UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number: 0-24206

PENN Entertainment, Inc.
(Exact name of registrant as specified in its charter)

Pennsylvania	**23-2234473**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

825 Berkshire Blvd., Suite 200	**Wyomissing,**	**Pennsylvania**	**19610**
(Address of principal executive offices)			(Zip code)

(610) 373-2400
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	PENN	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

As of July 29, 2026, the number of shares of the registrant's common stock outstanding was 134,066,591 (including 98,920 shares of a subsidiary of registrant which are exchangeable into registrant's common stock).

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in millions, except share and per share data)	June 30, 2026	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 887.2	$ 686.6
Accounts receivable, net	245.9	254.2
Prepaid expenses	139.0	151.7
Other current assets	51.7	73.6
Total current assets	1,323.8	1,166.1
Property and equipment, net	3,492.1	3,717.3
Investment in and advances to unconsolidated affiliates	78.8	79.4
Goodwill	1,765.6	1,786.6
Other intangible assets, net	1,390.1	1,404.8
Operating lease right-of-use assets	3,882.9	3,966.1
Finance lease right-of-use assets	1,906.1	1,924.3
Other assets	229.8	223.9
Total assets	$ 14,069.2	$ 14,268.5
Liabilities		
Current liabilities		
Accounts payable	$ 62.4	$ 54.2
Current maturities of long-term debt	33.1	38.2
Current portion of financing obligations	46.9	45.8
Current portion of operating lease liabilities	419.5	386.0
Current portion of finance lease liabilities	54.8	45.7
Accrued expenses and other current liabilities	878.7	905.6
Total current liabilities	1,495.4	1,475.5
Long-term debt, net of current maturities, debt discounts, and debt issuance costs	2,741.5	2,848.9
Long-term portion of financing obligations	2,274.3	2,297.8
Long-term portion of operating lease liabilities	3,484.1	3,592.4
Long-term portion of finance lease liabilities	2,008.0	2,017.4
Deferred income taxes	110.7	87.8
Other long-term liabilities	101.4	121.2
Total liabilities	12,215.4	12,441.0
Commitments and contingencies (Note 9)		
Stockholders' equity		
Series B Preferred stock ($0.01 par value, 1,000,000 shares authorized, no shares issued and outstanding)	—	—
Series C Preferred stock ($0.01 par value, 18,500 shares authorized, no shares issued and outstanding)	—	—
Series D Preferred stock ($0.01 par value, 5,000 shares authorized, no shares issued and outstanding)	—	—
Common stock ($0.01 par value, 400,000,000 shares authorized, 179,116,165 and 177,841,991 shares issued, and 133,858,432 and 132,584,258 shares outstanding)	1.8	1.8
Exchangeable shares ($0.01 par value, 768,441 shares authorized and issued in both periods, 98,920 and 379,821 shares outstanding)	—	—
Treasury stock, at cost (45,257,733 shares in both periods)	(1,137.2)	(1,137.2)
Additional paid-in capital	4,676.7	4,652.8
Accumulated deficit	(1,459.3)	(1,490.1)
Accumulated other comprehensive loss	(220.7)	(193.3)
Total PENN Entertainment, Inc. stockholders' equity	1,861.3	1,834.0
Non-controlling interest	(7.5)	(6.5)
Total stockholders' equity	1,853.8	1,827.5
Total liabilities and stockholders' equity	$ 14,069.2	$ 14,268.5

See accompanying notes to the unaudited Consolidated Financial Statements.

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(in millions, except per share data)	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Revenues				
Gaming	$ 1,396.6	$ 1,367.7	$ 2,730.9	$ 2,666.0
Food, beverage, hotel, and other	460.8	397.3	905.5	771.5
Total revenues	1,857.4	1,765.0	3,636.4	3,437.5
Operating expenses				
Gaming	833.2	869.7	1,641.1	1,723.5
Food, beverage, hotel, and other	333.7	282.0	663.1	546.9
General and administrative	441.0	410.3	868.7	813.3
Depreciation and amortization	117.8	110.5	234.8	218.5
Impairment loss	—	15.0	—	15.0
Total operating expenses	1,725.7	1,687.5	3,407.7	3,317.2
Operating income	131.7	77.5	228.7	120.3
Other income (expenses)				
Interest expense, net	(100.9)	(95.9)	(201.8)	(206.7)
Interest income	2.0	2.1	3.8	5.3
Income from unconsolidated affiliates	8.6	13.3	16.9	20.9
Gain on financing arrangement	—	—	—	215.1
Loss on early extinguishment of debt	(1.8)	(11.8)	(1.8)	(11.8)
Other	0.1	2.9	(0.2)	4.2
Total other income (expenses)	(92.0)	(89.4)	(183.1)	27.0
Income (loss) before income taxes	39.7	(11.9)	45.6	147.3
Income tax expense	(7.1)	(6.4)	(15.8)	(54.1)
Net income (loss)	32.6	(18.3)	29.8	93.2
Net loss attributable to non-controlling interest	0.5	0.9	1.0	1.2
Net income (loss) attributable to PENN Entertainment, Inc.	$ 33.1	$ (17.4)	$ 30.8	$ 94.4
Earnings (loss) per share:				
Basic earnings (loss) per share	$ 0.25	$ (0.12)	$ 0.23	$ 0.63
Diluted earnings (loss) per share	$ 0.24	$ (0.12)	$ 0.23	$ 0.59
Weighted-average common shares outstanding—basic	133.7	149.0	133.6	150.6
Weighted-average common shares outstanding—diluted	137.1	149.0	134.4	164.7

See accompanying notes to the unaudited Consolidated Financial Statements.

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	For the three months ended June 30,		For the six months ended June 30,	
(in millions)	**2026**	**2025**	**2026**	**2025**
Net income (loss)	$ 32.6	$ (18.3)	$ 29.8	$ 93.2
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	(17.0)	92.3	(27.4)	92.0
Other comprehensive income (loss)	(17.0)	92.3	(27.4)	92.0
Total comprehensive income	15.6	74.0	2.4	185.2
Comprehensive loss attributable to non-controlling interest	0.5	0.9	1.0	1.2
Comprehensive income attributable to PENN Entertainment, Inc.	$ 16.1	$ 74.9	$ 3.4	$ 186.4

See accompanying notes to the unaudited Consolidated Financial Statements.

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

	Three Months Ended June 30, 2026 and 2025												
	Preferred Stock		Common Stock										
(in millions, except share data)	Shares	Amount	PENN Entertainment, Inc. Shares	Amount	Exchangeable Shares	Amount	Treasury Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total PENN Stockholders' Equity	Non-Controlling Interest	Total Stockholders' Equity
Balance as of April 1, 2026	—	$ —	133,701,923	$ 1.8	98,920	$ —	$ (1,137.2)	$ 4,660.0	$ (1,492.4)	$ (203.7)	$ 1,828.5	$ (7.0)	$ 1,821.5
Share-based compensation arrangements	—	—	156,509	—	—	—	—	17.4	—	—	17.4	—	17.4
Currency translation adjustment	—	—	—	—	—	—	—	—	—	(17.0)	(17.0)	—	(17.0)
Net income (loss)	—	—	—	—	—	—	—	—	33.1	—	33.1	(0.5)	32.6
Other	—	—	—	—	—	—	—	(0.7)	—	—	(0.7)	—	(0.7)
Balance as of June 30, 2026	—	$ —	133,858,432	$ 1.8	98,920	$ —	$ (1,137.2)	$ 4,676.7	$ (1,459.3)	$ (220.7)	$ 1,861.3	$ (7.5)	$ 1,853.8
Balance as of April 1, 2025	—	$ —	151,235,711	$ 1.8	380,478	$ —	$ (804.6)	$ 4,567.3	$ (535.2)	$ (255.3)	$ 2,974.0	$ (4.6)	$ 2,969.4
Share-based compensation arrangements	—	—	52,284	—	—	—	—	16.1	—	—	16.1	—	16.1
Share repurchases	—	—	(5,835,467)	—	—	—	(90.3)	—	—	—	(90.3)	—	(90.3)
Investment Agreement warrants	—	—	—	—	—	—	—	14.3	—	—	14.3	—	14.3
Currency translation adjustment	—	—	—	—	—	—	—	—	—	92.3	92.3	—	92.3
Net loss	—	—	—	—	—	—	—	—	(17.4)	—	(17.4)	(0.9)	(18.3)
Other	—	—	—	—	—	—	(0.9)	—	—	—	(0.9)	—	(0.9)
Balance as of June 30, 2025	—	$ —	145,452,528	$ 1.8	380,478	$ —	$ (895.8)	$ 4,597.7	$ (552.6)	$ (163.0)	$ 2,988.1	$ (5.5)	$ 2,982.6

Six Months Ended June 30, 2026 and 2025

	Preferred Stock		Common Stock										
(in millions, except share data)	Shares	Amount	PENN Entertainment, Inc. Shares	Amount	Exchangeable Shares	Amount	Treasury Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total PENN Stockholders' Equity	Non-Controlling Interest	Total Stockholders' Equity
Balance as of January 1, 2026	—	$ —	132,584,258	$ 1.8	379,821	$ —	$ (1,137.2)	$ 4,652.8	$ (1,490.1)	$ (193.3)	$ 1,834.0	$ (6.5)	$ 1,827.5
Share-based compensation arrangements	—	—	993,273	—	—	—	—	31.5	—	—	31.5	—	31.5
Exchangeable share conversions	—	—	280,901	—	(280,901)	—	—	—	—	—	—	—	—
Currency translation adjustment	—	—	—	—	—	—	—	—	—	(27.4)	(27.4)	—	(27.4)
Net income (loss)	—	—	—	—	—	—	—	—	30.8	—	30.8	(1.0)	29.8
Other	—	—	—	—	—	—	—	(7.6)	—	—	(7.6)	—	(7.6)
Balance as of June 30, 2026	—	$ —	133,858,432	$ 1.8	98,920	$ —	$ (1,137.2)	$ 4,676.7	$ (1,459.3)	$ (220.7)	$ 1,861.3	$ (7.5)	$ 1,853.8
Balance as of January 1, 2025	—	$ —	152,229,171	$ 1.8	466,534	$ —	$ (779.5)	$ 4,542.4	$ (647.0)	$ (255.0)	$ 2,862.7	$ (4.3)	$ 2,858.4
Share-based compensation arrangements	—	—	386,650	—	—	—	—	31.7	—	—	31.7	—	31.7
Share repurchases	—	—	(7,249,349)	—	—	—	(115.3)	—	—	—	(115.3)	—	(115.3)
Exchangeable share conversions	—	—	86,056	—	(86,056)	—	—	—	—	—	—	—	—
Investment Agreement warrants	—	—	—	—	—	—	—	28.5	—	—	28.5	—	28.5
Currency translation adjustment	—	—	—	—	—	—	—	—	—	92.0	92.0	—	92.0
Net income (loss)	—	—	—	—	—	—	—	—	94.4	—	94.4	(1.2)	93.2
Other	—	—	—	—	—	—	(1.0)	(4.9)	—	—	(5.9)	—	(5.9)
Balance as of June 30, 2025	—	$ —	145,452,528	$ 1.8	380,478	$ —	$ (895.8)	$ 4,597.7	$ (552.6)	$ (163.0)	$ 2,988.1	$ (5.5)	$ 2,982.6

See accompanying notes to the unaudited Consolidated Financial Statements.

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in millions)	For the six months ended June 30, 2026	2025
Operating activities		
Net income	$ 29.8	$ 93.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	234.8	218.5
Non-cash operating lease expense	199.4	168.1
Income from unconsolidated affiliates	(16.9)	(20.9)
Return on investment from unconsolidated affiliates	17.8	18.0
Deferred income taxes	23.7	20.5
Stock-based compensation	31.5	31.7
Investment Agreement warrant expense	—	28.5
Impairment loss	—	15.0
Gain on financing arrangement	—	(215.1)
Loss on early extinguishment of debt	1.8	11.8
Changes in operating assets and liabilities		
Accounts receivable	7.2	3.8
Prepaid expenses and other current assets	18.3	4.3
Other assets	(12.6)	(15.4)
Accounts payable	9.7	1.9
Accrued expenses	(3.5)	(9.3)
Income taxes	18.2	27.3
Operating lease liabilities	(190.9)	(158.6)
Other current and long-term liabilities	(19.6)	(34.6)
Other	14.4	31.4
Net cash provided by operating activities	363.1	220.1
Investing activities		
Capital expenditures	(192.0)	(284.6)
Proceeds from sale-and-leaseback transactions in conjunction with development projects	216.3	—
Proceeds from sale of investments	—	17.8
Consideration paid for gaming licenses and other intangible assets	(20.5)	(20.1)
Other	23.6	14.4
Net cash provided by (used in) investing activities	27.4	(272.5)

(in millions)	For the six months ended June 30, 2026	2025
Financing activities		
Proceeds from revolving credit facility	235.0	567.5
Repayments of revolving credit facility	(805.0)	(100.0)
Proceeds from issuance of term loans, net of discount	1,404.5	—
Proceeds from issuance of bonds	600.0	—
Repayments on credit facilities	(1,406.9)	—
Repayment and repurchases of convertible debt	(106.7)	(223.8)
Principal payments on long-term debt	(11.9)	(18.8)
Debt issuance costs	(26.6)	—
Principal payments on financing obligations	(22.6)	(21.5)
Principal payments on finance leases	(27.6)	(26.7)
Repurchases of common stock	—	(115.3)
Proceeds from insurance financing	7.2	—
Payments on insurance financing	(17.1)	(16.8)
Other	(8.4)	(16.3)
Net cash provided by (used in) financing activities	(186.1)	28.3
Effect of currency rate changes on cash, cash equivalents, and restricted cash	(1.7)	0.8
Change in cash, cash equivalents, and restricted cash	202.7	(23.3)
Cash, cash equivalents, and restricted cash at the beginning of the year	714.8	723.8
Cash, cash equivalents, and restricted cash at the end of the period	$ 917.5	$ 700.5
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	$ 887.2	$ 671.6
Restricted cash included in Other current assets	29.1	27.7
Restricted cash included in Other assets	1.2	1.2
Total cash, cash equivalents, and restricted cash	$ 917.5	$ 700.5
Supplemental disclosure:		
Cash paid for interest, net of amounts capitalized	$ 187.9	$ 188.0
Cash payments (refunds) related to income taxes, net	$ (14.9)	$ 6.0
Non-cash activities:		
Accrued capital expenditures	$ 36.2	$ 63.2

See accompanying notes to the unaudited Consolidated Financial Statements.

