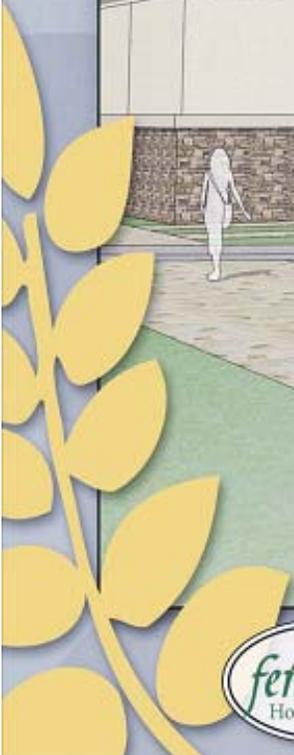






HNEDAK BOBO GROUP



CONCEPT MODEL

CONCEPTUAL PLANNING PHASE

BUSHKILL, PENNSYLVANIA

PENN NATIONAL GAMING

03.18.2010





The Applicant

- located in the popular Pocono resort area
- meets all of the requirements under the Act to be awarded a Category 3 Gaming License
- a well-established leader in four-season resort experiences
- recognized for corporate giving and community service
- maintains a diverse employee and vendor base
- offers a comprehensive selection of amenities

Winter Fun Center/Snowtubing

18-Hole Par-71 Golf Course

Indoor & Outdoor Pools

Bumper Boats

Horseback Riding

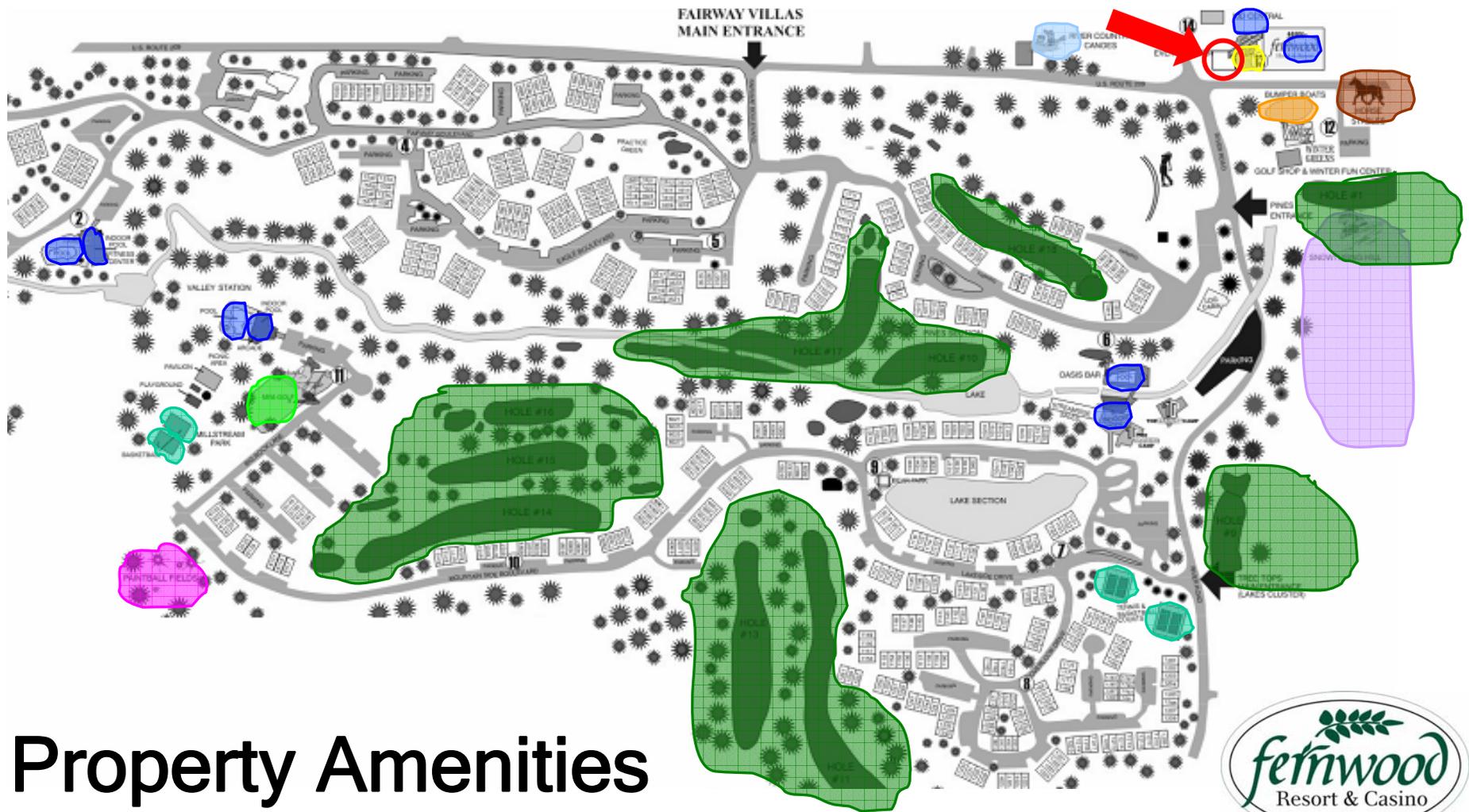
Canoeing/Rafting

Paintball

Game Zone & Fitness Center

Miniature Golf

Outdoor Tennis & Basketball



Property Amenities





The Project

- casino will be located within an existing building
- casino is an approved use under Township Zoning
- existing resort and Township infrastructure are sufficient
- no adverse environmental impacts
- no traffic mitigation necessary
- has received support from the community, local officials and State Representatives
- opening projected for 6 - 12 months after granting of license



Casino Economic Impact

- \$10m annually in property tax relief
- \$10.4m annually in state, local and sales, room and employment taxes - currently \$5.4m
- facility construction will generate a projected \$36m for the Pocono region and support approximately 180 on-site construction jobs
- stabilized casino operations will result in approximately 900 new jobs, including 360 new casino employees and 535 regional jobs
- local and regional economy can expect new direct spending of approximately \$72m and indirect spending of \$27m
- philanthropic efforts will increase due to casino revenues



Market Strengths

- Pocono region is a well-established resort destination which draws over 23.8 million person trips annually
- nearby Delaware Water Gap National Recreation Area draws almost 5 million recreational visits annually
