

VIII. ECONOMIC ACTIVITY AND BUSINESS DEVELOPMENT

B. ECONOMICS

8. COMPETATIVE ENVIRONMENT

Submit as Exhibit VIII. B.8. a description of the competitive environment in which the Applicant anticipates the proposed Gaming Facility will operate over the ten (10) years after opening and how the Applicant plans to succeed in that environment while limiting the impact on revenues at other New York gaming establishments (e.g., VLT facilities, tribal casinos, race tracks) or other New York businesses.

Regional gaming will likely proliferate over the next ten year period. While the current enabling legislation in New York has been restricted for a time, the expansion of table games to Resorts World and Empire City is contemplated some seven years after this current casino expansion. Likewise, there is the potential for expansion of gaming in Connecticut, Rhode Island and in Northern New Jersey; Massachusetts has recently legalized casinos for three locations and a slots only facility in another. New Hampshire is considering legalization of casinos. Additionally, a number of Indian Tribes in various locations in the tri-state area and in Southern New England are seeking the rights to gaming under the National Indian Gaming Regulatory Act. Finally, New Jersey has adopted enabling legislation that allows intrastate internet gaming; Pennsylvania and other States are contemplating similar action. Significantly, the federal government has and is considering various forms of legislation dealing with internet gambling, and at least theoretically could institute interstate internet gambling.

In order for the Applicant's project to thrive in the competitive environment described and to limit the negative impact on revenues on itself and other New York gambling and other business venues, the Gaming Facility must expand its market to areas beyond the immediate and existing New York market; it must offer a superior product with superior service and amenities to sustain the repatriation of New York money that flows to out of State venues; it must re-invest capital both to expand the attraction and to maintain the facility as a world-class destination; it must differentiate itself in the market with new and inventive products and marketing strategies; and it must expand the patron market within the immediate and secondary markets by introducing new activities and events that go beyond the attraction of gaming.

It is that commitment to the creation of an ever LIVE! entertainment destination that the Applicant brings to this Application process. The Cordish and Penn National Gaming partnership brings not only world-class casino development expertise, but through the broadened horizons and the diversification of Cordish in the entertainment, commercial and retail areas, there is an assurance that the future of the Project will include these considerations in the evolving marketplace to assure the continuing success of Live! Hotel & Casino New York.