



HOLLYWOOD
Casino[®]

AT PENN NATIONAL RACE COURSE

Table Games Public Hearing
March 24, 2010

HEARING WITNESSES

- **John Finamore** – Senior VP of Regional Operations, Penn National Gaming, Inc.
- **Frank Quigley** – VP & General Manager, Hollywood Casino at Penn National Race Course
- **Chy Stewart** - Diversity Officer, Hollywood Casino at Penn National Race Course
- **Christopher McErlean** – VP of Racing, Penn National Gaming, Inc.

OVERVIEW

JOHN FINAMORE

SENIOR VICE PRESIDENT OF REGIONAL OPERATIONS
PENN NATIONAL GAMING, INC.

JOHN FINAMORE BIOGRAPHY

- Nearly 30 Years' Hospitality and Casino Experience
- Station Casinos, 1994-2002
- Penn National Gaming, Inc., 2002-present
- Responsibility for Seven Casino Properties (including Table Games operations) and Multiple Race Tracks and Off-Track Wagering Facilities

HISTORY AND PROGRESS OF PENN NATIONAL RACE COURSE

- Opened in 1972, purchased by Carlino Family in 1982
- Hollywood Casino Opened in February 2008
- Slot Machine License renewed January 2010
- Pennsylvania Race Horse Development and Gaming Act amended January 7, 2010, allowing Table Games at Pennsylvania Casinos
- Petition to add Table Games at Hollywood Casino was deemed complete by the Pennsylvania Gaming Control Board on March 5, 2010. Executed Waiver of Right to seek return of Slot License Fee included with Petition

TABLE GAMES EXPERIENCE

- Twelve of Penn National Gaming's nineteen gaming facilities currently operate Table Games, totaling 400 tables Company-wide:

Illinois (3 properties)

Indiana

Iowa

Missouri

Mississippi (3 properties)

Colorado

Louisiana

Canada

- Currently implementing Table Games in Charles Town, WV, as well as in early planning stages of casinos in Kansas and Ohio, which will also include Table Games

FUNDING FOR TABLE GAMES

- Estimated costs of initial Table Games operation on existing gaming floor:
 - Table Games Authorization Fee \$16.5 million
 - Construction/FF&E estimated at \$8.5 million
- Total \$25 million to be financed by Penn National Gaming
- Potential future expansion of existing gaming floor to encompass additional Table Games

OPERATIONS

FRANK QUIGLEY

VICE PRESIDENT AND GENERAL MANAGER
HOLLYWOOD CASINO AT PENN NATIONAL RACE COURSE

FRANK QUIGLEY BIOGRAPHY

- 30 Years' Experience in Gaming Industry
- Progression from Dealer to General Manager
- Harrah's / Showboat, 1980-2003
- Argosy / Penn National Gaming, Inc., 2003-Present
- GM, Sioux City and Joliet
- GM at Hollywood Casino Since August 2009

CASINO OPERATION

HISTORIC SLOT MACHINE GROWTH

<u>Date</u>	<u># of Machines</u>
February 2008 (opening)	2,020
June 2008	2,045
July 2008	2,111
August 2008	2,227
February 2009	2,270
March 2009	2,315
August 2009	2,343
October 1, 2009	2,377

Additional Slots are currently being added; we expect to have 2,499 slots on the floor when Table Games Operation commences, which represents an increase of 122 slot machines over our total of 2,377 units as of October 1, 2009

TABLE GAMES EXPERIENCE

- Hollywood has hired Director of Table Games Anthony Ciallella, with 32 years experience in Table Games
- Additional Table Games personnel with extensive experience have already been hired to conduct dealer training
- Existing Management Staff at Hollywood Casino, have significant Casino experience:
 - Frank Quigley, VP/General Manager 29 years
 - Laura Palazzo, VP/CFO 29 years
 - John Newman, VP Slot Operations 30 years
 - Luann Fetcho, VP Marketing 21 years
 - Joanne Rogers, Casino Controller 30 years
 - Javon White, Director of Security 26 years