- 7,000+ guest rooms within Monroe and Pike counties
- 38,500 vacation homes within a 5-mile radius
- Poconos are located only 70 miles from New York City



Property Marketing Profile

- over 26.5 million adults reside within a 100-mile radius
- 906 guest rooms on property
- an already popular resort destination
- current annual visitation is 425,000 visits
- 2 million email offers sent annually
- web site visits of 350,000+ annually
- 84% of overnight visitors to the resort are from out of state



Customer Origin

Total Out-of-State	84%
New York	48%
New Jersey	23%
Maryland	2%
Connecticut	2%
Other	9%
Pennsylvania	16%



Marketing Spend

Timeshare	\$4.0m
Hotel	<u>\$1.0m</u>
	\$5.0m

Proposed Casino	<u>\$6.0m</u>
Total Marketing Spend	\$11m

Penn National's Role

Penn National will be responsible for:

- Casino development
- Project financing
- Casino operations

Penn National is a leading and diversified gaming company with a long history of prudent capital and operational discipline.

Penn's Management Team

Peter Carlino, Chairman & CEO

Tim Wilmott, President & COO

Bill Clifford, CFO

Jordan Savitch, General Counsel

Steve Snyder, SVP - Corporate Development

John Finamore, SVP - Regional Operations

Tom Auriemma, Chief Compliance Officer

Eric Schippers, SVP - Public Affairs

Carl Sottosanti, VP & Deputy General Counsel

Combined, Penn National's Management Team has over 100 years experience in gaming and hospitality management.

Penn National Overview

- largest pari-mutuel operator in the U.S.
- third largest publicly-traded gaming company in the U.S.
- publicly traded on the NASDAQ (PENN)
- named Forbes 400 Best Big Companies in America
- named Fortune's 100 fastest growing companies in the country a record 6 out of 7 years
- 22 facilities in 16 jurisdictions in the United States & Canada



“Penn National, is considered one of the healthiest casino companies.”

A.D. Pruitt, *Wall Street Journal*, 2/11/09

“We hold a high regard for Penn’s management team.”

