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SURVEY RESULTS SHOW LEGALIZATION OF INTERNET GAMBLING IS IMMINENT

New Research Closely Examines Future of Emerging Sector

LAS VEGAS – Though Internet gambling remains a hotly debated topic within the gaming industry and in Washington, a majority of industry experts consider the legalization of online wagering a virtual certainty in the coming years, according to results of the annual G2E Future Watch survey released today at Global Gaming Expo in Las Vegas.

The majority of surveyed experts agree that the passage by Congress of legislation to legalize Internet gambling would lead to explosive growth within the U.S. Internet gambling sector. In fact, nearly one-in-three (29 percent) thinks U.S. online gambling revenues would reach \$18 to \$20 billion by 2014 if online betting were legalized in the U.S. next year.

These are just some of several key findings from the eighth edition of the G2E Future Watch Series, an original research product that highlights current and forthcoming trends within the gaming industry. In this year's installment, leading gaming executives, regulators and analysts shared their thoughts on the burgeoning Internet gambling sector.

"Internet gambling is an issue that continues to garner significant attention," says Frank J. Fahrenkopf, president and CEO of the American Gaming Association. "This year's edition of the Future Watch Series considers how the legalization and regulation of online wagering in the U.S. might impact our country's existing casinos, as well as Internet gambling markets overseas."

When asked when the U.S. will sanction at least some form of online gambling, 50 percent of those surveyed say legalization likely will happen during the next year or two, while about one-third (31 percent) estimate that three to five years is a more realistic timeframe. Interestingly, a full 75 percent of survey respondents think the legalization of sports betting is "very unlikely" in the next five to 10 years.

When asked how the legalization of Internet gambling might impact commercial and tribal casinos, a majority of surveyed experts say it will either "very much help" (19 percent) or "somewhat help grow existing business" (39 percent). Still, one-in-four (25 percent) survey respondents think the legalization of online gambling would hurt traditional gaming establishments.

When asked whether established online gambling operators would have an advantage in the U.S. market over American bricks-and-mortar casinos looking to enter the online gambling sector, responses are nearly evenly split. Just fewer than half think existing online gambling operators would "very much" (13 percent) or "somewhat" (31 percent) have an advantage in attracting U.S. customers, while an equal number (44 percent) think established foreign operators would have no advantage. Six (6) percent think existing online operators actually would be at a competitive disadvantage to U.S. gaming companies.

Congressman Barney Frank (D-MA) and Senator Robert Menendez (D-NJ) both proposed legislation this year that would support the legalization of online games. However, according to the majority of those surveyed, movement on either bill is unlikely in the next year. Nearly nine-in-10 (87 percent) think Congressman Frank's bill will stall, and 63 percent say Senator Menendez's bill also will not pass in 2010.

Despite concerns among some legislators, the experts surveyed are confident that effective safeguards can be implemented to combat fraud and urge responsible play online. Specifically, 94 percent are "very confident" that technology can adequately detect Internet gambling operator fraud. Likewise, nearly nine-in-10 survey respondents are either "very confident" (65 percent) or "somewhat confident" (24 percent) that underage online gambling can be controlled. Further, more than eight-in-10 (82 percent) think effective measures already are available to help prevent problem gambling online.

More specifically, experts think regulators have a host of tools at their disposal that would discourage harmful Internet gambling behaviors. Ninety-four (94) percent of survey respondents think that allowing online players to set limits on wagers, losses, deposits and session times would promote responsible gaming. Also, 89 percent of experts think allowing players to self-exclude from receiving mailings or promotions would be an effective measure, while 83 percent think requiring online operators to undergo training would help to encourage responsible play.

On a global scale, a solid majority of experts predict that the worldwide Internet gambling industry will grow by 50 percent during the next five years. Survey respondents are nearly equally divided over what the future holds for European online gambling markets, where some countries support a free-trade approach and others want to nationalize Internet gambling operations. Fifty-six (56) percent of surveyed experts think that, over the next five to 10 years, "somewhat more countries will nationalize," while the remainder says that "somewhat more countries" (31 percent) or "many more countries" will pursue a free trade approach.

Complete results from the 2009 G2E Future Watch Series are available at www.americangaming.org. This year's installment features the results of interviews of 17 gaming industry experts, which were conducted from Nov. 3-9, 2009. The majority of those who participated in the survey have worked either directly or indirectly with the gaming industry for more than a decade.

G2E is the leading trade show and conference event for the international gaming entertainment community, attended by more than 25,000 industry professionals from around the world. For more information on G2E 2009, visit www.globalgamingexpo.com.

Global Gaming Expo (G2E) is the international gaming trade show and conference "by the industry and for the industry." Organized by the American Gaming Association (AGA) and Reed Exhibitions, G2E made its debut in fall 2001, defining itself as the pre-eminent show for the gaming-entertainment industry.

The AGA represents the commercial casino-entertainment industry by addressing federal legislative and regulatory issues. The association also serves as a clearinghouse for information, develops educational and advocacy programs, and provides leadership on industry-related issues of public concern.

Reed Exhibitions is the world's leader in organizing a wide range of events, including exhibitions, conferences, congresses and meetings. In 2006, Reed brought together more than 6 million industry professions from around the world, generating billions of dollars in business. Today, Reed events are held in 34 countries throughout the Americas, Europe, the Middle East and Asia Pacific, and organized by 37 fully staffed offices. Reed's portfolio of more than 460 events services 52 key industry sectors.

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