

HOLLYWOOD *Casino*

AT PENN NATIONAL RACE COURSE

PGCB License Renewal
Public Input Hearing
August 20, 2013

Hearing Witnesses & Representatives

- Jay Snowden – Senior VP of Regional Operations, Penn National Gaming
- Bill Hayles – VP & General Manager, Hollywood Casino at Penn National Race Course
- Tim Shea – VP & Assistant General Manager, Hollywood Casino at Penn National Race Course
- Joelle Shearin – VP & Chief Financial Officer, Hollywood Casino at Penn National Race Course
- Zachary Zarnoch – Compliance Manager, Hollywood Casino at Penn National Race Course
- Frank Donaghue – VP and Chief Compliance Officer, Penn National Gaming

An Epic Transformation



- Opened in 1972
- Purchased by Carlino family in 1982
- Initial Public Offering for Penn National Gaming, Inc. in 1994
- Evolution from Racing Company to Fully-Integrated Racing and Gaming Organization
- \$300M Hollywood Casino at Penn National Race Course opened in February 2008
- Implementation of Table Games in July 2010

HCPN Leadership Team

- Bill Hayles, VP & General Manager
- Tim Shea, VP & Assistant General Manager
- Joelle Shearin, VP & Chief Financial Officer
- John Newman, VP Casino Operations
- Luann Fetcho, VP Marketing
- Susan Reyes, VP Human Resources
- Javon White, Director of Security
- Monty Montgomery, Director of Surveillance
- Glendel Coble, Director of Food & Beverage
- Dinh Vu, Director of Facilities
- Dan Silver, Director of Racing
- Kris McCarrel, Director of Housekeeping



Casino Operations – Slots

- Over 99,000 square feet of gaming space
- 2,456 Slot Machines
 - \$0.01 to \$100 denominations
 - 1600+ Penny Slot Machines
- Exclusive 78-machine High-Limit Slot Room
- Commitment to updated slot product
 - \$4.0 million budget for 2013
 - 175 new slot machines
 - 200 converted/re-themed slot machines

Casino Operations – Table Games

- 69 Table Games
 - 16 Non-banking (poker)
 - 53 Banking
 - 28 Blackjack
 - 5 Roulette
 - 4 Craps
 - 3 Three-card Poker
 - 2 Four-card Poker
 - 2 Pai-gow Poker
- Exclusive 4-table High-Limit Blackjack pit



- 2 Spanish 21
- 2 Mini-baccarat
- 2 Ultimate Texas Hold'em
- 2 Let it Ride
- 1 Big-six Wheel



Award Winning Dining



- Central Pennsylvania's premier steakhouse
- Intimate 132-seat setting



Award Winning Dining



- “A steakhouse that’s truly a cut above.” – *Harrisburg Magazine*
- “Wonderful evening of dining...the BEST soup I’ve ever had...the wood-fired steaks are to die for...it’s like heaven on a plate!” – *OpenTable.com customer review*

- 4-year winner Wine Spectator Award of Excellence
- DiRoNA Award (Distinguished Restaurant of North America) – one of only 18 in Pennsylvania
- Central PA Magazine 2013 Readers Choice Award
 - Best Overall Fine Dining
 - Best Steak



Casual Dining

9 Casual Dining options



Entertainment – Hollywood on the Roof



- Live bands/DJs on Fridays and Saturdays
- Expertly mixed drinks and cocktails



Banquets & Meetings

- Overlooking the spectacular Blue Mountains, Hollywood Casino boasts over 6500 square feet of banquet and meeting space.
- Over 400 events each year, ranging from large wedding receptions in our banquet area to intimate dinner gatherings on our outdoor racing patio.



A History of Success



- Over \$753M in gaming tax revenue and \$3.5M in sales tax revenue generated for Pennsylvania from opening through July 2013
- Over 1,200 jobs created
- An unbridled commitment to Diversity
- Significant community involvement
- A proud tradition of thoroughbred racing
- An engrained culture of Responsible Gaming
- Industry Leader in Pennsylvania on Regulatory Compliance

Slot Taxes/Fees

(in millions)

