

EMBARGOED MATERIAL

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PENNSYLVANIA GAMING CONTROL BOARD
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May 14, 2007

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Via Facsimile

Ms. Holly Eicher, General Counsel
Sands Bethworks Gaming, LLC
511 East Third St
Bethlehem, Pa 18015

Dear Ms. Eicher:

We are writing to advise you of the method that will be used to draw against the accounts established under Section 1401 of the Pennsylvania Race Horse Development and Gaming Act during Fiscal Year 07-08 which begins on July 1, 2007. We received two responses to the last communication on this matter dated January 29, 2007, suggesting that certainty and consistency are important in the assessment of expenses. With those comments in mind, we intend to implement a procedure that incorporates both consistency with current practice and certainty for gaming licensees going forward.

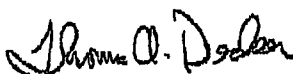
We intend to continue the current procedure described in the letter dated January 29, 2007 of drawing a flat amount of \$800,000 from each licensee's Section 1401 account on the first draw after they come online. Additionally, the Secretary of Revenue will continue to draw against each licensee's account at the rate of 1.5% of gross terminal revenue during the next fiscal year. Gross terminal revenue for this purpose will continue to be calculated as it currently is by subtracting amount won from wagers received as shown on the daily invoice without excluding promotional play.

In addition to these draws, beginning in FY 07-08, the Secretary will withdraw the share of the Pennsylvania State Police budget allocable to each licensed entity from that entity's section 1401 account. The PSP will allocate their costs to each individual entity based on the actual personnel and operating expense at each venue and its share of the headquarter expense.


The remaining funding required to cover the budgets approved by the General Assembly for the regulatory agencies will be covered by a loan (from sources other than the Commonwealth's General or Gaming Funds) that the Pennsylvania Gaming Control Board will obtain. The loan will be treated similarly to the existing \$36.1 million loan from the Gaming Fund which will be recovered from all licensees when all 14 licensees are up and running.

We appreciate your prior input on these matters and, as always, will be happy to discuss this matter with you. We would also be happy to have any additional ideas you might have about this as long as they continue to assure the same level of regulation and are fair to all licensees.

Sincerely,


Thomas A. Decker
Chairman

Sincerely,


Thomas W. Wolf
Secretary of Revenue