

Casino operator may bid for Cecil slots site

Penn National eyes possible slots operation in Cecil County, Md.

New York (Associated Press) – A leading casino operator could become a player in Maryland's slot machine gambling debate.

Penn National Gaming said it is considering buying a site in Cecil County that could become one of the state's five authorized slots venues. The entry of Penn National, one of the country's largest gaming companies, could boost efforts to pass a November referendum that would authorize slots gambling.

The company, whose U.S. and Canadian operations include Charles Town Races and Slots in West Virginia, backed out of a deal last year to buy Rosecroft Raceway in Prince George's County after the track was excluded from legislation designating slots locations in Maryland.

A takeover bid for the company, meanwhile, has been dropped, a development that will provide the company with cash that could be used to purchase or build more tracks and casinos.

Penn National said the USD 5.82 billion takeover was called off due to the sagging price of its shares, which have dropped sharply since the bid was announced last June. The buyers, Fortress Investment Group LLC and private equity firm Centerbridge Partners LP, had valued the deal at USD 67-per-share, and shares have recently bottomed out at USD 28.20.

As a result of the cancellation, Penn National said it will receive USD 1.475 billion in cash, including a USD 225 million termination fee and a USD 1.25 billion, seven-year, preferred equity investment by affiliates of Fortress, Centerbridge,

Wachovia and Deutsche Bank. Penn National said it intends to use the cash infusion to pay down debt, acquire or develop gaming facilities and to buy back its common stock.

In Maryland, voters will decide whether to authorize as many as 15,000 slot machines in the city of Baltimore and Allegany, Anne Arundel, Cecil and Worcester counties. Anne Arundel and Worcester counties have tracks that would be eligible to bid for licenses, although the law does not require any of the slots venues be at tracks. A state commission would select the winning locations. In Cecil County, bidding would be open to sites within two miles of Interstate 95 and 2,500 machines would be allowed at the location.

While Penn National would not be guaranteed a license if it purchased a property in Cecil County, spokesman Eric Schippers told The Washington Post that the company would be well positioned considering its history of operating casinos and tracks.

The operators of two other tracks in Maryland have not publicly pledged financial support of efforts to pass the referendum.

William Rickman, a Potomac developer who owns Ocean Downs, said in March that his financial support might not be needed considering that polls show the referendum is expected to pass. Officials with Magna Entertainment, which owns Laurel Park, have cited the uncertainty of the bidding process as one reason the company had not decided whether to contribute financially.

Whether or not Penn National buys a Cecil County location, Schippers said Tuesday that his company at least would not support any anti-slots movement.

„In no case are we going to be opposing the referendum,“ Schippers said.