

Live!

HOTEL & CASINO[®]
N E W Y O R K

BUSINESS PLAN

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BUSINESS OVERVIEW

Live! Hotel & Casino New York Project Overview

The excitement over expanded gaming in New York is building and the Live! Hotel & Casino New York will usher in a new era of casino development with a \$750 million world-class gaming and entertainment destination.

The proposed facility will be conveniently located on a 120-acre parcel of undeveloped land in the Village of South Blooming Grove in Orange County. With convenient access to Interstate 87 and New York State Highway 17, this site is ideally situated to maximize the revenue potential for this region and the entire State of New York.

The casino floor features 3,200 of the latest state-of-the art slot machines and 270 live action table games. An upscale hotel with 321 rooms, a conference center, marquee restaurants, a fitness center and spa, and an entertainment venue will serve both casino customers and business and leisure travelers to the area. The hotel conference facilities will be able to accommodate everything from small, intimate meetings to large conferences and social events for up to 1,000 people.

Live! Hotel & Casino New York will be owned and managed by a new 50/50 joint venture between The Cordish Companies and Penn National Gaming, two proven operators with the strongest balance sheets in the industry and an unparalleled track record in operating regional gaming facilities in competitive environments.

Mission Statement

The mission of Live! Casino New York is to be the region's overwhelming first choice of gaming and entertainment. We seek to enrich our community, team members and financial performance by providing a complete entertainment experience composed of high quality amenities, abundant entertainment and retail choices and dynamic gaming options that will far exceed our guests' expectation.

Brand Statement

The LIVE! brand is nationally renowned, yet new to the new York Metropolitan area. The brand is established as an entertainment destination of high quality, is easily related to by all market segments, and is a refreshing and fresh brand in the New York market.

For the localized region, Live! Casino New York is the largest, most convenient entertainment complex for the gaming enthusiast. LIVE! prides itself on creating an exciting atmosphere while maintaining a classy yet comfortable environment for our customers, employees and community alike. LIVE! is dedicated to delivering our guests the BEST customer service, the BEST quality food options and the MOST entertainment choices. LIVE! will leave our guests with a "WOW" experience.

Key Brand Words

- Classy
- Comfortable
- Modern
- State-of-the Art
- Dynamic
- Quality
- Fun
- Exciting

Target Market

By market characteristics, the LIVE! target markets are the under-serviced table game and poker market in greater New York area currently going to out-of-State casinos, out-of-State residents who are more or equally proximate to LIVE! as they are to competitor casinos, and known customers available through the Project's owners' data bases.

The three primary geographic target markets include adults 45-65, who live within 60 miles, plus adults 35-45 who live within 90 miles (for weekend /entertainment/nightlife). The secondary market (Outer Market) includes adults 21+ who live within 120 miles

COMPETITIVE ANALYSIS

Competitive Analysis

Competitive Set

Casino: There is no direct casino competition within a 30 mile radius from the proposed site. Only two additional properties appear when looking at a 60 mile radius from the proposed site. Monticello Casino and Raceway is 43 miles from the proposed site. Empire City Casino at Yonkers is 53 miles. In the 60 – 90 mile radius, the competition expands significantly. Neither of these facilities have table games or poker. Resorts World in New York, Sands Bethlehem, Mount Airy Casino, and Mohegan Sun all reside from 60 – 90 miles from the proposed site. Resorts World, which is in the midst of the most populated area of the overall market, does not have table games or poker. The remaining three listed are somewhat distant from the major sources of population. The two Connecticut casinos, while enjoying significant New York play at present, are geographically more distant from the immediate New York Metropolitan area.

Entertainment: There are two identified smaller clubs/musical halls within a 32 mile radius of the site. The Falcon, a converted church with some additional small music space is 23 miles north in Marlboro, NY. The Bardavon 1869 Opera House is a 944 seat venue 32 miles north in Poughkeepsie. The Chance Theater is an old vaudeville theater 32 miles in the general vicinity of The Bardavon. The Tarrytown Music Hall is 43 miles south-east of the site. The 843 seat music hall was built in 1835. Bethel Woods Center for the Arts features a 15,000 seat outdoor amphitheater on the grounds of the original Woodstock music festival. It is located 53 miles north-west of the site.