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1—Organization

Organization: PENN Entertainment, Inc., together with its subsidiaries ("PENN," or the "Company," "we," "our," or "us"), operates in 28 jurisdictions throughout North America, with a broadly diversified portfolio of casinos, racetracks, and online sports betting ("OSB") and iCasino offerings. PENN's focus is on organic cross-sell opportunities, reinforced by its market-leading retail casinos, sports media assets and technology, including a proprietary state-of-the-art, fully integrated digital sports betting and iCasino platform, and an in-house iCasino content studio. The Company's portfolio is further bolstered by its industry-leading PENN Play™ customer loyalty program, offering its over 34 million members a unique set of rewards and experiences.

The majority of the real estate assets (i.e., land and buildings) used in our operations are subject to triple net master leases; the most significant of which are with Gaming and Leisure Properties, Inc. (Nasdaq: GLPI) ("GLPI"), a real estate investment trust ("REIT"), and include the AR PENN Master Lease, 2023 Master Lease, and Pinnacle Master Lease (as such terms are defined in Note 6, "Leases" and collectively referred to as the "Master Leases").

Note 2—Significant Accounting Policies and Basis of Presentation

Basis of Presentation: The unaudited Consolidated Financial Statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information and with the rules and regulations of the United States ("U.S.") Securities and Exchange Commission (the "SEC"). Accordingly, they do not include all of the information and notes required by GAAP for complete consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement have been included.

Results of operations and cash flows for the interim periods presented herein are not necessarily indicative of the results that would be achieved during a full year of operations or in future periods. These unaudited Consolidated Financial Statements and notes thereto should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Principles of Consolidation: The unaudited Consolidated Financial Statements include the accounts of PENN Entertainment, Inc. and its subsidiaries. Investments in and advances to unconsolidated affiliates that do not meet the consolidation criteria of the authoritative guidance for voting interest entities ("VOEs") or variable interest entities ("VIEs") are accounted for under the equity method. All intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications: Certain reclassifications have been made to conform the prior period presentation with current year presentation.

Use of Estimates: The preparation of unaudited Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) the disclosure of contingent assets and liabilities at the date of the financial statements, and (iii) the reported amounts of revenues and expenses during the reporting period. We applied estimation methods consistently for the periods presented within the unaudited Consolidated Financial Statements. Actual results may differ from those estimates.

Segment Information: We have five reportable segments: Northeast, South, West, Midwest, and Interactive. Our gaming and racing properties are grouped by geographic location, and each is viewed as an operating segment with the exception of our two properties in Jackpot, Nevada, which are viewed as one operating segment. We consider our combined Video Gaming Terminal ("VGT") operations, by state, to be separate operating segments.

The Northeast, South, West, and Midwest segments (referred to as our "retail segments") primarily generate revenue from gaming operations (such as slot machines and table games), food and beverage offerings, and hotel visitation. The Interactive segment includes all of our OSB, online casino/iCasino, and social gaming (collectively referred to as "online gaming") operations, management of retail sports betting, and media operations.

See Note 13, "Segment Information" and Note 6, "Leases" for further segment and lease structure information, respectively. For financial reporting purposes, we aggregate our operating segments into the following reportable segments:

	Location	Real Estate Assets Lease or Ownership Structure
Northeast segment		
Ameristar East Chicago	East Chicago, Indiana	Pinnacle Master Lease
Hollywood Casino Bangor	Bangor, Maine	AR PENN Master Lease
Hollywood Casino at Charles Town Races	Charles Town, West Virginia	AR PENN Master Lease
Hollywood Casino Columbus	Columbus, Ohio	2023 Master Lease
Hollywood Casino at Greektown	Detroit, Michigan	VICI Master Lease
Hollywood Casino Lawrenceburg	Lawrenceburg, Indiana	AR PENN Master Lease
Hollywood Casino Morgantown	Morgantown, Pennsylvania	Morgantown Lease (1)
Hollywood Casino at PENN National Race Course	Grantville, Pennsylvania	AR PENN Master Lease
Hollywood Casino Perryville	Perryville, Maryland	2023 Master Lease
Hollywood Casino at The Meadows	Washington, Pennsylvania	2023 Master Lease
Hollywood Casino Toledo	Toledo, Ohio	2023 Master Lease
Hollywood Casino York	York, Pennsylvania	Operating Lease (not with REIT Landlord)
Hollywood Gaming at Dayton Raceway	Dayton, Ohio	AR PENN Master Lease
Hollywood Gaming at Mahoning Valley Race Course	Youngstown, Ohio	AR PENN Master Lease
Marquee by PENN (2)	Pennsylvania	N/A
Plainridge Park Casino	Plainville, Massachusetts	Pinnacle Master Lease
South segment		
1st Jackpot Casino	Tunica, Mississippi	AR PENN Master Lease
Ameristar Vicksburg	Vicksburg, Mississippi	Pinnacle Master Lease
Boomtown Biloxi	Biloxi, Mississippi	AR PENN Master Lease
Boomtown Bossier City	Bossier City, Louisiana	Pinnacle Master Lease
Boomtown New Orleans	New Orleans, Louisiana	Pinnacle Master Lease
Hollywood Casino Gulf Coast	Bay St. Louis, Mississippi	AR PENN Master Lease
Hollywood Casino Tunica	Tunica, Mississippi	AR PENN Master Lease
L'Auberge Baton Rouge	Baton Rouge, Louisiana	Pinnacle Master Lease
L'Auberge Lake Charles	Lake Charles, Louisiana	Pinnacle Master Lease
Margaritaville Resort Casino	Bossier City, Louisiana	VICI Master Lease
West segment		
Ameristar Black Hawk	Black Hawk, Colorado	Pinnacle Master Lease
Cactus Petes and Horseshu	Jackpot, Nevada	Pinnacle Master Lease
M Resort Spa Casino	Henderson, Nevada	2023 Master Lease
Zia Park Casino	Hobbs, New Mexico	AR PENN Master Lease
Midwest segment		
Ameristar Council Bluffs	Council Bluffs, Iowa	Pinnacle Master Lease
Argosy Casino Alton (3)	Alton, Illinois	AR PENN Master Lease
Argosy Casino Riverside	Riverside, Missouri	AR PENN Master Lease
Hollywood Casino Aurora	Aurora, Illinois	2023 Master Lease
Hollywood Casino Joliet	Joliet, Illinois	2023 Master Lease
Hollywood Casino at Kansas Speedway (4)	Kansas City, Kansas	Owned - Joint Venture
Hollywood Casino St. Louis	Maryland Heights, Missouri	AR PENN Master Lease
Prairie State Gaming (2)	Illinois	N/A
River City Casino	St. Louis, Missouri	Pinnacle Master Lease

(1) Upon termination of the Morgantown Lease, ownership of the constructed building and all tenant improvements will transfer from the Company to GLPI.

(2) VGT route operations.

(3) The riverboat is owned by us and not subject to the AR PENN Master Lease.

(4) Pursuant to a joint venture with NASCAR Holdings LLC ("NASCAR") and includes the Company's 50% investment in Kansas Entertainment, LLC ("Kansas Entertainment"), which owns Hollywood Casino at Kansas Speedway.

Revenue Recognition: Our revenue from contracts with customers consists primarily of gaming wagers, inclusive of sports betting and iCasino products, food and beverage transactions, hotel room sales, retail transactions, racing wagers, and third-party revenue sharing agreements. See Note 4, "Revenue Disaggregation" for information on our revenue by type and geographic location.

Complimentaries Associated with Gaming Contracts

Food, beverage, hotel, and other services furnished to patrons for free as an inducement to gamble at our retail properties or through the redemption of our customers' loyalty points are recorded as "Food, beverage, hotel, and other" revenues at their estimated standalone selling prices, with an offset recorded as a reduction to "Gaming" revenues. The cost of providing complimentary goods and services to patrons as an inducement to gamble as well as for the fulfillment of our loyalty point obligation is included in "Food, beverage, hotel, and other" expenses. Revenues recorded to "Food, beverage, hotel, and other" and offset to "Gaming" revenues were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
(in millions)	2026	2025	2026	2025
Food and beverage	$ 63.8	$ 62.8	$ 126.9	$ 120.9
Hotel	37.8	35.8	71.6	70.0
Other	2.1	2.2	4.0	3.8
Total complimentaries associated with gaming contracts	$ 103.7	$ 100.8	$ 202.5	$ 194.7

Additionally, the Company provides discretionary complimentaries in the form of iCasino and OSB free play bonuses. Free play bonuses provided to patrons as an inducement to gamble on the Company's digital sports betting and iCasino apps are recorded as a reduction of "Gaming" revenues.

Customer-related Liabilities

The Company has three general types of liabilities related to contracts with customers: (i) the obligation associated with its PENN Play program (loyalty points and tier status benefits), (ii) advance payments on goods and services yet to be provided and for unpaid wagers, and (iii) deferred revenue associated with third-party OSB and/or iCasino partners for OSB and iCasino market access.

Our PENN Play program connects the Company's brands under one loyalty program and allows members to earn loyalty points, or "PENN Cash," redeemable for slot play and complimentaries, such as food and beverage at our restaurants, lodging at our hotels, redemptions at the PENN Play marketplace that features popular retailers, and products offered at our retail stores across the vast majority of our properties. In addition, members of the PENN Play program earn credit toward tier status, which entitles them to receive certain other benefits, such as priority access, discounts, gifts, trips to PENN destinations, partner experiences, and PENN Cash.

The obligation associated with our PENN Play program, which is included in "Accrued expenses and other current liabilities" within the unaudited Consolidated Balance Sheets, was $28.5 million and $29.8 million as of June 30, 2026 and December 31, 2025, respectively, and consisted primarily of the obligation associated with the loyalty points. Our loyalty point obligations are generally settled within six months of issuance. Changes between the opening and closing balances primarily relate to the timing of our customers' election to redeem loyalty points as well as the timing of when our customers receive their earned tier status benefits.

The Company's advance payments on goods and services yet to be provided and for unpaid wagers primarily consist of the following: (i) deposits on rooms and convention space; (ii) money deposited on behalf of a customer in advance of their property visit (referred to as "safekeeping" or "front money"); (iii) money deposited in an online wallet not yet wagered; (iv) money deposited in an online wallet for pending and concluded wagers not yet withdrawn; (v) outstanding tickets generated by slot machine play, sports betting, or pari-mutuel wagering; (vi) outstanding chip liabilities; and (vii) unclaimed jackpots. Unpaid wagers generally represent obligations stemming from prior wagering events, of which revenue was previously recognized. The Company's advance payments on goods and services yet to be provided and for unpaid wagers were $110.4 million and $133.7 million as of June 30, 2026 and December 31, 2025, respectively, and are included in "Accrued expenses and other current liabilities" within the unaudited Consolidated Balance Sheets.

The Company's deferred revenue is primarily related to PENN Interactive, which enters into multi-year agreements with third-party OSB and/or iCasino partners for OSB and iCasino market access across our portfolio of properties.

As of June 30, 2026 and December 31, 2025, our deferred revenue balance was $36.5 million and $34.1 million, respectively, the majority of which is included in "Other long-term liabilities" within the unaudited Consolidated Balance Sheets. During the three and six months ended June 30, 2026, we recognized revenue of $1.6 million and $3.4 million, respectively, that was included in the December 31, 2025 deferred revenue balance. During the three and six months ended June 30, 2025, we recognized revenue of $1.1 million and $4.7 million, respectively, that was included in the December 31, 2024 deferred revenue balance.

Advertising: The Company expenses advertising costs the first time the advertising takes place or as incurred. Advertising expenses, which generally relate to media placement costs and are primarily included in "Gaming" expenses within the unaudited Consolidated Statements of Operations were $42.8 million and $85.5 million for the three months ended June 30, 2026 and 2025, respectively, and $83.5 million and $185.4 million for the six months ended June 30, 2026 and 2025, respectively. During the three and six months ended June 30, 2025, advertising expense included media marketing services and brand and other rights provided by ESPN, Inc. and ESPN Enterprises Inc. (together, "ESPN") pursuant to the Sportsbook Agreement (the "Sportsbook Agreement") which was terminated on November 5, 2025.

Gaming and Pari-mutuel Taxes: We are subject to gaming and pari-mutuel taxes based on gross gaming revenue and pari-mutuel revenue in the jurisdictions in which we operate, as well as taxes on revenues derived from arrangements which allow for third-party OSB and/or iCasino partners to operate online sportsbooks and iCasinos under our gaming licenses. The Company primarily recognizes gaming and pari-mutuel tax expense based on the statutorily required percentage of revenue that is required to be paid to state, provincial and/or local jurisdictions in the states and provinces where or in which the wagering occurs. Also included in gaming and pari-mutuel taxes are costs to support the operations of local regulatory authorities which some jurisdictions require us to pay. Gaming and pari-mutuel taxes are recorded in "Gaming" expenses or "Food, beverage, hotel, and other" expenses within the unaudited Consolidated Statements of Operations and were $709.0 million and $644.9 million for the three months ended June 30, 2026 and 2025, respectively, and $1.4 billion and $1.3 billion for the six months ended June 30, 2026 and 2025, respectively.

Foreign Currency Translation: The functional currency of the Company's foreign subsidiaries is the local currency in which the subsidiary operates. Balance sheet accounts are translated at the exchange rate in effect at each balance sheet date. Translation adjustments resulting from this process are recorded to other comprehensive income or loss. Revenues and expenses are typically translated at the average exchange rates during the year. Gains or losses resulting from foreign currency transactions are included in "Other" within the unaudited Consolidated Statements of Operations.

Comprehensive Income or Loss and Accumulated Other Comprehensive Income or Loss: Comprehensive income or loss includes net income or loss and all other non-stockholder changes in equity, or other comprehensive income or loss. The balance of accumulated other comprehensive income or loss consists of foreign currency translation adjustments and unrealized gains or losses on debt securities.

Earnings or Loss Per Share: Basic earnings or loss per share ("EPS") is computed by dividing net income or loss applicable to common stock by the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the additional dilution, if any, for all potentially-dilutive securities such as warrants, stock options, unvested restricted stock awards ("RSAs") and restricted stock units ("RSUs") (collectively with RSAs, "restricted stock"), outstanding preferred stock, and convertible debt.

Guarantees and Indemnifications: The Company accounts for indemnity obligations in accordance with ASC Topic 460-20, "Contingencies" and records a liability at fair value. See Note 9, "Commitments and Contingencies" for more information.

Note 3—New Accounting Pronouncements

Accounting Pronouncements Adopted

In November 2024, the FASB issued ASU 2024-04, “Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments” (“ASU 2024-04”). ASU 2024-04 clarifies the determination of accounting treatment required for settlement of convertible debt (particularly, cash convertible instruments) at terms that differ from the original conversion terms. ASU 2024-04 is effective for fiscal years beginning after December 15, 2025, and interim reporting periods within those annual reporting periods, and was adopted on a prospective basis. The adoption of ASU 2024-04 did not have a material impact on our unaudited Consolidated Financial Statements.

