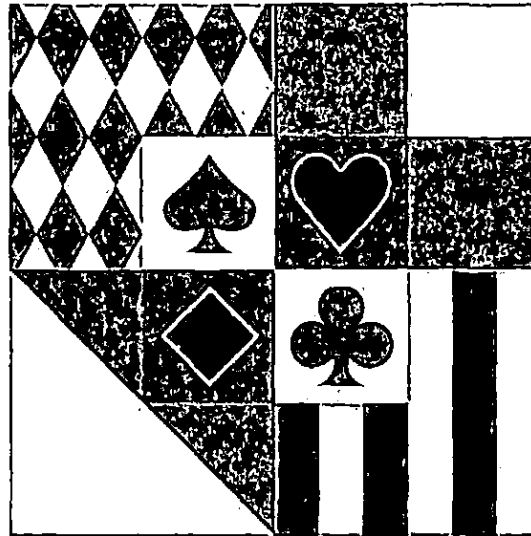


Penn National Gaming, Inc. – Category 3 Application - Parent of PA Gaming Ventures, Inc.



Penn National Gaming, Inc.

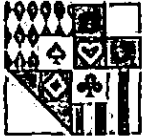
**2010 Diversity Plan for
Mason-Dixon Resort & Casino**



Revised April 2010

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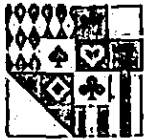
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INTRODUCTION

Mason Dixon Resorts, L.P. in association with subsidiaries of Penn National Gaming Inc. has developed this comprehensive Diversity Plan for the construction and operations of the proposed Mason Dixon Resort & Casino (“Mason-Dixon”). The plan is designed not only to provide equal opportunity for vendors, suppliers and employees, but to proactively seek out individuals and businesses from traditionally disadvantaged groups for casino jobs and construction/supplier contracts.

While the Plan refers frequently to “MBE” and WBE” companies, the inclusive diversity philosophy of Mason-Dixon is intended to be more far reaching than simply the inclusion of minorities and women. Our philosophy is to maximize the concept of inclusiveness in building our employment base and supplier network. This plan will refer to this broader concept of inclusion by the designation “other diverse groups.”



EXECUTIVE SUMMARY

Purpose

This Plan describes the Mason-Dixon Resort and Casino's strong commitment to ensure diversity in the construction and operation of the property. The Plan outlines specific procedures aimed at ensuring equal opportunity; and diversity in employment, contracting, operations and in community relations activities. The Plan emphasizes our commitment to diversity as it relates to our employees, our vendors, our business partners and our community. In sum, we appreciate and respect diversity in all aspects of our business operations and we look forward to supporting and participating in the local community as we build a regional engine of economic growth.

Diversity Committee

Mason-Dixon will establish a Diversity Committee to oversee all diversity initiatives for the company if selected to be a Category 3 slot licensee. The Committee will be responsible for advancing the diversity and inclusion strategy by setting strategic direction and managing all aspects of the strategy. The General Manager will chair the Committee, which will be comprised of members of senior management including purchasing and construction personnel.

Our Strategy for Success

Our overall strategy will enable Mason-Dixon to further develop and implement the Plan in order to drive achievement of positive business results and meet the twin goals of ensuring equal opportunity and promoting diversity in a manner that reflects the diversity of the region. The four focus areas of the Plan are:

➤ **Construction**

- Build and enhance relationships within the community to raise awareness and identify qualified MBE/WBE contractors and suppliers.
- Ensure that all qualified vendors are given equal access to bid on planned new construction and any future expansion projects.

➤ **Procurement/Vendor Purchasing**

- Build and enhance relationships within the community to raise awareness and identify qualified MBE/WBE vendors.
- Ensure that all qualified vendors are given equal access to bid on contracts and purchases.

➤ **Employment**

- Build and enhance relationships within the community to raise awareness and identify potential candidates from historically disadvantaged groups for employment.



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- Foster an inclusive work environment that results in both personal and business success.
- Provide training opportunities to give employees the skills and experience necessary to move into supervisory and management positions that offer higher pay and more responsibility.