NUMBER/TYPES OF TABLE GAMES

- House Banked Games – total 40
 - Craps 4
 - Black Jack 20
 - Roulette 4
 - Mini-Baccarat 2
 - Other 10

- Non-Banked Games (Live Poker) – total 12
 - Texas Hold'em/Stud 12

Total Games 52

EMPLOYMENT OPPORTUNITIES

- Estimate hiring 331 full time/108 part time employees, for a total of 439 new employees
- All new positions will be eligible for benefits under Company Plans, such as health insurance, 401K, paid time off, etc.
- Positions include 84 managerial/support staff in Table Games department, along with 270 Dealers
- Additional 85 new positions created in existing departments of Finance, Security, Surveillance, Marketing, Housekeeping, Maintenance and Beverage as a direct result of the commencement of Table Games Operations

STAFFING/TRAINING UPDATE

- Training for prospective dealers to be held in secure facility within Hollywood Casino; training facility and Dealer Training Plan approved by PGCB on March 12, 2010
- Future training may be transitioned to Harrisburg Area Community College, with assistance from Hollywood Casino experienced personnel
- Over 1,300 Candidates have applied for acceptance into Dealer Training Program to date
- Initial Training Classes commenced on March 22, 2010

PROJECTED ECONOMIC IMPACT

● Licensing Fee	\$16.5 million
● Capital Investment	\$ 8.5 million
● Estimated Construction-related wages	\$ 2.0 million
● Annual Table Games Taxes	\$ 4.3 million
● Annual Local Share Assessment	\$ 0.6 million
● Estimated Additional Annual Wages	\$ 8.4 million

TABLE GAMES SECURITY/SURVEILLANCE

- Security presence will be increased to patrol/provide service to Table Games guests
- Additional Security personnel will be needed to perform activities specific to Table Games Operations
- All Surveillance personnel will be trained on Table Game rules and procedures
- Additional training for Surveillance Personnel to prevent cheating/collusion/theft at Table Games

DIVERSITY

CHY STEWART

MANAGER OF SLOT SERVICES/DIVERSITY OFFICER
HOLLYWOOD CASINO AT PENN NATIONAL RACE COURSE

CHY STEWART BIOGRAPHY

- Initially hired as Slot Shift Manager at Hollywood Casino, recently promoted to Manager of Slot Services
- Serves as Diversity Officer for Hollywood Casino
- Executive Committee Member of the Harrisburg Branch of the NAACP
- Previously employed as Training Specialist with Pennsylvania Higher Education Assistance Agency

COMMITMENT TO DIVERSITY

- Employment
- Contracting, Purchasing & Procurement
- Diversity Training
- Participation in Diversity Events

WORKFORCE SUMMARY

(as of December 31, 2009)

- 1,037 Employees
- 1,028 Pennsylvania Residents
- 12.1% are Representative of various Minority Groups
- Population within 1 hour drive of property was 9% Minority in 2007
- 49.2% are Female

EMPLOYMENT OPPORTUNITIES

- Opportunities for entry-level Table Games positions will be given to current Hollywood Casino team members first, then to candidates from local communities
- Candidates for Table Games management positions will come initially from other jurisdictions as a result of experience requirements
- Future promotions to Table Games management positions will be from existing staff as appropriate

DIVERSITY IN CONTRACTING/ PURCHASING/PROCUREMENT

- Approximately \$20.2 million of construction expenditures awarded to MBE/WBEs related to the construction of the gaming facility
- Over 21% of construction expenditures in 2008 were to M/WBE businesses, outpacing the State average of 19%
- Over \$2 million (11% of total) in M/WBE non-construction disbursements in 2008, the highest of all seven operating PA Casinos
- More than \$2.8 million (11% of total) in operating disbursements during 2009 were made to M/WBEs
- Member of the Minority Supplier Diversity Council of PA-NJ-DE

