

2001 ANNUAL REPORT

LEADING IN AN ERA OF CHANGE



AMERICAN GAMING ASSOCIATION



Cover photo courtesy Jeff Scheid/*Las Vegas Review-Journal*
Inside cover photo courtesy MGM MIRAGE and Donny Cuizon

PRESIDENT'S MESSAGE

Not unlike other industries, the gaming-entertainment industry experienced enormous change in 2001.

After Sept. 11, we saw priorities on Capitol Hill and in federal agencies shift to the war effort and the economy. At the same time, congressional initiatives that would have had an adverse economic impact on any industry were given more careful consideration.

But as the old saying goes, "The more things change, the more they stay the same."

Despite this reordering of priorities, gambling continued to play a role in public policy debates, both in Washington and at the state level. In these debates, the same myths and stereotypes that had been refuted in recent government studies were resurrected by gambling opponents.

This annual report is an attempt to document — for current and prospective members — the efforts made in 2001 by the AGA on behalf of the industry, as well as to outline some of our priorities moving forward. It is our hope that these initiatives — in government affairs, communications, responsible gaming and diversity, grass roots and advocacy, non-dues revenue (primarily the industry trade event Global Gaming Expo), and membership — will both strengthen the industry and position it for future growth.



Paul J. Sabatelli

GOVERNMENT AFFAIRS

As legislative and regulatory priorities changed during 2001, the AGA adapted to the new climate, implementing a variety of government affairs initiatives to help protect the business interests of commercial casino operators.

When gaming industry opponents attempted to pass legislation that would ban legal wagering on college sports in Nevada, the AGA worked in advance of Senate hearings to brief members of Congress on the facts about this issue. In addition, the AGA supported the efforts of the Nevada congressional delegation, providing research, background materials and witness recommendations. As a result, lawmakers on both sides of the aisle spoke out against the legislation, nearly defeating it in committee and exposing flaws in the arguments advanced by the National Collegiate Athletic Association (NCAA).

With the advances in technology seen in recent years, Internet gambling has become an increasingly prominent and contentious issue on Capitol Hill. Throughout 2001, the AGA weighed in with members of Congress on this issue in the preparation and consideration of prospective legislation. When the House Financial Services Subcommittee on Oversight and Investigations and House Judiciary Committee held hearings on the issue, AGA President and CEO Frank J. Fahrenkopf, Jr.,

delivered testimony providing the commercial casino industry's perspective on Internet gambling.

As they have each year since the AGA was established in 1995, tax issues figured prominently on the AGA's agenda for 2001. The AGA spearheaded the work of an industrywide task force to challenge several tax issues, including regulatory proposals by the IRS on Tip Rate Determination Agreements (TRDAs), the deductibility of complimentary meals and entertainment, and tax withholdings on foreigners' winnings.

The AGA also continued to monitor steps by the Financial Crimes Enforcement Network (FinCEN) in implementing proposed rules regarding Suspicious Activity Reports (SARs) and worked with the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) to provide feedback on a proposal that would apply the same indoor air quality standards to the hospitality industry as other industries. The



AGA has supported a special ASHRAE standard that would take into account the unique qualities of hotels, restaurants, taverns and casinos.

On numerous issues, the AGA worked collaboratively with other segments of the gaming-entertainment industry, including those involved in lotteries, pari-mutuel wagering and Native American casinos, as well as unions and other third-party organizations, to address common interests. As the congressional agenda turned to pressing economic issues following Sept. 11, the AGA worked with the Culinary Union and travel industry groups to support efforts to revive the hospitality industry.

GOVERNMENT AFFAIRS 2002 PRIORITIES

The AGA will continue to execute issue-specific lobbying campaigns to support the goals of the commercial casino industry, as well as provide ongoing legislative and regulatory analysis to member companies. The AGA plans to bolster its political support network, coordinating visits to Las Vegas by the Congressional Economic Leadership Institute (CELI) to provide members of Congress and staff with a more in-depth understanding of the industry. The AGA also will continue to organize CEO and senior corporate executive visits to Capitol Hill and strengthen relationships with industry and third-party allies. In addition, the AGA plans to expand participation in its political action committee in 2002.

COMMUNICATIONS

The AGA in 2001 addressed everything from sports wagering to terrorism to gambling expansion, disseminating the industry's messages about these issues using a variety of communications vehicles.

Through an aggressive outreach effort, the AGA was able to respond to inaccuracies in the media. The AGA submitted letters to the editors of leading publications, with letters published in *The New York Times* and *St. Louis Post-Dispatch*; prepared, pitched and placed op-ed columns in national newspapers and gaming trade publications; and completed more than 300 interviews with print, broadcast and Web media outlets, including ABC, CBS and Fox News Channel.

