

PRESQUE ISLE DOWNS, INC.

**LICENSE RENEWAL HEARING
BEFORE THE PENNSYLVANIA
GAMING CONTROL BOARD**

July 20, 2011

Presque Isle Downs, Inc.

- ▣ Conditional Category 1 Slot Machine License Approved October 25, 2006
- ▣ Presque Isle Downs Opened to the Public February 28, 2007
- ▣ Permanent Category 1 Slot Machine License Approved February 27, 2008
- ▣ License Renewal Application Submitted to the Board for Category 1 Slot Machine License Renewal December 29, 2008
- ▣ Table Games Operation Certificate Issued July 8, 2010

Presque Isle Downs, Inc.

PA State Horse Racing Commission granted the final order approving PIDI's license application 11/19/02. The application permits PIDI to conduct live thoroughbred racing with pari-mutuel wagering.

Presque Isle Downs, Inc.

- ▣ Pursuant to 4 Pa.C.S. § 1326, "[a] permit or license for which a completed renewal application and fee, if required, has been received by the board will continue in effect unless and until the board sends written notification to the holder of the permit or license that the board has denied the renewal of such permit or license."

Presque Isle Downs, Inc.

- ▣ 58 Pa. Code § 441 a.16(c) provides that “[a] slot machine license for which a completed renewal application has been received by the Board will continue in effect until the Board sends written notification to the holder of the slot machine license that the Board has approved or denied the slot machine license renewal application.”

FINANCIAL SUITABILITY AND VIABILITY

Financial Suitability & Viability

- ▣ MTR Gaming is a public company traded on the NASDAQ exchange;
- ▣ The Company maintains financial records in accordance with generally accepted accounting principles “GAAP”;
- ▣ The Company issued its annual financial statements for 2010 and has received an unqualified opinion;
- ▣ The Company maintains a system of internal control to monitor compliance with regulatory requirements and effectiveness of internal controls over financial reporting (Sarbanes-Oxley requirements).

Tender Offer

- ▣ On July 7, 2011 the Company launched a tender offer for its senior and senior subordinated notes
- ▣ July 14, 2011 The Company decided not proceed with the previously announced offering of \$500 million in aggregate principal amount of senior secured second lien notes due 2019 because of market conditions
- ▣ The Company continues to evaluate financing alternatives