➤ **Community Involvement**

- Support our community and be a responsible corporate citizen.
- Encourage participation in community initiatives across the entire organization including supporting organizations that serve and represent historically disadvantaged persons and groups.



DEFINITIONS

Diversity refers to the variety of backgrounds and characteristics found in society today; thus it embraces all aspects of human similarities and differences. While we support diversity as an *inclusion concept*, reality compels us to focus considerable attention on addressing issues related to those individuals and groups that have historically been adversely affected. For purposes of the Plan, diversity specifically focuses on differences among people with respect to age, sex, culture, race, ethnicity religion, color, disability, national origin, ancestry, sexual orientation and veteran status.

Definition of Minority

For purposes of MBE's and WBE's, a minority is an individual who is a member of the following ethnic groups: African American, Asian American, Hispanic American, Native American and females regardless of race or ethnicity.

Definition of Participation Plan

An obligation imposed by a licensed entity or applicant as part of its contract with a contractor that requires the contractor to perform the contract through the utilization of minority or women owned business enterprises.

Definition of Minority Business Enterprise ("MBE") and Woman Business Enterprise ("WBE")

Minority and female enterprises that meet the guidelines set by the Pennsylvania Department of General Services Bureau of Minority and Women Business Opportunity or other similar organization.



CONSTRUCTION

Construction Mission

Inclusion of minority businesses and other diverse groups on bids for major construction projects in South Central Pennsylvania is an important issue for the local minority community and for Mason-Dixon. We will use a proactive approach to address minority participation during the initial casino build to ensure the inclusion of minority businesses and the successful completion of the project. Once operating we will continue that framework for any future construction projects at the resort.

Good Faith Plan for Minority Construction Participation

There are a number of factors that will be integral to our success in including the minority contractors and suppliers in the initial build out of Mason-Dixon. We intend to employ the following steps in the construction of this project:

- Selection of third party and in-house construction managers who share our commitment to minority participation. This will be determined through the construction manager interview process.
- Utilization of diversity consultants with knowledge of the South Central Pennsylvania construction market.
- Close and continuous coordination with property-level and corporate purchasing departments as well as the Government Affairs department in order to capitalize on their continuous search for qualified minority enterprises.
- Use of State of Pennsylvania, PA Gaming Control Board and other resources and databases to identify capable minority contractors and suppliers.
- Continuation of specific procedures and processes that require construction managers to demonstrate efforts to identify minority contractors and suppliers before work is awarded.
- Effective up front requirements on the part of construction managers to provide minority contractors and suppliers opportunities to bid as well as reporting procedures to track commitments to, and dollars expended for, such minority contractors and suppliers.
- Increased concentration and coordination with construction managers to identify 2nd and 3rd tier subcontractor and supplier opportunities.



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- Diligent tracking to ensure the fulfillment of minority contractor and supplier participation plan commitments made by construction managers and 1st tier subcontractors.
- Close coordination with construction managers to improve the on-site labor component of commitments made to minority contractors and suppliers.
- Periodic reporting of our minority commitment and fulfillment results to the Mason-Dixon Diversity Committee, the Pennsylvania Gaming Control Board and other involved parties.

Construction Goal

Our goal is to establish a comprehensive plan for diversity that builds upon the successful record of Penn National Gaming, Inc. in including minority contractors in all of its construction projects across the country. Mason-Dixon and Penn National Gaming, Inc. will work to ensure that the project reflects the Pennsylvania Gaming Control Board's minority participation goals and that these goals reflect the diversity of the region.



PROCUREMENT

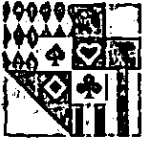
Purchasing Mission

Mason-Dixon will consider quality, service, dependability and price as the main components of any vendor relationship. Further, as a socially responsible organization, we pledge to partner wherever possible with minority and woman vendors, as well as other Diverse Groups, to create a mutually beneficial business climate. Our goal is to ensure that all qualified vendors are given equal opportunity to bid on products and services to be utilized at Mason-Dixon.