Lodging: There are 10 lodging establishments within 20 miles of the site. Three bed and breakfasts. The closest, the Dominion House Bed & Breakfast is less than a mile from the site. It features 4 sleeping rooms ranging in price from \$150 - \$199 per night. The Caldwell House Bed and Breakfast, 5 miles, features 10 rooms in prices ranging from \$195 - \$275 per night. The Storm King Lodge Bed & Breakfast, 9 miles, has 6 rooms ranging from \$160 - \$500 per night. A Holiday Inn Express is located 6 miles away. This limited service property contains 80 rooms and rates start at \$108 per night. The Courtyard by Marriott Newburgh Stewart Airport is 11 miles from the site. It is a limited service hotel, featuring 70 rooms, 8 suites, and rates start at \$159 a night. There's a very limited service Super 8 hotel 10 miles from the site. There is a Howard Johnson Inn 11.5 miles from the site. The Econo Lodge rounds out the very limited service hotel offerings in the area. It is 11 miles from the site and features rates starting at \$67 per night. The Hilton Garden Inn, while having conference space, is still a limited service hotel with 119 hotel rooms starting at \$309 per night. The hotel is 13 miles from the site. Bear Mountain Inn is 18.5 miles from the site. This classic old lodge features stone cottages, a lodge with 15 rooms, and the inn with 63 rooms. This is a full-service property featuring a spa, three dining venues, and convention and event services (30,000 sq. ft. of space), as well as a retail store. Rates for the hotel begin at \$116 up to \$284 per night.

Dining: There are over 50 dining locations within 17 miles of the site. The dining styles include everything from mom and pop diners, local and international flavors, to national chains like Subway, Olive Garden, Wendy's, etc.

Competitive Positioning

Monticello Casino and Raceway – this property is a harness racetrack that has been expanded to include a VLT casino. Their tag line is “Real Fun. Real Close.” The facility is playing to the local population, as their north-westerly location make them a drive for New Yorkers. They are a fairly small property, with only 1,110 electronic gaming devices (EGDs). They do not have dealt table games, only electronic roulette. They have a three tier players club. They do multiple monthly promotions, with mid-week promotions tied to the lottery and seniors. The weekends they do larger promotions (\$50,000 prize money over the total of a month) aimed at peaking the peaks. They have three dining outlets (buffet, Terrace (bistro), and food court). They have two entertainment facilities, the Lava Lounge, and Hype which features live entertainment (small regional bands). They lack an on-property hotel, making them a daytrip property versus a destination resort.

Empire City Casino – is a large scale, world-class VLT casino. They are a harness racing facility that has added a casino. They have harness racing five nights a week. The casino features 5,374 EGDs. Like Monticello, they only offer electronic table games, featuring roulette, sic-bo, baccarat, and craps. It has a three tier club that features merchandise ordering via on-line catalog as a benefit, points can be used for food and beverage on-site, and partnership discounts have been created with vendors like the nearby outlet mall. They do very few promotions. The promotions they have are mostly focused on low-value prizes (earn eight slot points, get \$8 in free slot play). They also do things in conjunction with the NY lottery. They feature multiple eateries, starting with Dan Rooney’s Sports Pub, Pinch American Grill with Alley 810 Bar (complete with 2 lanes of vintage style bowling), Nonno’s Trattoria (Italian), Empire Terrace Restaurant (fine dining overlooking the racetrack), the International Food Court, Grab and Go (quick service), and two bars and a lounge featuring regional smaller acts. They appear to have an eclectic flair, tied to the roots of multi-cultural New York, with just a touch of history. They do have banquet space to accommodate up to 400 guests. They have an excellent location, just off I-87 (the NYS throughway). They lack an on-property hotel, making them a daytrip property versus a destination resort.

Resorts World – Like Empire City, it is a large scale, world class VLT casino. They are flats racing facility that has added a casino. The facility has approximately 5000 EGDs, including a variety of electronic table games. Resorts World has three food outlets which include a Food Court, RW Prime and Genting Palace. This facility enjoys being in the midst of a large population base, including a significant Asian population. They also do things in conjunction with the lottery. The facility lacks an on-property hotel.

