










**Diversity Plan
For
Hollywood Casino at Penn
National Race Course

2011**

Updated December 2011

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INTRODUCTION

Hollywood Casino at Penn National Race Course (“Hollywood Casino”) is pleased to present our Diversity Plan for 2011 (the Plan”). Among the many reasons to develop a diversity strategy, we at HCPN feel that the most compelling reason is that it will enhance our overall business strategy. We market to a diverse community and our diversity and inclusiveness practices should help bolster those efforts.

Hollywood Casino, Central Pennsylvania’s only fully integrated racing and gaming facility, opened to rave reviews on February 12, 2008. Hollywood Casino is a five-story, 365,000 square-foot facility combining state-of-the-art technology with the mystique and nostalgia of Hollywood.

Amenities include:

- Over 2,400 state-of-the-art slot machines
- Table Games
- Live thoroughbred racing and full-card simulcasting year-round
- Live and electronic entertainment
- Meeting/conference rooms
- Retail
- Museum featuring movie and Hollywood memorabilia
- Five-story parking garage
- Valet parking
- Dining Venues

Hollywood Casino features a variety of live and video entertainment throughout the property designed to create an upbeat, fun atmosphere while our guests enjoy playing slot machines, wagering on racing, and unwinding in our lounges and restaurants.

With approximately 6,500 square feet of meeting and banquet space that is easily divided into smaller rooms, Hollywood Casino at Penn National can accommodate meetings and social functions for up to 400 guests.

From its inception, Hollywood Casino has embraced the integral role of diversity. The Plan has been developed to outline the key aspects of our commitment to this important subject. The goals underlying the Plan are to ensure equal opportunity and to promote diversity in a manner reflective of the local community.

While the Plan refers frequently to “MBE” and WBE” companies, the inclusive diversity philosophy of Hollywood Casino 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 Hollywood Casino's strong commitment to diversity relative to the construction and operation of the property. The Plan outlines specific procedures aimed at ensuring equal opportunity, as well as diversity in employment, contracting, operations and community relations. 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.

Reporting Structure:

Hollywood Casino established its Diversity Committee in June 2007 to oversee all diversity initiatives for the company. The Committee is responsible for advancing the diversity and inclusion strategy by setting strategic direction and managing all aspects of the strategy. The General Manager chairs the Committee, which is comprised of members of senior management. The Manager of Slot Services has been designated Hollywood Casino's diversity officer.

Our Strategy for Success:

Our overall strategy will enable Hollywood Casino to develop and implement effective plan for management that will drive achievement of positive business results and meet our twin goals of ensuring equal opportunity and promoting diversity in a manner that reflects and includes the local community. The four focus areas of the Plan are:

➤ **Construction**

- ◇ Build and enhance relationships within the community to raise awareness and identify qualified contractors and suppliers.
- ◇ Include minority and women business enterprises, as well as other diverse groups, in planned new construction and expansion projects.

➤ **Procurement/Vendor Purchasing**

- ◇ Build and enhance relationships within the community to raise awareness and identify qualified vendors.
- ◇ Ensure that all qualified vendors are given equal access to bid on our business.

➤ **Employment**

- ◇ Build and enhance relationships within the community to raise awareness and identify potential candidates for employment.

- ◇ Foster an inclusive work environment that results in both personal and business success.

➤ **Community Involvement**

- ◇ Support our community and be a responsible corporate citizen.
- ◇ Encourage participation in community initiatives across the entire organization

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 MBEs and WBEs, 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 business 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 major construction projects in central Pennsylvania is an important issue for the local minority community and for Hollywood Casino. We believe that the proactive approach used to address minority participation during the initial casino build out resulted in both successful inclusion of minority businesses and the successful completion of the project. We intend to continue that successful framework as we plan and execute future construction projects for Hollywood Casino.

Good Faith Plan for Minority Construction Participation:

Our basis for minority inclusion in future construction projects will be to utilize the successful techniques and practices employed during the initial casino build out and capitalize on the contractor, subcontractor and supplier relationships developed during this project.

