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GAMING INDUSTRY CONTINUES RAPID SECTOR GROWTH GARNERING INTEREST AND ACTIVITY FROM NEW INVESTOR GROUP, PRIVATE EQUITY FUNDS SAYS MERCANTI'S MONTHLY REPORT

Opportunities in Middle Market Segment Especially Compelling, Report Notes

MINNEAPOLIS, MN, September 19, 2007 --- It is a safe bet that the Gaming industry of today, now more than an \$85 billion industry, is vastly different from the Las Vegas and Atlantic City focused casino market that existed just a decade ago, according to this month's *Chronicle* report published by The Mercanti Group, an investment banking firm headquartered in Minneapolis and with offices in Los Angeles and New York City.

"Over the last 10 years, the U.S. gaming industry has been transformed from a small number of large-scale casino destinations into more of a widespread and readily available public entertainment option," says Mercanti director Brian Wood, who specializes in counseling gaming companies and their management, and who authored this month's *Chronicle*. "This proliferation is evident in the overall acceptability of gaming in the general populace as over 80% of Americans consider casino gambling acceptable for themselves and others."

The growth of casinos operated by Native American tribes has been especially striking, the report says. In 2006, Native American casinos registered sales of \$25.1 billion, with tribal casino revenues growing at 14.8 compounded growth rate (CAGR) since 1996. Spurring tribal gaming growth has been the advent of Class II gaming machines and compact arrangements for Class III gaming with an increasing diversity of states.

Additionally, the report notes, Native American gaming has also been a primary reason for expansion of commercial casino gambling which generated \$32.4 billion of revenue in 2006 with a 6.6% CAGR since 1996. The visible success of tribal operations such as Foxwoods in Connecticut and Pechanga in California, and the resultant increased tax revenues these operations have brought in, has provided significant incentive for budget-constrained states to endorse new gaming initiatives.

"The significant impact a potential boost in tax revenues can have on education and public services, as well as the positive economics of new casino developments, such as job growth and increased tourism, has motivated many states, Pennsylvania and New York, among them, to support the supervised expansion of gaming," Mr. Wood observes.

During this period of sector-wide growth, the industry has been fortunate to be supported by unprecedented capital availability and liquidity in the debt and public equity markets. Mr. Wood points out, though, that 2006 led the previously hesitant private equity investor to the Gaming sector with the industry's drastically changing transaction dynamics – higher valuation multiples, companies holding larger amounts of debt and strategic acquirers forced to be more aggressive."

Nonetheless, Mr. Wood comments that despite the high profile equity deals, recent transaction activity has been "fairly limited," focusing primarily on large cap casino operators. "One of the reasons we believe private equity in the sector is in its early stages is that the area with the greatest need for capital – family and entrepreneur-owned middle market companies – has yet to be addressed," he said.

The report calls the middle market, from approximately \$5 million to \$25 million of EBITDA (earnings before interest, taxes, depreciation and amortization), a compelling yet undiscovered opportunity. "We believe the recent progress and precedent established by large-scale LBO transactions will establish the platform for middle market private equity in licensed gaming transactions," the Mercanti study says.

A full copy of this report can be obtained at www.mercantigroup.com.

About The Mercanti Group

The Mercanti Group is a results-oriented boutique financial advisory firm that embraces a fierce commitment to client service and provides creative Merger & Acquisition, Capital Raising and Strategic Advisory solutions to small and middle market companies, private equity firms and individual business owners in the consumer, health care, technology, business services and manufacturing industries. Mercanti offers companies the expertise and capabilities of a large investment bank with the focus, attention and energy of a small entrepreneurial firm. Mercanti has offices in Minneapolis, Los Angeles and New York. Mercanti also is strategically affiliated with Marquette Financial Companies, a diversified financial services company which is a part of the Pohlad family holdings. If you would like more information on The Mercanti Group, please visit the Web at www.mercantigroup.com, or contact a Mercanti professional at 612.333.0130 (Minneapolis); 310.444.0130 (Los Angeles); or 212.883.0130 (New York).

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