Sands Bethlehem – Sands is a full service casino located in northeastern Pennsylvania. The facility has 3000 slot machines, 200 table games and 36 poker tables. Sands has an on-property hotel and 14 food and beverage outlets including an Emeril’s, a Carnegie Deli, a series of pubs and fast food outlets and an Asian restaurant. The facility operates a significant bus program from the New City area, including multiple programs from New York’s Asian communities. The Sands is located about 82 miles from New York City.

The Applicant views the above facilities as major competitors in the regional marketplace, although there are overlapping markets that will be shared by Parx Casino (near Philadelphia) as well as Mohegan Sun and Foxwoods in Connecticut. In the view of the Applicant, while all three of these facilities are full-service and substantial, the Applicant’s geographic location creates a competitive advantage for the LIVE! Project. Likewise, the Applicant views Mohegan Sun at Pocono Downs and Mount Airy Casino, as well as Foxwoods and Mohegan Sun in Connecticut disadvantaged because of their respective distance from the market’s major population.

Market Seasonality

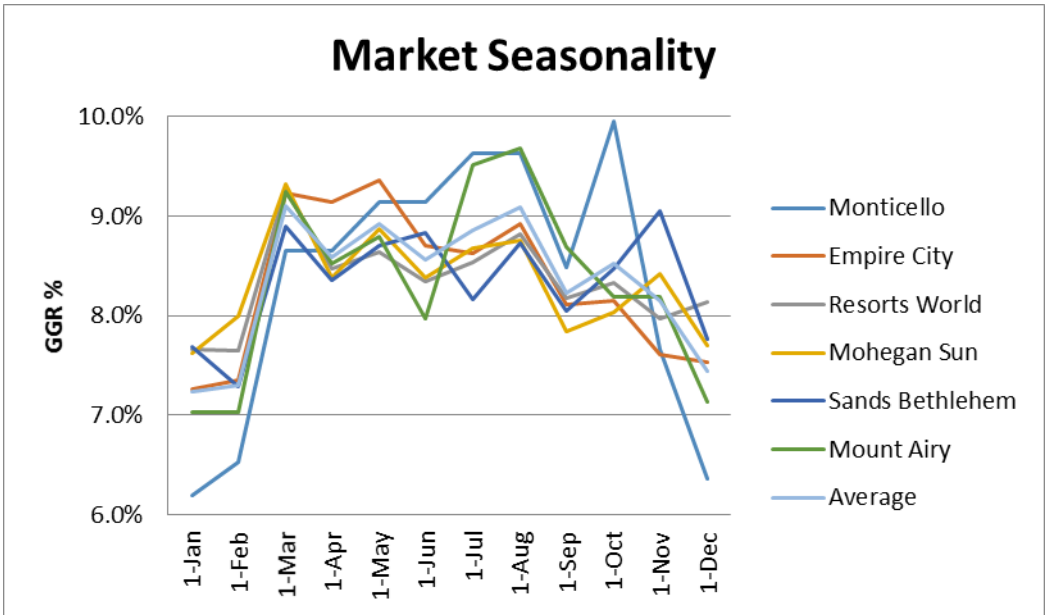
A distinct pattern of market seasonality exists in the New York casino market. There is a reduction in business levels in January and February of 1% to 2% of overall business. March business levels increase 1% to 2% and then flatten through August. September levels drop a 1% or 2%, and then remain fairly flat through December. There appears to be more seasonality the farther from New York City a property is located. Monticello sees greater declines in September, January and February, and a larger spike in business in July and August. Empire City and Resorts World ran almost in direct correlation with New York State (NYS) overall. It is likely that the larger numbers from the New York City Casinos are skewing the overall state seasonality. To attempt to remove the larger results in the city casinos, the monthly revenues were converted to a percentage of total revenues for the year to allow an apples-to-apples comparison.