	2008	2009	2010	2011	2012	2013		Total
						(thru July)		
SLOTS								
Slot Revenues, net of promotional credits	170.5	237.6	253.2	248.9	244.0	141.2		1295
Property Tax Relief	58.2	80.8	86.1	84.6	83.0	48.1		440.8
Race Horse Development Fund	20.5	28.5	30.2	28.7	27.0	15.2		150.1
Economic Development and Tourism Fund	8.6	11.9	12.7	12.4	12.2	7		64.8
Local and County Share Assessments	12.2	14.7	15.1	15.0	14.9	8.6		80.5
Total Slots Gaming Taxes	99.5	135.9	144.1	140.7	137.1	78.9		736.2
Regulatory Fees	3.7	4.0	5.5	4.1	4.0	1.6		22.9
Employee licenses/other fees	0.4	0.3	0.4	0.2	0.09	0.07		1.46
Total Gaming Taxes/Regulatory Fees	103.6	140.2	150.0	145.0	141.2	80.6		760.6

Table Game Taxes/Fees

(in millions)

	2010	2011	2012	2013	Total
				(thru July)	
TABLES					
Table Games Revenue	15.0	38.4	38.6	22.4	114.4
PA State Tax	2.1	5.3	5.0	2.7	15.1
Local Share	0.3	0.8	0.8	0.4	2.3
Total Table Gaming Taxes	2.4	6.1	5.8	3.1	17.4
Regulatory Fees	0.2	0.6	0.6	0.2	1.6
Total Gaming Taxes/Regulatory Fees	2.6	6.7	6.4	3.3	19

Hollywood's Superstar Team

- 1044 employees pre-tables in 2010 → 1236 employees today
- Approximately 344 in-house promotions since opening in 2008
- Total salaries and wages paid since opening: \$126.3M (through 2012)
 - 84% of team members are hourly with an average hourly rate of \$15.77 (including tips)
 - 16% of team members are salaried with an average annual salary of \$59,895
- Second-highest employee engagement scores in all of the Penn National portfolio of properties

Hollywood's Superstar Team

- Total employee benefits paid since opening: \$26.1M (through 2012)
 - Medical/Dental premiums
 - 401(k) contributions (with 50% company match up to 6%)
 - Tuition reimbursement (over \$50,000 paid out since 2011)
 - Disability and life insurance
 - Employee wellness activities (gym memberships, Weight Watchers competitions, softball and basketball tournaments)
 - Employee help-line

A Diverse Cast of Team Members

(As of June 30, 2013)

- 45.1% of team members are female
 - 35.3% of Executives/Managers/Professionals are female
- 14.4% of team members are minorities
 - 15.4% of Executives/Managers/Professionals are minorities
- 98.7% of team members are Pennsylvania residents



Supporting Diversity and Local Purchasing

- Disbursements to MBE/WBEs for Fiscal Year 2012/13:
 - \$2,047,917
 - Percentage of expenditures to MBE/WBEs for Fiscal Year 2012/13:
 - 11.78%
 - Disbursements to Local Business for Fiscal Year 2012/13:
 - \$7,841,566
 - Percentage of expenditures to Local Business for Fiscal Year 2012/13:
 - 45.12%
- (Local Business defined as those within Dauphin, Lebanon, Cumberland, and Schuylkill counties)

A Blockbuster Partner in the Community

- Over \$1M in Charitable Contributions since opening in 2008

Just a few examples:

- African American Chamber of Commerce Central PA
- Central Dauphin Alumni
- Grantville Fire Company
- Harrisburg Regional Chamber & CREDC
- Jumpstreet
- New Vocations
- Penn State Milton S. Hershey Med Center IBD Research
- American Cancer Society
- Dauphin County Economic Development
- Grantville Food Pantry
- Hospice of Central PA
- March of Dimes
- ONO Fire Company
- PNG Golf Classic
- Big Brother Big Sister
- Governor's Cup Golf Tournament
- Greater Harrisburg NAACP
- Jockey's Guild
- MDA Ride for Life
- PA State Building & Construction Trade Council
- YWCA of Greater Harrisburg

A Blockbuster Partner in the Community

- Provided over 1,500 toys and 1,000 turkey baskets to local families in need through AACCCP and NAACP
- Hosted the 82nd Airborne Wounded Warrior Soldiers to dinner and a night of racing
- Supported the PA State Agencies Black History Month celebration
- Annual sponsor of the East Hanover Park Day
- Community Awards:
 - Distinguished Citizenship Award (Commonwealth of Pennsylvania)
 - Chamber Champion Award (AACCCP)
 - Corporate Volunteer Award (NAACP Greater Harrisburg)
 - CREDC Community Volunteer Award (Harrisburg Regional Chamber & CREDC)



