

Let the Good Times Roll

———— A wealth of choices awaits travelers ————
and vacationers at casino destinations across the globe.



You love

the good life. And you deserve a pampered vacation. Contrary as it may seem, there couldn't be a better time for such regal pleasures. As the combined impact of a spending slowdown and credit crunch reverberates through the U.S. economy, there's one area where the consumer rules: casino and resort vacations.

From Las Vegas to Connecticut, from Europe to Asia, the choices are spectacular. Building continues at an unprecedented pace as the operators of these resorts compete to please their broadening audience with celebrity-chef dining, superstar-driven entertainment, and high-end spas. "For the consumer, that's a great thing," says Scott Fisher, managing director at The Innovation Group, a leisure-industry consulting firm in New Orleans. "There are ever-more-alluring amenities.

Wherever building is going on, the choices are bigger and better."

Caesars Palace Las Vegas, for example, is in the midst of a \$1 billion makeover that includes a 23-story tower that will have suites the size of villas (10,000 square feet), each with its own swimming pool and terrace, plus three new large pools added to the resort's famous Garden of the Gods. The expansion comes amid the resort's surging popularity of its star-studded stage: Cher, Bette Midler, and Elton John each have their own running shows. Five-star-quality restaurants headed by chefs Guy Savoy, Bobby Flay, Bradley Ogden, and Wolfgang Puck tease the palate, while Qua Baths & Spa features Roman-style

water-based treatments and a heavenly massage menu.

Close by, on the Strip, MGM Mirage's City Center, planned for late 2009, is a 76-acre, \$8 billion wonder. Among the highlights: a 61-story, 4,000-room hotel tower; a 500,000-square-foot retail district; and a \$40 million public arts project featuring the works of such artists as Henry Moore, Frank Stella, and Jenny Holzer.

Along the Gulf Coast, tax incentives that followed Hurricane Katrina's 2005 devastation have inspired a brilliant comeback, with resorts like Grand Biloxi and its Grand Bear 18-hole golf course pouring hundreds of millions of dollars into lofty renovations. And on the East Coast, spanking-new casinos and "racinos" (casinos with horse racetracks) in Pennsylvania are luring some customers away from Atlantic City, largely because of that city's recent smoking ban.

Atlantic City continues to expand nonetheless; in May, Harrah's Atlantic City celebrated the grand opening of its fifth tower on the waterfront. The city's tallest building includes a glass-domed pool area with a luxurious spa and a shopping mall. The Pier—an extension of Caesars Atlantic City, with designer boutiques and five-star restaurants—is a recently launched haven for big spenders, as is the exclusive Foundation Room in Showboat's House of Blues music hall. And with names like Tony Bennett, Sheryl Crowe, and the Rolling Stones in the spotlight, New Yorkers are finding more reasons to make the trip. Later this year, the trek will get even easier with a two-and-a-half-hour express train that will be



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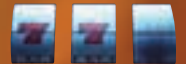
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That's just one way to have a good time at Mohegan Sun. With over 6,000 slot machines, 300 table games, 80 shops, restaurants and bars, a world-class hotel and spa, a 10,000-seat arena and a golf course, you'll find a million different ways to play.

Mohegan Sun is conveniently located in Southeastern Connecticut in Mystic Country. Visit mohegansun.com for more information.

Could you use some Sun?™





co-launched by Borgata, Caesars, and Harrah's, complete with a roomy first-class compartment featuring comfy leather seats and enhanced food service.

All of these resorts dangle irresistible stay-and-play packages.

At Caesars Palace Las Vegas you can stay for two nights—start-

ing at \$150 a night—and get a \$50 credit at the luscious Qua Spa. The Venetian in Vegas is offering hyper-luxurious suites starting at \$199 a night, and will throw in spa service or show tickets plus dining and other discounts for an extra \$60. Up for a round of golf? Harrah's, Harveys Lake Tahoe, and Mississippi's Grand Tunica and Grand Biloxi are but a few of the resorts where you can tee off and stay in style for a song. Join the rewards clubs at any of these resorts simply by obtaining a free membership card. By using it at the slots and table games you can easily build credits toward complimentary hotel stays and other cool perks.

Connecticut's Rising Sun

In May, Mohegan Sun, one of two Connecticut casinos that rake in a combined \$2.5 billion in gambling revenues annually (compared to \$6.4 billion for the 37 Las Vegas casinos), paired up with Billy Joel for a two-month promotion aimed at its Player's Club members. If you signed up, you had the chance to win a package that included tickets to see Joel at Mohegan Sun's 10,000-seat arena with 79 of your friends. The promo included a private catered affair the night of the show and accommodations in one of the 1,200-room hotel's deluxe suites.

