UPDATE ON SANDS BETHWORKS TO PGCB AUGUST 8, 2007

Good Morning Chairman Decker, Members of the Board, Fellow Licensees, Ladies & Gentlemen

We at Sands Bethworks Gaming would like to take this opportunity to update this Board on the status of our project in Bethlehem, Pennsylvania

Sands Bethworks Gaming opened its offices in the heart of the South Side of the City of Bethlehem, Pennsylvania on April 9, 2007. During the past four (4) months we have begun to hire the executive staff including several Vice Presidents representing Finance, Food, Beverage, & Hotel, Marketing, Slot Operations, and our General Counsel. We have also hired several Directors for our Construction, Sales, Hotel Operations and Cage Operations. In the near future, our Vice President of Human Resources will be joining the team.

Evidence of Sands Bethworks’ commitment to hiring local residents on our team is that, of our total 16 Team Members, seven (7) were Pennsylvania residents prior to being hired, constituting approximately 44% of our team. Furthermore, during the last fiscal Quarter Sands Bethworks has worked with approximately 55 vendors, of which 32 have operations located within the State of Pennsylvania, representing more than 58% of our total vendor contracts.

On May 14, 2007 we held our official groundbreaking ceremony. It was a pleasure to see so many of the Gaming Control Board Members present at the ceremony. The
level of service and quality of presentation at the groundbreaking event was just a small
taste of what is yet to come at our new facility. We truly expect to be the most
comprehensive entertainment destination in Eastern Pennsylvania. We are currently
negotiating with several Celebrity Chefs to bring exciting food concepts to our selection
of restaurants. We are also in negotiations with several nationally recognized retailers
to be showcased in our shopping venue.

Our Chairman, Mr. Adelson and his wife Dr. Adelson were honored at a luncheon held
at Lehigh University on May 22, 2007. This event was sponsored by the Greater Lehigh
Valley Chamber of Commerce and our community partners to honor the Adelson’s and
to introduce them to residents and community leaders.

Prior to being awarded the license to conduct slot operations at the site of the former
Bethlehem Steel Mill, Sands Bethworks was an active participant in the local
community. This effort to become an active and supportive community member
continues today. Sands Bethworks has reached out to numerous cultural organizations,
has participated in many charitable events, and has become a sponsor of several local
community groups.

For the past few years, Sands Bethworks has participated in the annual South Side
Clean-up on the South Side of Bethlehem. We are also now in our Second year of
sponsorship of the annual MusikFest event held in Bethlehem. This event is produced
by one of our community partners, ArtsQuest, and draws more than 1 Million people to
the city every August for 10 days featuring concerts by major artists.
Sands Bethworks has pending agreements with local community organizations to provide a location on our site for SteelStax, a Performing Arts and Television Studio project in conjunction with ArtsQuest and PBS 39.

ArtsQuest is also developing an Events Center on the site adjacent to the iconic blast furnaces. Since January, the SteelStax partners have retained Kostow Greenwood architects of New York and have completed the “programming phase” with the architects.

The partners have also produced a “Cultural Enhancement Plan” which was released on August 2 and can be viewed at www.steelstax.org. This dynamic plan indicates the tremendous amount of arts, education, culture and broadcast programming that will be available to the people of Pennsylvania and our guests from the SteelStax project.

The SteelStax project is in the quiet phase of its fundraising with leadership donors. They report that the project is being well received.

The National Museum of Industrial History (NMIH) and Sands BethWorks have been working closely on a coordinated approach to their current phase of development. NMIH has consulted with Sands BethWorks on key artifacts that should be preserved. Sands BethWorks has asked NMIH to be the lead organization in developing a site interpretation plan that would inform tourists about the history of operations conducted on the site by Bethlehem Steel Corporation. Also, NMIH is working with our design team to determine the appropriate artifacts to be placed around the site to further exemplify the nature of the work that took place at the site, and to capture some of the
scale of large machinery and equipment that typified major industry during the past two centuries.

The National Museum of Industrial History owns one building on the site and has performed some restoration work and improvements to it. They have retained a national fund raising firm from New York City and are aggressively marketing the story of our nation’s industrial history to prospective donors throughout the country. NMIH has raised more than $14.5 million towards its goal of $26 million, and is projecting an opening date of its first building to coincide with the opening of our complex.

We have been working with the city and the Bethlehem Economic Development Corporation to provide space for a Visitors Center on site.

We have also met with Mr. Arthur Scott, President of Northampton Community College, to discuss future training programs that will be provided to the community. These programs will focus on providing job training to local residents to assist them ultimately in obtaining employment with our organization.