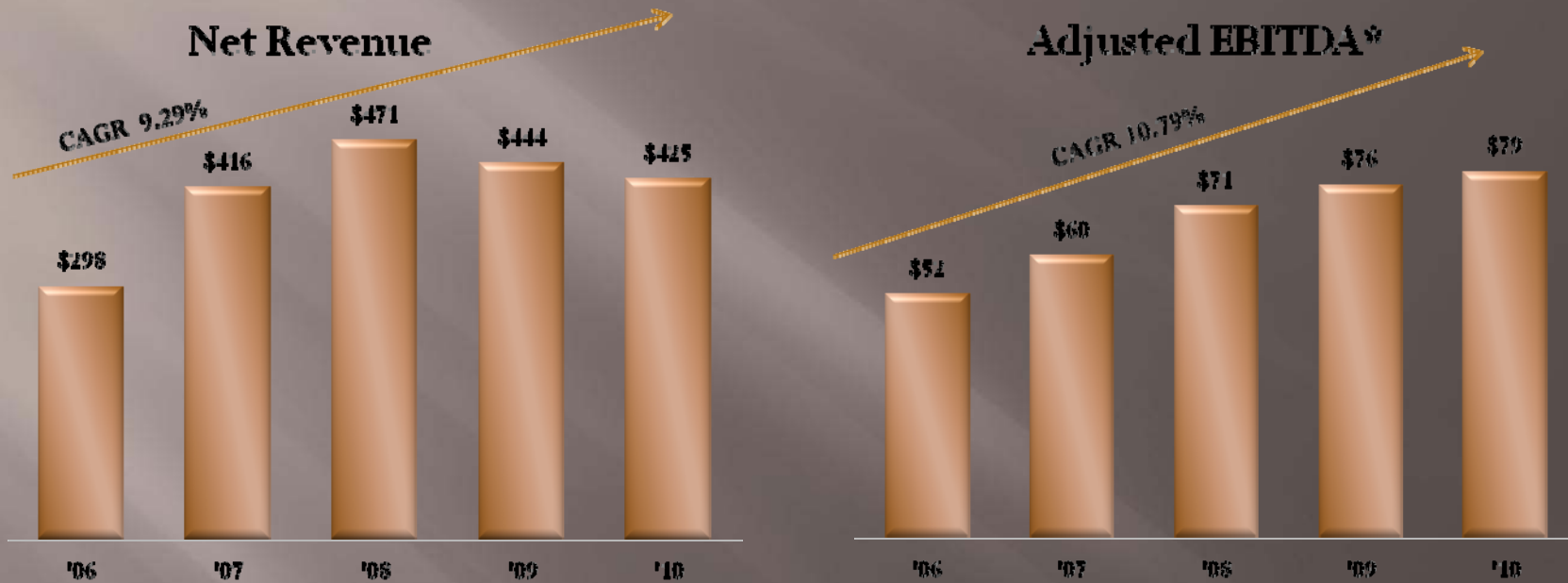
Financial Suitability & Viability

- ▣ EBITDA Growth Despite Competition and Revenue Decline
- ▣ Focus on Efficiencies and Cost Containment
- ▣ \$45.8 Million Cash Balances (3/31/2011)
- ▣ \$20.0 Million Credit Facility (Undrawn)
- ▣ Debt Maturities:
 - \$125 Million due June 1, 2012
 - \$260 Million due July 15, 2014



MTR GAMING GROUP, INC.

Historical Results Continuing Operations (\$ In millions)



- * Adjusted EBITDA exclusive of \$1.4 m of project opening costs and \$0.5 m Ohio lobbying costs in FY10; \$9.8 m Ohio lobbying costs and \$1.6 m legal settlement charge in 2009; \$5.6 m of project opening costs in 2007; and \$2.3 m of project-opening costs in 2006.
- Adjusted EBITDA represents earnings (losses) before interest, income taxes, depreciation and amortization, gain (loss) on the sale or disposal of property, loss on debt modification and extinguishment, equity in loss of unconsolidated joint venture and loss on impairment. Adjusted EBITDA is not a measure of performance or liquidity calculated in accordance with generally accepted accounting principles (“GAAP”), is unaudited and should not be considered as an alternative to, or more meaningful than, net income (loss) or income (loss) from operations as an indicator of our operating performance, or cash flows from operating activities, as a measure of liquidity.

ECONOMIC IMPACT TO COMMONWEALTH

Economic Impact

- ▣ **Local Capital Investment \$241 Million:**
 - **Land = \$64 Million**
 - **Building = \$108 Million**
 - **Furniture & Equipment = \$69 Million**

Economic Impact

▣ Economic Impact - Feb 2007 - Mar 31, 2011

- **Gaming Taxes and Fees** **\$413.8 Million**
 - ▣ \$232.3 M - State Gaming Tax
 - ▣ \$ 52.9 M - Local Share Assessment
 - ▣ \$ 81.7 M - Race Horse Development Fund
 - ▣ \$ 34.3 M - Economic Development & Tourism
 - ▣ \$ 12.6 M - Administrative Fees
- **Real Estate, Payroll, etc.** **\$13.6 Million**
- **Sales and Use Tax** **\$1.7 Million**

Economic Impact

- ▣ PIDI has generated more than \$413.8 Million in gaming taxes and fees for the Commonwealth and has paid in excess of \$15.3 Million in sales and use, payroll and real estate taxes since its opening.
- ▣ PIDI currently employs 961 employees. The number of seasonal employees increases to 120 in May. December 31, 2010

Economic Impact

Local Vendor Spend 2007 - 2010

County	State	Spend by County	% Total
Erie	Pennsylvania	\$56,513,304.93	28.8%
Allegheny	Pennsylvania	\$36,219,768.24	18.5%
Philadelphia	Pennsylvania	\$2,783,776.06	1.4%
Butler	Pennsylvania	\$2,303,369.04	1.2%
Dauphin	Pennsylvania	\$1,793,344.46	0.9%
Venango	Pennsylvania	\$1,404,412.10	0.7%
Mercer	Pennsylvania	\$817,720.83	0.4%
Beaver	Pennsylvania	\$804,284.31	0.4%
Crawford	Pennsylvania	\$666,706.10	0.3%
Montgomery	Pennsylvania	\$593,760.58	0.3%
Bucks	Pennsylvania	\$487,004.15	0.2%
Washington	Pennsylvania	\$395,846.80	0.2%
Berks	Pennsylvania	\$242,962.17	0.1%
Armstrong	Pennsylvania	\$175,451.20	0.1%
Lawrence	Pennsylvania	\$117,561.90	0.1%
Westmoreland	Pennsylvania	\$101,779.11	0.1%

PIDI has spent \$106 Million with PA vendors (2007 – 2010). Its 2010 vendor utilization included 3.3% spend with diversity vendors, and exceeds more than 2.6% historically.