In addition to communicating directly with the news media, the AGA's key messages were shared with third parties and decision makers. AGA President and CEO Frank J. Fahrenkopf, Jr., delivered speeches on behalf of the industry to groups such as the American Bar Association, Nevada Governor's Conference on Travel and Tourism and National Association of Former U.S. Attorneys and testified before congressional committees. AGA Senior Vice President and Executive Director Judy Patterson spoke before the New Mexico Gaming Board and the problem gambling councils of Kentucky and Colorado.



The AGA shared information with its members, the media, decision makers and the general public through its print and electronic publications and presence on the World Wide Web. The AGA completed its first annual report in 2001; prepared five issues of its bimonthly member newsletter *Inside the AGA*; produced two issues of *Employ-e!*, an e-mail publication intended as content for employee newsletters; and completed the third annual *State of the States: The AGA Survey of Casino Entertainment*. The content of the AGA Web site at www.americangaming.org, as well as the Gaming Electronic Library (GEL) — a members-only clearinghouse of research materials and studies pertaining to gaming — continued to be updated throughout the year.



The AGA also participated in the planning of events designed to highlight industry achievements, supporting the Global Gaming Expo (G2E) marketing program and organizing first-time events in conjunction with G2E, including the AGA Communications Awards and the AGA Awards Dinner Honoring America's Gaming Greats.

COMMUNICATIONS 2002 PRIORITIES

The AGA will continue to disseminate current information on industry issues by producing the newsletters *Inside the AGA* and *Employ-e!* and the fourth annual survey of casino entertainment; updating the AGA's general information brochure; maintaining the Gaming Electronic Library (GEL), adding a members-only section and online bookstore to the AGA Web site; preparing and submitting letters to the editor and op-eds; conducting media interviews; developing an exhibit booth for industry trade shows; supporting the G2E marketing program; and planning special events.

INDUSTRY ISSUES AND INITIATIVES

In recent years, some industry issues have become more than just politically correct steps for businesses — they have become business imperatives. The AGA has helped guide the industry in developing programs and initiatives in areas such as responsible gaming and diversity.

Building upon the foundation of the Responsible Gaming National Education Campaign — created in 1996 to promote industry-wide awareness of responsible gaming and disordered gambling — the AGA

launched a new publication, *Responsible Gaming Quarterly (RGQ)*, which reports problem gambling research findings and responsible gaming initiatives.

The AGA also organized the fourth annual Responsible Gaming Education Week, promoting responsible gaming at

casino properties nationwide. The theme for the week, which involved other segments of the gaming industry as well as regulators and treatment providers, was based on a mathematics curriculum developed by Harvard Medical School's Division on Addictions that taught gambling odds and probability. To support the week's activities, an

educational video was provided to member company properties, and collateral materials were made available on the AGA Web site.

These public education and outreach efforts were enhanced by fund-raising initiatives. The AGA provided significant administrative and logistical

support for the AGA Awards Dinner Honoring America's Gaming Greats and the JCM-AGA Golf Classic, which collectively contributed \$225,000 to the National Center for Responsible Gaming to fund ground-breaking research on problem gambling.

The AGA Diversity Task Force, created in 2000, continued its efforts to address issues of diversity within the industry work force. To establish a baseline on minority representation at all levels within the industry, the task force commissioned PricewaterhouseCoopers (PwC) to gather and aggregate data from member-company casinos. The PwC study was accompanied by a report from the task force explaining the findings and outlining next steps for the industry.

In addition to gathering baseline statistics, the task force moved forward with other priorities, including creation of a human resources subcom-



INDUSTRY ISSUES AND INITIATIVES 2002 PRIORITIES

The AGA will build on its accomplishments in the areas of responsible gaming and diversity, spearheading new programs and enhancing current initiatives. The Responsible Gaming National Education Campaign will expand to include a lecture series and distance learning program in conjunction with Responsible Gaming Education Week. The AGA also will publish four new issues of *Responsible Gaming Quarterly*. The AGA will continue its support of the National Center for Responsible Gaming by assisting with fund-raising events including the AGA Awards Dinner Honoring America's Gaming Greats and the JCM-AGA Golf Classic. The AGA Diversity Task Force will continue to conduct periodic meetings and disseminate up-to-date information and research findings to advance diversity within the industry. Some of the action items planned for 2002 include a diversity fair and "best practices" section on the AGA Web site.

mittee, which will work to create uniform Equal Employment Opportunity Commission (EEOC) job categories within the casino industry, and a purchasing and contracting subcommittee, which will work to develop strategies that will help increase opportunities for minority-owned suppliers and vendors. The AGA, in conjunction with PwC, offered a workshop on diversity as a business practice to help companies develop successful business strategies.

GRASS ROOTS AND ADVOCACY

As the industry has faced new challenges at the federal level, the AGA has looked to employees, customers and third-party groups to help broaden support for its positions.