COMMUNITY INVOLVEMENT

Approximately \$300,000 in Donations and Sponsorships Since 2008

- Jump Street
- Grantville Volunteer Fire Company
- Harrisburg University
- Grantville Food Pantry
- African American Chamber of Commerce
- Governor's Cup Golf Tournament
- Permanently Disabled Jockey's Fund
- Harrisburg Regional Chamber of Commerce
- Ono Fire Department
- Racetrack Chaplaincy of America
- Hospice of Central PA
- ALS Research
- East Hanover Park Day
- Habitat for Humanity of Greater Harrisburg
- Hall Family Scholarship Fund
- Pennsylvania State Police
- Perry County VFW
- Ronald McDonald Charities
- West Hanover Township Festival
- West Shore Chamber of Commerce
- York County Food Bank
- Dauphin County Economic Development

COMMITMENT TO RESPONSIBLE GAMING

- Worked with representatives of Council on Compulsive Gambling of Pennsylvania (CCGP) to establish comprehensive Compulsive and Problem Gambling Training
- Incorporated Compulsive Gambling Training into new employee orientation to ensure all team members are trained and aware
- Contributor to CCGP
- Amended Responsible Gaming Plan Approved November 6, 2009

HORSE RACING

CHRISTOPHER McERLEAN

VICE PRESIDENT OF RACING

PENN NATIONAL GAMING, INC.

CHRISTOPHER McERLEAN

BIOGRAPHY

- More than 20 Years' Experience in Racing Management
- Former VP of Racing for New Jersey Sports & Exposition Authority Racetracks (Meadowlands/Monmouth Park)
- Oversees Operations for PNGI's Seven Pari-Mutuel Facilities Nationwide
- PNGI Representative for National Racing Issues & Initiatives
- VP- Thoroughbred Racing Associations; Former President/Chairman Harness Tracks of America; Board Member Thoroughbred Racing Protective Bureau and United States Trotting Ass'n

PENN NATIONAL GAMING, INC.

A LEADER IN THE RACING INDUSTRY

- Largest Track Operator in United States
- Currently six wholly-owned and operated facilities plus one Joint Venture
- Acquisition of Beulah Park Racetrack to be completed in Second Quarter 2010
- Five Off-Track wagering locations
- Regional Internet/Telephone wagering operation
- 1,200+ Live Racing performances annually
- More than \$750M generated through Live Racing and Simulcast Imports/Exports in 2009

PENN NATIONAL GAMING, INC. INTEGRATING RACING & GAMING

- Four Pari-Mutuel Facilities With Gaming
 - 2nd highest Among U.S. Operators
 - 9,100 Slots at Racetrack Operations - most of any Operator
 - Generated over \$100M in Purse funds through gaming for Horsemen/Breeders in 2009
 - More than \$370M generated in State Tax Revenues in 2009

PENN NATIONAL RACE COURSE

- Opened 1972
- Year-Round thoroughbred racing
- 200 racing dates scheduled for 2010
 - 50 weeks; Wednesday through Saturday evenings
- Year-Round Simulcasting
- Four Off-Track Wagering Facilities and Internet/Telephone Wagering System