Gross Gaming Revenues (GGR) by Month

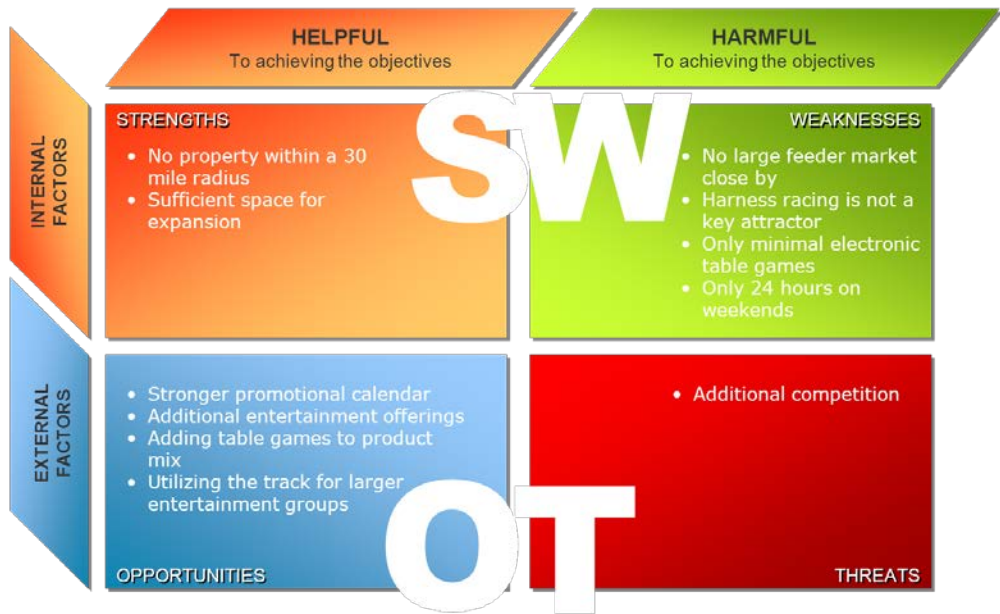
Market Seasonality	13-Apr	13-May	13-Jun	13-Jul	13-Aug	13-Sep	13-Oct	13-Nov	13-Dec	14-Jan	14-Feb	14-Mar	Ttl
Monticello	5.3	5.6	5.6	5.9	5.9	5.2	6.1	4.7	3.9	3.8	4.0	5.3	61.3
Empire City	50.0	51.2	47.6	47.2	48.8	44.4	44.6	41.6	41.2	39.7	40.2	50.5	547.0
Resorts World	67.1	68.5	66.1	67.7	69.9	64.8	66.0	63.2	64.5	60.7	60.6	73.5	792.6
Mohegan Sun	22.1	23.4	22.1	22.9	23.1	20.7	21.2	22.2	20.3	20.1	21.1	24.6	263.8
Sands Bethlehem	38.4	40.0	40.6	37.5	40.1	37.0	38.9	41.6	35.7	35.3	33.5	40.9	459.5
Mount Airy	15.4	15.9	14.4	17.2	17.5	15.7	14.8	14.8	12.9	12.7	12.7	16.7	180.7
Total	198.3	204.6	196.4	198.4	205.3	187.8	191.6	188.1	178.5	172.3	172.1	211.5	2,304.9

Percent of GGR by Month

Market Seasonality	13-Apr	13-May	13-Jun	13-Jul	13-Aug	13-Sep	13-Oct	13-Nov	13-Dec	14-Jan	14-Feb	14-Mar	Ttl
Monticello	8.6%	9.1%	9.1%	9.6%	9.6%	8.5%	10.0%	7.7%	6.4%	6.2%	6.5%	8.6%	100%
Empire City	9.1%	9.4%	8.7%	8.6%	8.9%	8.1%	8.2%	7.6%	7.5%	7.3%	7.3%	9.2%	100%
Resorts World	8.5%	8.6%	8.3%	8.5%	8.8%	8.2%	8.3%	8.0%	8.1%	7.7%	7.6%	9.3%	100%
Mohegan Sun	8.4%	8.9%	8.4%	8.7%	8.8%	7.8%	8.0%	8.4%	7.7%	7.6%	8.0%	9.3%	100%
Sands Bethlehem	8.4%	8.7%	8.8%	8.2%	8.7%	8.1%	8.5%	9.1%	7.8%	7.7%	7.3%	8.9%	100%
Mount Airy	8.5%	8.8%	8.0%	9.5%	9.7%	8.7%	8.2%	8.2%	7.1%	7.0%	7.0%	9.2%	100%
Average	8.6%	8.9%	8.6%	8.9%	9.1%	8.2%	8.5%	8.2%	7.4%	7.2%	7.3%	9.1%	100%