In July 2025, the FASB issued ASU 2025-05, “Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets” (“ASU 2025-05”). ASU 2025-05 introduces optional relief for entities estimating expected credit losses on accounts receivable and contract assets arising from revenue transactions under ASC 606, “Revenue from Contracts with Customers.” The guidance allows entities to apply a practical expedient assuming current conditions persist over the asset’s life, and for certain non-public entities, to consider post-balance sheet cash collections when estimating credit losses. ASU 2025-05 is effective for fiscal years beginning after December 15, 2025, and interim reporting periods within those annual reporting periods, and was adopted on a prospective basis. The adoption of ASU 2025-05 did not have a material impact on our unaudited Consolidated Financial Statements.

Accounting Pronouncements to be Implemented

In November 2024, the FASB issued ASU 2024-03, “Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses” (“ASU 2024-03”). ASU 2024-03 updates the requirements for a public entity to disclose additional information about specific income statement expense categories in the notes to financial statements. ASU 2024-03 does not change or remove current expense disclosure requirements, however, it affects where this information appears in the notes to financial statements. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, on a prospective or retrospective basis, with early adoption permitted. We are assessing the guidance and currently expect adoption of the new standard to result in additional disclosures in the notes to the unaudited Consolidated Financial Statements.

In September 2025, the FASB issued ASU 2025-06, “Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software” (“ASU 2025-06”). The amendments in ASU 2025-06 improve the operability of the guidance by removing all references to software development project stages so that the guidance is neutral to different software development methods, which may impact the timing and extent of cost capitalization for internal-use software. ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, and interim periods within those annual reporting periods, on a prospective, modified, or retrospective basis, with early adoption permitted. We are currently assessing the guidance, and we do not expect the new standard to have a material impact on the unaudited Consolidated Financial Statements.

Note 4—Revenue Disaggregation

Our revenues are generated primarily by providing the following types of services: (i) gaming, inclusive of retail sports betting, iCasino, and OSB; (ii) food and beverage; (iii) hotel; and (iv) other. Other revenues are primarily comprised of PENN Interactive's revenues generated from third-party iCasino and OSB, in addition to the related gross-up for taxes, racing operations, media advertising, retail, and commissions received on ATM transactions. Our revenue is disaggregated by type of revenue and geographic location (with no single foreign country's revenue representing more than 10% of total consolidated revenues) of the related properties, which is consistent with our reportable segments, as follows:

	For the three months ended June 30, 2026							
(in millions)	Northeast	South	West	Midwest	Interactive (1)	Other	Intersegment Eliminations (2)	Total
Revenues:								
Gaming	$ 654.8	$ 225.6	$ 102.2	$ 284.7	$ 129.3	$ —	$ —	$ 1,396.6
Food and beverage	38.2	38.2	22.5	16.9	—	1.6	—	117.4
Hotel	15.1	26.5	20.7	10.5	—	—	—	72.8
Other	23.5	11.6	6.1	8.5	220.1	4.0	(3.2)	270.6
Total revenues	$ 731.6	$ 301.9	$ 151.5	$ 320.6	$ 349.4	$ 5.6	$ (3.2)	$ 1,857.4

	For the three months ended June 30, 2025							
(in millions)	Northeast	South	West	Midwest	Interactive (1)	Other	Intersegment Eliminations (2)	Total
Revenues:								
Gaming	$ 635.7	$ 224.9	$ 97.8	$ 263.9	$ 145.4	$ —	$ —	$ 1,367.7
Food and beverage	38.7	39.1	19.0	16.2	—	1.5	—	114.5
Hotel	13.9	27.0	15.6	9.7	—	—	—	66.2
Other	23.3	11.2	5.3	7.2	170.7	4.2	(5.3)	216.6
Total revenues	$ 711.6	$ 302.2	$ 137.7	$ 297.0	$ 316.1	$ 5.7	$ (5.3)	$ 1,765.0

	For the six months ended June 30, 2026							
(in millions)	Northeast	South	West	Midwest	Interactive (1)	Other	Intersegment Eliminations (2)	Total
Revenues:								
Gaming	$ 1,270.2	$ 437.7	$ 200.3	$ 557.3	$ 265.4	$ —	$ —	$ 2,730.9
Food and beverage	77.0	73.9	44.7	34.8	—	3.0	—	233.4
Hotel	26.4	49.5	41.3	18.3	—	—	—	135.5
Other	45.1	22.0	10.9	16.1	442.3	7.9	(7.7)	536.6
Total revenues	$ 1,418.7	$ 583.1	$ 297.2	$ 626.5	$ 707.7	$ 10.9	$ (7.7)	$ 3,636.4

	For the six months ended June 30, 2025							
(in millions)	Northeast	South	West	Midwest	Interactive (1)	Other	Intersegment Eliminations (2)	Total
Revenues:								
Gaming	$ 1,246.3	$ 445.6	$ 188.8	$ 516.2	$ 269.1	$ —	$ —	$ 2,666.0
Food and beverage	76.5	73.0	36.6	31.9	—	2.6	—	220.6
Hotel	25.8	51.1	32.4	17.8	—	—	—	127.1
Other	43.9	20.8	9.6	14.0	337.1	8.4	(10.0)	423.8
Total revenues	$ 1,392.5	$ 590.5	$ 267.4	$ 579.9	$ 606.2	$ 11.0	$ (10.0)	$ 3,437.5

(1) Other revenues within the Interactive segment are inclusive of gaming tax reimbursement amounts related to third-party OSB and/or iCasino partners for OSB and iCasino market access of $185.5 million and $137.9 million for the three months ended June 30, 2026 and 2025, respectively, and $371.3 million and $266.1 million for the six months ended June 30, 2026 and 2025, respectively.

(2) Primarily represents the elimination of intersegment revenues associated with our retail sportsbooks, which are operated by PENN Interactive.

Note 5—Long-Term Debt

The table below presents long-term debt, net of current maturities, debt discounts, and debt issuance costs:

(in millions)	June 30, 2026	December 31, 2025
Amended Credit Facilities:		
Amended Revolving Credit Facility due 2031	$ —	$ —
Amended Term Loan A Facility due 2031	446.9	—
Amended Term Loan B Facility due 2033	960.0	—
Amended Revolving Credit Facility due 2027	—	570.0
Amended Term Loan A Facility due 2027	—	453.8
Amended Term Loan B Facility due 2029	—	965.0
5.625% Notes due 2027	400.0	400.0
4.125% Notes due 2029	400.0	400.0
6.75% Notes due 2031	600.0	—
2.75% Convertible Notes due 2026	—	106.7
Other long-term obligations	7.8	8.6
	2,814.7	2,904.1
Less: Current maturities of long-term debt	(33.1)	(38.2)
Less: Debt discounts and debt issuance costs	(40.1)	(17.0)
	$ 2,741.5	$ 2,848.9

The following is a schedule of future minimum repayments of long-term debt as of June 30, 2026:

(in millions)	
Years ending December 31:	
2026 (excluding the six months ended June 30, 2026)	$ 16.2
2027	433.1
2028	33.1
2029	433.2
2030	33.2
Thereafter	1,865.9
Total minimum payments	$ 2,814.7

Amended Credit Facilities

On May 3, 2022, the Company entered into an agreement with its various lenders to amend and restate its previous credit agreement (the “Second Amended and Restated Credit Agreement”). The Second Amended and Restated Credit Agreement provided for a $1.0 billion revolving credit facility (the “Amended Revolving Credit Facility”), a five-year $550.0 million term loan A facility (the “Amended Term Loan A Facility”) and a seven-year $1.0 billion term loan B facility (the “Amended Term Loan B Facility”) (together, the “Amended Credit Facilities”). The proceeds from the Amended Credit Facilities were used to repay the balances of the previous credit facilities.

The interest rates per annum applicable to loans under the Amended Credit Facilities are, at the Company's option, equal to either an adjusted secured overnight financing rate ("Term SOFR") or a base rate, plus an applicable margin. The applicable margin for each of the Amended Revolving Credit Facility and the Amended Term Loan A Facility ranges from 2.25% to 1.50% per annum for Term SOFR loans and 1.25% to 0.50% per annum for base rate loans, in each case depending on the Company's total net leverage ratio (as defined within the Second Amended and Restated Credit Agreement). The applicable margin for the Amended Term Loan B Facility was 2.75% per annum for Term SOFR loans and 1.75% per annum for base rate loans until the margins were both reduced by a total of 75 basis points pursuant to the Second Amendment Agreement and the Fourth Amendment Agreement, both discussed and defined below, effective December 4, 2024 and May 28, 2026, respectively. The Amended Term Loan B Facility is subject to a Term SOFR "floor" of 0.50% per annum and a base rate "floor" of 1.50% per annum. In addition, the Company pays a commitment fee on the unused portion of the commitments under the Amended Revolving Credit Facility at a rate that ranges from 0.35% to 0.20% per annum, depending on the Company's total net leverage ratio (as defined within the Second Amended and Restated Credit Agreement).

The Amended Credit Facilities contain customary covenants that, among other things, restrict, subject to certain exceptions, the ability of the Company and certain of its subsidiaries to grant liens on their assets, incur indebtedness, sell assets, make investments, engage in acquisitions, mergers or consolidations, pay dividends and make other restricted payments and prepay certain indebtedness that is subordinated in right of payment to the obligations under the Amended Credit Facilities. The Amended Credit Facilities contain two financial covenants: a maximum total net leverage ratio (as defined within the Second Amended and Restated Credit Agreement) of 4.50 to 1.00, which is subject to a step up to 5.00 to 1.00 in the case of certain significant acquisitions, and a minimum interest coverage ratio (as defined within the Second Amended and Restated Credit Agreement) of 2.00 to 1.00. The Amended Credit Facilities also contain certain customary affirmative covenants and events of default, including the occurrence of a change of control (as defined in the documents governing the Second Amended and Restated Credit Agreement), termination, and certain defaults under the Master Leases, which are discussed in Note 6, "Leases."

On December 4, 2024, PENN entered into a Second Amendment (the "Second Amendment Agreement") to its Second Amended and Restated Credit Agreement with its various lenders to reduce the interest rate margins applicable to the Company's approximately $978.0 million in existing Amended Term Loan B Facility loans from 2.75% to 2.50% for Term SOFR loans and from 1.75% to 1.50% for base rate loans.

On April 16, 2026, PENN entered into a Third Amendment (the "Third Amendment Agreement") to its Second Amended and Restated Credit Agreement. The Third Amendment Agreement, among other things, refinanced and extended the term of the Company's $1.0 billion Amended Revolving Credit Facility and $446.9 million Amended Term Loan A Facility. The Amended Revolving Credit Facility and Amended Term Loan A Facility, as amended, will mature in April 2031, subject to an earlier springing maturity 91 days prior to the maturity of certain of the Company's existing debt obligations if such debt remains outstanding and has not been refinanced, unless certain liquidity conditions are satisfied. The interest rate margins applicable to the Amended Revolving Credit Facility and Amended Term Loan A Facility were unchanged by the Third Amendment Agreement, except that the Third Amendment Agreement eliminated the credit spread adjustment applicable to SOFR borrowings under the Amended Revolving Credit Facility and Amended Term Loan A Facility. After the refinancing, the borrowing capacity under the Amended Revolving Credit Facility is available for future working capital and other general corporate purposes.

On May 28, 2026, PENN entered into a Fourth Amendment (the "Fourth Amendment Agreement") to its Second Amended and Restated Credit Agreement with its various lenders, which reduced the interest rate margins applicable to the Company's $962.5 million in existing Amended Term Loan B Facility loans from 2.50% to 2.00% for Term SOFR loans and from 1.50% to 1.00% for base rate loans, and extended the maturity date of such loans to May 2033.

In connection with the Third Amendment Agreement and Fourth Amendment Agreement, the Company recorded $16.3 million of debt issuance costs, which will be amortized to interest expense over the remaining terms of the Amended Revolving Credit Facility, Amended Term Loan A Facility and Amended Term Loan B Facility, as applicable. In addition, the Company recorded $2.4 million of original issue discount associated with the Amended Term Loan B Facility, which will be amortized to interest expense over its remaining term.

As of June 30, 2026, the Company had conditional obligations under letters of credit issued pursuant to the Amended Credit Facilities with face amounts aggregating to $23.9 million, resulting in $976.1 million of available borrowing capacity under the Amended Revolving Credit Facility.

6.75% Senior Unsecured Notes

On March 16, 2026, the Company completed an offering of $600.0 million aggregate principal amount of 6.75% senior unsecured notes that mature on April 1, 2031 (the “6.75% Notes”). The 6.75% Notes were issued at par and interest is payable semi-annually on April 1st and October 1st of each year. The 6.75% Notes are not guaranteed by any of the Company’s subsidiaries except in the event that the Company, in the future, issues certain subsidiary-guaranteed debt securities. The Company may redeem the 6.75% Notes at any time on or after April 1, 2028, at the declining redemption premiums set forth in the indenture governing the 6.75% Notes, and, prior to April 1, 2028, at a “make-whole” redemption premium set forth in the indenture governing the 6.75% Notes. Net proceeds of the 6.75% Notes were used to repay borrowings under the Amended Revolving Credit Facility.

In connection with the issuance of the 6.75% Notes, the Company recorded $10.3 million in debt issuance costs, which will be amortized to interest expense over the life of the 6.75% Notes.

5.625% Senior Unsecured Notes

On January 19, 2017, the Company completed an offering of $400.0 million aggregate principal amount of 5.625% senior unsecured notes that mature on January 15, 2027 (the “5.625% Notes”). The 5.625% Notes were issued at par and interest is payable semi-annually on January 15th and July 15th of each year. The 5.625% Notes are not guaranteed by any of the Company’s subsidiaries except in the event that the Company, in the future, issues certain subsidiary-guaranteed debt securities. The Company may redeem the 5.625% Notes at any time on or after January 15, 2022, at the declining redemption premiums set forth in the indenture governing the 5.625% Notes. As of June 30, 2026, the 5.625% Notes are scheduled to mature within the next twelve months. However, the Company has classified this obligation as long-term based on its intent and ability to refinance on a long-term basis.

2.75% Unsecured Convertible Notes

In May 2020, the Company completed a public offering of $330.5 million aggregate principal amount of 2.75% unsecured convertible notes (the “Convertible Notes”) that matured, unless earlier converted, redeemed, or repurchased, on May 15, 2026 at a price of par.

On June 13, 2025, the Company entered into an agreement with certain holders of the Convertible Notes to repurchase $223.8 million aggregate principal amount of the Convertible Notes.

In May 2026, the Company repaid the remaining $106.7 million principal balance of the Convertible Notes. As of June 30, 2026, the Company had no outstanding balance on the Convertible Notes. None of the Convertible Notes were converted into shares of the Company’s common stock while they were outstanding.