A Proud Tradition of Thoroughbred Racing



- Year-round racing – 200 dates
- One-mile dirt track (7/8 mile turf course)
- Expansive outdoor apron allows for up-close viewing
- 450-seat Mountainview restaurant overlooking the track
- Luxurious box seating for up to 256 guests
- 150-seat simulcast theater featuring 24 50” flat screen monitors

Positive Racing Trends

- 20% increase in Handle for 2012
 - 3% increase in Live (on-site) Handle
- 8% increase in live attendance in 2012
- Improved Stakes schedule for 2013



\$500,000
Penn Mile
Saturday, June 1
Hollywood Casino at Penn National Race Course

- Top racing card in the country for the day
- Richest race ever at Penn National
- Over \$1,000,000 in purses
- Nationally-renowned jockeys, including two recent Kentucky Derby winners
- Excellent chance of graded status in 2015





- Shattered all previous Penn National Race Course Handle Records
 - All-Sources Handled \$3.66M (previously \$2.17M)
 - Single Race Handle \$1.14M (previously \$277k)
 - On-Track Handle \$225k



A Culture of Responsible Gaming

- At Hollywood Casino, Responsible Gaming permeates every aspect of our culture.

A vertical rectangular sign with a light beige background and a dark brown border. At the top is a dark brown horizontal bar. Below it is a black circle containing the words "WE CARE" in white, serif, all-caps font, with horizontal lines above and below the text. The sign contains three paragraphs of text in a dark font, followed by a bolded statement at the bottom. At the very bottom is another dark brown horizontal bar.

"We Care" that you enjoy yourself, but never wager more than you can afford to lose.

"We Care" about your children and make every effort to ensure that no one under 21 is on the casino floor, wagering in the casino or consuming alcohol. No one under age 18 is allowed to wager on horseracing.

"We Care" about responsible gaming and are proud of the fact that we make it part of the Hollywood Casino culture.

IT'S THAT IMPORTANT TO US.

Responsible Gaming Training

- Every HCPN employee completes Responsible Gaming training as part of their initial orientation
 - Training program designed in consultation with the PGCB Office of Problem and Compulsive Gaming and the Council on Compulsive Gambling of Pennsylvania
- Gaming and Security employees complete more extensive orientation training for Responsible Gaming
- All HCPN employees complete annual Responsible Gaming refresher training