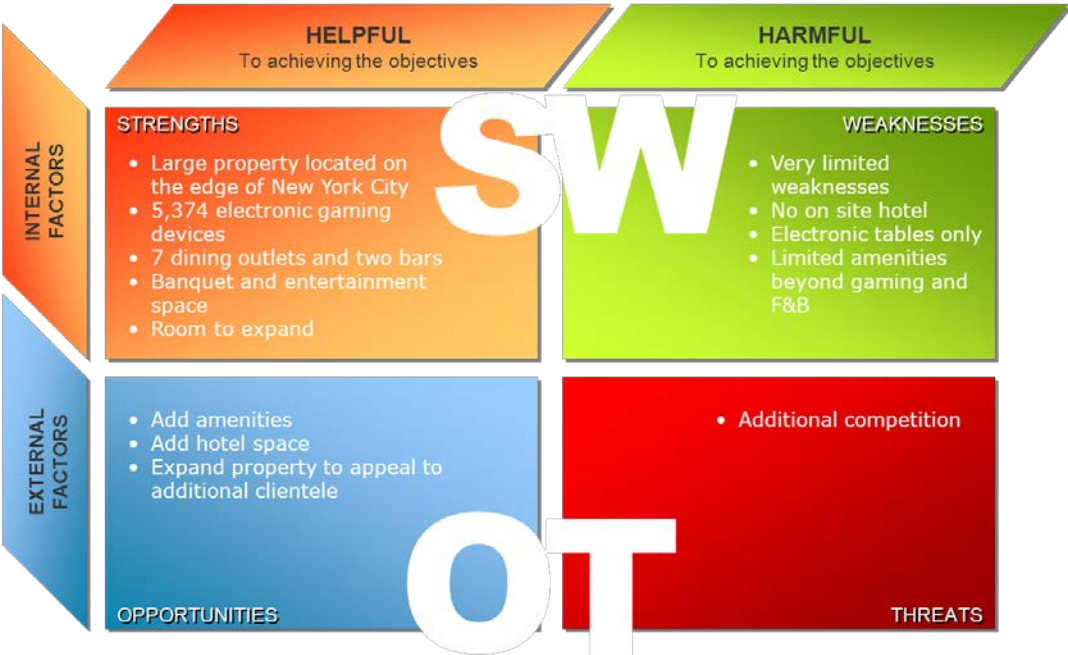


SWOT Analysis: Monticello Casino & Raceway

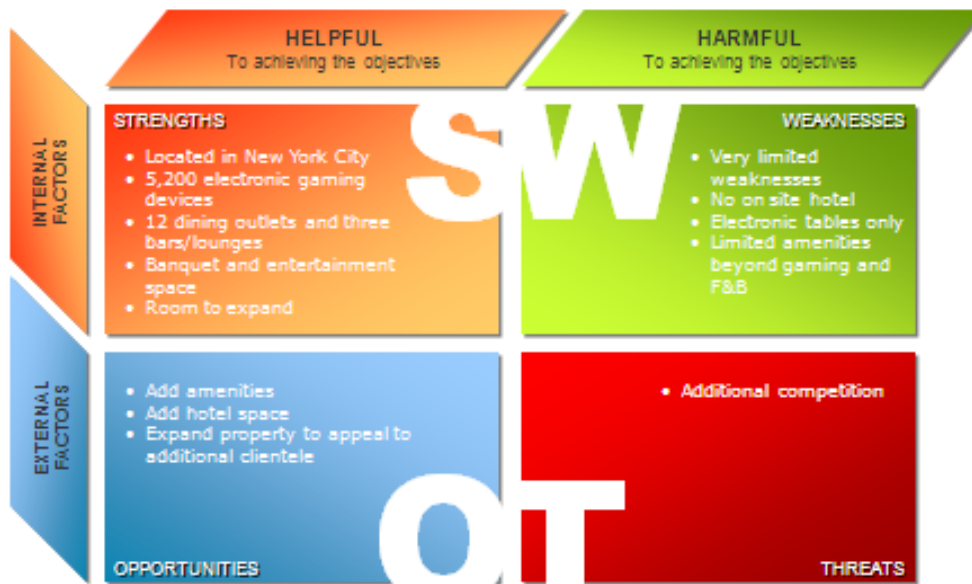


- Strengths; Weaknesses; Opportunities; Threats or SWOT

SWOT Analysis: Empire City Casino



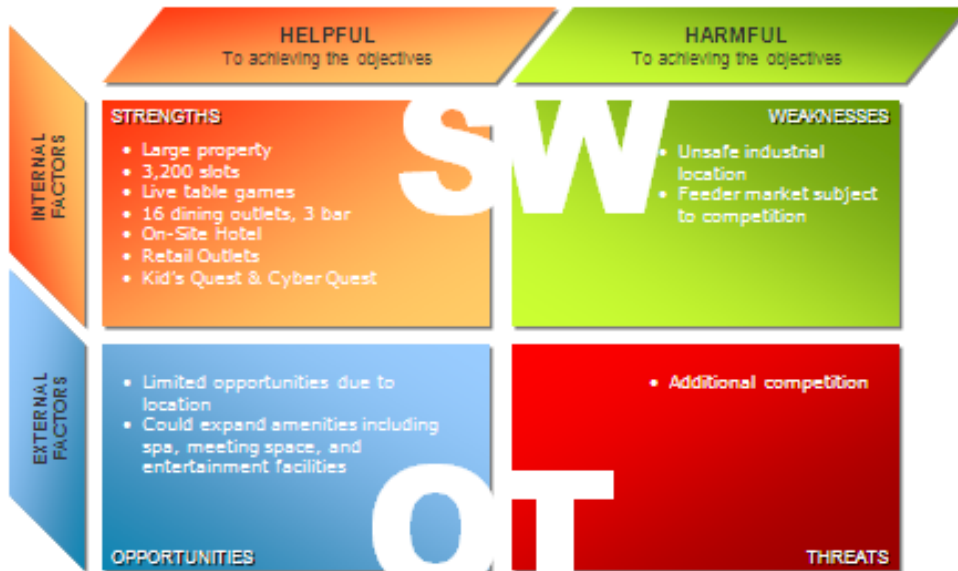
SWOT Analysis: Resorts World



SWOT Analysis: Mohegan Sun



SWOT Analysis: Mount Airy Casino

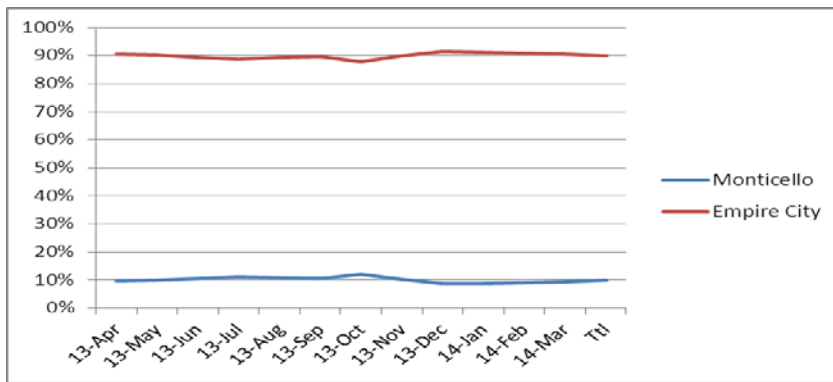


Market Revenue/Shares

In examining market revenues/shares, two separate comparisons were done. The first looks at those properties within the 60 mile radius of the property (Monticello and Empire City). The second looks at market share within a 90 mile radius. It is apparent that the properties closest to New York City have the highest market share and revenues. As you move further from the population centers, the revenues and market share decline.

