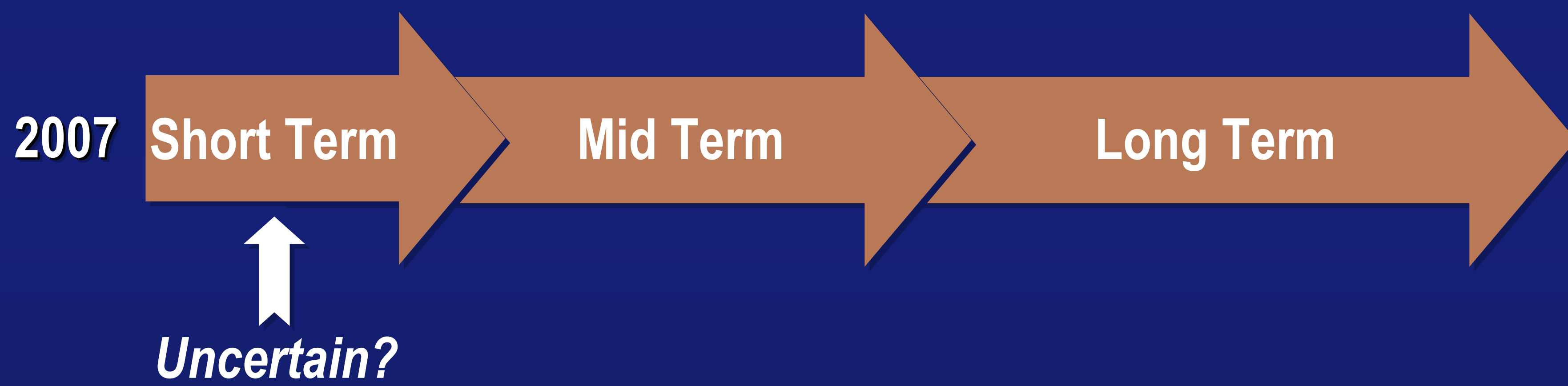
Future Outlook for Indian Gaming

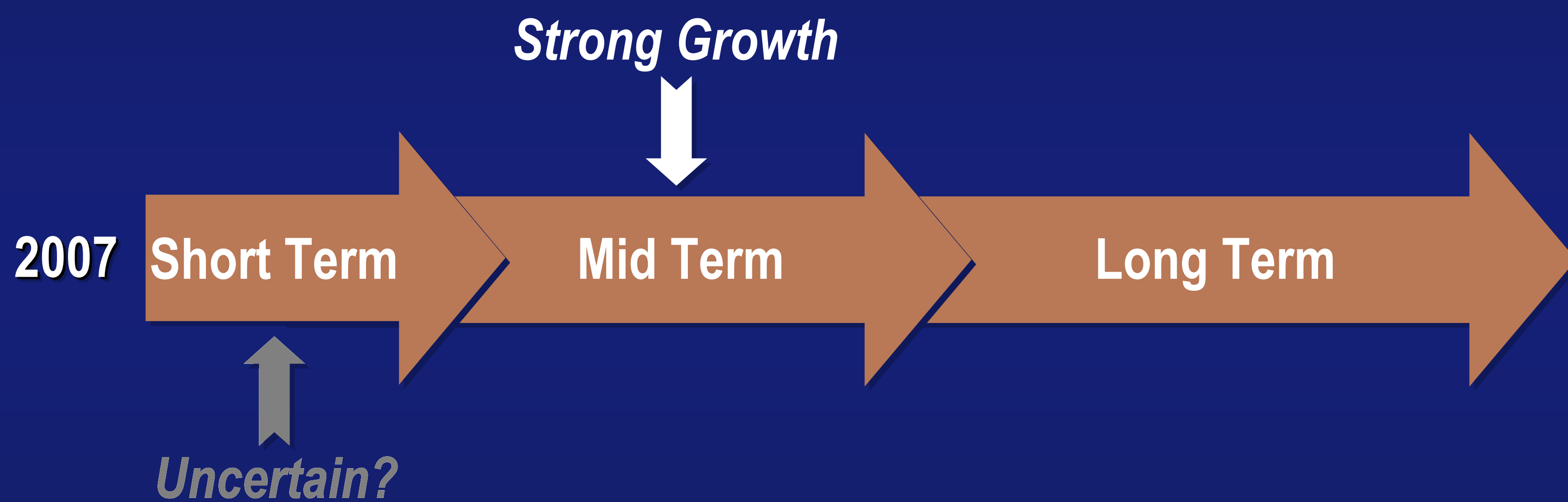


Short-Term Outlook for Indian Gaming

Short-term outlook:

- Slower than 2007 due to slowdown in the general economy?
  - Some facilities reporting revenue declines
  - Some facilities have had layoffs

Future Outlook for Indian Gaming

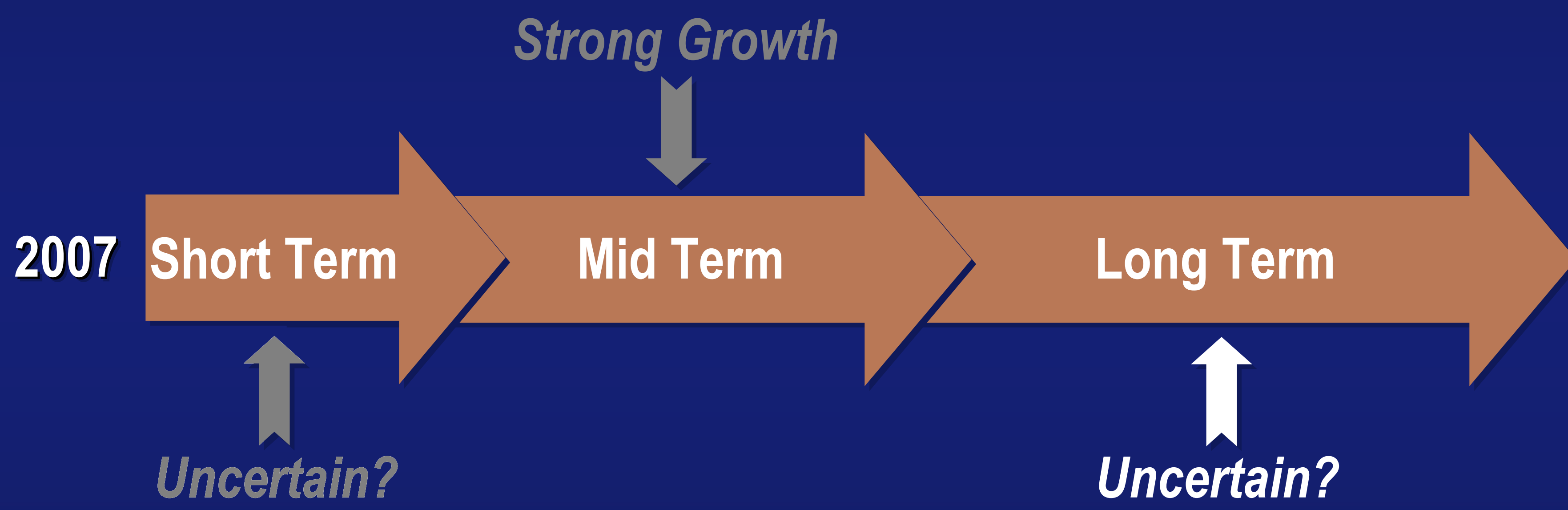


Mid-Term Outlook for Indian Gaming

Mid-term outlook:

- Strong growth in certain states where tribes are able to expand gaming
- Conversion of Class II to Class III machines
- Growth of Class II markets if regulations do not restrict Class II machines
- Continued growth in smaller, younger markets
- Lots of planned and proposed gaming facilities across the country

Future Outlook for Indian Gaming



Long-Term Outlook for Indian Gaming

Long-term outlook:

- NOTHING IS CERTAIN!!!
- Indian gaming could be critically impacted by:
  - Legal challenges
  - Legislation
  - Regulations
  - Increased competition
  - Maturation of markets

Looking Beyond Gaming ...