CAPITAL IMPROVEMENTS AT PENN NATIONAL RACE COURSE

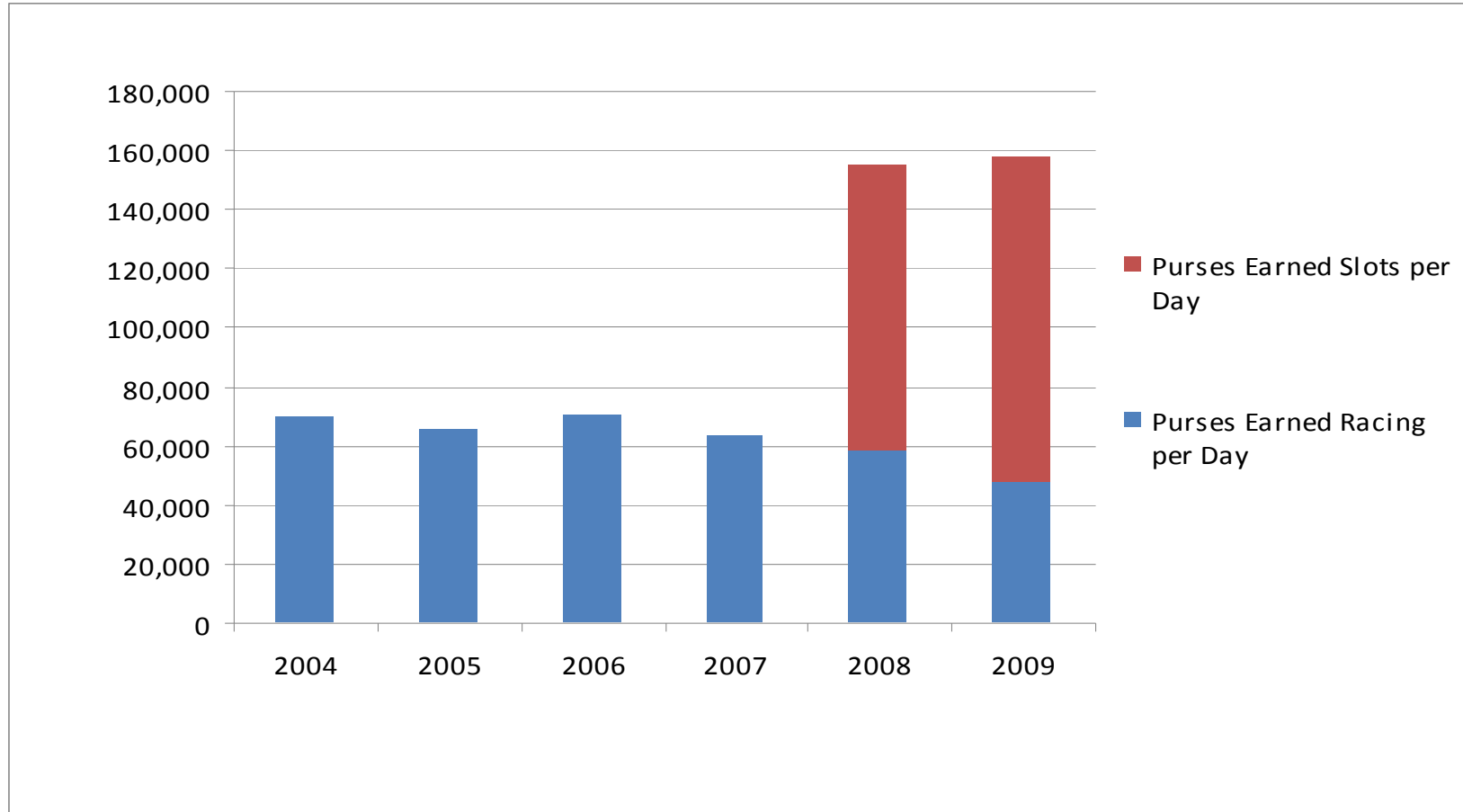
- Ten-Year/\$10M Agreement with HBPA-PA on Backside Improvements – 60% Above Act 71 Mandate
 - New barns
 - Site improvements
- Over 50% of Total Spent in First 24 Months of Casino Operation
 - Five new barns by end of 2009
- Up to \$2M in additional Backside Improvements planned for 2010
 - Three new barns

ADDITIONAL CAPITAL IMPROVEMENTS AT PENN NATIONAL RACE COURSE

- Over \$3M in Additional Capital Improvements Dedicated to Racing Since 2008
 - New dirt track surface
 - Upgraded electrical and water service on track/backstretch
 - Track equipment/vehicles
 - Safety initiatives and customer satisfaction improvements