Interest expense, net

The table below presents interest expense, net:

	For the three months ended June 30,		For the six months ended June 30,	
(in millions)	2026	2025	2026	2025
Interest expense	$ 108.1	$ 107.6	$ 216.0	$ 227.9
Capitalized interest	(7.2)	(11.7)	(14.2)	(21.2)
Interest expense, net	$ 100.9	$ 95.9	$ 201.8	$ 206.7

Covenants

Our Amended Credit Facilities, 5.625% Notes, 4.125% Notes due 2029 (the “4.125% Notes”), and 6.75% Notes, require us, among other obligations, to maintain specified financial ratios and to satisfy certain financial tests. In addition, our Amended Credit Facilities, 5.625% Notes, 4.125% Notes, and 6.75% Notes, restrict, among other things, our ability to incur additional indebtedness, incur guarantee obligations, amend debt instruments, pay dividends, create liens on assets, make investments, engage in mergers or consolidations, and otherwise restrict corporate activities. Our debt agreements also contain customary events of default, including cross-default provisions that require us to meet certain requirements under the Master Leases (which are described in Note 6, “Leases”), each with GLPI. If we are unable to meet our financial covenants or in the event of a cross-default, it could trigger an acceleration of payment terms.

As of June 30, 2026, the Company was in compliance with all required financial covenants. The Company believes that it will remain in compliance with all of its required financial covenants for at least the next twelve months following the date of filing this Quarterly Report on Form 10-Q with the SEC.

Other Long-Term Obligation

In February 2021, the Company entered into a financing arrangement with a third-party, which provided the Company with upfront and non-refundable cash proceeds while permitting us to participate in future proceeds on certain insurance coverage claims for economic losses PENN sustained due to the COVID-19 pandemic. During the three months ended March 31, 2025, the Company determined that obligations under these claims were no longer probable and therefore recognized a $215.1 million non-cash gain, which was recorded as “Gain on financing arrangement” within the unaudited Consolidated Statements of Operations for the six months ended June 30, 2025.

Note 6—Leases

Master Leases

The components contained within the Master Leases are accounted for as either (i) operating leases, (ii) finance leases, or (iii) financing obligations. Changes to future lease payments that are not fixed within the Master Leases (i.e., when future escalators become known or future variable rent resets occur), which are discussed below, require the Company to either (i) increase both the right-of-use (“ROU”) assets and corresponding lease liabilities with respect to operating and finance leases or (ii) record the incremental variable payment associated with the financing obligation to interest expense.

AR PENN Master Lease

On February 21, 2023, the Company and GLPI entered into an agreement to amend and restate the triple net master lease dated November 1, 2013 (the “AR PENN Master Lease”), effective January 1, 2023, to (i) remove the land and buildings for Hollywood Casino Aurora (“Aurora”), Hollywood Casino Joliet (“Joliet”), Hollywood Casino Columbus (“Columbus”), Hollywood Casino Toledo (“Toledo”), and the M Resort Spa Casino (“M Resort”), and (ii) make associated adjustments to the rent. Subsequent to the execution of the AR PENN Master Lease, the lease contains real estate assets associated with 14 of the Company’s gaming facilities used in its operations. The current term of the AR PENN Master Lease expires on October 31, 2033 and thereafter contains three renewal periods of five years each on the same terms and conditions, exercisable at the Company’s option. The AR PENN Master Lease along with the 2023 Master Lease (as defined and discussed below) are cross-defaulted, cross-collateralized, and coterminous, and subject to a parent guarantee.

The payment structure under the AR PENN Master Lease includes a fixed component, a portion of which is subject to an annual escalator of up to 2%, depending on the Adjusted Revenue to Rent Ratio (as defined in the AR PENN Master Lease) of 1.8:1, and a component that is based on performance, which is prospectively adjusted every five years by an amount equal to 4% of the average change in net revenues of all properties associated with the AR PENN Master Lease compared to a contractual baseline during the preceding five years (“AR PENN Percentage Rent”).

The land and building components contained within the AR PENN Master Lease are classified as operating leases and the related expenses are included in “General and administrative” within the unaudited Consolidated Statements of Operations.

The next annual escalator test date is scheduled to occur on November 1, 2026. The next AR PENN Percentage Rent reset is scheduled to occur on November 1, 2028.

2023 Master Lease

Concurrent with the execution of the AR PENN Master Lease, the Company and GLPI entered into a new triple net master lease (the “2023 Master Lease”), effective January 1, 2023, specific to the property associated with Aurora, Joliet, Columbus, Toledo, M Resort, Hollywood Casino at The Meadows (“Meadows”), and Hollywood Casino Perryville (“Perryville”) and a master development agreement (the “Master Development Agreement”). The 2023 Master Lease has an initial term through October 31, 2033 with three subsequent five-year renewal periods on the same terms and conditions, exercisable at the Company’s option. The 2023 Master Lease terminated the individual triple net leases associated with Meadows and Perryville. The 2023 Master Lease and AR PENN Master Lease are cross-defaulted, cross-collateralized, and coterminous, and subject to a parent guarantee.

The 2023 Master Lease includes a base rent (the “2023 Master Lease Base Rent”) and the Master Development Agreement contains additional rent (together with the 2023 Master Lease Base Rent, the “2023 Master Lease Rent”) equal to (i) 7.75% of any project funding received by PENN from GLPI for the relocation of our riverboat casino and related developments with respect to Aurora (the “Aurora Project”); and (ii) a percentage, based on the then-current GLPI stock price, of any project funding received by PENN from GLPI for development projects with respect to Joliet (the “Joliet Project”), M Resort (the “M Resort Project”), and Columbus (the “Columbus Project” and together with the Joliet Project and M Resort Project, the “Other Development Projects,” and together with the Aurora Project, referred to as the “PENN Development Projects”). The Master Development Agreement provided that GLPI would fund up to $225.0 million for the Aurora Project and, upon our request, up to $350.0 million in aggregate for the Other Development Projects, as discussed below. The 2023 Master Lease Rent will be subject to a one-time increase of $1.4 million, effective November 1, 2027. The 2023 Master Lease Rent is subject to an annual fixed escalator rent increase of 1.5% which began on November 1, 2023 and will continue to increase annually thereafter.

On August 1, 2025, the Company received the full $130.0 million in committed funding from GLPI for the Joliet Project which opened on August 11, 2025, and on November 3, 2025, the Company received the full $150.0 million in committed funding from GLPI for the M Resort Project, of which the new hotel tower opened on December 1, 2025.

Effective August 1, 2025, we determined that the sale-and-lease back of real estate assets related to the new Joliet facility to GLPI for $130.0 million constituted a lease modification under ASC Topic 842, “Leases” (“ASC 842”).

In connection with the August 1, 2025 lease modification, the Company reassessed the land and building components contained within the 2023 Master Lease and remeasured the related lease liabilities. The assessment and remeasurement included the following elements: (i) the removal of the previously leased Joliet facility assets; (ii) the addition of the newly leased Joliet facility assets; and (iii) a $10.1 million increase in annual rent, which is specific to the lease back of the real estate assets related to the new Joliet facility, subject to annual escalation in accordance with the 2023 Master Lease. The modification did not result in a change to the lease classification, and all lease components continue to be accounted for as operating leases. As of the modification date, the Company recognized $166.3 million in ROU assets and $163.0 million in corresponding lease liabilities in the unaudited Consolidated Balance Sheets.

Effective November 3, 2025, we also determined that the sale-and-lease back of real estate assets related to the new M Resort hotel tower to GLPI for $150.0 million constituted a lease modification under ASC 842.

In connection with the November 3, 2025 lease modification, the Company reassessed the land and building components contained within the 2023 Master Lease and remeasured the related lease liabilities. The assessment and remeasurement included an $11.7 million increase in annual rent, which is specific to the lease back of the real estate assets related to the new M Resort hotel tower, subject to annual escalation in accordance with the 2023 Master Lease. The modification did not result in a change to the lease classification and all lease components continue to be accounted for as operating leases. As of the modification date, the Company recognized an additional ROU asset and corresponding lease liability of $94.0 million in the unaudited Consolidated Balance Sheets.

Concurrent with the opening of the Aurora Project on June 24, 2026, the Company received $216.3 million in funding from GLPI (representing the $225.0 million commitment of GLPI less costs incurred by GLPI with respect to certain land parcels associated with the Aurora Project).

Effective June 24, 2026, we also determined that the sale-and-lease back of real estate assets related to the new Aurora facility to GLPI for $225.0 million constituted a lease modification under ASC 842.

In connection with the June 24, 2026 lease modification, the Company reassessed the land and building components contained within the 2023 Master Lease and remeasured the related lease liabilities. The assessment and remeasurement included the following elements: (i) the addition of the newly leased Aurora facility assets, and (ii) a $17.4 million increase in annual rent, which is specific to the lease back of the real estate assets related to the new Aurora facility, subject to annual escalation in accordance with the 2023 Master Lease. The modification did not result in a change to the lease classification and all lease components continue to be accounted for as operating leases. As of the modification date, the Company recognized an additional ROU asset and corresponding lease liability of $114.7 million in the unaudited Consolidated Balance Sheets.

With respect to the August 1, 2025, November 3, 2025, and June 24, 2026 lease modifications, we concluded that the lease term will continue to end on the current lease expiration date of October 31, 2033, and that the three optional five-year renewal periods are not included in the lease term. As the Company continues to transition from a leading retail gaming operator to a diversified provider of integrated entertainment, sports content, and casino gaming experiences, the execution of its omni-channel strategy has diversified earnings streams and does not provide reasonable assurance that the renewal options will be exercised.

The land and building components contained within the 2023 Master Lease are classified as operating leases and the related expenses are included in "General and administrative" within the unaudited Consolidated Statements of Operations.

Pinnacle Master Lease

In connection with the acquisition of Pinnacle Entertainment, Inc. on October 15, 2018, the Company assumed a triple net master lease with GLPI (the "Pinnacle Master Lease"), originally effective April 28, 2016, pursuant to which the Company leases real estate assets associated with 12 of the gaming facilities used in its operations. Upon assumption of the Pinnacle Master Lease, as amended, there were 7.5 years remaining of the initial ten-year term, with five subsequent, five-year renewal periods, on the same terms and conditions, exercisable at the Company's option. The Company has determined that the lease term is 32.5 years.

The payment structure under the Pinnacle Master Lease includes a fixed component, a portion of which is subject to an annual escalator of up to 2%, depending on the Adjusted Revenue to Rent Ratio (as defined in the Pinnacle Master Lease) of 1.8:1, and a component that is based on performance of the properties, which is prospectively adjusted every two years by an amount equal to 4% of the average change in net revenues compared to a contractual baseline during the preceding two years ("Pinnacle Percentage Rent").

The Pinnacle Master Lease contains land and building components that are classified as finance leases and financing obligations. Expenses related to lease components classified as finance leases are recorded to "Depreciation and amortization" and "Interest expense, net" within the unaudited Consolidated Statements of Operations. The Company recognizes interest expense on the lease payments related to the financing obligation under the effective yield method.

We did not incur an annual escalator for the lease year ended April 30, 2026. The next annual escalator test date is scheduled to occur on May 1, 2027. Additionally, on May 1, 2026, the Pinnacle Percentage Rent reset resulted in an annual rent decrease of $3.2 million, which will be in effect until the next Pinnacle Percentage Rent reset, scheduled to occur on May 1, 2028. Upon reset of the Pinnacle Percentage Rent, effective May 1, 2026, we recognized an additional ROU asset and corresponding lease liability of $26.6 million associated with the finance lease components.

Other Triple Net Leases with REIT Landlords

VICI Master Lease

On December 4, 2025, the Company entered into a triple net master lease with VICI Properties Inc. (NYSE: VICI) ("VICI") ("VICI Master Lease") which amended and restated the Margaritaville Lease and the Greektown Lease (both as defined below) into a single combined lease. The VICI Master Lease has an initial term through May 23, 2034, with four subsequent five-year renewal periods on the same terms and conditions, exercisable at the Company's option. Upon execution of the VICI Master Lease, initial annual rent was set at $80.7 million, representing the aggregate annual rent under the Margaritaville Lease and the Greektown Lease in effect immediately prior to December 4, 2025. Effective June 1, 2026, annual rent increased by 1.0% to $81.5 million. As defined within the VICI Master Lease, beginning June 1, 2027 and annually thereafter master lease rent is subject to an escalator of 1.0% each June 1, if a Net Revenue to Rent Ratio of 5.33:1 is achieved.

We determined that the execution of the VICI Master Lease constituted a lease modification under ASC 842. As such, the Company reassessed the land and building components and remeasured the related lease liabilities. The modification did not result in a change to the lease classification, and all lease components continue to be accounted for as operating leases. As of the modification date, the Company recognized an additional ROU asset and corresponding lease liability of $53.5 million in our unaudited Consolidated Balance Sheets.

With respect to the December 4, 2025 lease modification, we concluded that the lease term ends on May 23, 2034, the expiration of the initial 15-year lease period and that the four optional five-year renewal periods are not included in the lease term. As the Company continues to transition from a leading retail gaming operator to a diversified provider of integrated entertainment, sports content, and casino gaming experiences, the execution of its omni-channel strategy has diversified earnings streams and does not provide reasonable assurance that the renewal options will be exercised.

Margaritaville Lease

Prior to the execution of the VICI Master Lease as described above, on January 1, 2019, the Company had entered into an individual triple net lease with VICI for the real estate assets used in the operations of Margaritaville Resort Casino (the “Margaritaville Lease”). The Margaritaville Lease had an initial term of 15 years, with four subsequent five-year renewal periods on the same terms and conditions, exercisable at the Company’s option. The payment structure under the Margaritaville Lease included a fixed component, a portion that was subject to an annual escalator of up to 2% depending on a minimum coverage floor ratio of Net Revenue to Rent of 6.1:1, and a component that was based on performance, which was prospectively adjusted every two years by an amount equal to 4% of the average change in net revenues of the property compared to a contractual baseline during the preceding two years.

Prior to the effective date of the VICI Master Lease, the land and building components within the Margaritaville Lease were classified as operating leases and the related expenses were included to “General and administrative” within our unaudited Consolidated Statements of Operations.

Greektown Lease

Prior to the execution of the VICI Master Lease as described above, on May 23, 2019, the Company had entered into an individual triple net lease with VICI for the real estate assets used in the operations of Hollywood Casino at Greektown (the “Greektown Lease”). The Greektown Lease had an initial term of 15 years, with four subsequent five-year renewal periods on the same terms and conditions, exercisable at the Company’s option. The payment structure under the Greektown Lease included a fixed component, a portion subject to an annual escalator of up to 2% initially determined based on an Adjusted Revenue to Rent ratio, as defined in the Greektown Lease, and subsequently amended to be determined based on an agreed upon minimum coverage floor ratio of Net Revenue to Rent, and a component that was based on performance, which was prospectively adjusted every two years by an amount equal to 4% of the average change in net revenues of the property compared to a contractual baseline during the preceding two years.

