

PENN NATIONAL
GAMING, INC.

July 23, 2010

Gail P. Thorpe, Contracting Officer
New York State Division of the Lottery
Finance Office
One Broadway Center
Schenectady, New York 12305

RE: New York Gaming Ventures, LLC and Related Entities and Individuals – May 11,
2010 Request for Proposals for Development and Operation of a Video Lottery
Facility at Aqueduct Racetrack

Dear Ms. Thorpe:

The instant letter is responsive to your letter of July 13, 2010, requesting a written explanation with respect to which portions of the Proposal submitted in connection with the RFP are confidential.

I. The Proposal

Please note in **Section 1.14** (Page 5 of the Proposal) we indicated which sections and materials within the Proposal itself were confidential and the reasons why such material was deemed confidential. (**Please see the attached – Exhibit 1**). We request that this material, as well as the material noted below, remain confidential for the reasons set forth.

Appendix 11 - We request confidentiality as to the EIN Number of New York Gaming Ventures, LLC. The disclosure of such number could compromise the business activities of the entity and of its ultimate parent company, Penn National Gaming, Inc. and potentially cause financial injury to Penn and its affiliated companies if disclosure of this tax number occurred.

Additionally, the attachment “**NYS Vendor Responsibility Questionnaire**” includes a list of all Penn National Gaming, Inc. affiliates. This information we request to remain confidential because subsidiaries and entities created by Penn National are done so for a variety of business reasons. Disclosure of such information could harm the Company in its competitive ventures if such information became readily available.

Appendix 13 - The “Contractor Certification” (ST-220-TD) contains the EIN number of New York Gaming Ventures, LLC. As with Appendix 11, confidentiality of this tax number is requested so as to prevent any potential financial harm that could result.

Further, the “**Individual, Corporation, Partnership or LLC Agreement**” form contains the home address of Penn National’s Chief Financial Officer. For personal privacy reasons, we would request confidential treatment of this home address.

Appendix 14 - “Contractor Certification to Covered Agency (ST-220-CA)” form has the same information as the previous form and we would request confidential treatment for the same reasons as expressed above.

Appendix 17 – “Vendor/Contractors Minority and Women-Owned Utilization Plan” form as well as the “Contractors Quarterly Subcontracting/Supplier Activity Report” also contains the EIN number of New York Gaming Ventures, LLC. As previously explained, confidential treatment of his number is requested.

II. **Penn National Gaming, Inc. Video Lottery Gaming Application**

Item 11 contains the home addresses and dates of birth of Company Board members and Executive Officers. For personal privacy reasons, confidential treatment of this information is requested to protect these individuals from any potential personal intrusions or identity theft.

As to **Exhibit 11**, “Percentage Ownership of Entities”, we request confidential treatment of this ownership information by Company Board members and Executives because not all of the information contained on that chart is public. It contains personal financial information that is not otherwise public.

Exhibit 12 – We request confidential treatment of the corporate organizational chart of all owned entities of Penn National Gaming, Inc. Disclosure of this information in the format compiled could do detriment to the competitive ventures that the Company has engaged in or is pursuing.

Exhibit 13 – The chart of “Former Officers and Directors” contains home addresses and dates of birth. For personal privacy reasons, we request confidential treatment of this information to protect these individuals from any potential personal intrusions or identity theft.

Exhibit 15 – “List of Salaries over \$75,000” should be deemed confidential as it contains the names, addresses and salaries of Company employees. Disclosure of this information could interfere with the privacy expectations of employees and also place the Company at a competitive disadvantage if such information were disclosed to competitors.

Exhibit 16 - We request confidential treatment of the descriptions and summaries of Penn National Gaming, Inc.’s Annual Incentive Plan, Bonus Plan and 401K Plan, and Deferred Compensation Plan. Disclosure of this information to competitors would be harmful to the Company in its efforts to attract and retain employees.

Exhibit 20 – We request confidential treatment of the “Chart of Accounts”, which lists bank accounts and account numbers. By their very nature, this information should be

protected from public disclosure. Disclosure could result in financial harm being perpetuated on the Company.

Exhibit 21 – Included are individual employment agreements with employees, most of which are not public, contain personal salary information and should be deemed confidential. This information should not be disclosed so that the financial privacy of these individuals may be maintained.

Exhibit 21a – A list of all Vendors used by applicant and amounts spent with such vendors should be deemed confidential because the information is non-public financial information and disclosure of same could place the company at a competitive disadvantage if others obtained access to this information.

Exhibit 22 – The “List of Stock Ownership, Equity Interests” represents a compilation of stock owned by Penn National Gaming, Inc. and its subsidiaries. For privacy and competitive reasons, confidentiality is requested.