There are a number of factors we feel were key to our success in including minority contractors and suppliers in the initial build out of the Hollywood Casino. We are proud of the results achieved for this project and strongly believe the following steps to be critical as we attempt to carry this success forward to post opening construction projects:

- 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 Central Pennsylvania construction market. For the initial construction project, such consulting resources included:
 - Young & Company
 - African American Chamber of Commerce for Central Pennsylvania
- Close and continuous coordination with property level and corporate purchasing departments as well as property Government Affairs department
 - Capitalize on their continuous search for qualified minority enterprises
- Use of State of Pennsylvania, PA Gaming Control Board and other resources and data bases 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 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
- Diligent tracking to ensure the fulfillment of minority contractor and supplier 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 Hollywood Casino Diversity Committee, the PA Gaming Control Board and other involved parties

Construction Goal:

Absent a major expansion of the initial build facility, construction projects over the next few years will likely be smaller in scope and involve varied work plans. As a result, continued success for the inclusion of minority contractors and suppliers in construction projects will require use of the specific steps outlined above, continuation of relationships developed during the initial build out and constant cooperation with property and corporate purchasing departments to expand our network of minority contractors and suppliers.

Our goal is to maintain a comprehensive process that will continue and build upon our track record to include minority and women’s business enterprises, as well as other diverse groups, in future construction projects for the Hollywood Casino.

Completed projects for 2010 included the addition of table games. Completed construction projects for 2011 included; improvements to the barns and backside areas of the racing facilities and new directional signage for public areas. Other than continued improvements to the barns and backside racing areas there are no major construction projects currently scheduled for 2012.

PROCUREMENT/VENDOR PURCHASING

Purchasing Mission:

Hollywood Casino considers 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 utilized at the Hollywood Casino at Penn National Race Course.

Good Faith Plan for Minority Vendor Participation:

In support of our diverse vendor purchasing mission, here are our 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.
- Created a “How to Do Business with Hollywood Casino at Penn National Race Course,” point of sale brochure to summarize our diverse vendor purchasing program, available upon request.
- 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 the Harrisburg Regional Chamber 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 provides opportunity to uncertified potential vendors interested in becoming a certified supplier.
- 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, working with the minority database and reaching out to those minority suppliers provided by the purchasing staff.
- Establish a reasonable payment plan, agreed upon by both the vendor and the Purchasing Supervisor after review of the financial status of diverse vendors.
- Consider minority and women-owned business enterprises when reviewing Capital Expenditure projects.
- Direct diverse vendors to register online at www.pngamingvendors.com to become visible to both Penn National Gaming corporate procurement and other PNG properties.

Vendor Requirements:

Vendors wishing to do business with Hollywood Casino will be required to complete a vendor registration packet before any contract or purchase orders will be issued. No business will be conducted or counted towards our purchasing procurement dollars unless the vendor packet is on file and complete.

Consistent with our compliance program, upon reaching \$100,000 in purchases, the vendor will be required to complete a due diligence report to facilitate a background investigation. Irrespective of the amount of business a vendor does with us, all our vendors must be “suitable” as defined by applicable gaming law.

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.

Marketing, Promotions, and Entertainment:

The marketing team at Hollywood Casino at Penn National Race Course endeavors to incorporate diversity in all aspects of its operations including working with minority vendors, supporting the property's community outreach efforts, and incorporating diversity in its communications materials and on-property entertainment. Our advertising messages, collateral, on-property signage, direct mail, web site, and featured video and live entertainment strive to project a message that all are welcome at Hollywood Casino.