Number of Gaming Devices

▣ Currently in Operation:

- Slot Machines = 2,070

- Table Games = 44

Gaming Revenue

Slots	Coin In	Win
2007	\$1,629,542,778	\$142,182,554
2008	2,027,746,723	164,475,937
2009	2,123,589,231	166,701,204
2010	2,262,613,581	170,387,248
2011 – 1 Qtr	520,394,214	39,344,061
Total	\$8,563,886,527	\$683,091,004

Tables	Drop	Win
2010 – 2 Qtrs	\$56,193,443	\$9,830,182
2011 - 1 Qtr	24,879,171	5,009,568
Total	\$81,072,614	\$14,839,750

Horse Racing

- ▣ PIDI has invested more than \$29.9 Million on construction of the racetrack, barns and related buildings.
- ▣ PIDI has one of two Tapeta track surfaces in the U.S.
- ▣ PIDI is building two additional barns in 2011.
- ▣ When PIDI expanded to accommodate table games it spent more than \$589,000 on a new pari-mutuel area, lawn/picnic area, and horsemen's bleachers.

BUSINESS ABILITY AND EXPERIENCE

Experience

▣ MTR Gaming Group, Inc.

- Jeffrey Dahl, Chief Executive Officer - 30 years gaming experience
- Joseph Billhimer Jr. – Sr. VP for Operations and Development – 27 years gaming experience
- John Bittner, Executive VP and CFO – 35 years gaming and public accounting experience
- Narciso “Nick” Rodriguez-Cayro, VP, Secretary and General Counsel - 23 years law enforcement, legal and gaming experience

Experience

- **Property Executives**
 - Fred Buro, President & General Manager - 22 years gaming
 - Rita Smith, Director of Finance - 30 years+ gaming
 - Kevin Ryan, Director of Table Games - 30 years+ gaming
 - Thomas Moore, Director of Slot Operations - 17 years gaming
 - Jen See, Director of Marketing - 13 years gaming
 - Joseph Smith, Director of Security - 23 years law enforcement and gaming
 - Steve Danowski, Director of Surveillance - 35 years law enforcement and gaming
 - Roseane Paligo, CIA, Internal Audit Manager - 18 years internal audit and gaming
 - Erick Friedman, Director of IT - 12 years IT
 - Debbie Howells, Director of Racing - 21 years racing
- **Other Departments**
 - Diane Claymier, Cage & Credit Manager - 15 years gaming
 - Duane Krakowiak, Cage Shift Manager - 8 years gaming
 - Shayne Morrow, Countroom Manager - 14 years gaming
 - 3 Table Games Shift Manager with an average of 22 years gaming
 - 7 Table Games Pit Managers with an average of 14 years gaming

DIVERSITY

Diversity Plan

- ▣ Clark Resources Diversity Consultant
 - Monitoring of Diversity Plan
 - Workforce - Supplies - Contracting

- ▣ Presque Isle Downs Historical Achievements
 - Contracting
 - Reporting
 - MBE/WBE Participation

Diversity Plan

- ▣ Overall Commitment
 - Review of Process
 - Understanding of “Good Faith Effort”
 - Outreach

- ▣ Diversity Commitment
 - Senior Management Team
 - Pennsylvania Gaming Control Board Oversight

Workforce

Age	Under 40	40-49	50-59	60-69	70+		Total
Total Employees	543	197	162	51	8		961
Percentage	56.50%	20.50%	16.86%	5.31%	0.83%		100%
Sex	Male	Female	Total				
Total Employees	552	409	961				
Percentage	57.44%	42.56%	100%				
Erie County	48.97%	51.03%					As of 12/31/10

Ethnicity

Ethnic Group	White	African Am.	Native Am.	Asian	Hispanic	Non-U.S./ Non Spec.	Total
Total Employees	786	88	6	22	25	34	961
Percentage	81.79%	9.16%	0.62%	2.29%	2.60%	3.54%	100%
Erie County	91.40%	6.50%	0.33%	0.33%	2.50%	0.33%	
Place of Residence	PA		OH	NY	Other		Total
	Erie Co.	840					
	Crawford Co.	58					
	Other PA Co.	15					As of 12/31/10
Total Employees		913	18	12	18		961

Management Team

- ▣ 85% of the PIDI management team is over the age of 40 and 38% are female.
- ▣ MTR executive management team consists of 25% persons of color and all are over the age of 40.

Community Outreach

- ▣ PIDI has conducted or participated in 17 job fairs in Erie County.
- ▣ PIDI has sent speakers to local schools, social service organizations, and various diversity related roundtables 25 times.
- ▣ PIDI has increased its community partnerships from 21 in 2007 to 40 in 2010.
 - Over 100 people have been hired as referrals from these partnerships.

Community Outreach

- ▣ PIDI holds vendor fairs to reach out to MBE/WBE vendors.
- ▣ PIDI attends MBE/WBE events to meet minority and women vendors and become acquainted with their products and services.
- ▣ A representative from PIDI was selected to speak at the Governor's Advisory Commission on African American Affairs Business Exchange.

THANK YOU