MARYLAND Live! CASINO

October 10, 2013

Mr. Stephen L. Martino, Esq.
Director
Maryland State Lottery Commission
1800 Washington Blvd. Suite 330
Baltimore, MD 21230

Director Martino:

Pursuant to COMAR 36.04.02.02 "Request for Reduction" please find contained in this correspondence documentation related to a Maryland Live! Casino, Video Lottery Terminal Reduction Request and supporting documentation.

I. Reason For Removal

In an effort to increase customer satisfaction with the offerings of our facility, Maryland Live! Casino continuously strives to redefine what the casino experience can be for its customers throughout the region. Increased customer satisfaction can only be accomplished by offering our customers the gaming selection and accompanying amenities that best meets their needs. Constant analysis of our offered gaming and dining options is conducted by the staff of Maryland Live! Casino in order to identify the needs of our valued customers. Maryland Live! Casino is convinced that its gaming and dining selections should be driven by the demands of its customers in order for it to remain an industry leader. Our analysis has identified the "Noodles" restaurant as a dining option of choice for many of our higher end patrons and current demand exceeds the restaurants capacity. As such, we believe that by expanding "Noodles" it has the potential to be even better in terms of driving both gaming and nongaming revenue. We believe that by relocating "Noodles" within the facility and identifying it as a focal point within a high end gaming niche, it will drive increased revenue production within the facility as a whole. To accomplish this, a new and larger "Noodles" would be paired in a designated area just west of the Rams Head Center Stage with the identified gaming choices of our higher revenue producing players to optimize revenue production. This relocation plan would include a floor reconfiguration and a temporary reduction of the compliment of video lottery terminals offered by Maryland Live! Casino by seventy-one (71) machines to make room for the construction of a

new focal point and larger Noodles Restaurant. Our plan includes the relocation of the best machines and the reduction only impacts machines that perform less than house average and suffer from low occupancy. As a result, we conclude that the reduction request will be revenue neutral in slots and be accretive to table games.

II. Video Lottery Terminals Requested for Removal

The current number of Video Lottery Terminals residing on the gaming floor of Maryland Live! Casino is 4,341. This reduction plan involves the net reduction of seventy-one (71) Video Lottery Terminals from the Maryland Live! Casino gaming floor. Once completed, this reduction of Video Lottery Terminals will result in a total compliment of 4,270 Video Lottery Terminals on the gaming floor of Maryland Live! Casino. Please see attached spreadsheet for the specific identification of the Video Lottery Terminals involved in this movement. (Zone 10 VLT removal Request.xlsx)

III. Proposed Reconfiguration of Facility Layout

Please see attached Proposed Facility Layout

IV. Whether the requested removal is temporary or permanent

This request for removal of Video Lottery Terminals from the facility is temporary in nature. We expect the construction of the restaurant to take approximately 6 months. During that time, we will be evaluating options to add back the machines throughout the process. While the games are removed from the floor, Maryland Live! Casino will be responsible for negotiating and paying the VLT Manufactures for their product that is taken out of service pursuant to this request and eliminating the financial obligation of the MLGCA during the time games are out of service. Prior to any game being put back into play, a submission will be made to the MLGCA to approve the plan. Additionally, Maryland Live! will be responsible for the storage of the impact VLT's in its warehouse located at 7270 Park Circle Drive, Suite A, Hanover, MD 21076. This warehouse has already been approved for storage of VLTs.

V. Requested Timeframe for Reduction:

November 18th, 2013 to May 30th 2014

VI. Projected analysis of the impact of the reduction on gaming revenues at the facility

Due to our current occupancy levels and the plan to relocate the best performing units from the impacted area, we fully expect the reduction to revenue neutral as the current demand will be

absorbed into other areas. This conclusion is supported by our analysis of prior time periods in which the number of video lottery terminals on the gaming floor was reduced due to construction; it shows that targeted reductions in the number of machines on the floor does not negatively impact overall slot revenue. During those time periods reviewed, slot revenue either remained constant or we have actually experienced an increase in revenue. Additionally, MLGCA will save $1,925.4 per day from the transfer of responsibility for the lease obligations or $376,446 for the period of the request.

Once the construction is completed under this proposed reconfiguration and enhancement of the gaming floor, Maryland Live! Casino expects an increase in revenue will be experienced by both the facility and the State of Maryland by way of providing a themed gaming area and an additional amenity which we believe will be deemed desirable by our higher end player. Additionally, and as an added benefit, it is fully anticipated that the reconfiguration will result in 46 additional, good paying, jobs totaling more than $1.3 in annualized payroll. This increase in jobs will specifically occur as a result of the introduction of a larger Noodles Restaurant presence.

We have included a more detailed analysis for your review and consideration attached.

I would like to thank you in advance for your consideration of this matter. Should you have any questions regarding this request, please feel free to contact me.

Sincerely,

Robert Norton
President, General Manager
Maryland Live! Casino