Good Faith Plan for Minority Vendor Participation

In support of our diverse vendor purchasing mission, Mason-Dixon will undertake the following initiatives:

- Utilize the Pennsylvania Department of General Services Bureau of Minority and Women Business Opportunity business directory and database to locate minority and diverse vendors that offer relevant products and services.
- Link our website to the Pennsylvania Department of General Services Bureau of Minority and Women Business Opportunity to facilitate awareness and to simplify the application process for potential vendors.
- Create a point of sale brochure entitled *How to Do Business with Mason-Dixon Resort and Casino* to summarize our diverse vendor purchasing program.
- Participate in Pennsylvania Department of General Services Bureau of Minority and Women Business Opportunity development events such as seminars, trade shows and training sessions and reverse trade shows to expand awareness of our minority vendor purchasing program.
- Attend and support Pennsylvania regional minority business fairs organized by the Minority Supplier Diversity Council of Pennsylvania, New Jersey and Delaware, The African-American Chamber of Commerce and area Chambers of Commerce.
- Periodically review the Pennsylvania Department of General Services Bureau of Minority and Women Business Opportunity list of approved vendors for any changes.
- Provide access to the applications and contact information of the Pennsylvania Department of General Services Bureau of Minority and Women Business. This will provide an opportunity for uncertified potential vendors to become certified.



- Create a mentoring environment that will help new vendors understand the daily workings of the property's operations.
- Request user departments to review their annual budgets for purchasing opportunities, work with the minority database and reach out to those minority suppliers provided by the purchasing staff.
- Establish a reasonable payment plan, agreed upon by both the vendor and the Manager of Purchasing after review of the financial status of diverse vendors.
- Establish a program that will encourage existing minority and other diverse vendors to expand the product lines they sell us through a mentoring process.
- Consider minority and women-owned business enterprises when reviewing Capital Expenditure projects.

Mason-Dixon will follow these initiatives and develop others as it strives to create an inclusive business environment.

Vendor Requirements

Mason-Dixon endeavors to have all vendors complete a vendor registration packet before any contract or purchase order will be issued, such registration will include information on MBE/WBE status.

Purchasing Objective:

These extensive efforts to identify, train and assist MBE/WBE, as well as other diverse groups of potential vendors should result in a roster of vendors that maximizes diversity and is reasonably reflective of and inclusive of the local community.



EMPLOYMENT

WORKFORCE DIVERSITY

Employment Mission

Recruiting will involve job fairs, various community partnerships to include higher education, chambers of commerce, government agencies and targeted recruiting of minorities and other diverse groups from both new and existing gaming markets. We may also utilize programs and agencies such as the Junior Achievement, Mock Interviews, Soft Skills Presentations, Referral Bonus Programs and local minority agencies such as the African American Chamber of Commerce and Latino Professional organizations to the extent that such organizations are active in the local area. We will also engage statewide minority advocacy organizations for our recruitment efforts.

Advertising for open positions will include a broad range of diverse media sources that may include print, radio, television and internet. To the extent that such sources exist in the local area, we will specifically direct some of this advertising to media sources targeted toward minority groups.

We will publish a bi-weekly Human Resources “Hot Sheet” detailing all position openings as they become open. The Hot Sheets will be sent to area high schools, colleges, employment agencies, minority organizations and social agencies as well as advertised on public sources including our internet website. New casino positions will also be offered to qualified existing resort employees who have interest in them.

Employment Goals

Mason-Dixon will strive to maintain a workforce that reasonably reflects the diverse elements of our community and surrounding area.