The AGA worked with local United Way organizations to organize a workshop to explore ways the industry and United Way could work together more closely. Following the workshop, the United Way organizations hosted the second annual United Way-Gaming Industry Recognition Event on Capitol Hill to acknowledge casinos' charitable



contributions and celebrate the individual success stories from their collaborative efforts.

Building on a goal outlined in the 2000 strategic plan, the AGA continued work in 2001 to strengthen its relationships with state gaming associations. Throughout the year, the AGA convened meetings to discuss increased coordination among states in dealing with events and issues of national significance.

Americans for Casino Entertainment (ACE), AGA's new grass-roots customer advocacy organization, also debuted in 2001. Thanks to a comprehensive outreach campaign focused on direct-mail marketing and advertising in gaming publications, thousands of casino customers from across the country signed on to become members of ACE and help deliver the facts about gaming entertain-



ment to local, state and national leaders.

The AGA kept ACE members informed about important industry initiatives through a quarterly newsletter and a comprehensive Web site, www.aceaction.com, featuring issue briefs and legislative resources. The site also included a

feature enabling members to send letters to their members of Congress directly from the site. When some members of Congress were considering legislation that would ban legal wagering on college sports in Nevada early in the year, ACE members sent hundreds of letters opposing the bill, which helped convince members on both sides of the aisle to oppose the legislation.

The AGA also continued to exhibit at national and regional trade shows last year. In addition to its regular events, 2001 marked AGA's inaugural presence as an exhibitor at the National Conference of State Legislatures (NCSL).

GRASS ROOTS AND ADVOCACY 2002 PRIORITIES

This year, the AGA plans to develop a weeklong event to mobilize the industry's community volunteerism efforts. In addition, the AGA will continue to convene meetings of the state gaming associations to encourage communication and information sharing, as well as continue to collect economic statistics to be used in the creation of a political assets map. The AGA also will strengthen its presence at national and regional trade shows across the country.

NON-DUES REVENUE

The AGA moved into a new era in 2001 as the industry launched its own trade show and conference, Global Gaming Expo (G2E). Produced in partnership with Reed Exhibitions, the event, held Oct. 1-3, 2001, at the Las Vegas Convention Center, shattered all projections and emerged as the leading education and exhibition event for the international gaming community.

NON-DUES REVENUE 2002 PRIORITIES

G2E 2002 is scheduled for Sept. 17-19, 2002, at the Las Vegas Convention Center, and expectations are running high for an event that will be even larger in scope than last year's successful debut. This year's exhibit floor has been expanded to support 200,000 square feet of exhibit space, and, at press time, more than 250 exhibitors had already signed up to participate. All of the industry's major manufacturers have reserved space at the event. In addition, AGA recently acquired from GEM Communications certain assets of the World Gaming Congress trade show, creating the pre-eminent international trade show and conference for the gaming-entertainment industry. The event will continue to be called G2E and will have the full support of GEM's 12 publications.

More than 8,600 people — 6,524 on the show floor and 2,129 at the conference — attended G2E, and international guests hailed from a diverse array of countries, including Argentina, Australia, Columbia, France, Japan and Korea. Initial estimates called for 100,000 square feet of exhibit space at G2E, but the trade-show floor was expanded and ultimately featured more than 135,000 square feet of goods and services from 375 companies and organizations. Every major international manufacturer from the industry exhibited at the event.

Conference attendees were treated to a diverse array of panel discussions featuring many top industry executives. A conference advisory panel consisting of experts from within the gaming industry developed the content and format of 100 sessions. G2E also featured keynote addresses by luminaries from the gaming and entertainment world, including Oscar-winning actress Whoopi Goldberg, Metro-Goldwyn-Mayer, Inc. Chairman and CEO Alex Yamenidjian and an industry-leader panel featuring Park Place Entertainment Corp. President and CEO Thomas Gallagher, MGM MIRAGE Chairman and CEO J. Terrence Lanni, Aristocrat CEO Des Randall, National Indian Gaming Association (NIGA) Chairman Ernie Stevens and Casinos Austria Chief Executive Paul Herzfeld.



MEMBERSHIP

While membership recruitment primarily is handled through one-on-one contact by AGA board members, the AGA has stepped up efforts to build on its membership base, which has shrunk as the result of mergers and acquisitions.

One of the most effective tools has been Global Gaming Expo, which not only provides an international forum for the AGA but also offers members bottom-line benefits for their membership, including reduced rates for exhibit space and conference attendance. By joining the AGA, companies are benefiting directly from the investments they make in G2E, which are funneled back into the AGA's education and advocacy programs.

Immediately following the conclusion of G2E 2001, Aristocrat Technologies, Inc., a leading equipment manufacturer, joined the AGA. Other companies to join the AGA in 2001 were Ameristar Casinos, Inc.; Penn National Gaming, Inc.; Casino City Press; and Rafferty & Associates.