Property Self-Exclusion List

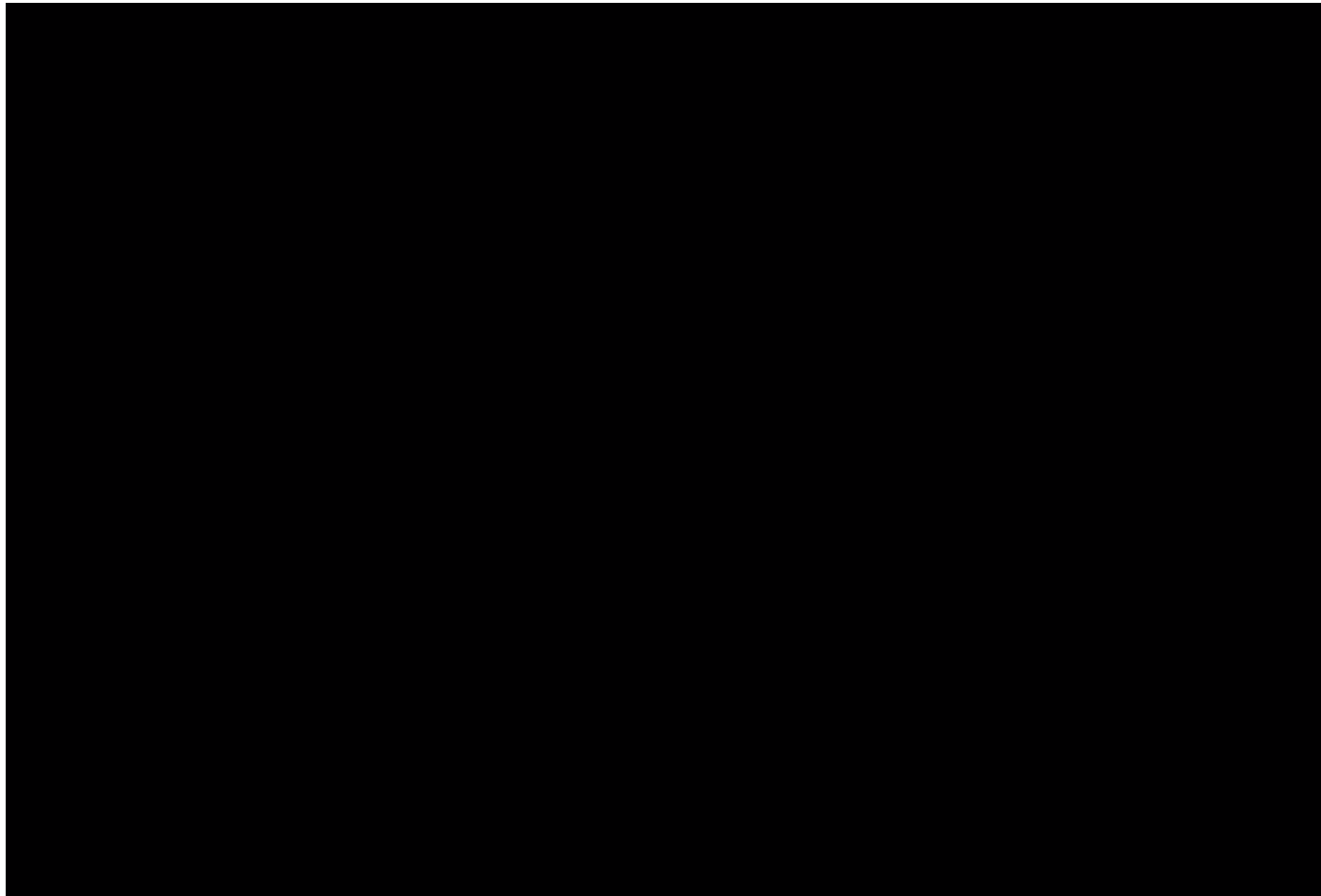
- HCPN maintains a Property Self-Exclusion List to supplement the PGCB statewide Self-Exclusion program.
 - HCPN always promotes the PGCB list first
 - If a guest opts not to participate in the statewide list, HCPN then offers the alternative to self-exclude from our facility
 - Approximately 400 property self-excluded guests on the HCPN list

Responsible Gaming Education Week

- Each year, HCPN competes with other Penn National properties during Responsible Gaming Education Week to create a program that promotes responsible gaming to team members, guests, the media, and the public at large.
- HCPN's programs have included:
 - Responsible Gaming Celebrity Charity Poker Tournament
 - Responsible Gaming Fireworks Night at Harrisburg Senators
 - Responsible Gaming "Tagline" competition on Facebook
 - Creation of a Responsible Gaming "Theme Song"
 - Multiple Public Service Announcements broadcast on local television and radio stations
 - Employee contests and competitions

