

**PHASE I – RFQ/P PROPOSAL FROM SPRINGFIELD GAMING AND
REDEVELOPMENT, LLC**

The following is a summary of relevant material non-confidential provisions of the Proposer's response to the Phase I - RFQ/P, and does not constitute an analysis of such response by the City of Springfield or its consultants.

Proposer:

Springfield Gaming and Redevelopment, LLC (the "**Proposer**"), c/o Penn National Gaming, Inc., 825 Berkshire Boulevard, Wyomissing, PA 19610.

Ownership:

The Proposer is a newly-formed limited liability company which will be owned by two members:

(1) Western Massachusetts Gaming Ventures, LLC (an entity owned 100% by Delvest Corp. which is in turn owned 100% by Penn National Gaming Inc. ("**Penn**"), a publicly-traded company (NASDAQ: "PENN"); and

(2) a to-be-formed Massachusetts limited liability company to be owned by Mr. Peter A. Picknelly and trusts for members of his family.

The Proposer is a member-managed limited liability company. Penn will be the managing partner of the Proposer. (NOTE: The percentage ownership of each member of the Proposer is not provided in the proposal.)

Management:

The casino will be managed by Penn. No outside management company will be utilized.

Projected Cost of Development:

Projected total costs for the development is \$807 million. The various components of this cost estimate are confidential.

Plan of Financing:

The Proposer states it expects to finance the \$807 million estimated cost with cash on hand and availability under Penn's current bank line of credit (which as of June 30, 2012 was \$511 million). Penn notes that funding may also come from the capital markets as well as free cash flows that Penn will generate from the date of its RFP/Q Phase I response through the planned construction of the Hollywood Casino Springfield. According to the Proposer, Wall Street gaming analysts currently project that these free cash flows may range between \$1.2 billion to \$1.4 billion from October 2012 to the end of 2014. Also, Penn notes that, because of the strength of its balance sheet, it is confident in its ability to borrow any additional funds necessary to complete the casino project. Within Penn's current recent facility there is

approximately \$700 million of incremental borrowing capacity in addition to \$950 million of incremental subordinated debt available.

Proposer notes that “its entire project will be designed to be executed in one phase and is not contingent upon financial restraints.”

Location and Land Assemblage:

The Proposer’s casino complex is to be constructed on a 13.4-acre site located in the City of Springfield’s North End. The Proposer believes it controls or will control the site within 90 days. No assistance is needed from the City or its instrumentalities in acquiring any of the parcels but the City’s assistance will be needed in vacating sections of Boylston and Liberty Streets. Neither Penn nor the Proposer owns or controls any land in Massachusetts other than the proposed casino site described above.

Additionally, the Proposer indicates that in addition to Hollywood Casino Springfield, the Proposer is “exploring several potential options for developing its 20 acres on Springfield’s waterfront. Current plans include potential mixed-use retail and housing developments as well as a potential major retailer and even the possibility of student housing for higher education.”

Other components of the Proposer’s plans include:

- relocating the newsroom and office personnel of the *Republican* newspaper to a new downtown location and creating a “Village Square” in the heart of the City of Springfield;
- creating a new printing plant for the *Republican* newspaper at Springfield’s Smith and Wesson Industrial Park;
- attracting a large retailer to build at the Page Boulevard property currently owned by Ameristar Casinos, Inc.;
- relocating the Peter Pan bus terminal and transportation center to Union Station, where the Proposer is also exploring additional ways to incorporate that facility into its long term plans including expanding the parking deck and locating significant office space for its employees; and
- helping to refurbish Paramount Theater, locating additional administrative offices in the building and, through cross marketing and joint promotions, work to return the theater to its glory.

Size/Ancillary Development:

It is expected that the casino complex will feature Penn’s premiere brand: Hollywood Casino. The theme incorporates elements from Hollywood’s glamorous Golden Era to today. Classic art deco architecture, iconic Hollywood imagery and instantly recognizable movie memorabilia. The complex is expected to be over 300,000 square feet including 3,000 to 3,500 slot machines, 80-100 table games, 20-30 poker tables, a hotel of 300 to 500 rooms, 30,000 to

45,000 square feet of meeting/convention space, structured parking for 4,000 to 5,000 vehicles, several dining options, a night club/ultra lounge and a spa.

Other Jurisdictions:

Penn owns, operates or has ownership interest in gaming and racing facilities with a focus on casino entertainment. Penn currently has ownership interests in 28 facilities located in 19 jurisdictions including Colorado, Florida, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Mississippi, Missouri, Nevada, New Jersey, New Mexico, Ohio, Pennsylvania, Texas, West Virginia and Ontario, Canada. Penn also expects to acquire Harrah's St. Louis gaming and lodging facility located in Maryland Heights, MO from Caesars Entertainment in a transaction expected to close in the fourth quarter of 2012.

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