The AGA also documented many of its achievements and disseminated them to prospective members through print materials. Among the tools used in 2001 were an advertisement in the industry trade publication *Gaming Business Directory* describing the many benefits of becoming an AGA member, the association's first annual report and exhibit booths at the Southern Gaming Summit, G2E and NCSL.

The Web site continued to serve as a tool to both provide information on how to become an

MEMBERSHIP 2002 PRIORITIES

The AGA will continue its outreach to prospective member companies, especially major gaming operators, manufacturers and the financial community. One company that signed up to join the AGA in early 2002 was Atronic Americas LLC. The AGA also will increase communication to its current members by developing and disseminating industry news alerts and organizing an annual member reception. In addition, the AGA plans to develop and conduct a member satisfaction survey gathering important feedback on how to best serve its member companies, their employees and the gaming-entertainment industry.

AGA member as well as to highlight our existing members in a listing that includes a brief overview of their companies, contact information and a link to their Web sites.

Casinos and Equipment Manufacturers

Ameristar Casinos, Inc.*
Argosy Gaming Company
Aristocrat Technologies, Inc.*
Atronic Americas, LLC**
Aztar Corporation
Boyd Gaming Corporation
Eldorado Hotel & Casino
Harrah's Entertainment, Inc.
Hollywood Casino Corporation
Horseshoe Gaming Holding Company
International Game Technology
Isle of Capri Casinos, Inc.
JCM American Corporation
Mandalay Resort Group
MGM MIRAGE

Mikohn Gaming Corporation
Park Place Entertainment Corporation
Penn National Gaming, Inc.*
Pinnacle Entertainment, Inc.
Shuffle Master, Inc.
Station Casinos, Inc.
Sun International Hotels Ltd.
Wynn Resorts, LLC

Associations, Publications and Unions

Casino Association of Indiana
Casino Association of Louisiana
Casino City Press
Casino Owners Association of Colorado
Illinois Casino Gaming Association
Iowa Gaming Association
Michael Pollock's *Gaming Industry Observer*

Mississippi Gaming Association
Missouri Riverboat Gaming Association
Nevada Resort Association

Financial Services

Bank of America
Bear Stearns & Company, Inc.

Suppliers and Vendors

A & D Scenery Inc.
American Fish & Seafood Co.
Anderson Dairy, Inc.
Cashman Equipment Company
Chase Products Co.
Chesapeake Advertising, Inc.
Coca-Cola Bottling of Las Vegas
Douwe Egberts Coffee Systems
Ethel M. Chocolates

Game Financial Corporation
Global Cash Access
Marietta Corporation
Morrey Distributing Company
The Paul Steelman Design Group, Inc.
Prime Table Games, LLC
Rafferty & Associates*
Sierra Springs
Southern Wine & Spirits of Nevada
Professional Services
Andersen
PricewaterhouseCoopers
Deloitte & Touche LLP

*New members in 2001

** New members in 2002

BOARD OF DIRECTORS



Charles N. Mathewson,
Chairman
Chairman
International Game
Technology



Frank Fertitta III
President and CEO
Station Casinos, Inc.



Sol Kerzner
Chairman and CEO
Sun International
Hotels Ltd.



Larry Ruvo
*Senior Managing
Director*
Southern Wine &
Spirits of Nevada



**Philip G. Satre, Vice
Chairman**
Chairman and CEO
Harrah's Entertainment,
Inc.



Thomas E. Gallagher
President and CEO
Park Place Entertainment
Corp.



J. Terrence Lanni
Chairman and CEO
MGM MIRAGE



Glenn Schaeffer
*President, CFO
and Treasurer*
Mandalay Resort
Group



William S. Boyd
Chairman and CEO
Boyd Gaming
Corporation



John M. Gallaway
President and COO
Isle of Capri Casinos, Inc.



Bill Newby
Managing Director
Bank of America



David J. Thompson
*Chairman
and CEO*
Mikohn Gaming
Corporation



Donald L. Carano
CEO
Eldorado Hotel &
Casino



R.D. Hubbard
Chairman and CEO
Pinnacle Entertainment,
Inc.



Des Randall
CEO
Aristocrat
Technologies, Inc.



Stephen A. Wynn
*Managing
Member*
Wynn Resorts,
LLC

OFFICERS

Frank J. Fahrenkopf, Jr.
President and CEO

Judy L. Patterson
*Senior Vice President and
Executive Director*

Walton M. Chalmers
Vice President

D. Brett Hale
Vice President





AMERICAN GAMING ASSOCIATION

555 13th Street, N.W.

Suite 1010 East

Washington, D.C. 20004

202-637-6500

Fax: 202-637-6507

www.americangaming.org