Morningstar, 4/7/09

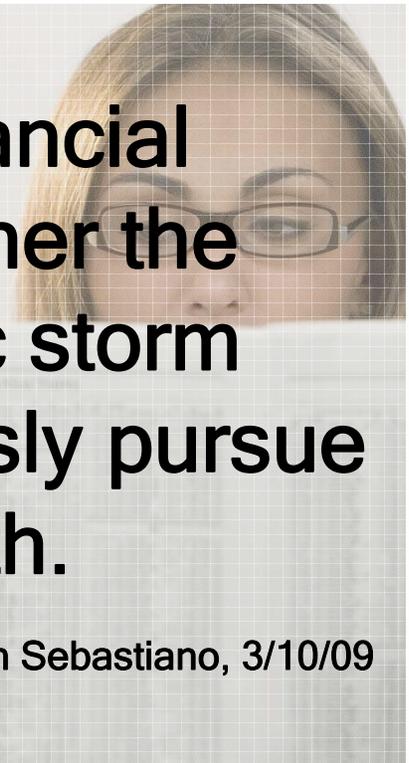
“Penn National Gaming’s robust performance going forward is expected to be driven by the company’s tighter cost controls and strong regional trends.”

NewRatings.com, 4/7/09

“...We continue to believe that Penn is the best-run company within the industry, with an underleveraged balance sheet and amongst the best positioning to benefit from a consumer recovery.”

Joel Simkins, Macquarie Research, 4/22/10

What Wall Street is saying about PENN



Penn has the financial flexibility to weather the current economic storm and simultaneously pursue avenues of growth.

- Morgan Joseph analyst, Justin Sebastiano, 3/10/09

Penn National's Workforce

- reflective of the surrounding community
- overall workforce: 52% are women; 28% are minority*
- committed to a diverse workforce and vendor base
- consistently meets or exceeds goals put forth in its projects and workforce around the country
- priority of hiring locally and ensuring the best effort to support minority and women owned businesses (MBE/WBE) as well as small businesses in our communities

*Based on 2009 EEO Information Report

MBE/WBE Participation

Recent Penn National Projects

Grantville, Pennsylvania		
\$335 million project	21% MBE/WBE	
↓		
Lawrenceburg, Indiana		
\$330 million project	38% MBE/WBE	
↓		
Kansas City, Kansas*		
\$286 million project	21% MBE	11% WBE
↓		
Perryville, Maryland		
\$97.5 million project	22% MBE/WBE	
↓		
Joliet, Illinois		
\$25 million project	35% MBE/WBE	

*Project is currently under construction and percentages are reflective of development to date.



Penn National Gaming Foundation

- The Penn National Gaming Foundation is a 501(c)3 private foundation which supports numerous local non-profit organizations in the communities in which we operate.
- The Foundation is a supplement to the charitable activities of each of our properties in their local communities.
- In 2009, Penn National and its casinos provided \$3 million in donations across the country.
- In addition, Penn National's employees donated over 5,000 hours of community service.
- Penn National and its properties focus on supporting organizations that promote community development, education, human and health services, diversity and cultural affairs.