Exhibit 24c – The “Civil Litigation” list contains a compilation of Company litigation and should be deemed confidential. Disclosure of this information could have adverse consequences to the Company in its efforts to prosecute or defend current and future litigation.

Exhibit 32 – The income tax filings for Penn National Gaming, Inc. are deemed confidential due to the corporate financial information contained in such tax returns.

The “**Statement of Authorization**” form contains the EIN of the company and should be deemed confidential for reasons expressed elsewhere in this letter.

III. Delvest Corp.

Item 11 contains the home addresses and dates of birth of the Company’s executive officers and Board members. Confidential treatment of this personal information is requested for privacy reasons and for reasons expressed elsewhere in this letter.

Exhibit 9 - “Percentage Ownership of Entities”, we request confidential treatment of this ownership information by Company Board members and Executives because not all of the information contained on that chart is public and for reasons expressed elsewhere in this letter.

Exhibit 20 – We request confidential treatment of the “Chart of Accounts”, which lists bank accounts and account numbers. By their very nature, this information should be protected from public disclosure. Disclosure could result in financial harm being perpetuated on the Company.

Exhibit 30d includes the Company’s audited financial statements. Delvest Corp. is not a public company and, therefore, confidential treatment of this information is requested.

Exhibit 30f includes the Company's unaudited financial statements. Delvest Corp. is not a public company and therefore, confidential treatment of this information is requested. The "**Statement of Authorization**" form contains the EIN of the company and should be deemed confidential.

IV. New York Gaming Ventures, LLC

Item 11 contains the home addresses and dates of birth of the Company's executive officers and Board members. Confidential treatment of this personal information is requested for privacy reasons and for reasons expressed elsewhere in this letter.

The "**Statement of Authorization**" form contains the EIN of the company and is deemed confidential for reasons expressed elsewhere in this letter.

V. Video Lottery Gaming/Principal Key Employee Applications

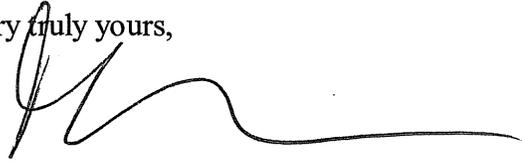
In conjunction with the RFP, there were 16 individual applications filed by the following:

Peter M. Carlino
Timothy Wilmott
Jordan Savitch
William Clifford
Thomas Auriemma
Desiree Burke
John Finamore
Robert Ippolito
Kyle Martin
Gregg Hart
Wesley Edens
Harold Cramer
Robert Levy
Barbara Shattuck
John Jacquemin
David Handler

For each of these individuals, we request that the information contained in the entire form be maintained as confidential except for the name of the individual applying, the Company employing the individual and the title of the individual. As you can well imagine, the entire disclosure form contains the most personal and intimate information about such individual's life including financial data, tax returns, date of birth, etc. This information, if permitted to become part of the public domain, could have severe and negative consequences for such individual's personal privacy, security and financial privacy, and well-being.

In conclusion, if any information submitted by New York Gaming Ventures, LLC or its affiliated entities and/or individuals that has been designated as confidential is requested by the public, we request the right to be notified and be given the opportunity to seek protection of this information from public disclosure. Thank you for your consideration in this matter.

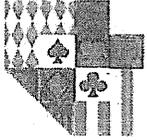
Very truly yours,

A handwritten signature in black ink, appearing to read 'T. Auriemma', with a long horizontal flourish extending to the right.

Thomas N. Auriemma
Vice President/Chief Compliance Officer
Penn National Gaming, Inc.

TNA/sls

EXHIBIT 1



1.14 FREEDOM OF INFORMATION LAW – DESIGNATION OF PROPRIETARY INFORMATION

Except as noted below, all pages and Exhibits that the Respondent (New York Gaming Ventures, LLC.) considers confidential have been so marked. In addition we offer the following summary of confidential material and the reasons such material is deemed confidential.

Exhibit 4.2.1, Responsive to RFP Item 4.2 – *Financial Viability*.

Reason – This Exhibit includes the audited financial statements for Delvest Corp, a subsidiary of Penn National Gaming, Inc. Penn National only publicly reports consolidated financial statements and not the statements for individual subsidiaries. As a publicly traded company, Penn National cannot selectively disclose such non-public information through unconventional public conduits such as the New York Lottery.

Exhibit 4.3-3, Responsive to RFP Item 4.3 - *Quality Assurance and Property Inspection Guidelines*.

Reason – This program represents a proprietary business process developed by Penn National Gaming, Inc that we believe provides a competitive advantage to the company and, if made public, could be used by competitors to lessen this advantage.

Exhibit 4.6-1, Responsive to RFP item 4.6 – *Preliminary Marketing Plan* for Hollywood Casino at Aqueduct.

Reason – This represents confidential marketing plans that could be used by competitive venues to undermine future marketing.