We have begun to provide training courses in the area of Responsible Gaming by periodically holding training sessions for local health care professionals at the Northampton Community College and we have held Vendor Registration and Certification Training through the Greater Lehigh Valley Chamber of Commerce.

Sands Bethworks has also joined in an effort with the Community Action Committee of the Lehigh Valley to expand the number of qualified, certified Women and Minority owned businesses in the valley. The Community Action Committee of the Lehigh Valley in conjunction with Sands Bethworks will coordinate training efforts for these businesses.
and expedite their WBE/MBE certification process. The combined number of Women and Minority owned businesses that we worked with during this past fiscal quarter represented approximately 19% of our total vendor contracts.

From a licensing standpoint, Sands Bethworks Gaming has complied with every requirement set forth in the Statement of Conditions that is applicable at this time. We submitted our $50 Million Licensing fee to the Board on July 23, 2007, and have posted the required $1 Million Bond with the Board as of July 30, 2007.

Demolition and abatement of the existing structures started in May of this year with the mobilization of Brandenburg Industries in April. The anticipated completion is the end of September with 85% of the abatement and demolition complete. Unanticipated asbestos was encountered and abated with some impact to the overall schedule. Also encountered has been an unforeseen amount of old structural concrete. These walls and foundations have been difficult to remove. A recovery effort which includes additional resources is currently being implemented. This situation has impacted the overall Project Schedule.

Site Work started with the mobilization of Joseph J. Jingoli & Son in May. Work is underway on the erosion and sediment control, utility relocation and site grading. This work is progressing as scheduled to allow the start of building foundations in October.

The mill order for the structural steel for the casino and retail buildings will be placed in August with erection of the structures beginning next February.
We are in contract negotiations with the Carl Walker Construction Company for the design and building of the superstructure of the parking garage. The mill order for the steel will be placed this month with erection of the parking garage beginning in March.

The revised construction schedule calls for the completion of the Casino (3,000 slots), Parking Garage, Food & Beverage and some Retail in the Second (2\textsuperscript{nd}) Quarter 2009. This will be followed by the completion of the Hotel, Multi Purpose venue and remainder of the Retail in the Third (3\textsuperscript{rd}) Quarter 2009. The remainder of the Casino (2,000 slots) will come on line six (6) months after opening with approval of the Board.

A first draft of the Project Labor Agreement was presented to the Union Building and Construction Trades Council of the Lehigh Valley on July 24, 2007. This Agreement was presented to the associated unions on July 25, 2007. Comments have been received with the anticipated conclusion of these discussions in August.

We are in discussions with A H Butz Inc. of Allentown to provide Construction Management services to the Sands Bethworks construction group.

The design of the Sands Bethworks development has evolved out of the recognition of the rich historical importance of this significant site as well as consideration of the vital role it can play in the renaissance of the local economy. The design concept has been framed as, “Bringing New Life to Old Steel.” The strategy includes preservation and re-use of existing structures along with the adoption of an interpretive reinvention of historic themes and existing development patterns in the creation of dynamic and compatible new structures. Working together these motives have fostered a development that is integrated with Bethlehem’s South Side neighborhood and is
sensitive to the unique architectural context of the Bethlehem Steel Company and its historic, dramatic buildings.

The Sands Bethworks design and development team have been working closely with the City of Bethlehem as well as other authorities including PennDOT, the Northampton County Conservation District and the Lehigh Valley Planning Commission. The site plan for the development was refined in response to this dialogue and the layout of buildings have been set accordingly. Recently, Sands Bethworks LLC submitted an application for Final Site Plan approval with the City of Bethlehem. The documents comprising this submittal were the culmination of a planning dialogue the team has had with City of Bethlehem and other authorities. In the development of this submittal, the design and development team participated in a carefully coordinated series of preliminary reviews with over a dozen separate departments within the City of Bethlehem. Captured in this process were issues ranging from site traffic safety, emergency services access and operations, landscape design, site lighting, crime prevention through environmental design, and project wide recycling program – among many others. This valuable communication has produced a comprehensive Site Plan application that is anticipated to respond to all issues that will arise as this application completes its formal review in August. The Site Plan will be presented publicly at a Special Meeting of the Bethlehem Planning Commission on August 30 and final approval is anticipated in early September. Once secured, approval of the Final Site Plan will enable the issuance of building permits for the Sands Bethworks development.
In conclusion, we appreciate the opportunity we have had today to update this Board on the status of the Sands Bethworks project. We look forward to updating the Board in the future.