Prior to the effective date of the VICI Master Lease, the land and building components within the Greektown Lease were classified as operating leases and the related expenses were included in “General and administrative” within our unaudited Consolidated Statements of Operations.

Morgantown Lease

On October 1, 2020, the Company entered into an individual triple net lease with a subsidiary of GLPI for the land underlying our development project in Morgantown, Pennsylvania (“Morgantown Lease”) in exchange for $30.0 million in rent credits.

The initial term of the Morgantown Lease is 20 years with six subsequent, five-year renewal periods, exercisable at the Company’s option. Initial annual rent under the Morgantown Lease is $3.0 million, subject to a 1.50% fixed annual escalation in each of the first three years subsequent to the facility opening, which occurred on December 22, 2021. Thereafter, the lease will be subject to an annual escalator consisting of either (i) 1.25%, if the consumer price index increase is greater than 0.50%, or (ii) zero, if the consumer price index increase is less than 0.50%. All improvements made on the land, including the constructed building, will be owned by the Company while the lease is in effect, however, on the expiration or termination of the Morgantown Lease, ownership of all tenant improvements on the land will transfer to GLPI.

We concluded control of the land underlying the Morgantown facility was not passed from the Company to the lessor in accordance with ASC 842. As such we recognized a financing obligation in accordance with ASC 470 and continue to recognize the underlying land asset in “Property and equipment, net” within our unaudited Consolidated Balance Sheets. The Company recognizes interest expense on the lease payments related to the financing obligation under the effective yield method.

We refer to the Master Leases, VICI Master Lease, Margaritaville Lease (prior to December 4, 2025), Greektown Lease (prior to December 4, 2025), and Morgantown Lease, collectively, as our “Triple Net Leases.”

Non-REIT Operating Leases

In addition to any operating lease components contained within the Master Leases, VICI Master Lease, Margaritaville Lease (prior to December 4, 2025), and Greektown Lease (prior to December 4, 2025, and collectively referred to as “triple net operating leases”), the Company’s operating leases consist of (i) ground and levee leases to landlords which were not assumed by our REIT Landlords and remain an obligation of the Company; and (ii) buildings and equipment not associated with our REIT Landlords. Certain of our lease agreements include rental payments based on a percentage of sales over specified contractual amounts, rental payments adjusted periodically for inflation, and rental payments based on usage. The Company’s leases include options to extend the lease terms. The Company’s operating lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following is a maturity analysis of our operating leases, finance leases, and financing obligations as of June 30, 2026:

(in millions)	Operating Leases	Finance Leases	Financing Obligations
Year ended December 31,			
2026 (excluding the six months ended June 30, 2026)	$ 338.0	$ 80.8	$ 83.3
2027	675.0	161.4	166.6
2028	674.1	151.9	166.6
2029	654.1	147.1	166.7
2030	658.1	146.9	166.7
Thereafter	2,313.8	2,980.0	3,496.6
Total lease payments	5,313.1	3,668.1	4,246.5
Less: Imputed interest	(1,409.5)	(1,605.3)	(1,925.3)
Present value of future lease payments	3,903.6	2,062.8	2,321.2
Less: Current portion of lease obligations	(419.5)	(54.8)	(46.9)
Long-term portion of lease obligations	$ 3,484.1	$ 2,008.0	$ 2,274.3

Total payments made under our Triple Net Leases were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
(in millions)	2026	2025	2026	2025
AR PENN Master Lease	$ 73.1	$ 72.0	$ 146.2	$ 144.1
2023 Master Lease	66.1	59.8	132.3	119.6
Pinnacle Master Lease	86.9	87.4	174.3	174.8
VICI Master Lease [(1)]	20.2	—	40.4	—
Margaritaville Lease [(1)]	—	6.7	—	13.4
Greektown Lease [(1)]	—	13.3	—	26.5
Morgantown Lease	0.8	0.8	1.6	1.6
Total	$ 247.1	$ 240.0	$ 494.8	$ 480.0

(1) Prior to December 4, 2025, lease payments made to VICI related to the Margaritaville and Greektown individual triple net leases; effective December 4, 2025, lease payments made to VICI relate to the VICI Master Lease.

Information related to lease term and discount rate was as follows:

	June 30, 2026	December 31, 2025
Weighted-Average Remaining Lease Term		
Operating leases	8.7 years	9.2 years
Finance leases	24.8 years	25.3 years
Financing obligations	25.1 years	25.6 years
Weighted-Average Discount Rate		
Operating leases	7.1 %	7.1 %
Finance leases	5.2 %	5.2 %
Financing obligations	5.2 %	5.2 %

The components of lease expense were as follows:

(in millions)	Location on unaudited Consolidated Statements of Operations	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Operating Lease Costs					
Rent expense associated with triple net operating leases (1)	General and administrative	$ 163.3	$ 156.0	$ 326.6	$ 311.9
Operating lease cost (2)	Primarily General and administrative	4.2	4.2	8.3	8.3
Short-term lease cost	Primarily Gaming expenses	24.9	25.5	50.9	49.3
Variable lease cost (2)	Primarily Gaming expenses	0.8	0.7	1.6	1.5
Total		$ 193.2	$ 186.4	$ 387.4	$ 371.0
Finance Lease Costs					
Interest on lease liabilities (3)	Interest expense, net	$ 26.9	$ 27.5	$ 53.8	$ 55.1
Amortization of ROU assets (3)	Depreciation and amortization	22.6	22.8	45.4	45.5
Total		$ 49.5	$ 50.3	$ 99.2	$ 100.6
Financing Obligation Costs					
Interest on financing obligations (4)	Interest expense, net	$ 36.2	$ 37.0	$ 72.8	$ 74.2

(1) Pertains to the following operating leases: (i) AR PENN Master Lease; (ii) 2023 Master Lease; (iii) Margaritaville Lease (for the period January 1, 2025 to June 30, 2025); (iv) Greektown Lease (for the period January 1, 2025 to June 30, 2025); and (v) VICI Master Lease (for the period January 1, 2026 to June 30, 2026).

(2) Excludes the operating lease costs and variable lease costs pertaining to our triple net leases with our REIT landlords classified as operating leases.

(3) Pertains to finance lease components associated with the Pinnacle Master Lease (land).

(4) Pertains to the components contained within the Pinnacle Master Lease (buildings) and the Morgantown Lease.

Supplemental cash flow information related to leases was as follows:

(in millions)	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Non-cash lease activities:		
Commencement of operating leases	$ 116.6	$ 21.7
Commencement of finance leases	$ 27.3	$ 0.8

Note 7—Investments in and Advances to Unconsolidated Affiliates

As of June 30, 2026, investments in and advances to unconsolidated affiliates primarily consisted of the Company's 50% investment in Kansas Entertainment, the joint venture with NASCAR that owns Hollywood Casino at Kansas Speedway.

Kansas Entertainment Joint Venture

As of June 30, 2026 and December 31, 2025, our investment in Kansas Entertainment was $77.4 million and $77.8 million, respectively. During the three months ended June 30, 2026 and 2025, the Company received distributions from Kansas Entertainment totaling $9.0 million and $9.8 million, respectively, and $17.8 million and $18.0 million for the six months ended June 30, 2026, and 2025, respectively. The Company deems these distributions to be returns on its investment based on the source of those cash flows from the normal business operations of Kansas Entertainment.

The Company has determined that Kansas Entertainment does not qualify as a VIE. Using the guidance for entities that are not VIEs, the Company determined that it did not have a controlling financial interest in the joint venture, primarily as it did not have the ability to direct the activities of the joint venture that most significantly impacted the joint venture's economic performance without the input of NASCAR. Therefore, the Company did not consolidate the financial position of Kansas Entertainment as of June 30, 2026 and December 31, 2025, nor the results of operations for the three and six months ended June 30, 2026 and 2025.

Note 8—Income Taxes

The Company calculates its provision for income taxes during interim reporting periods by applying an estimate of the annual effective tax rate to its year-to-date pre-tax book income or loss. The tax effects of discrete items are recognized in the period in which they occur. The effective tax rate (income taxes as a percentage of income from operations before income taxes) including discrete items was 11.3% and 18.4% for the three and six months ended June 30, 2026, respectively, compared to 54.4% and 28.0% for the three and six months ended June 30, 2025, respectively.

The changes in the effective tax rate for the three and six months ended June 30, 2026, as compared to the corresponding prior year periods, were primarily driven by (i) the exclusion of certain foreign losses for which no tax benefit can be recognized in the Company's worldwide effective tax rate calculation; (ii) non-deductible permanent items; (iii) state income taxes; and (iv) changes in uncertain tax positions. The effective tax rate may vary from period to period depending on, among other factors, the geographic and business mix of the Company's earnings, changes in its valuation allowance assessment, and other factors, including the Company's historical and projected pre-tax earnings, which are considered in evaluating the realizability of deferred tax assets.

As of each reporting date, the Company evaluates all available positive and negative evidence in assessing the realizability of deferred tax assets, in accordance with ASC Topic 740, "Income Taxes" ("ASC 740"). As of June 30, 2026, the Company continues to maintain a valuation allowance on deferred tax assets not considered "more likely than not" to be realized. A reduction in the valuation allowance could result in a significant decrease in income tax expense in the period the release is recorded. The timing and amount of any reversal will depend on actual earnings achieved in 2026 and projected future income levels.

As of June 30, 2026 and December 31, 2025, the Company had prepaid income taxes of $17.5 million and $35.7 million, respectively, which were included in "Prepaid expenses" within the unaudited Consolidated Balance Sheets.

On June 29, 2026, the Indiana Supreme Court ruled in the Company's favor with respect to its Indiana wagering tax add-back position for the 2015 through 2017 tax years, reversing a prior decision of the Indiana Tax Court. As a result, the Company reversed the previously recorded unrecognized tax benefits and corresponding accrued interest, which was recognized as a discrete benefit during the quarter. The Company continues to maintain reserves associated with subsequent tax years pending resolution of those periods.

Note 9—Commitments and Contingencies

The Company is subject to various legal and administrative proceedings relating to personal injuries, employment matters, commercial transactions, development agreements and other matters arising in the ordinary course of business. Although the Company maintains what it believes to be adequate insurance coverage to mitigate the risk of loss pertaining to covered matters, legal and administrative proceedings can be costly, time-consuming, and unpredictable. The Company does not believe that the final outcome of these matters will have a material adverse effect on its financial position, results of operations, or cash flows.

Indemnification Liability

On August 8, 2023, we entered into a stock purchase agreement with David Portnoy (the "Barstool SPA") and we sold 100% of the outstanding shares of Barstool Sports, Inc. ("Barstool" or "Barstool Sports") common stock. Pursuant to the Barstool SPA, the Company agreed to indemnify Barstool and its subsidiaries and David Portnoy for certain tax matters. The indemnity provisions generally provide for the Company's control of defense and settlement of claims, as well as certain other costs associated with potential tax matters related to Barstool and its subsidiaries and David Portnoy. Claims under the indemnification are paid upon demand. Provisions in the Barstool SPA limit the time within which an indemnification claim can be made to the later of the resolution of the indemnification claim or the relevant statutes of limitations.

The maximum potential amount of future payments the Company could be required to make under this indemnification agreement is not estimable at this time due to uncertainties related to potential outcomes and other unique facts and circumstances involved in the Barstool SPA. As of June 30, 2026 and December 31, 2025, the Company has recorded a liability of $38.7 million and $39.5 million, respectively, for this agreement. Liabilities associated with the indemnification are recorded at fair value in "Other long-term liabilities" within the unaudited Consolidated Balance Sheets. See Note 12, "Fair Value Measurements" for more information.

Note 10—Stockholders' Equity and Stock-Based Compensation

Common and Preferred Stock

In connection with the acquisition of Score Media and Gaming, Inc. ("theScore") in October 2021, the Company issued 12,319,340 shares of common stock with a par value of $0.01, and 697,539 exchangeable shares, par value $0.01 ("Exchangeable Shares") through the capital of an indirect wholly-owned subsidiary of PENN, in addition to cash consideration. Each Exchangeable Share is exchangeable into one share of PENN common stock at the option of the holder, subject to certain adjustments. Upon the acquisition of theScore, certain employees of theScore elected to have their outstanding equity awards issued as Exchangeable Shares once the shares vest or are exercised. In addition, the Company may redeem all outstanding Exchangeable Shares in exchange for shares of PENN common stock at any time following the fifth anniversary of the closing, or earlier under certain circumstances.

The Company did not issue any Exchangeable Shares during the three and six months ended June 30, 2026 and 2025, respectively. As of both June 30, 2026 and December 31, 2025, there were 768,441 Exchangeable Shares authorized, of which 98,920 shares and 379,821 shares were outstanding, respectively.

Share Repurchase Authorization

On October 30, 2025, the Board of Directors approved a new $750.0 million share repurchase program (the "October 2025 Authorization"), which commenced on January 1, 2026 and expires on December 31, 2028.

Repurchases by the Company are subject to available liquidity, general market and economic conditions, alternate uses for capital, and other factors. Share repurchases may be made from time to time through a Rule 10b5-1 trading plan, open market transactions, block trades, or in private transactions in accordance with applicable securities laws and regulations and other legal requirements. There is no minimum number of shares that the Company is required to repurchase and the repurchase authorization may be suspended or discontinued at any time without prior notice.

No shares of the Company's common stock were repurchased during the three and six months ended June 30, 2026.

During the three months ended June 30, 2025, the Company repurchased 5,835,467 shares of its common stock for $90.3 million at an average price of $15.47 per share. During the six months ended June 30, 2025, the Company repurchased 7,249,349 shares of its common stock for $115.3 million at an average price of $15.90 per share. All shares repurchased in 2025 were purchased in open market transactions under the prior $750.0 million authorization approved on December 6, 2022.

The cost of all repurchased shares is recorded as "Treasury stock" within the unaudited Consolidated Balance Sheets.

2022 Long Term Incentive Compensation Plan

The 2022 Long Term Incentive Compensation Plan was approved by the Company's shareholders on June 7, 2022, which authorizes the Company to issue stock options, stock appreciation rights, restricted stock, performance awards, and cash awards to executive officers, non-employee directors, other employees, consultants, and advisors of the Company and its subsidiaries. Non-employee directors and consultants are eligible to receive all awards other than incentive stock options. Shareholders approved amendments to the plan on June 6, 2023, June 17, 2025, and June 16, 2026. The June 16, 2026 amendment increased the number of shares by 4,000,000, for a total of 26,067,275 shares reserved for issuance. Equity-settled awards count against the limit on a one-for-one basis, while awards not settled in common stock do not. As of June 30, 2026, 9,896,752 shares remained available for future grants.

