

Hollywood Casino at Penn National Race Course

August 8, 2007

Remarks To the Pennsylvania Gaming Control Board On Construction Update

Good morning Mr. Chairman, Board members and staff,

On behalf of Hollywood Casino at Penn National Race Course and all of our staff, I thank you for the invitation to update you today. We are very proud of our developing facility and never tire of talking about it. With me today are:

Hollywood Casino at Penn National Race Course continues to be on target for opening in the first quarter of 2008. All permits and approvals required at this time have been obtained. Construction efforts and road improvement work have proceeded on schedule. We have had the pleasure of providing tours of the facility to some members of the board and its staff, representatives of the Pennsylvania State Horse Racing Commission and its staff and representatives of the Pennsylvania State Police as well as other community and governmental leaders throughout the area. On the employment side, Hollywood has conducted various job fairs and community outreach events. In July we conducted two large informational job fairs which drew approximately 2,500 interested candidates. On the operational side we have met with the Board's opening team and will continue to work closely with them to ensure that we meet the Board's expectations regarding the opening of the property.

As you know, the facility will have a contemporary Hollywood theme with state of the art audio-visual technology and

- A completely new 365,000 square foot integrated gaming and racing facility with 13 various food and beverage venues.
- 2000 slot machines with the ability to expand to 3000 within the established footprint.
- Three unique themes throughout the casino floor, one depicting the Golden Age of Hollywood, one shown in back-lot studio style and one showing a virtual media blitz.
- The racing and simulcast areas have design features that emphasize the track and racing activities, including trackside terrace dining and an integrated cocktail lounge, a balcony especially designed to overlook the paddock parade from the upper level and a racing simulcast theater and adjacent sports bar that overlooks the casino below.
- A large Daktronics serpentine screen
- A large i-max style Dome that will envelope the entertainment lounge on the casino floor.
- More than 250 video screens that are connected to central system that will control a highly choreographed array of audio and visual messages

Hollywood Casino at Penn National Race Course

August 8, 2007

Remarks To the Pennsylvania Gaming Control Board On Construction Update

Page 2

- A parking garage with 2,500 spaces and an additional 1000 surface spaces for guests.
- Substantial roadway and site improvements
- The overall project budget is \$310,000,000 (construction and related \$173 mil and license design and other \$137 mil).

The status as of the end of June is as follows:

- Of the \$173,000,000 in construction and related work, 84% or \$146,000,000 has been awarded. Approximately 53% of the construction work is complete as of that time and we, of course, are making progress every day since.
- Approximately 500 workers are on site daily and most are from the local and regional area.
- The site work and the underground utilities is substantially complete.
- A new, replacement waste water treatment facility has been constructed and was put into service at the end of January.
- The building shell has been erected and is being enclosed.
- The parking garage has been erected and is substantially complete.
- The interior electrical work, mechanicals, plumbing and fire protection is currently in progress.
- The escalators have been installed but are not yet operable.

Hollywood Casino at Penn National Race Course

August 8, 2007

Remarks To the Pennsylvania Gaming Control Board On Construction Update

Page 3

- Stud walls are being erected and in some areas drywall and other interior enclosure work has begun.
- The main entrance roadway to the facility is being completely overhauled with new surfacing and a center island with lighting. Additionally, the entrance intersection is being rebuilt to allow for safer exit and entry. This roadway entrance is expected to be completed by the end of August.
- The Interstate 81 interchange at our exit, that is Exit 80, is currently under construction including the addition of left turn lanes and traffic signals to facilitate the entering and exiting of the interstate. This work is scheduled to be completed by the end of September.

The pace of construction has and will remain – vigorous. We expect to have complete building enclosure by the end of August. In August, we expect to continue construction of interior walls, the beginning installation of elevators, the interior rough electrical and plumbing and the continuing installation of HVAC ductwork to prepare for an environmentally controlled interior before the Fall.

In terms of construction participation our objective has been and continues to be focused on the following areas:

- Pennsylvania-based contractors and suppliers
- Local and Central Pennsylvania contractors and suppliers
- Minority and Women's Business Enterprise contractors and suppliers.
- and, Organized Labor.

Hollywood Casino at Penn National Race Course

August 8, 2007

Remarks To the Pennsylvania Gaming Control Board On Construction Update

Page 4

Through the efforts of Penn National Gaming, Inc., Hollywood Casino at Penn National Race Course, Keating Building Corp (which are our general contractors) and through our consultants, we have achieved the following results:

- \$92,000,000 or 63% of construction has been awarded to PA contractors and suppliers.
- We have had substantial participation by local and regional construction contractors including, site work, concrete supplies and related work, the pre-cast garage, the building exterior, and drywall and mechanical equipment and installation.
- In some cases, such as electrical work, an out-of-state contractor received the award using substantial local labor.
- \$19,000,000 or 13% of construction/equipment costs were awarded thus far to minority/women's business enterprises.
- \$97,000,000 or 69% of construction was awarded to union contractors and suppliers. We intend to continue our best efforts in these areas for the remaining construction and FF&E awards.

I hope this information has provided you with a clear understanding of our progress and our efforts to date. With that said, that concludes my remarks, I thank you for your kind attention and I will be happy to answer any questions.