Goals for developing non-gaming businesses

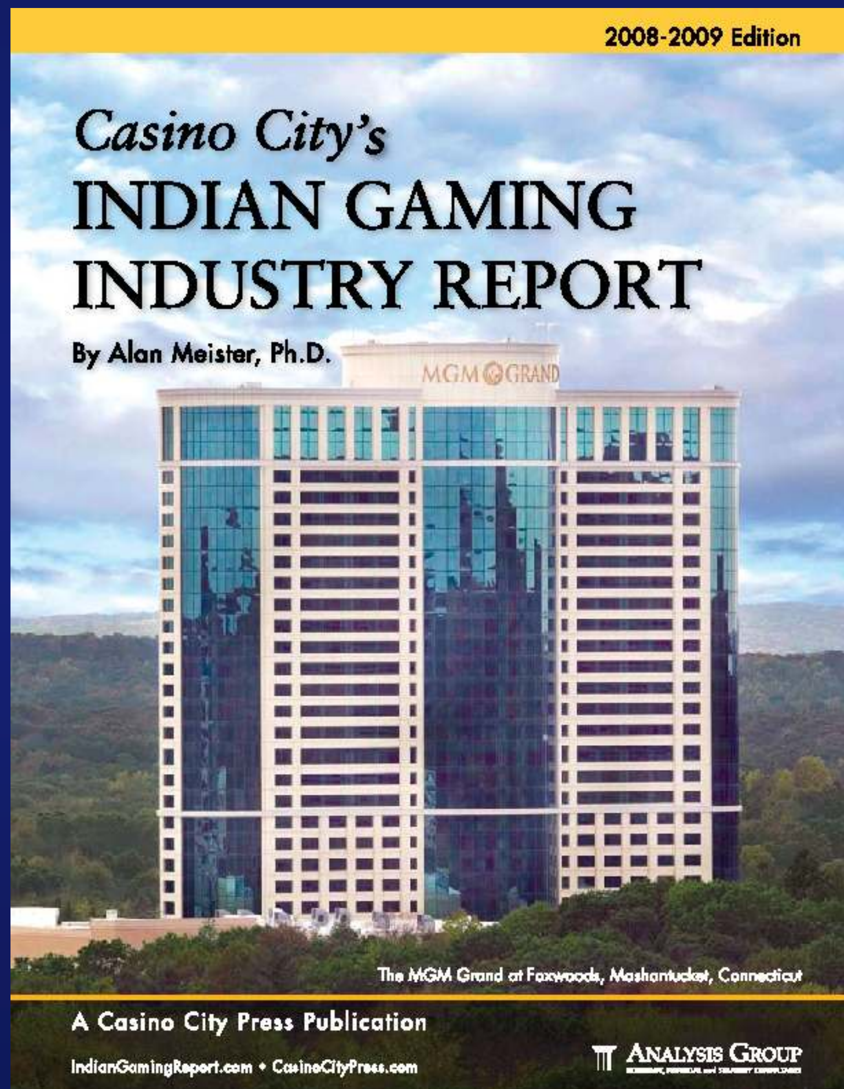
- Revenue generation
- Diversification
- Economic stability

Looking Beyond Gaming ...

Levels of diversification (low to high):

1) Non-gaming amenities at gaming facilities
2) Tourist-reliant non-gaming businesses
3) On-reservation businesses that export products off the reservation
4) Off-reservation businesses

Indian Gaming Industry Report



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Indian Gaming & Beyond

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