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MEDIA ADVISORY

*Pennsylvania Racino License sells for \$280 million!
Second “flip” since slots approved in July.*

RECENT TRANSACTION: The **Mohegan** Indian tribe, operator of the largest casino in the country, has agreed to buy the **Pocono Downs** harness track and its rights to operate a slot machine monopoly in the Lehigh Valley, for **\$280 million**. The seller is **Penn National Corporation**, a publicly traded operator of casinos and racetracks.

Penn National was obligated to sell the slots license because the law legalizing slots machines in Pennsylvania allows only one slots license per operator. Penn National owns a second track near Harrisburg, Pennsylvania.

The sale closely follows the sale of 50% of the **Chester Downs** harness track license to **Harrah’s Entertainment**, another publicly –traded casino operator, for \$250 million, indicating that the value of 100% of the Chester license was **\$500 million**.

VALUE EXPLANATION: Pocono Downs is a third rate harness track, operating only 126 days per year. While profitable, it is a small operation. Without a slots monopoly, the track has an economic value of perhaps \$20 million, based on an analysis of Penn National’s federal securities filings. **Thus, \$260 million of the \$280 million purchase price is directly attributable to the slots license.**

RIP-OFF OF PENNSYLVANIA TAXPAYERS: The Pennsylvania legislature granted each slots license for a purchase price of only \$50 million, despite demonstrated evidence that prior gaming license sales in Illinois, Michigan and Indiana realized values of \$500 million to \$700 million each. In the case of the Pocono and Chester Downs properties, the state gives up the difference, thereby enriching the track owners by hundreds of millions at the expense of taxpayers and social programs.

COMMENTS: “The values of the Pocono Downs and Chester Downs slots licenses approximate the estimates I gave the Pennsylvania legislature a few months ago,” said **Jeff Hooke**, Chairman of the **Maryland Tax Education Foundation**, “By the time the remaining licenses are flipped, the State of Pennsylvania will have lost over \$2 billion, without a shot being fired.”

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