Such deals aside, Mohegan Sun has already made its mark among the 13 million visitors it attracts each year. Owned by the Native American Mohegan Tribe, the 12-year-old casino is tucked into the small town of Uncasville, Conn., a scenic landscape of roll-

ing hills on the Thames River. Ideally situated for vacationers who like to combine rural and seaside activities, it's located 20 minutes away from the historic sailors' town of Mystic, with local wineries and golf course nearby. Surrounded by such natural beauty, Mohegan Sun keeps its guests close to nature with its design themes. The four quadrants of its 188,000-square-foot Casino of the Earth (the largest of its more than 300,000 square feet of gaming spaces) represent the seasons of the year, while Casino of the Sky's roaring waterfalls and martini bar beckon under one of the world's largest planetarium domes.

People flock to Mohegan Sun for the beauty, the amenities, and the fun. Its concert hall doubles as home court for the Mohegan's very own women's professional basketball team—popular with the locals. A 350-seat theater keeps cabaret fans happy, and the 300-seat Wolf Den offers free concerts by performers that have included Tower of Power and Sheena Easton. Meanwhile, guests lounge at a 10,000-square-foot indoor pool and at the 20,000-square-foot Elemis Spa, while restaurants like Todd English's Tuscany and Michael Jordan's Steak House pack a full house.

Later this summer, look for yet another addition to the mix: Casino of the Wind, the first leg of a \$925 million expansion, called Project Horizon, that will include a 16,000-square-foot Jimmy Buffett Margaritaville restaurant and will add 1.4 million square feet to the Mohegan's footprint. By 2010, a 39-story, 920-room hotel will tower over the casino, and the complex will include a multilevel indoor and outdoor restaurant and retail space similar to the one at Flamingo Las Vegas. Indeed, the message at Mohegan Sun is, why go to Vegas when you can have it all right here?

Spain Conquers Anew

Europe is about to get its own version of Las Vegas in Spain, where gaming revenues have surged to around \$1 billion annually from \$200 million just a few years ago, according to The Innovation Group's Scott Fisher. In the eastern Los Monegros desert, plans are underway to build some 32 hotel-casinos, two theme parks, a racecourse, and a stadium over the next ten years. The combined projects have taken on

the name “Euro-Vegas,” with a price tag that was reported at 17 billion euros in December. Harrah’s Entertainment, the world’s largest casino operator—in the process of renaming itself Caesars Entertainment—has its own plans underway to build a resort in Central Spain over the next couple of years, and is eyeballing projects in Eastern Europe.

“Spain is seen as the world’s next big gaming destination,” says Fisher, rivaling markets in France (where hotel-casino revenues total roughly \$3 billion) and Germany (\$2 billion). Of course, the jet set will always have a soft spot for places like the French Riviera’s Carlton in Cannes (now called InterContinental Carlton Cannes), the main hub for the Cannes Film Festival. And it’s hard to ignore the legendary Monte Carlo Casino overlooking the Mediterranean Sea that Prince Charles III opened in 1863, with its Grand Theatre, and an opera and ballet house designed by Charles Garnier, the same architect responsible for the Paris Opera.

Asia’s New Epicenter

Meanwhile, globetrotters in search of the wild and exotic can get their fill in Macau, the tiny former Portuguese colony off the coast of Hong Kong. Since 2006 Macau has surpassed Las Vegas in gambling revenues, and within a year or two Macau is expected to match or exceed the gaming proceeds of all of Nevada, which up until now has dominated the world’s gambling market.

Take a walk down the sliver of the 1.8-mile Cotai Strip and you’ll see that it’s anything but tiny. The \$2.4 billion Venetian, which opened last August, has more floor space than four Empire State Buildings,

and its 3,000 suites represent the first of 14 interconnected hotels being built there by Las Vegas Sands Corp. Melco PBL Entertainment’s dazzling Crown Macau, also just one year old, will be joined in a few years by the sprawling \$2.1 billion City of Dreams, which will encompass five million square feet and include five new hotel towers.

Extreme luxury and pampering are key at these resorts, which are seeking to bolster non-gaming revenues amid a clientele that tends to consist mostly of day-trippers who only come to gamble (the Chinese are serious gamers, averaging \$20 a bet). And, to attract long hotel stays, the resorts are offer-

ing terrific bargains. When the Venetian Macau opened last year, its initial rate for a 650-square-foot suite was just \$140 a night. Now, for \$215, you and your family can stay in a split-level suite complete with breakfast, a gondola ride down charming canals, and other perks.

Sounds like a ride you should not miss.

—Nanette Burns



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Vacationer’s dream: Close to Mystic, Conn., Mohegan Sun offers gaming, shopping, and nearby seaside activities.



Crown Macau, the highest rolling-chip volume casino in the world

Winning Plans

Melco PBL Entertainment is rewriting the rulebook of Macau's dynamic gaming market. What's most remarkable about this effort is that it is being led by 31-year-old founder and CEO, Lawrence Ho.

It all began in 2002, when Edmund Ho Hau Wah, chief executive of the Macau Special Administrative Region (SAR), began liberalizing the gaming market. In an effort to inject new energy and ideas into the industry, his administration increased the number of gaming licenses from one to six. The move spearheaded enormous growth in tourism, gaming, conventions, and all associated service industries.