Performance Share Program

The Company's performance share programs were adopted to provide certain key executives with stock-based compensation tied directly to the Company's performance, which further aligns their interests with our shareholders and provides compensation only if the designated performance goals are met for the applicable performance periods.

During the three and six months ended June 30, 2026, the Company granted 726,565 restricted units, at target, subject to service and performance conditions and a market condition. The awards granted in 2026 are subject to a three-year performance period over a three-year service period. No units are earned prior to vesting, except as provided under the retirement provisions in the applicable award agreement. The number of units may be earned at between 0% and 200% of target units granted depending on the achievement of a specified financial performance goal, subject to further adjustment (±20%) based on the Company's relative total shareholder return "TSR" for the three-year performance period compared to a specified stock market index. The TSR modifier also incorporates a downside safeguard, such that no upward TSR modifier will apply if the three-year absolute TSR is negative.

During the three and six months ended June 30, 2025, the Company granted 1,254,323 restricted units, at target, subject to service and performance conditions. The awards granted in 2025 are subject to a three-year performance period over a three-year service period. No units are earned prior to vesting, except as provided under the retirement provisions in the applicable award agreement. The number of units may be earned at between 0% and 200% of target units granted depending on the achievement of specified performance goals.

Note 11— Earnings (Loss) Per Share

We recorded net income attributable to PENN for both of the three and six months ended June 30, 2026, and for the six months ended June 30, 2025. As such, we used diluted weighted-average common shares outstanding when calculating diluted income per share. Stock options, restricted stock, and convertible debt that could potentially dilute basic EPS in the future are included in the computation of diluted income per share. The following table reconciles the weighted-average common shares outstanding used in the calculation of basic EPS to the weighted-average common shares outstanding used in the calculation of diluted EPS for the three and six months ended June 30, 2026, and for the six months ended June 30, 2025.

	For the three months ended June 30,		For the six months ended June 30,	
(in millions)	**2026**	**2025**	**2026**	**2025**
Weighted-average common shares outstanding	133.7	149.0	133.6	150.6
Assumed conversion of:				
Dilutive restricted stock	1.2	—	0.8	0.5
Convertible debt [(1)]	2.2	—	—	13.6
Weighted-average common shares outstanding - Diluted	137.1	149.0	134.4	164.7

(1) See Note 5, "Long-Term Debt" for details regarding the repurchases and repayment of the Convertible Notes.

Restricted stock with performance and market based vesting conditions that were not met as of June 30, 2026 and June 30, 2025 were excluded from the computation of diluted EPS.

For the three months ended June 30, 2025, we recorded a net loss attributable to PENN. As such, because the dilution from potential common shares was anti-dilutive, we used basic weighted-average common shares outstanding rather than diluted weighted-average common shares outstanding when calculating diluted loss per share. There are no reconciling items between the weighted-average common shares outstanding for basic and diluted EPS calculations for the period in which we recorded a net loss. Restricted stock and convertible debt that could potentially dilute basic EPS in the future, that is not included in the computation of diluted loss per share, is as follows:

(in millions)	For the three months ended June 30, 2025
Assumed conversion of dilutive restricted stock	0.5
Assumed conversion of convertible debt	13.0

Anti-dilutive equity-based awards are excluded from the computation of diluted EPS, and primarily consists of stock options awarded under the Company's previous and current long-term incentive compensation plans and warrants previously issued ("Initial Warrants") under the terms of the Investment Agreement between PENN and ESPN, entered into on August 8, 2023 (the "Investment Agreement"). The six months ended June 30, 2026 also excluded anti-dilutive shares associated with our convertible debt, which was fully repaid in May 2026. The prior year periods included warrants outstanding prior to the November 5, 2025 amendment to the Investment Agreement, pursuant to which the Initial Warrants were deemed vested through and including February 8, 2026, and the remaining unvested warrants were forfeited and cancelled for no consideration.

Anti-dilutive options and warrants to purchase 13.7 million shares were outstanding during both the three and six months ended June 30, 2026, and 37.0 million shares were outstanding during both the three and six months ended June 30, 2025.

The Company's calculation of weighted-average common shares outstanding includes the Exchangeable Shares issued in connection with theScore acquisition, as discussed in Note 10, "Stockholders' Equity and Stock-Based Compensation." The following table presents the calculation of basic and diluted earnings (loss) per share for the Company's common stock for the three and six months ended June 30, 2026 and 2025:

(in millions, except per share data)	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Calculation of basic earnings (loss) per share:				
Net income (loss) applicable to common stock	$ 33.1	$ (17.4)	$ 30.8	$ 94.4
Weighted-average shares outstanding — PENN Entertainment, Inc.	133.6	148.6	133.5	150.2
Weighted-average shares outstanding — Exchangeable Shares	0.1	0.4	0.1	0.4
Weighted-average common shares outstanding — basic	133.7	149.0	133.6	150.6
Basic earnings (loss) per share	$ 0.25	$ (0.12)	$ 0.23	$ 0.63
Calculation of diluted earnings (loss) per share:				
Net income (loss) applicable to common stock	$ 33.1	$ (17.4)	$ 30.8	$ 94.4
Interest expense, net of tax [1]:				
Convertible Notes	0.3	—	—	3.1
Diluted income (loss) applicable to common stock	$ 33.4	$ (17.4)	$ 30.8	$ 97.5
Weighted-average common shares outstanding — diluted	137.1	149.0	134.4	164.7
Diluted earnings (loss) per share	$ 0.24	$ (0.12)	$ 0.23	$ 0.59

(1) The tax-affected rate was 21% for the periods we recorded net income.

Note 12—Fair Value Measurements

ASC Topic 820, "Fair Value Measurements and Disclosures," establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach, and cost approach). The levels of the hierarchy are described below:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets, such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions, as there is little, if any, related market activity.

The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy. The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate. The fair value of the Company's trade accounts receivable and payable approximates the carrying amounts.

Long-Term Debt

On March 16, 2026, the Company issued $600.0 million of unsecured notes due 2031 at an interest rate of 6.75%. Additionally, in May 2026, the Company repaid the remaining $106.7 million principal balance of the Convertible Notes. See Note 5, "Long-Term Debt" for more information.

The fair value of our Amended Credit Facilities, 5.625% Notes, 4.125% Notes, 6.75% Notes, and the Convertible Notes is estimated based on quoted prices in active markets. Due to their trading frequency, these long-term debt instruments are classified as Level 2 measurements.

Indemnification Liability

As of June 30, 2026 and December 31, 2025, other liabilities include a tax indemnification balance of $38.7 million and $39.5 million, respectively, as described in Note 9, "Commitments and Contingencies." Liabilities associated with the indemnification are recorded in "Other long-term liabilities" within the unaudited Consolidated Balance Sheets. The indemnity has been classified as a Level 3 measurement. Key assumptions used to estimate the fair value of the indemnification include the expected tax rate and the probability of potential outcomes based on valuation methods that utilize unobservable inputs that are significant to the overall fair value as of June 30, 2026 and December 31, 2025.

Available-for-Sale Debt Securities

The Company acquired 12.0% secured convertible notes in a third-party technology provider on April 7, 2023 for $20.0 million, due on the third-year anniversary of the date of issuance. On February 2, 2026, the Company amended the terms of the convertible notes to extend the maturity date to March 2029. As of both periods ended June 30, 2026 and December 31, 2025, the balance of the convertible notes was $26.4 million, which is reported in "Other assets" in our unaudited Consolidated Balance Sheets. The fair value of the convertible notes was determined using valuation models that utilize Level 3 measurements.

The carrying amounts and estimated fair values by input level of the Company's financial instruments were as follows:

	June 30, 2026				
(in millions)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 887.2	$ 887.2	$ 887.2	$ —	$ —
Available-for-sale debt securities	$ 26.4	$ 26.4	$ —	$ —	$ 26.4
Held-to-maturity securities	$ 6.7	$ 6.7	$ —	$ 6.7	$ —
Promissory notes	$ 7.9	$ 7.9	$ —	$ 7.9	$ —
Financial liabilities:					
Long-term debt					
Amended Credit Facilities	$ 1,379.8	$ 1,394.9	$ —	$ 1,394.9	$ —
5.625% Notes	$ 399.9	$ 399.5	$ —	$ 399.5	$ —
4.125% Notes	$ 396.9	$ 382.0	$ —	$ 382.0	$ —
6.75% Notes	$ 590.2	$ 601.5	$ —	$ 601.5	$ —
Other long-term obligations	$ 7.8	$ 6.8	$ —	$ 6.8	$ —
Other liabilities	$ 41.9	$ 41.9	$ —	$ 2.7	$ 39.2

	December 31, 2025				
(in millions)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 686.6	$ 686.6	$ 686.6	$ —	$ —
Available-for-sale debt securities	$ 26.4	$ 26.4	$ —	$ —	$ 26.4
Held-to-maturity securities	$ 6.7	$ 6.7	$ —	$ 6.7	$ —
Promissory notes	$ 7.9	$ 7.9	$ —	$ 7.9	$ —
Financial liabilities:					
Long-term debt					
Amended Credit Facilities	$ 1,975.8	$ 1,993.0	$ —	$ 1,993.0	$ —
5.625% Notes	$ 399.8	$ 399.0	$ —	$ 399.0	$ —
4.125% Notes	$ 396.4	$ 368.0	$ —	$ 368.0	$ —
Convertible Notes	$ 106.5	$ 105.6	$ —	$ 105.6	$ —
Other long-term obligations	$ 8.6	$ 7.3	$ —	$ 7.3	$ —
Other liabilities	$ 42.8	$ 42.8	$ —	$ 2.7	$ 40.1

The following table summarizes the significant unobservable inputs used in calculating fair value for our Level 3 assets and liabilities on a recurring basis as of June 30, 2026:

	Valuation Technique	Unobservable Input	Discount Rate
Available-for-sale debt securities	Discounted cash flow	Discount rate	32.5 %

Note 13—Segment Information

We have five reportable segments: Northeast, South, West, Midwest, and Interactive. Our gaming and racing properties are grouped by geographic location, and each is viewed as an operating segment with the exception of our two properties in Jackpot, Nevada, which are viewed as one operating segment. We consider our combined VGT operations, by state, to be separate operating segments.

The retail segments primarily generate revenue from gaming operations (such as slot machines and table games), food and beverage offerings, and hotel visitation. The accounting policies of our retail segments are the same as those described in our significant accounting policies. See Note 2, "Significant Accounting Policies and Basis of Presentation" for further information.

The Interactive segment includes all of our online gaming operations, management of retail sports betting, and media operations. The accounting policies of our Interactive segment are the same as those described in our significant accounting policies. See Note 2, "Significant Accounting Policies and Basis of Presentation" for further information.

The Other category, included in the tables to reconcile the segment information to the consolidated information, consists of our stand-alone racing operations, namely Sanford-Orlando Kennel Club, Sam Houston and Valley Race Park, and our management contract for Retama Park Racetrack. The Other category also includes corporate overhead expenses, which consist of certain expenses, such as: payroll, professional fees, travel expenses, and other general and administrative expenses that have not otherwise been allocated.

The Company's chief operating decision maker ("CODM") is the Chief Executive Officer and President. Segment Adjusted EBITDAR (as defined below) is our measure of segment profit or loss for each segment and is utilized by the CODM as follows:

- within the annual budget and forecasting process when making decisions about the allocation of operating and capital resources to each segment;
- to evaluate monthly budget-to-actual variances which are used in assessing segment performance;
- to determine whether to reinvest profits into the segment or into other parts of the Company, such as new development projects, return generating investments in our retail operations and Interactive segment; and
- to determine various capital allocation initiatives such as mergers and acquisitions, share repurchases, and delevering.

The tables below provide information about our revenues, expenses, and Segment Adjusted EBITDAR and provide a reconciliation to net income (loss).

	For the three months ended June 30, 2026							
(in millions)	Northeast	South	West	Midwest	Interactive (1)	Other	Intersegment Eliminations (2)	Total
Total revenues	$ 731.6	$ 301.9	$ 151.5	$ 320.6	$ 349.4	$ 5.6	$ (3.2)	$ 1,857.4
Less:								
Gaming taxes	(299.3)	(66.4)	(26.6)	(85.8)	(230.9)			
Compensation and benefits	(106.0)	(57.3)	(33.7)	(49.1)	(24.0)			
Media and advertising (3)					(31.8)			
Other segment items (4)	(106.1)	(69.2)	(36.2)	(52.7)	(72.2)			
Segment Adjusted EBITDAR (5)	$ 220.2	$ 109.0	$ 55.0	$ 133.0	$ (9.5)			$ 507.7
Other operating benefits (costs) and other income (expenses):								
Other category (6)								(31.8)
Rent expense associated with triple net operating leases (7)								(163.3)
Stock-based compensation								(17.4)
Cash-settled stock-based awards variance								2.6
Pre-opening expenses								(23.0)
Depreciation and amortization								(117.8)
Non-operating items of equity method investments (8)								(1.1)
Interest expense, net								(100.9)
Interest income								2.0
Loss on early extinguishment of debt								(1.8)
Other (9)								(15.5)
Income before income taxes								39.7
Income tax expense								(7.1)
Net income								$ 32.6

(1) Revenues and gaming taxes expense within the Interactive segment are inclusive of gaming tax reimbursement amounts related to third-party OSB and/or iCasino partners for OSB and iCasino market access of $185.5 million for the three months ended June 30, 2026.

(2) Primarily represents the elimination of intersegment revenues associated with our retail sportsbooks, which are operated by PENN Interactive.

(3) Includes advertising and media expenses across various platforms for both the Hollywood-branded iCasino and theScore Bet, which launched in the US following the termination of the Sportsbook Agreement. Such platforms include television, radio, out-of-home, social media, both paid and organic search, as well as sponsorships and media costs associated with partnerships with major sports leagues, and other professional sports teams.

(4) For each reportable segment, the Other segment items category includes:

a. Northeast segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, and allocated corporate expenses.

b. South segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, allocated corporate expenses, and third-party revenue share fees.

c. West segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, and allocated corporate expenses.

d. Midwest segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, allocated corporate expenses, and third-party revenue share fees.

e. Interactive segment - professional services, legal expenses, software subscriptions and maintenance fees, software development costs, utilities, supplies, property and liability insurance, other taxes and fees, lease expenses, allocated corporate expenses, and third-party revenue share fees.

