

February 15, 2018

Ms. Susan Hensel  
Director, Bureau of Licensing  
Pennsylvania Gaming Control Board

Dear Ms. Hensel,

Re: **Pennsylvania Internet Gaming Regulations**

We are writing to you further to the recent publication of the first set of regulations governing the operation and offering of internet gaming in the State of Pennsylvania. The purpose of this letter is to express our enthusiasm about the opening of the Pennsylvania market, in which we hope to be an important player. We would also like to share our thoughts on a particular issue that has captured public attention in recent weeks, namely whether internet gaming permit holders will be allowed to offer their services to the public through multiple brands.

888 is a global leader in online gaming, with a popular full-suite offering including casino games, bingo, poker and sports betting. With 20 years of experience, and with an offering primarily designed for casual players, 888 has established itself as an immensely popular destination for players around the world seeking fun, safe and enjoyable gaming products.

888 has always been a vocal and passionate supporter of the regulation of online gaming. As an industry leader, we believe that regulation of this industry will contribute to player confidence, legal certainty, and to the integrity of the industry, all of which will result in market growth, an attractive and safe offering for consumers, and increased revenues for operators and treasuries alike. 888 is presently the only operator licensed to provide its gaming services in all three regulated US jurisdictions (Nevada, New Jersey and Delaware), and operates the only US inter-state poker network. We are excited by the prospect of a regulated market for online gaming in Pennsylvania, we look forward to being a part of that market, and welcome the constructive dialogue we are already having with the Board at this early stage.

The key to successful regulation is for it to be safe, attractive, and in-line with players' desires and needs. As defined by the new Pennsylvania gaming legislation, internet gaming will primarily be offered by the existing Pennsylvania licensees. As an experienced operator with superb technology, experience in regulated markets, and an attractive offering enjoyed by players worldwide, we hope that we will be given the opportunity, as an Internet Gaming Operator, to bring our technology and experience to the service of a Pennsylvania property seeking to offer services online. We are uniquely positioned to work in this business model, given our many years of successful experience in the B2B sector. Not only does 888's technology presently power nearly 300 online gaming brands, we are also experienced in working with land-based casinos on a B2B basis as we do with our partners in the US.

To provide players with an exceptional online gaming offering, licensees will need significant technological and human infrastructure – a stable, successful and well-tested gaming platform; **qualified and experienced support staff**; **qualified and experienced responsible gambling, fraud**



prevention and compliance staff; online marketing know-how, etc. These are all services that we are experienced in providing and would be able to place at the service of a Pennsylvania property.

Above and beyond those, we can also bring to the table a world-renowned and respected brand name. We believe that our proven marketing abilities, along with our trusted international brand name, will be an asset to any local partner seeking to take its business online. Unlike the local property's reputation, which is now associated only with an offline offering, our brand name (and those of other online operators) comes with a proven track record in the online industry. Allowing our partner to use not only its own brand but ours as well, would allow our partner to benefit from our international brand-recognition and marketing efforts, and will also inform players that they will be enjoying a world-class and popular offering.

Furthermore, allowing properties to offer their services through multiple brands, will allow them to create a multi-tiered offering, combined of different sites appealing to different target audiences, each with its own "look and feel", marketing approach, suite of games, bonus and promotion conditions, etc. Think of this as a casino having different rooms for different types of players, each appealing to a different demographic and different consumer preference. Experience from other jurisdictions shows that a multi-brand approach stimulates healthy competition between brands, and ultimately increases overall market size, resulting in larger gaming duty income for licensing jurisdictions.

Since multiple brands will be associated with a single licensee (as opposed to allowing the online operators with those brands to make an independent offering to players in the state), a diversified offering backed by additional marketing spend and associated with reputable brands, will increase overall profitability for licensees and the overall size of the internet gaming market.

Moreover, given the significant costs associated with entering the Pennsylvania market in licensing fees and tax (for both local properties and platform operators), restricting properties to a single brand may make it impossible for established online operators to commercially justify entering the market. This, we believe, will have an overall adverse effect on the rapid development of a Pennsylvania online market.

We are aware of the concerns of some properties regarding "cannibalization" of their business by the introduction of existing brand names. Evidence from other regulated jurisdictions like New Jersey shows these concerns to be unwarranted and, in fact, that online offerings of both local and non-local brands have had an overall positive impact on the total reported revenue of the land-based licensees. We believe this will be the case in Pennsylvania as well. Firstly, the existing Pennsylvania properties have established themselves and their reputation with players in the state over many years, and have gained their trust and confidence. Properties choosing to rely on that reputation and bank on it, will have their own advantage over new-comer brands that will be looking to capture market share in a newly opened market. Secondly, we believe it is safe to assume that most (if not all) of the existing properties will choose to partner with Internet Gaming Operators for the launch of their online business, and therefore the added advantages of using an existing international brand (alongside the property's own brand) is likely to be available to all properties in equal measure. Finally, we believe locations should not be restricted to using the brand names associated with their platform providers, and therefore even those locations that opt to develop their own platform, could elect to make use of well-known brand names on a brand-license basis, should they choose to do so.



Experience from many other jurisdictions shows both that a multitude of brands, styles and alternatives benefits customers and contributes to overall market growth. Moreover, other jurisdictions (New Jersey being one example) have found solutions that accommodate such a setup, whilst addressing “back office” issues such as linking player accounts for responsible gaming purposes, etc.

We hope the Board will favorably consider our comments on this matter, and are available to expand on them or discuss in greater detail, as appropriate.

Sincerely,

Itai Frieberger

Chief Executive Officer