EMPLOYMENT

WORKFORCE DIVERSITY

Employment Mission:

Recruiting will involve job fairs, various community partnerships, which will include higher education, chambers of commerce, government agencies and targeted recruiting of minorities and other diverse groups in both new and existing gaming markets. Depending on our needs, we may also utilize resources such as the Junior Achievement, Mock Interviews, Soft Skills Presentations, Referral Bonus Programs, African American Chamber of Commerce of Central PA, Harrisburg Area Community College (HACC, Harrisburg, York, Lebanon and Lancaster) Penn State University, Kutztown University, Bloomsburg University, the York Colleges and Technical Schools and Hispanic Cultural Society, Latino Professionals of South Central PA and the Governor's Advisory Commission of Latino Affairs.

Our advertising for open positions will include a broad range of diverse media sources that may include print (Press of AC, Urban Connection, Sentinel, Republican Herald, The Patriot-News, Employment Guide, Lebanon Daily News, York Newspapers), radio (Clear-Channel Communications, Inc., The Touch, 93.1 FM, Hallradio and other targeted programming), television (WHTM, Fox 43 and other targeted programming) and Internet (Diversity.com, African American Chamber of Commerce of Central PA online job opportunities; Monster, Career Builder, college websites) Recruiting boards, flyers, flip charts, TV monitors, and Ticker Tape at CareerLink Centers. Depending on our needs we may also utilize resources such as iHireChefs@MarketingResponse.net.

We will continue to publish a bi-weekly Human Resources "Hot Sheet" detailing all position openings to our existing management group to give them an opportunity to directly encourage team members identified as "high potential" to explore currently available openings. Additionally, we continue to publish and post all available positions, including those on the Hot Sheet, to give team members the opportunity to apply for advancement opportunities or equal-level positions in other areas thereby allowing them to broaden their skills and talents in other areas. We are committed to making the promotion of our employees a first option for upward mobility.

Finally, Hollywood Casino has made significant efforts to arrange for public transportation to the facility from the Lebanon and Harrisburg communities. The development of bus routes from each of these locations will provide greater access to employment opportunities to those less fortunate for whom car transportation is not a viable option. Through a cooperative effort between Hollywood Casino and COLT (County of Lebanon Transit Authority), the company was successful in establishing such a route from Lebanon.

Employment Goals:

Hollywood Casino will continue to strive to maintain a workforce that reasonably reflects the diverse elements of our community and surrounding areas. Despite the scarcity of managers with industry experience in our geographic area, we intend to continue to seek the best possible diversity within our management ranks as well.

Training, Development & Retention Efforts:

Our education and training efforts will have several areas of focus to help develop a high-functioning, service-orientated diverse workforce. Hollywood Casino provides hiring best practice training to ensure consistency with our EEO recruiting & hiring practices. We conduct diversity training designed to foster a welcoming environment for all and reinforce respect in the workplace. We will also provide development to a management team with how to be a cultural competent manager with focus on consistency and fairness in workplace, generational diversity, cultural diversity, and how to manage effective teams in a diverse, service environment. We have and will continue to 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 are committed to making 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 our 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. Hollywood Casino is committed to the development of all team members and programs are currently being developed through the succession planning process to ensure that our management teams are focused on development at all levels of the organization.

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 as leaders we need to continue to beware 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 Hollywood Casino. 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 will assist in moving towards the best overall decisions. As leadership, we want to provide an environment that inspires and engages team members to reach their full career potential.

We will challenge Hollywood Casino 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, in hope to create two way dialogues going both up and down the organization.

We are currently making plans to engage team members in diversity efforts in numerous different ways. The Team member engagement survey will be conducted once a year to gain input from all team members at Hollywood Casino. The feedback from the engagement survey will allow us to better understand the point of view and needs of our diverse work force and then take action on the feedback. We will also be posting our diversity messages on a diversity focused bulletin board in our team member support level. As mentioned in the learning and development area of our plan, ongoing diversity awareness training is planned and scheduled over the next few months. We are also targeting for HR to sponsor two diversity awareness events for team members during the year.

Our focus on allowing for flexibility with work schedules for team members also was enhanced this year by the rollout of the Paid Time-Off (PTO) benefit. PTO focuses on allowing team members additional flexibility to determine, based on their personal needs and the business needs, which days off they would like to take throughout the year.