(5) We define Segment Adjusted EBITDAR as earnings before interest expense, net, interest income, income taxes, depreciation and amortization, rent expense associated with triple net operating leases (see footnote (7) below), stock-based compensation, debt extinguishment charges, impairment losses, insurance recoveries, net of deductible charges, changes in the estimated fair value of our contingent purchase price obligations, gain or loss on disposal of assets, the difference between budget and actual expense for cash-settled stock-based awards, pre-opening expenses, loss on disposal of a business, non-cash gains/losses associated with REIT transactions, and other. Segment Adjusted EBITDAR is also inclusive of income or loss from unconsolidated affiliates, with our share of non-operating items (see footnote (8) below) added back for our Kansas Entertainment joint venture.

(6) Primarily represents corporate overhead expenses of $29.5 million for the three months ended June 30, 2026.

(7) Pertains to the following operating leases: (i) AR PENN Master Lease; (ii) 2023 Master Lease; and (iii) VICI Master Lease.

(8) Consists primarily of depreciation expense associated with our Kansas Entertainment joint venture.

(9) Represents expenses related to transaction costs and non-recurring restructuring charges (primarily severance) as a result of the Company’s new corporate organizational structure.

(in millions)	For the three months ended June 30, 2025 Northeast	South	West	Midwest	Interactive [1]	Other	Intersegment Eliminations [2]	Total
Total revenues	$ 711.6	$ 302.2	$ 137.7	$ 297.0	$ 316.1	$ 5.7	$ (5.3)	$ 1,765.0
Less:								
Gaming taxes	(290.4)	(65.8)	(25.4)	(78.8)	(184.5)			
Compensation and benefits	(103.6)	(59.6)	(31.1)	(44.7)	(37.6)			
Media and advertising [3]					(73.5)			
Other segment items [4]	(108.1)	(72.0)	(27.7)	(51.7)	(82.5)			
Segment Adjusted EBITDAR [5]	$ 209.5	$ 104.8	$ 53.5	$ 121.8	$ (62.0)			$ 427.6

Other operating benefits (costs) and other income (expenses):	
Other category [6]	(35.5)
Rent expense associated with triple net operating leases [7]	(156.0)
Stock-based compensation	(16.1)
Cash-settled stock-based awards variance	3.1
Pre-opening expenses	(4.4)
Depreciation and amortization	(110.5)
Impairment loss [8]	(15.0)
Non-operating items of equity method investments [9]	(1.1)
Interest expense, net	(95.9)
Interest income	2.1
Loss on early extinguishment of debt	(11.8)
Other	1.6
Loss before income taxes	(11.9)
Income tax expense	(6.4)
Net loss	$ (18.3)

(1) Revenues and gaming taxes expense within the Interactive segment are inclusive of gaming tax reimbursement amounts related to third-party OSB and/or iCasino partners for OSB and iCasino market access of $137.9 million for the three months ended June 30, 2025.

(2) Primarily represents the elimination of intersegment revenues associated with our retail sportsbooks, which are operated by PENN Interactive.

(3) Includes advertising expenses of $37.5 million related to the Sportsbook Agreement and $14.3 million related to the Investment Agreement with ESPN. Also, includes advertising and media expenses (including such expenses associated with the Hollywood-branded iCasino and theScore Bet) across various platforms. Such platforms include television, radio, out-of-home, social media, and both paid and organic search, as well as sponsorships and media costs associated with partnerships with major sports leagues, and other professional sports teams.

(4) For each reportable segment, the Other segment items category includes:

a. Northeast segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, and allocated corporate expenses.

b. South segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, allocated corporate expenses, and third-party revenue share fees.

c. West segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, and allocated corporate expenses.

d. Midwest segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, allocated corporate expenses, and third-party revenue share fees.

e. Interactive segment - professional services, legal expenses, software subscriptions and maintenance fees, software development costs, utilities, supplies, property and liability insurance, other taxes and fees, lease expenses, allocated corporate expenses, and third-party revenue share fees.

(5) We define Segment Adjusted EBITDAR as earnings before interest expense, net, interest income, income taxes, depreciation and amortization, rent expense associated with triple net operating leases (see footnote (7) below), stock-based compensation, debt extinguishment charges, impairment losses, insurance recoveries, net of deductible charges, changes in the estimated fair value of our contingent purchase price obligations, gain or loss on disposal of assets, the difference between budget and actual expense for cash-settled stock-based awards, pre-opening expenses, loss on disposal of a business, non-cash gains/losses associated with REIT transactions, and other. Segment Adjusted EBITDAR is also inclusive of income or loss from unconsolidated affiliates, with our share of non-operating items (see footnote (9) below) added back for our Kansas Entertainment joint venture.

(6) Primarily represents corporate overhead expenses of $38.7 million for the three months ended June 30, 2025, which is inclusive of $9.4 million of legal and advisory costs related to activist activity in connection with our 2025 annual meeting of shareholders.

(7) Pertains to the following operating leases: (i) AR PENN Master Lease; (ii) 2023 Master Lease; (iii) Margaritaville Lease; and (iv) Greektown Lease.

(8) Relates to an impairment charge in our Midwest segment.

(9) Consists primarily of depreciation expense associated with our Kansas Entertainment joint venture.

	For the six months ended June 30, 2026							
(in millions)	Northeast	South	West	Midwest	Interactive [1]	Other	Intersegment Eliminations [2]	Total
Total revenues	$ 1,418.7	$ 583.1	$ 297.2	$ 626.5	$ 707.7	$ 10.9	$ (7.7)	$ 3,636.4
Less:								
Gaming taxes	(581.9)	(127.9)	(52.2)	(167.7)	(465.3)			
Compensation and benefits	(211.3)	(115.1)	(67.0)	(98.7)	(53.9)			
Media and advertising [3]					(61.3)			
Other segment items [4]	(210.8)	(126.9)	(69.0)	(108.4)	(147.6)			
Segment Adjusted EBITDAR [5]	$ 414.7	$ 213.2	$ 109.0	$ 251.7	$ (20.4)			$ 968.2
Other operating benefits (costs) and other income (expenses):								
Other category [6]								(63.2)
Rent expense associated with triple net operating leases [7]								(326.6)
Stock-based compensation								(31.5)
Cash-settled stock-based awards variance								6.0
Pre-opening expenses								(27.2)
Depreciation and amortization								(234.8)
Non-operating items of equity method investments [8]								(2.3)
Interest expense, net								(201.8)
Interest income								3.8
Loss on early extinguishment of debt								(1.8)
Other [9]								(43.2)
Income before income taxes								45.6
Income tax expense								(15.8)
Net income								$ 29.8

(1) Revenues and gaming taxes expense within the Interactive segment are inclusive of gaming tax reimbursement amounts related to third-party OSB and/or iCasino partners for OSB and iCasino market access of $371.3 million for the six months ended June 30, 2026.

(2) Primarily represents the elimination of intersegment revenues associated with our retail sportsbooks, which are operated by PENN Interactive.

(3) Includes advertising and media expenses across various platforms for both the Hollywood-branded iCasino and theScore Bet, which launched in the US following the termination of the Sportsbook Agreement. Such platforms include television, radio, out-of-home, social media, both paid and organic search, as well as sponsorships and media costs associated with partnerships with major sports leagues, and other professional sports teams.

(4) For each reportable segment, the Other segment items category includes:

a. Northeast segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, and allocated corporate expenses.

b. South segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, allocated corporate expenses, and third-party revenue share fees.

c. West segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, and allocated corporate expenses.

d. Midwest segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, allocated corporate expenses, and third-party revenue share fees.

e. Interactive segment - professional services, legal expenses, software subscriptions and maintenance fees, software development costs, utilities, supplies, property and liability insurance, other taxes and fees, lease expenses, allocated corporate expenses, and third-party revenue share fees.

(5) We define Segment Adjusted EBITDAR as earnings before interest expense, net, interest income, income taxes, depreciation and amortization, rent expense associated with triple net operating leases (see footnote (7) below), stock-based compensation, debt extinguishment charges, impairment losses, insurance recoveries, net of deductible charges, changes in the estimated fair value of our contingent purchase price obligations, gain or loss on disposal of assets, the difference between budget and actual expense for cash-settled stock-based awards, pre-opening expenses, loss on disposal of a business, non-cash gains/losses associated with REIT transactions, and other. Segment Adjusted EBITDAR is also inclusive of income or loss from unconsolidated affiliates, with our share of non-operating items (see footnote (8) below) added back for our Kansas Entertainment joint venture.

(6) Primarily represents corporate overhead expenses of $57.7 million for the six months ended June 30, 2026.

(7) Pertains to the following operating leases: (i) AR PENN Master Lease; (ii) 2023 Master Lease; and (iii) VICI Master Lease.

(8) Consists primarily of depreciation expense associated with our Kansas Entertainment joint venture.

(9) Represents expenses related to settlement costs and related legal and advisory fees associated with the Cooperation Agreement with HG Vora Capital Management, LLC and related parties, as well as transaction costs and non-recurring restructuring charges (primarily severance) related to the Company's new corporate organizational structure.

	For the six months ended June 30, 2025							
(in millions)	**Northeast**	**South**	**West**	**Midwest**	**Interactive (1)**	**Other**	**Intersegment Eliminations (2)**	**Total**
Total revenues	$ 1,392.5	$ 590.5	$ 267.4	$ 579.9	$ 606.2	$ 11.0	$ (10.0)	$ 3,437.5
Less:								
Gaming taxes	(569.9)	(129.2)	(49.1)	(153.5)	(353.1)			
Compensation and benefits	(207.1)	(116.4)	(62.4)	(88.8)	(74.3)			
Media and advertising (3)					(162.0)			
Other segment items (4)	(211.8)	(136.8)	(56.7)	(102.0)	(167.8)			
Segment Adjusted EBITDAR (5)	$ 403.7	$ 208.1	$ 99.2	$ 235.6	$ (151.0)			$ 795.6

Other operating benefits (costs) and other income (expenses):	
Other category (6)	(74.3)
Rent expense associated with triple net operating leases (7)	(311.9)
Stock-based compensation	(31.7)
Cash-settled stock-based awards variance	6.3
Pre-opening expenses	(4.9)
Depreciation and amortization	(218.5)
Impairment loss (8)	(15.0)
Non-operating items of equity method investments (9)	(2.2)
Interest expense, net	(206.7)
Interest income	5.3
Gain on financing arrangement (10)	215.1
Loss on early extinguishment of debt	(11.8)
Other	2.0
Income before income taxes	147.3
Income tax expense	(54.1)
Net income	$ 93.2

(1) Revenues and gaming taxes expense within the Interactive segment are inclusive of gaming tax reimbursement amounts related to third-party OSB and/or iCasino partners for OSB and iCasino market access of $266.1 million for the six months ended June 30, 2025.

(2) Primarily represents the elimination of intersegment revenues associated with our retail sportsbooks, which are operated by PENN Interactive.

(3) Includes advertising expenses of $75.0 million related to the Sportsbook Agreement and $28.5 million related to the Investment Agreement with ESPN. Also, includes advertising and media expenses (including such expenses associated with the Hollywood-branded iCasino and theScore Bet) across various platforms. Such platforms include television, radio, out-of-home, social media, and both paid and organic search, as well as sponsorships and media costs associated with partnerships with major sports leagues, and other professional sports teams.

(4) For each reportable segment, the Other segment items category includes:

a. Northeast segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, and allocated corporate expenses.

b. South segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, allocated corporate expenses, and third-party revenue share fees.

c. West segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, and allocated corporate expenses.

d. Midwest segment - cost of goods sold, professional services, legal expenses, facility maintenance, utilities, supplies, property and liability insurance, advertising and promotional expenses, property taxes, sales and use taxes, other taxes and fees, non-REIT lease expenses, allocated corporate expenses, and third-party revenue share fees.

e. Interactive segment - professional services, legal expenses, software subscriptions and maintenance fees, software development costs, utilities, supplies, property and liability insurance, other taxes and fees, lease expenses, allocated corporate expenses, and third-party revenue share fees.

(5) We define Segment Adjusted EBITDAR as earnings before interest expense, net, interest income, income taxes, depreciation and amortization, rent expense associated with triple net operating leases (see footnote (7) below), stock-based compensation, debt extinguishment charges, impairment losses, insurance recoveries, net of deductible charges, changes in the estimated fair value of our contingent purchase price obligations, gain or loss on disposal of assets, the difference between budget and actual expense for cash-settled stock-based awards, pre-opening expenses, loss on disposal of a business, non-cash gains/losses associated with REIT transactions, and other. Segment Adjusted EBITDAR is also inclusive of income or loss from unconsolidated affiliates, with our share of non-operating items (see footnote (9) below) added back for our Kansas Entertainment joint venture.

(6) Primarily represents corporate overhead expenses of $74.7 million for the six months ended June 30, 2025, which is inclusive of $17.1 million of legal and advisory costs related to activist activity in connection with our 2025 annual meeting of shareholders.

(7) Pertains to the following operating leases: (i) AR PENN Master Lease; (ii) 2023 Master Lease; (iii) Margaritaville Lease; and (iv) Greektown Lease.

(8) Relates to an impairment charge in our Midwest segment.

(9) Consists primarily of depreciation expense associated with our Kansas Entertainment joint venture.

(10) Relates to the $215.1 million non-cash gain on financing arrangement. See Note 5, “Long-Term Debt.”

The table below presents capital expenditures by segment:

	For the three months ended June 30,		For the six months ended June 30,	
(in millions)	2026	2025	2026	2025
Capital expenditures:				
Northeast segment	$ 24.7	$ 31.4	$ 44.8	$ 44.9
South segment	9.5	17.1	19.4	30.8
West segment	4.4	42.8	8.1	83.3
Midwest segment	55.8	64.5	113.3	116.2
Interactive segment	—	0.1	0.1	3.7
Other	3.1	3.5	6.3	5.7
Total capital expenditures	$ 97.5	$ 159.4	$ 192.0	$ 284.6

The measure of segment assets is reported on our unaudited Consolidated Balance Sheets as total consolidated assets.

The table below presents investment in and advances to unconsolidated affiliates and total assets by segment:

(in millions)	Northeast	South	West	Midwest	Interactive	Other [1]	Total
Balance sheet as of June 30, 2026							
Investment in and advances to unconsolidated affiliates	$ 0.1	$ —	$ —	$ 77.4	$ —	$ 1.3	$ 78.8
Total assets	$ 1,756.0	$ 1,254.9	$ 423.4	$ 1,424.4	$ 1,388.4	$ 7,822.1	$ 14,069.2
Balance sheet as of December 31, 2025							
Investment in and advances to unconsolidated affiliates	$ 0.1	$ —	$ —	$ 77.8	$ —	$ 1.5	$ 79.4
Total assets	$ 1,815.6	$ 1,295.2	$ 427.6	$ 1,567.5	$ 1,530.0	$ 7,632.6	$ 14,268.5

(1) The real estate assets subject to the Master Leases, which are classified as either property and equipment, net, operating lease ROU assets, or finance lease ROU assets, are included within the Other category.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition, results of operations, liquidity and capital resources should be read in conjunction with, and is qualified in its entirety by, the unaudited Consolidated Financial Statements and the notes thereto included in this Quarterly Report on Form 10-Q, and the Consolidated Financial Statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2025.