INCREASE IN PURSES

Purses Earned per Race Day by Source



IMPACT OF CASINO ON RACING PRODUCT

- Field size (9.16 Horses per race) highest in Mid-Atlantic Region
- Daily average 2009 wagering on Penn National Races Nationwide Up 17% over 2008
- Record Purse (\$200,000) and Handle for Governor's Cup
- Purses Paid 2009 average \$180,000 Per Day - - Up 220% from 2007

RACING MARKETING INITIATIVES

- **Two day PA Governor's Cup Festival sponsored in 2009**
 - 7 Stakes worth \$525,000
 - On-track Promotional Giveaway
 - First ever Live Broadcast (ABC 27)
 - Record Race Handle
 - Expect to continue growth plan in 2010
- **On-going**
 - Players Choice Rewards Program – Over \$2.3 million in cash incentives/complimentaries to racing customers in 2009 at track/OTW's/account wagering

RACING MARKETING INITIATIVES 2010

- Active participant in PA State Horse Racing Commission's "Track Pack" marketing/advertising efforts
- Twice weekly, racing-oriented advertisement in Patriot News Sports Section
- Billboard advertisements currently being created
- Promotional programs with monthly events; Fan Appreciation Weekend scheduled for April 9 – 10, 2010
- Expanded coverage of live racing signal on casino floor and Sports Bar
- Live/simulcast schedules included on Casino direct marketing monthly mailers (125,000 player accounts)
- To promote PA Breeding Program, Racing Office is offering Horsemen one race each card restricted to horses bred in the Keystone State

LET YOUR HEART RACE!



HOLLYWOOD Casino
777 Hollywood Boulevard • Grantville, PA 17028
717.469.2211 • HCPN.COM • I-81 Exit 80

Live Racing
Wednesday - Saturday
Post time 6:30PM

Full-card Simulcasting of Thoroughbred AND Harness Racing
Seven Days a Week
11:30AM - Midnight

FAN APPRECIATION NIGHT
Saturday, April 10

'SPIN TO WIN'

You could win a \$50, \$100 or \$250 WIN BET!

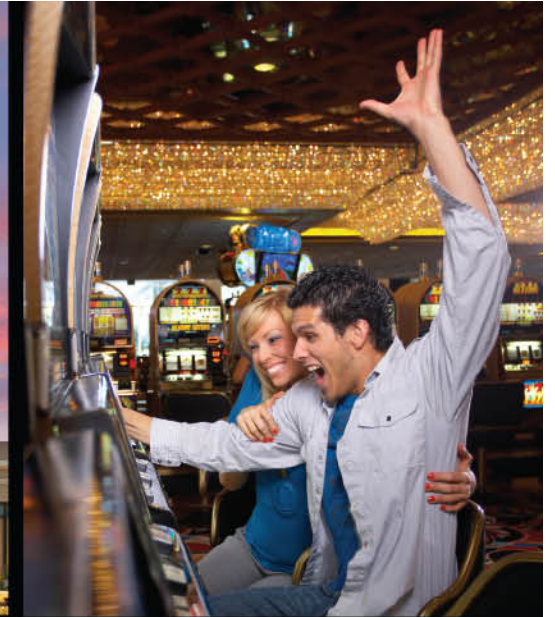
All guests age 18 and older receive:
* One FREE entry to 'Spin to Win' * One FREE Penn National Live Racing Program * One FREE Hot Dog and Soft Drink Coupon
Complete promotion details available at guest services.

GAMBLING PROBLEM? CALL 1.877.565.2112 FOR HELP.

CONCLUSION

JOHN FINAMORE

SENIOR VICE PRESIDENT OF REGIONAL OPERATIONS
PENN NATIONAL GAMING, INC.



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