We have also translated, as needed and appropriate, certain materials into Spanish. Along this same note, we have been working with the hearing impaired to outline where we could offer support within Hollywood Casino.

Overall, we want to create the awareness that diversity is not just another initiative. It is a way of doing business and if integrated into everything we do, can assist us in becoming the employer of choice and enhancing our guest service, as we will develop a team that better understands our diverse guest base and their needs also.

Community Affairs/Charitable Contributions

Community Involvement and Building Trust:

We at Hollywood Casino can take great pride in the strides our organization is making in becoming a community-minded civic leader in Central Pennsylvania. Our commitment to community service is evident in Harrisburg, Lebanon, Lancaster, Cumberland, York, and surrounding communities. We have succeeded in impacting key community service and minority support organizations, not only with financial support but also through the donation of time and hands-on efforts of our team members.

We awarded \$144,000 to four charities from our 2008 “Test Night” proceeds that benefited our neighbors. The organizations receiving benefits included Jump Street, Grantville Fire Company, Grantville Food Pantry and Harrisburg University. We consider these four organizations to be true partners with a long-term relationship to further promote our commitment to support local charities and foundations. We believe that these organizations have a proven track record of success. We awarded \$15,000 from our 2010 “Table Games Test Night” proceeds to the Grantville Fire Company.

We plan to continue our well received support for local organizations for planned holiday food and toy drives such as Center for Education, Employment, and Entrepreneurial Development (CEEED)/YWCA, the African American Chamber of Commerce of Central Pennsylvania & Capital Area Head Start. We also plan to continue our support for the Minority Supplier Diversity Council, the Harrisburg Chapter of the NAACP, the Hispanic Chamber of Commerce of Central Pennsylvania, and the new Women-CONNECT Magazine of Central Pennsylvania.

Our senior management team serves the community by providing leadership through participation on the boards of local civic organizations such as the Hershey/ Harrisburg Regional Visitors Bureau, Harrisburg Chamber of Commerce, the Hershey Partnership, Keystone Human Services and The Greater Harrisburg Area NAACP. Hollywood Casino is also an active member of the Harrisburg, Lebanon Valley, Reading, West Shore, York and Lancaster Chambers of Commerce and the PA Dutch Visitors Bureau.

Our overall strategy is to raise our profile as a valuable member of the community. Our Charitable Contribution efforts will be guided by the Charitable Contribution Committee. We plan to achieve visibility and impact through well conceived initiatives. We also will promote employee volunteer participation through out the year. This will support professional development within our management team.

35 Years of History in Supporting the Community:

HCPN is fortunate to have its corporate office so near to our location. We plan to leverage our corporate level involvement in high profile initiatives. Penn National Gaming, Inc. has a long standing tradition of supporting Central Pennsylvania community initiatives. For 2010 PNG is working with the following organizations:

Harrisburg Regional Chamber and CREDC
Dauphin County State of the County Address
Governor's Cup Golf Tournament
Hospice of Central Pennsylvania - (June)
Dauphin County Library System
Grantville Area Food Pantry
Grantville Volunteer Fire Company
Ono Fire Company
Animal Rescue

Close

HCPN is a team committed to developing a high performance, inclusive work environment that reflects the diversity of our community. We strive to create a company culture where all ideas and all contributions are valued no matter how or from whom they may originate. This 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.

Our commitment to making inclusiveness the foundation for our culture is driven not only from our desire to enhance our community and as such commitment also supports a sound business strategy.

Appendix A

Equal Employment Opportunity

Equal Employment Opportunity

To give equal employment and advancement opportunities to all employees and applicants, the Company makes employment decisions based on each person's performance, qualifications, and abilities. We do not discriminate in employment opportunities or practices on the basis of race, color, religion, gender, national origin, age, disability, or any other characteristic protected by law.

The Company will make reasonable accommodations for qualified individuals with known disabilities unless making the reasonable accommodation would result in an undue hardship to the property.