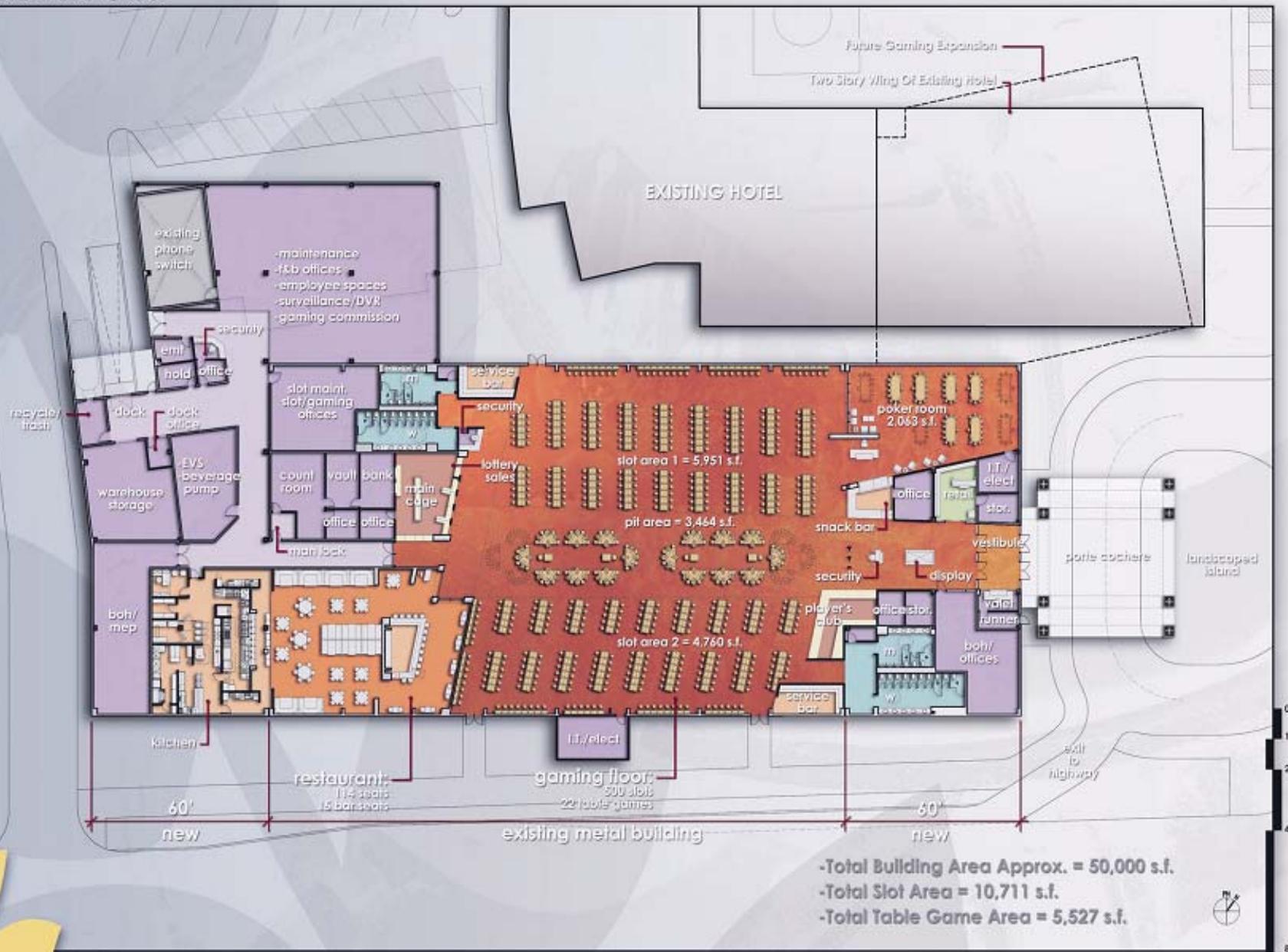
Parking Count Total = 587





CONCEPT MODEL

03.05.2010



- Total Building Area Approx. = 50,000 s.f.
- Total Slot Area = 10,711 s.f.
- Total Table Game Area = 5,527 s.f.