Fast-forward to 2007. With a population of only 531,000, Macau has become Asia's richest territory. Its annual GDP per capita grew 27% to \$36,357. The number of 2007 visitors rose 21% to 26.2 million, and

gambling revenues soared 47% to \$10.34 billion, far outpacing the Las Vegas Strip's \$6.83 billion and almost matching the \$10.87 billion for all of Southern Nevada.

Correctly anticipating this growth, Lawrence Ho planted his first footprint in the Macau market in 2003. Mocha Clubs, which feature electronic slot machines in a relaxed, café-style setting, has grown into a chain of seven outlets in Macau, and has remained the largest non-casino-based operator of electronic gaming machines since its launch.

In his next initiative in 2004, Ho formed an exclusive Asian joint venture with Australian entertainment firm Crown Limited named Melco PBL Entertainment (Macau) Limited, which through a wholly owned subsidiary, holds one of the six gaming licenses. The company went public (under the ticker symbol MPEL) in December 2006, raising more than U.S. \$1.3 billion; it was the fourth-largest

IPO in the U.S. that year and the largest Nasdaq IPO for an Asian company in history.

And that was just the beginning. While other casino operators—including U.S. majors Las Vegas Sands, Wynn Resorts, and MGM—focused on building casinos with a traditional integrated approach, MPEL pursued a more targeted or niche approach to designing, building, and operating its properties. "No one should underestimate the diverse consumer base we have in Macau," states Ho. "As consumers, we adapt very quickly. Trends change overnight."

Macau's gaming market has traditionally been dominated by a localized form of gambling known as rolling chip. After success in creating the first demand for slot machines in the Macau market, Ho turned his attention to the rolling-chip segment of the gambling market. He sensed that MPEL's ability to combine its understanding of local customs with his flair for international design—along with Crown's operational knowledge—could cause a significant shift in market share—to MPEL's advantage.

DRAMATIC GROWTH

MPEL opened its first casino, Crown Macau, on Taipa Island in mid-2007. At 38 floors high, Crown Macau is the tallest building on the island. The contemporary, sophisticated design of Crown Macau—a stark contrast to the traditional hotel casino designs in Macau and Las Vegas—won the Best Casino Interior Design Award in London in January 2008.

MPEL leveraged its local knowledge and relationships with important junket operators, and developed creative outsourced credit solutions for players wishing to access rolling-chip gaming at Crown Macau. This culminated in mid-December 2007 with the launch of operations

by Ama International, the first junket aggregator of its kind. Ama agreed to promote rolling-chip gaming exclusively at Crown Macau. The partnership was an immediate success, and Crown Macau has become the single highest-grossing casino in the world in terms of gaming turnover.

It is a tale of dramatic growth. By the first quarter of 2008, MPEL—the last to obtain a gaming license—was vying to become the second-largest operator in Macau, with an estimated market share of 19%.

APPLAUDING IDEAS

Ho has now turned his attention to Macau's emerging multi-night-stay market. MPEL's next project is a \$2.1 billion integrated urban entertainment resort, City of Dreams. Located at the heart of Cotai and billed to be the next major resort to open in Macau, City of Dreams will offer a kaleidoscope of never-been-seen-before attractions within a unique curvilinear podium supporting four distinct towers. "Water plays a central role in Chinese folklore," states Ho, "and it flows as a recurring theme through-

out the City of Dreams."

The structure of the building is now substantially complete. "We are very excited about this project," says Ho. "It is a beautiful piece of architecture that stands out against a backdrop of more traditional box-shaped properties." But what really differentiates the property will be its *software*: "We designed City of Dreams to be an experience factory. We have gathered together some of the most creative minds in the world to create a destination that is in tune with our generation of 21st-century Asians."

"Macau is transforming into an all-around leisure and business convention hot spot," Ho said at the topping-out ceremony in April. "City of Dreams is at center stage to help make this happen. We are about to usher in a new era of gaming and entertainment in Macau." Based on the way he has shaken up other areas of the market, City of Dreams is an enticing prospect for the first half of 2009.

MORE CARDS UP HIS SLEEVE

Thanks to these moves, MPEL will become the first operator in Ma-

cau with targeted products in the substantial rolling-chip, burgeoning multi-night-stay resort, and the highly profitable non-casino-based slots markets. But MPEL isn't stopping there. On the shoreline of Macau peninsula near the current Macau ferry terminal, a new casino-hotel development integrated with residential units is already on the drawing board.

Although plans are under wraps for now, Ho is already clear on how to fill the next gap in the market. There is also a plan for a casino on Cotai called Macau Studio City, which is under development by a third party and will be operated under MPEL's license.

The Macau government recently announced that no new gaming licenses will be awarded. MPEL is considered to be in a strong strategic position in a market that continues to confound predictions as to how fast it can grow. "Blink and you miss the next development in Macau," says Ho. "I wouldn't want to be anywhere else in the world right now."



Lawrence Ho
Co-Chairman and CEO
Melco PBL Entertainment



Architect's rendering
of City of Dreams