60 Mile Radius Market Share

60 Mile Market Share	13-Apr	13-May	13-Jun	13-Jul	13-Aug	13-Sep	13-Oct	13-Nov	13-Dec	14-Jan	14-Feb	14-Mar	Ttl
Monticello	10%	10%	11%	11%	11%	10%	12%	10%	9%	9%	9%	9%	10%
Empire City	90%	90%	89%	89%	89%	90%	88%	90%	91%	91%	91%	91%	90%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



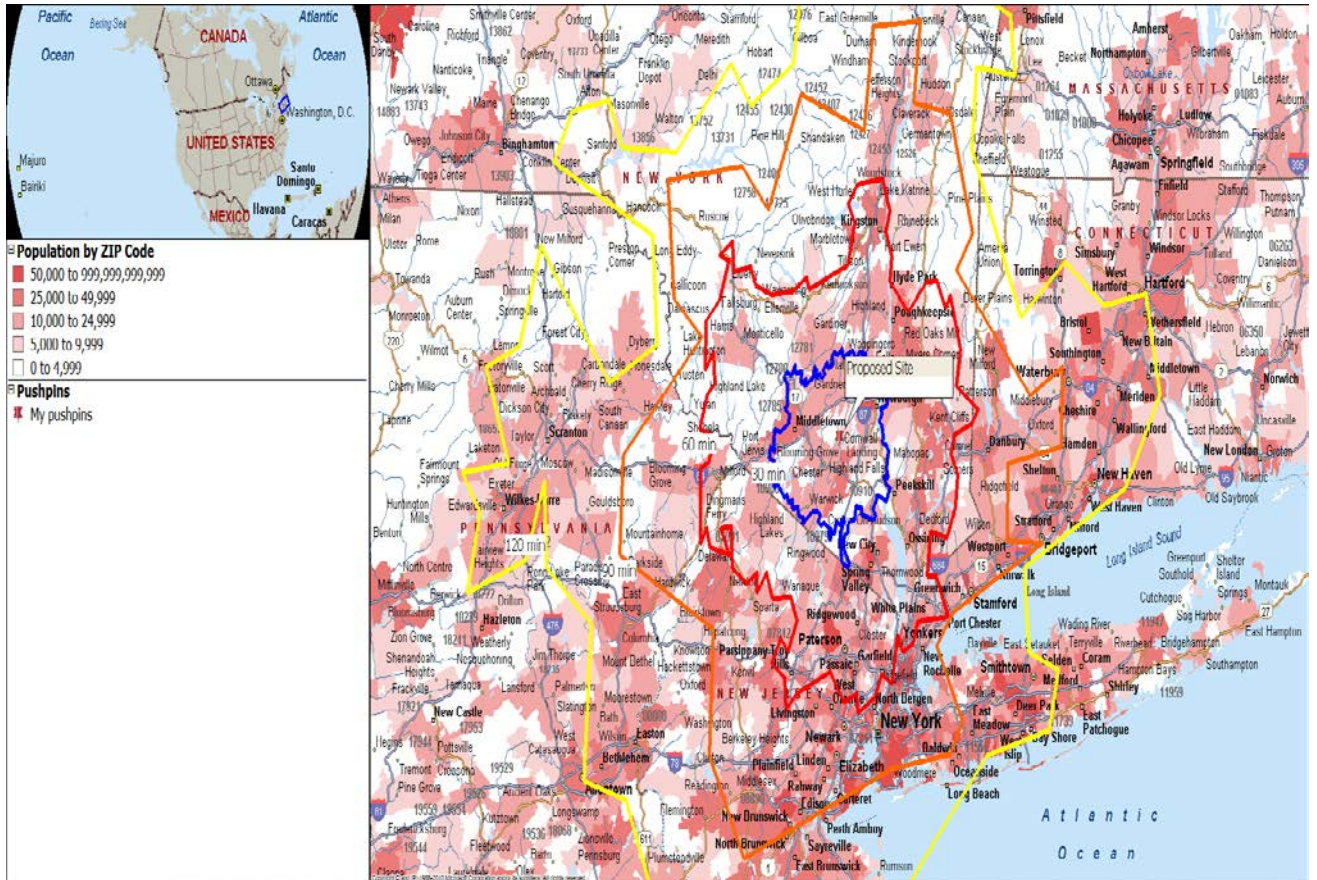
90 Mile Radius Market Share

90 Mile Market Share	13-Apr	13-May	13-Jun	13-Jul	13-Aug	13-Sep	13-Oct	13-Nov	13-Dec	14-Jan	14-Feb	14-Mar	Ttl
Monticello	2.7%	2.7%	2.9%	3.0%	2.9%	2.8%	3.2%	2.5%	2.2%	2.2%	2.3%	2.5%	2.7%
Empire City	25.2%	25.0%	24.2%	23.8%	23.8%	23.6%	23.3%	22.1%	23.1%	23.0%	23.4%	23.9%	23.7%
Resorts World	33.8%	33.5%	33.7%	34.1%	34.0%	34.5%	34.4%	33.6%	36.1%	35.2%	35.2%	34.8%	34.4%
Mohegan Sun	11.1%	11.4%	11.3%	11.5%	11.3%	11.0%	11.1%	11.8%	11.4%	11.7%	12.3%	11.6%	11.4%
Sands Bethlehem	19.4%	19.6%	20.7%	18.9%	19.5%	19.7%	20.3%	22.1%	20.0%	20.5%	19.5%	19.3%	19.9%
Mount Airy	7.8%	7.8%	7.3%	8.7%	8.5%	8.4%	7.7%	7.9%	7.2%	7.4%	7.4%	7.9%	7.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

BUSINESS STATISTICS

Market Demographic Maps

POPULATION BY ZIP CODE



LIVE! REWARDS

Entertainment

Entertainment Overview

In order to ensure that the Live! brand is appropriately represented at the property, live entertainment will be a key component of the marketing and branding strategy. The entertainment strategy will exist on multiple levels through event center programming.

Event Center

Our 3,000 seat Event Center would be used to host the very best of national touring headliners from Billy Joel to Toby Keith to Louis C.K.. A full schedule of headliners will be programmed to attract both gaming customers and visitors from out of state. The opportunity to offer such a venue has been substantiated by the Rams Head Live! Facility at Maryland Live! Casino at a smaller scale, but its popularity has convinced the applicant that this larger venue for its proposed location will be a successful market draw.

