

Governor Schwarzenegger Signs Bill Ratifying Compact to Allow up to 5,000 Class III Slots at Red Hawk Casino

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Lakes Entertainment, Inc. (NASDAQ: LACO) announced today that California Governor Arnold Schwarzenegger has signed the bill ratifying the amended compact between the Shingle Springs Band of Miwok Indians and the State of California, which will allow for Class III gaming to be offered at the Red Hawk Casino located in Shingle Springs, California. The casino is currently under construction and will be managed by Lakes Entertainment.

'We are pleased that the California legislature has ratified the compact and that Governor Schwarzenegger has signed the bill,' said Lakes' President and Chief Financial Officer Tim Cope. 'With the ratification complete, the amended compact will now be submitted to the Bureau of Indian Affairs for its approval. We expect to receive BIA approval prior to the opening of the Red Hawk Casino, which remains on schedule for the end of this year.'

The new compact runs through 2029 and allows for a maximum of 5,000 Class III electronic gaming devices (slot machines) at one gaming facility. In addition, the Shingle Springs Band will share revenues with the state based on a sliding scale percentage of net win - ranging from 20 percent to 25 percent - from the operation of the slot machines. The Tribe will also contribute \$4.6 million per year to the Revenue Sharing Trust Fund, which pays up to \$1.1 million each year to non-gaming tribes in California.

Subject to receiving all final approvals, upon its opening, the Red Hawk Casino plans to feature approximately 2,000 Class III slot machines, 75 table games, a high stakes gaming room, as well as 10 food and beverage outlets, enclosed parking and other facilities. The Tribe estimates that the casino will generate approximately 2,000 new jobs.

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