TRAINING, DEVELOPMENT & RETENTION EFFORTS

Our education and training efforts will have several areas of focus to help develop a high-functioning, service-oriented diverse workforce. Mason-Dixon will provide best practice training to ensure consistency with our EEO recruiting & hiring practices. We will conduct diversity training designed to foster a welcoming environment for all and reinforce respect in the workplace. We will also provide training to the management team on how to be a culturally sensitive manager with focus on consistency and fairness in the workplace, generational diversity, cultural diversity, and how to manage effective teams in a diverse, service environment. We will integrate diversity and respect into our mandatory orientation program. In addition to this broad, property-wide training, we will provide departmental skill-related training for our new associates. This will allow team members to successfully integrate themselves into



their new departments. Building confidence in the ability to competently handle job duties and establishing an internal departmental support system will increase the chances of retaining new team members.

Team members want to stay with companies that provide development and mobility options. They are loyal to organizations that invest in their careers. We are committed to being that kind of company. We will make the promotion of our employees a first option for upward mobility. We also plan on providing various mobility programs allowing our employees to grow and advance within the company. A Management Apprentice Program will be available for line level team members who aspire to management positions, and are deemed “high potential.” *advanced management skill-related courses will be available for our supervisors and managers who aspire to advance and become more proficient in their current positions.*

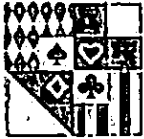
WORKPLACE INCLUSION

Fostering an inclusive environment is the responsibility of all leadership. It is also a journey that will continue moving forward forever. The world in which we live is ever-changing, and the company needs to continue to be aware of these changes and to create a welcoming environment where all team members feel valued and respected.

Our plan is to weave diversity through all areas of the team member environment at Mason-Dixon. We will request of, and focus on, ensuring that our leadership considers diverse perspectives in decisions that affect our team members. Seeking input from everyone and remembering that creativity is driven by a diversity of experiences and such diversity assists in achieving better overall decisions. We want to provide an environment that inspires and engages team members to reach their full career potential.

We will challenge Mason-Dixon managers to truly get to know and learn about their team members. Discovering unique skills and talents will assist with developing creative solutions, plus build loyalty between managers and their team members. We will also ask that managers *share their own personal skills and talents to create two way dialogues going both up and down the organization.*

Overall, we will strive to create the awareness that diversity is not just another initiative. Rather, it is a way of doing business and if integrated into everything we do, will assist us in not only becoming the employer of choice but also the casino of choice for our customers. A diverse employee base better understands our diverse guest base, their cultural sensitivities and expectations. Such understanding enhances the guest experience and thus satisfaction which will lead to *greater business success for the resort its employees and its vendors.*

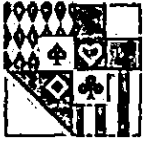


COMMUNITY AFFAIRS/CHARITABLE CONTRIBUTIONS

Mason-Dixon and Penn Partnership - 35 Years of History in Supporting the Community

Mason-Dixon has partnered with Penn National Gaming, Inc. whose corporate office is based in Wyomissing Pennsylvania. Penn National will construct and manage the operation. Mason-Dixon through its association with Penn will become an even more involved corporate citizen in the state of Pennsylvania. The Mason-Dixon/Penn partnership will leverage our corporate level involvement in high profile initiatives. Penn National Gaming, Inc. has a long standing tradition of supporting Central Pennsylvania community initiatives and Mason-Dixon, partnered with Penn, will expand that involvement to the Gettysburg/Adams County area.

See also **Appendix 45, Item 8** from The *Mason-Dixon Resorts, L.P. Category 3 Application* for information showing that the principals of Mason-Dixon Resorts, L.P. have a long history of meeting commitments to local agencies, community - based organizations and employees.



COMMITMENT

Mason-Dixon and Penn National Gaming represent a team committed to developing a high performance, inclusive work environment that reflects the diversity of our community. We will strive to create a company culture where all ideas and all contributions are valued no matter how or from whom they may originate. We will actively seek out employees and vendors from traditionally disadvantaged groups to staff, build and supply the facility. Our commitment to making inclusiveness the foundation for our culture is driven not only from our desire to enhance our community, but also because such commitment supports a sound business strategy. This diverse working culture includes not only our valued workforce, but also offers opportunities for broad participation to diverse groups in the procurement of goods and services.