The Event Center will also be the ideal venue for hosting events for our players, local and out-of-state conferences and other functions. The Event Center will provide thousands of square feet of flexible indoor and meeting space that can accommodate meetings and conferences of all sizes. This contemporary space will offer an experience that will be a remarkable success.

Lounge Programming

- On weekend evenings during non-peak sports periods, live regional acts will play the lounge.
- Because this is primarily a sports lounge, sports will be the predominant factor with entertainment being used to supplement programming of this room.
- Types of Bands/Schedule

Mondays	Open Mic	Open the stage to any act wanting to perform/DJ to supplement
Tuesdays	Disco	Groove to the sights and sounds of the 70's
Wednesdays	Country	Line dancing and boot kicking at it's best
Thursdays	80's	Big hair, jelly bracelets, and lots of makeup
Fridays	Locals	Local Bands Only Please
Saturdays	Locals	The hottest act we can find
Sundays	Latin/Salsa	Tango, Salsa.... Basically dirty dancing

Event Center Programming

- The Event Center will allow for a key differentiating factor from most of the regional properties. The venue size will allow for major headline acts such as the Eagles, Elton John, Bruce Springsteen, Carrie Underwood, Lady Antebellum, Journey, Earth, Wind & Fire, Katie Perry, Chicago, and many more.
- The Event Center will be a key marketing component allowing for the branding of Live! to be carried into regional messaging.
- Schedule
 - 2-3 headliners Per month
 - A Acts, 5-10 Per year
 - B Acts, 10-15 Per Year
 - C Acts, 10-15 Per Year
 - Broadway/Production Shows, 3 Per Year