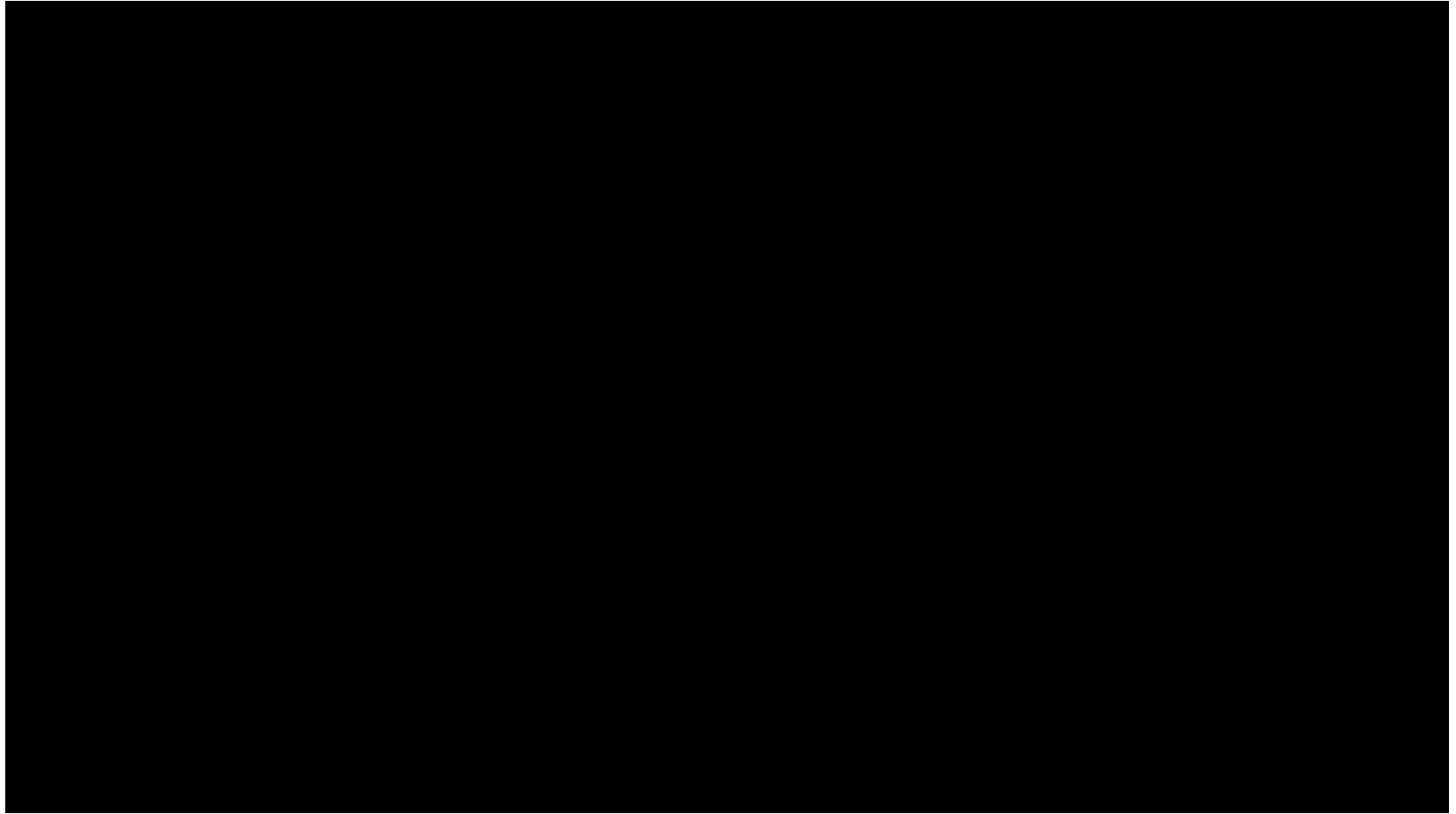
RG Public Service Announcements

Broadcast on local television



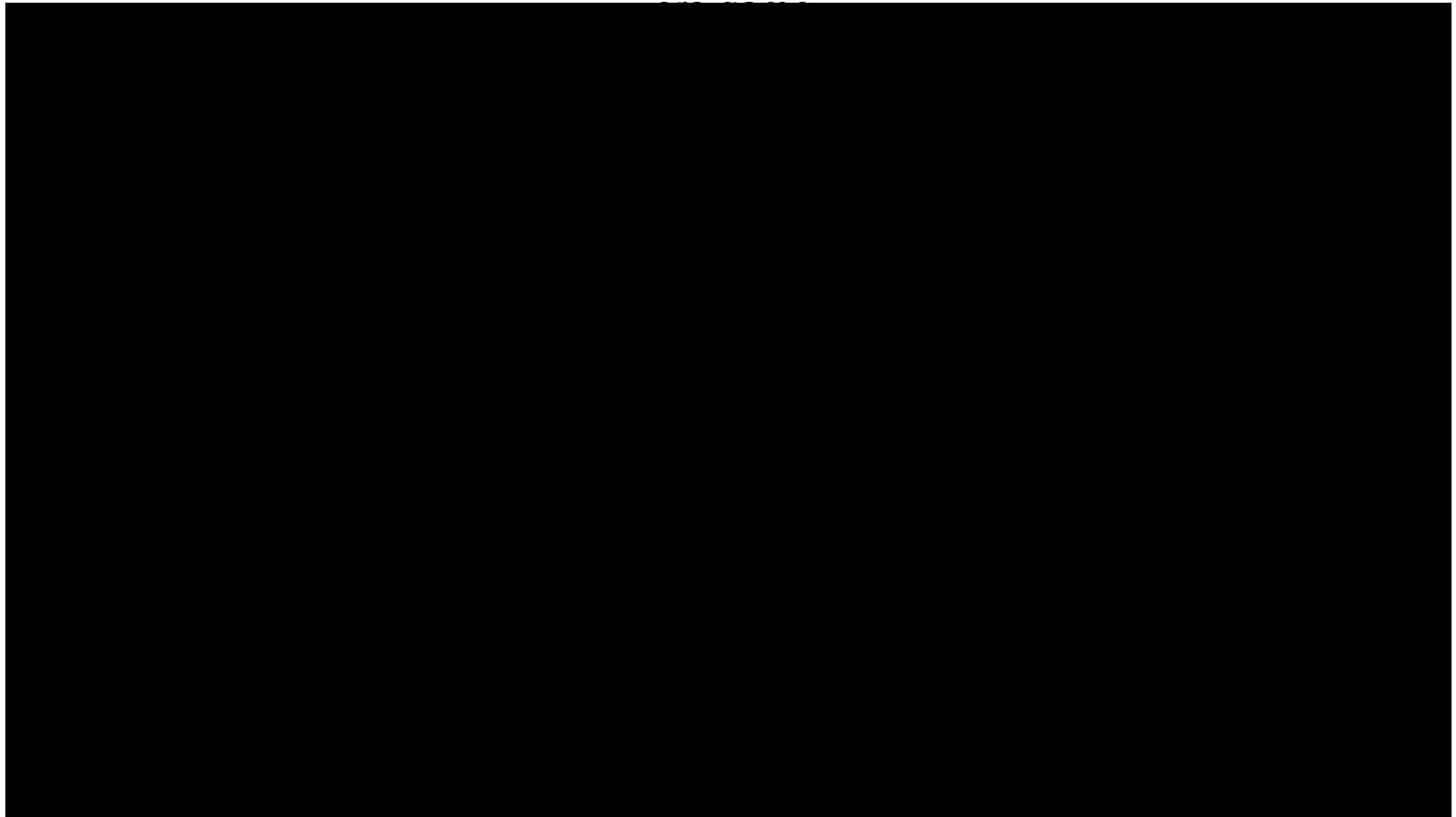
RG Public Service Announcements

Broadcast on scoreboard at Harrisburg Senators game



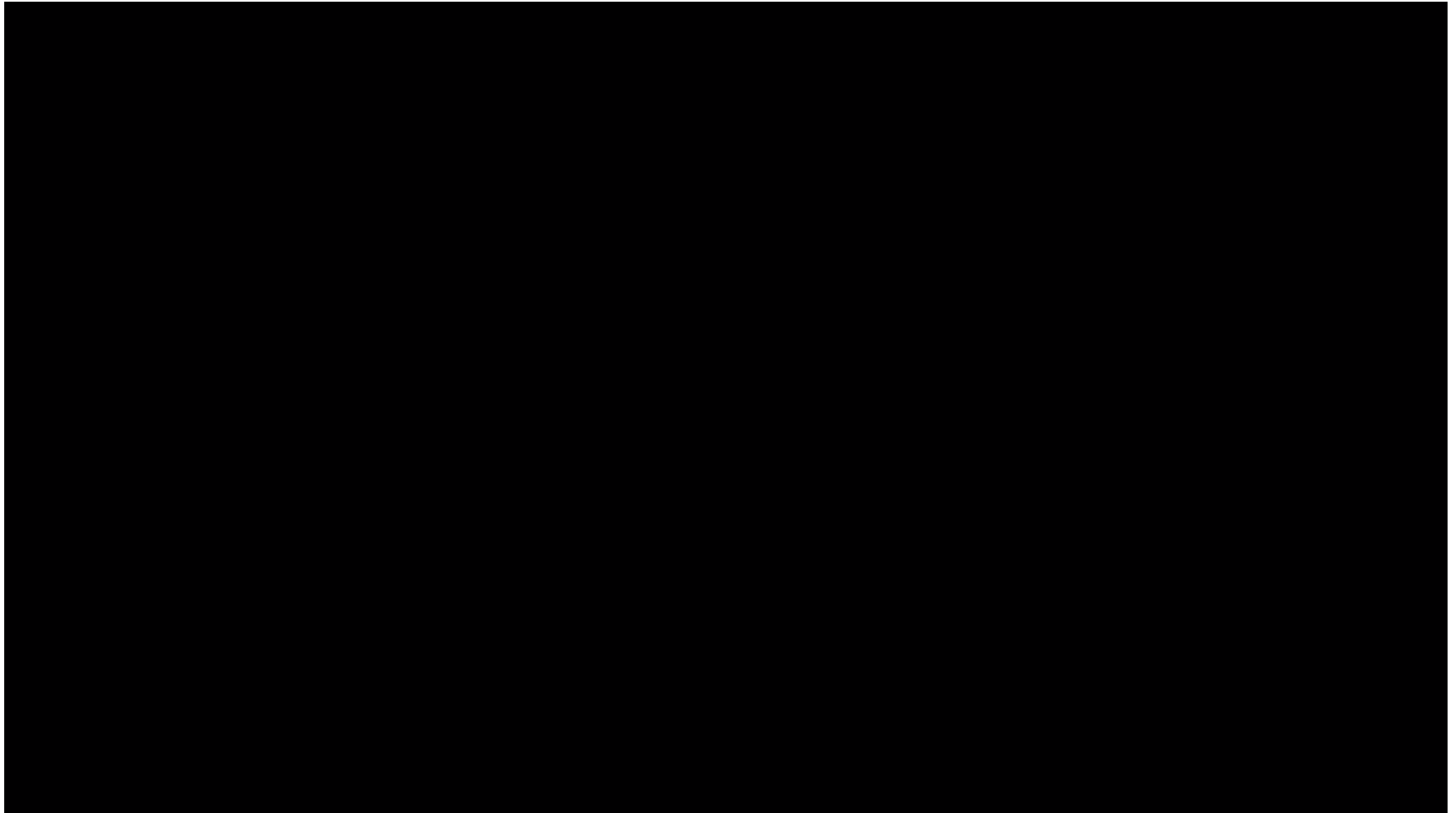
RG Public Service Announcements

Broadcast on scoreboard at Harrisburg Senators game



RG Public Service Announcements

Broadcast to team members on property



Preventing Underage Gaming

- HCPN is committed to the prevention of underage gaming at our casino.
- In 2012, HCPN carded over 300,000 individuals appearing to be 30 years or younger attempting to enter the casino.
 - Turned away over 3,100 underage or potentially underage individuals (over 8 per day)

**UNDER 21 AND WANT TO PLAY IN THE CASINO ?
DON'T EVEN THINK ABOUT IT!
YOU WILL BE PROSECUTED**

GAMBLING PROBLEM? CALL 1-877-565-2112 FOR HELP.

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Preventing Underage Gaming

Safeguards include:

- Signage and “STOP!” signs at every entrance, clearly stating that guests must be 21 years old to access the casino floor
- ID requested from any individual appearing to be 30 years or younger
- Every entrance is equipped with electronic ID scanners, which can verify a guest’s age and whether the identification provided is valid
- Colored wristbands are provided to guests who have been carded and verified
- Security doubled at entrances during peak periods
- Billboards rotated through our market that advertise that guests must be 21 years or older to visit the casino

Preventing Underage Gaming

100 days – 100 dollars

- Every time Security goes 100 consecutive days without allowing an underage individual onto the gaming floor, all eligible Security officers receive a \$100 cash bonus
- To date, we have paid out 3 times, totaling approximately \$30,000 in bonuses
- Widely popular with Security staff – as the 100 days draws closer, the entire team is encouraging each other to reach the goal

Finders – Keepers

- If an underage individual is turned away from an entrance, the officer communicates the turn-away to all other officers and posts
- If another officer later turns away the same guest again trying to enter, both the initial and final officer are awarded a \$25 Hollywood Casino gift card
- Again, very popular with Security staff, as it encourages detailed communications regarding repeat underage attempts

Industry Leader in Regulatory Compliance

- Onsite Compliance Manager to assist in all regulatory matters
- Comprehensive system of Internal Controls safeguards all assets and revenues, and ensures proper segregation of duties
- Positive working relationship with PGCB offices and onsite regulatory staff
- Consistent history of self-reporting all discovered regulatory violations

Reinvestment Projects

- \$4M annual slot replacement/refurbishment budget
- \$250k remodeling of our High-Limit Blackjack pit (2013)
- \$1.2M carpet replacement across the entire gaming floor (2013)



Questions

