

[to be inserted], 2005

From: Peter M. Carlino

To: All Argosy Casino-Baton Rouge Employees

Subject: FTC Order to Hold Separate and Maintain Assets

completed its acquisition of Argosy Gaming Company ("Argosy"), and executed an agreement with Columbia Sussex Corporation ("Columbia Sussex") to divest the casino property commonly known as the Argosy Casino-Baton Rouge ("ACBR"). In our press release, we confirmed that Penn elected to divest the ACBR in order to expedite securing Federal Trade Commission ("FTC") and state gaming board approval of the Argosy merger. Penn also announced that the FTC accepted an Agreement Containing Consent Orders (the "Orders"), which incorporates a Decision and Order and an Order to Hold Separate and Maintain Assets. If you have not seen these Orders, you may find them on the FTC's home page at <http://www.ftc.gov/opa/2005/07/pngaming.htm>. Copies are also available at the Human Resources Office, located in Maritime II.

Generally, the Orders require Penn to divest the ACBR, and to hold separate and maintain the casino property from the other Penn properties pending the completion of sale to Columbia Sussex. The Orders also require Penn to appoint a Hold Separate Trustee, who is responsible for managing the business and operation of the ACBR, and for maintaining its independence from Penn prior to the sale to Columbia Sussex. Frank Quigley has agreed to serve as the Hold Separate Trustee of the ACBR during this interim period.

I'm sure that many of you – as well as your families and friends – have questions and concerns about this matter, and I'd like to provide you with some thoughts as you go about the business of serving customers during the course of your day-to-day jobs.

I want to emphasize that during this Hold Separate Period – that is, the time period between Penn’s acquisition of Argosy and its sale of the ACBR to Columbia Sussex – the ACBR should continue to operate as efficiently and as competitively as it has always operated, and should continue to view Penn’s Casino Rouge as a key competitor. In addition, confidential or proprietary information regarding the ACBR, which includes financial results, marketing strategies and customer information, should continue to remain confidential, and should not be discussed or otherwise shared with anyone employed by or associated with Penn.

Penn is very proud of its reputation for and track record of excellence and commitment to upholding the highest ethical standards. We are dedicated to compliance with all applicable antitrust laws in all of our activities and locations.

We understand that you may have additional questions about this matter, and that you may receive questions from customers and others who have read media reports about the Argosy merger and ACBR divestiture. If you have questions about the FTC Orders or their application to your work, please contact Richard Williams at Extension 6043. If you receive any calls from members of the media, please refer them to Eric Schippers, Vice President, Public Affairs, at 610-278-2221 or [eric.schippers@pngaming.com](mailto:eric.schippers@pngaming.com). If you receive any calls from customers, please refer them to Frank Quigley.

We appreciate your efforts and want to thank you for continuing to work diligently to service customers to the best of your ability.

Best regards,  
Peter M. Carlino