1st FLOOR PLAN



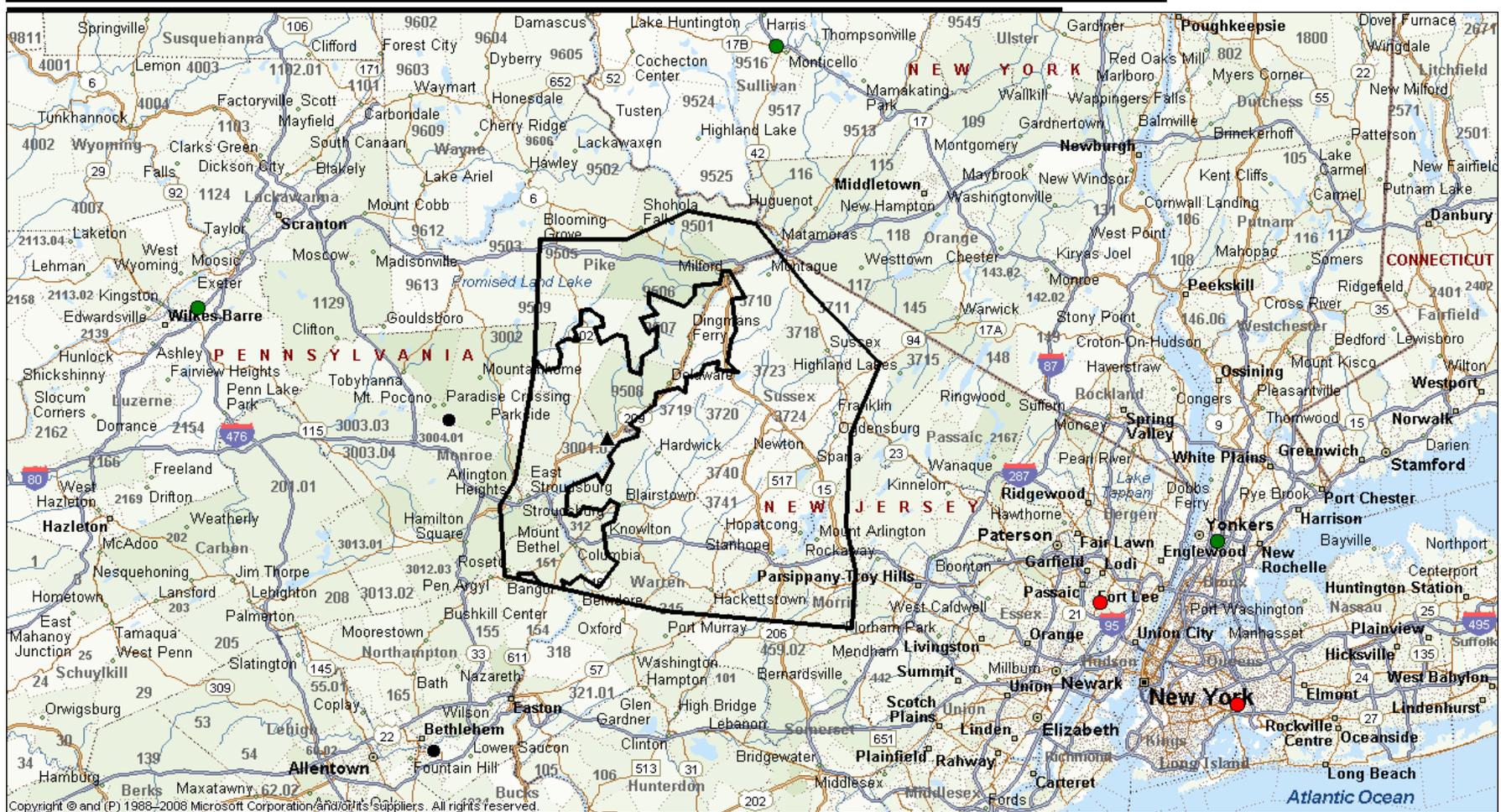


Projected Patronage & Revenues

	Opening Year	Interim Year	Stable Year
Patronage	807,380	1,076,750	1,345,755
Win Per Position - Slots	\$308.00	\$410.00	\$513.00
Win Per Position - Tables	\$1,539.00	\$2,052.00	\$2,565.00
Gross Gaming Revenue	\$64,594,937	\$86,126,582	\$107,658,228
State Gaming Tax	\$28,140,925	\$37,296,554	\$46,620,694
County & Municipal Share	\$2,415,288	\$3,220,386	\$4,025,482



Market Area to East





Land Use / Infrastructure

- casino is an approved use under Township Zoning
- proposed plan supports the County's smart growth objectives for open space preservation
- storm water management is approved under existing permit
- electrical service is sufficient to serve the casino
- sufficient water and sewer capacity exists
- ample law enforcement and emergency services
- local public transit service is in place



Traffic Study

The following conclusions were based on a Traffic Impact Study completed by HRG as part of our initial submission:

- a negligible increase in daily traffic volume through the main intersection and corridor (Route 209) to the resort
- no level of service drop on the roadway system would occur as a result of the proposed project
- no detrimental effect on the surrounding road network
- no traffic mitigation necessary

The study did not include the benefit of the Route 209 Bypass, the final phase of which is underway and scheduled to be completed in October 2012.



Responsible Gaming

Committed to:

- working with Penn National and PGCB staff to implement a comprehensive Responsible Gaming plan
- proactively addressing the issue of problem gaming
- training employees in the necessary aspects of responsible gaming
- treating those who request help with problem gaming with confidentiality, courtesy, respect and support



Diversity

Committed to:

- maintaining a talented staff of employees that reflects the diversity of our region and our guests
- employing approved vendors and suppliers to ensure a fair representation of minority and women owned businesses
- the continued use of recruiting tools such as the internet, traditional media, job fairs and vocational programs
- using well-established strategies to enhance the Diversity Program





Gaming at Fernwood

- creates almost 900 new jobs for the region
- generates \$10m in annual property tax relief
- draws out-of-state gaming revenue
- the only location in the state with more rooms than permitted gaming positions
- results in stable year gross revenue of \$107m+
- generates \$46m in state tax revenue annually
- already approved zoning means quickest to market



fernwood
Resort & Casino