EXECUTIVE OVERVIEW

Our Business

PENN Entertainment, Inc., together with its subsidiaries ("PENN," or the "Company," "we," "our," or "us"), operates in 28 jurisdictions throughout North America, with a broadly diversified portfolio of casinos, racetracks, and online sports betting ("OSB") and iCasino offerings. PENN's focus is on organic cross-sell opportunities, reinforced by its market-leading retail casinos, sports media assets and technology, including a proprietary state-of-the-art, fully integrated digital sports betting and iCasino platform, and an in-house iCasino content studio. The Company's portfolio is further bolstered by its industry-leading PENN Play™ customer loyalty program, offering its over 34 million members a unique set of rewards and experiences.

The majority of the real estate assets (i.e., land and buildings) used in our operations are subject to triple net master leases; the most significant of which are with Gaming and Leisure Properties, Inc. (Nasdaq: GLPI) ("GLPI"), a real estate investment trust ("REIT"), and include the AR PENN Master Lease, 2023 Master Lease, and Pinnacle Master Lease (as such terms are defined in Note 6, "Leases" in the notes to the unaudited Consolidated Financial Statements and collectively referred to as the "Master Leases").

Strategic Overview

We believe that our portfolio of assets provides us with the benefit of geographically diversified cash flow from operations. We expect to continue to expand our gaming operations through the implementation and execution of a disciplined capital expenditure program at our existing properties, the pursuit of strategic acquisitions and investments, and the development of new gaming properties. Our sports media assets and proprietary OSB and iCasino technology reinforce our strategy to continue evolving from the nation's largest regional gaming operator to a best-in-class omni-channel provider of retail gaming, iCasino, and sports betting entertainment. Additionally, our iCasino forward strategy with long-term alignment to our core business will focus on cross-sell opportunities across our ecosystem and enhanced connectivity to our PENN Play loyalty program.

Realignment of Digital Strategy

We have realigned our digital strategy to prioritize our U.S. iCasino and Canadian operations, with OSB, now offered in the U.S. under theScore Bet brand, and serving as a top-of-funnel customer acquisition and cross-sell channel. Our iCasino strategy is aligned with our core business, which emphasizes cross-sell opportunities across our ecosystem and enhanced connectivity with our PENN Play loyalty program. Our Hollywood-branded iCasino will remain integrated into our OSB product in jurisdictions where permitted, in addition to serving as a standalone iCasino app.

Recent Development Projects

On October 10, 2022, the Company announced its intent to pursue four new development projects, including the land-based relocations of Hollywood Casino Joliet ("Joliet") and Hollywood Casino Aurora ("Aurora"), a second hotel tower at M Resort Spa Casino ("M Resort"), and a new hotel at Hollywood Casino Columbus ("Columbus").

Subsequently, on February 21, 2023, as described in Note 6, "Leases" in the notes to the unaudited Consolidated Financial Statements, the Company and GLPI entered into a master development agreement (the "Master Development Agreement") related to these development projects.

The Master Development Agreement provided that GLPI would fund (i) up to $225.0 million for the relocation of our riverboat casino and related developments with respect to Aurora (the "Aurora Project"); and (ii) upon our request, up to $130.0 million for the relocation of our riverboat casino and related developments with respect to Joliet (the "Joliet Project"), up to $150.0 million for the second hotel tower at M Resort (the "M Resort Project"), up to $70.0 million for the new hotel tower at Columbus (the "Columbus Project" and together with the Joliet Project and M Resort Project, the "Other Development Projects," and together with the Aurora Project, referred to as the "PENN Development Projects"), all in accordance with certain terms and conditions set forth in the Master Development Agreement. GLPI had committed up to $225.0 million in funding for the Aurora Project at a 7.75% cap rate, which we were required to draw and the funding was structured as rent under the 2023 Master Lease (as described in Note 6, "Leases" in the notes to the unaudited Consolidated Financial Statements). Rent within the 2023 Master Lease increased by a percentage, based on the then-current GLPI stock price, of the project funding received by PENN from GLPI for the Other Development Projects.

The Aurora Project to relocate its riverboat casino operations to a new, land-based facility opened on June 24, 2026. The facility features approximately 1,200 gaming positions, including high-limit slots and table games, a baccarat room and a sportsbook. The property also includes a premium hotel with 226 rooms and suites, outdoor entertainment area, full-service spa, high-quality bars and restaurants including Sorella by Giada and Boulevard Food & Drink Hall, an approximately 12,000 square-foot event center with meeting areas and roughly 1,700 parking spaces. The Aurora Project included the transfer of certain parcels of land from the City of Aurora, and up to $50.0 million of the project will be funded by the city through a new bond issuance. As of August 5, 2026, we have received $216.3 million in funding from GLPI (representing the $225.0 million commitment of GLPI less costs incurred by GLPI with respect to certain land parcels associated with the Aurora Project), resulting in a $17.4 million increase in annual rent, subject to annual escalation pursuant to the 2023 Master Lease. Additionally, the Company has received $35.9 million from the City of Aurora as of August 5, 2026.

The new hotel tower at Columbus opened on June 12, 2026. The 203-room hotel represents a major expansion, offering guests modern, upscale accommodations at the city's premier gaming, dining and entertainment experience. The 150,000 square-foot tower features 183 standard rooms and 20 luxury suites, a full service bar and restaurant, conference rooms, fitness center and an outdoor seating terrace. We did not request or receive any funding from GLPI for the Columbus Project, and GLPI's funding commitment expired on December 31, 2025.

The second hotel tower at M Resort opened on December 1, 2025. The M Resort Project added 375 rooms to the Company's property south of the Las Vegas Strip, bringing its total to 765 rooms and suites. Along with the rooms, the project includes expanded meeting space, updated amenities, and additional local partnerships. On November 3, 2025, the Company received the full $150.0 million in committed funding from GLPI for the M Resort Project, resulting in an $11.7 million increase in annual rent, subject to annual escalation pursuant to the 2023 Master Lease.

The Joliet Project to relocate its riverboat casino operations to a new, state-of-the-art land-based facility opened on August 11, 2025. The best-in-class property features approximately 1,000 slots and 43 live table games, including high-limit slots and table games, a baccarat room, and a retail sportsbook. Its unique bars and restaurants include Sorellina by Giada De Laurentiis and Boulevard Food & Drink Hall. Additional features of the new property include an approximately 10,000 square foot, all-ages event center with meeting areas, and approximately 1,330 parking spaces. On August 1, 2025, the Company received the full $130.0 million in committed funding from GLPI for the Joliet Project, resulting in a $10.1 million increase in annual rent, subject to annual escalation pursuant to the 2023 Master Lease.

On April 24, 2025, the Company announced a development project to relocate its Ameristar Council Bluffs riverboat casino operations to a new, land-based property to be rebranded as Hollywood Casino Council Bluffs ("HCCB"). Under the proposed plan, the new HCCB is expected to include roughly 125,000 square feet of new development with approximately 58,000 square feet of gaming space and more than 1,000 positions on a single level. The new facility will complement the existing retail sportsbook, 160-room hotel, and dining options in the landside portion of the current infrastructure. The project is anticipated to cost between $180.0 million and $200.0 million and is expected to open in 2028. GLPI has committed to finance, at PENN's request, up to $150.0 million of the project at a 7.1% cap rate, which may be structured at PENN's option as either rent or a 5-year term loan that is prepayable at any time without penalty.

Operating and Competitive Environment

Most of our properties operate in mature, competitive markets. We expect the majority of our future growth to come from our OSB and iCasino businesses; improvements, expansions, or relocations of our existing properties; entrance into new jurisdictions or verticals; expansions of gaming in existing jurisdictions; strategic investments and acquisitions; and cross-sell opportunities between our retail gaming, OSB, and iCasino businesses. Our portfolio is comprised largely of well-maintained regional gaming facilities, which has allowed us to develop what we believe to be a solid base for future growth opportunities.

We continuously adjust operations, offerings, and cost structures to reflect changing economic conditions, as well as consumer demand and behaviors. We also continue to focus on technology enhancements, and providing customers with additional gaming and entertainment experiences through our differentiated omni-channel strategy. We seek to grow our customer database and PENN Play loyalty program through our iCasino and OSB businesses, the development of new properties, the expansion of existing properties and other business lines, and through partnerships with third-party partners, such as Shake Shack Inc., Ticketmaster Entertainment, LLC, Norwegian Cruise Line Holdings Ltd., Live Nation Entertainment, Inc., and Choice Hotels International, Inc. In addition, we believe that our online gaming offerings, combined with other strategic relationships we have, or may develop in the future, should enable us to acquire new customers, expand our player database, and provide additional revenue streams that enhance our omni-channel strategy.

The gaming, media, and entertainment industries are characterized by an increasingly high degree of competition among a large number of participants. We compete with a variety of gaming operations, including casinos and hotel casinos of varying quality and size and other gaming options such as state and province-sponsored internet lotteries, sweepstakes, charitable gaming, video gaming terminals at bars, restaurants, taverns and truck stops, historical horse racing gaming terminals, illegal slot machines and skill games, fantasy sports and third-party internet or mobile-based gaming platforms, including both legal and illegal iCasino and sports betting operations, and emerging prediction markets. See the "Segment Comparison of the Three and Six Months Ended June 30, 2026 and 2025" section below for discussions on our results of operations by reportable segment.

Key Performance Indicators

In our business, revenue is driven by discretionary consumer spending. We have no certain mechanism for determining why consumers choose to spend more or less money at our properties or on our online offerings from period-to-period; therefore, we are unable to quantify a dollar amount for each factor that impacts our customers' spending behaviors. However, based on our experience, we can generally offer some insight into the factors that we believe are likely to account for such changes and which factors may have a greater impact than others. For example, decreases in discretionary consumer spending have historically been brought about by actual or perceived weakened general economic conditions, such as recessions, inflation, rising interest rate environments, tight credit conditions, high unemployment levels, higher income taxes, low levels of consumer confidence, weakness in the housing market, high fuel or other transportation costs, global hostilities, political or social unrest, and the effects of pandemics. In addition, visitation and the volume of play have historically been negatively impacted by significant construction surrounding our properties, adverse regional weather conditions, and natural disasters. In all instances, such insights are based solely on our judgment and professional experience, and no assurance can be given as to the accuracy of our judgments.

The majority of our revenues is gaming revenue, which is highly dependent upon the volume and spending levels of customers at our properties. Our gaming revenue is derived primarily from slot machines (which represented approximately 86% of our gaming revenue for the six months ended June 30, 2026 and 2025, respectively) and, to a lesser extent, table games, OSB, and iCasino. Aside from gaming revenue, our revenues are primarily derived from our hotel, dining, retail, commissions, program sales, admissions, concessions and certain other ancillary activities, and our racing operations.

Key performance indicators related to gaming revenue are slot handle and table game drop, which are volume indicators, and "win" or "hold" percentage. Our typical property slot win percentage is in the range of approximately 5% to 11% of slot handle, and our typical table game hold percentage is in the range of approximately 12% to 30% of table game drop.

Slot handle is the gross amount wagered during a given period. The win or hold percentage is the net amount of gaming wins and losses, with liabilities recognized for accruals related to the anticipated payout of progressive jackpots. Given the stability in our slot hold percentages on a historical basis, we have not experienced significant impacts to net income from changes in these percentages. For table games, customers usually purchase chips at the tables. The cash and markers (extensions of credit granted to certain credit-worthy customers) are deposited in the gaming table's drop box. Table game hold is the amount of drop that is retained and recorded as gaming revenue, with liabilities recognized for funds deposited by customers before gaming play occurs and for unredeemed gaming chips. As we are primarily focused on regional gaming markets, our table game hold percentages are fairly stable as the majority of these markets do not regularly experience high-value play, which can lead to volatility in hold percentages. Therefore, changes in table game hold percentages do not typically have a material impact to our results of operations and cash flows.

Key performance indicators related to online gaming revenue, including OSB and iCasino, are handle, which is a volume indicator, and "win" or "hold" percentage. Our OSB win percentage is in the range of approximately 4.6% to 9.8% of online handle and our iCasino win percentage is in the range of approximately 1.6% to 5.8% of online handle.

For online gaming, customers deposit cash into their online accounts for use in OSB and iCasino play. Liabilities are recognized for online player account funds that have not been withdrawn and for wagers that have been placed on events that have not yet occurred. Online sportsbook handle is the gross amount wagered during a given period. The win or hold percentage is the net amount of gaming wins and losses, with liabilities recognized for any bonus funds deposited into player accounts. Given that OSB wagers are made based on the outcomes of future sporting events, the win or hold percentage can vary based on the bet type (i.e., straight wagers vs. parlay wagers). Online slot handle is the gross amount wagered during a given period. The win or hold percentage is the net amount of gaming wins and losses, with liabilities recognized for accruals related to the anticipated payout of online progressive jackpots. Given the stability in our online slot hold percentages on a historical basis, we have not experienced significant impacts to the results of our operations or cash flows from changes in these percentages. Online table game hold is the amount of handle that is retained and recorded as gaming revenue. Our online table game hold percentages are fairly stable as we do not regularly experience high-value online play, which can lead to volatility in hold percentages. Given the stability in our online table game hold percentages on a historical basis, we have not experienced significant impacts to the results of our operations or cash flows from changes in these percentages.

Under normal operating conditions, our properties generate significant operating cash flow since most of our revenue is cash-based from slot machines and table games. Our business is capital intensive and we rely on cash flow from our properties to generate sufficient cash to satisfy our obligations under the Triple Net Leases (as defined in "Liquidity and Capital Resources"), repay debt, fund maintenance capital expenditures, repurchase our common stock, fund new capital projects at existing properties, and provide excess cash for future development and acquisitions. Additional information regarding our capital projects is discussed in "Liquidity and Capital Resources" below.

Reportable Segments

We have five reportable segments: Northeast, South, West, Midwest, and Interactive. The Northeast, South, West, and Midwest segments (referred to as our "retail segments") primarily generate revenue from gaming operations (such as slot machines and table games), food and beverage offerings, and hotel visitation. The Interactive segment includes all of our OSB, online casino/iCasino, and social gaming (collectively referred to as "online gaming") operations, management of retail sports betting, and media operations.

Our gaming and racing properties are grouped by geographic location, and each is viewed as an operating segment with the exception of our two properties in Jackpot, Nevada, which are viewed as one operating segment. We consider our combined Video Gaming Terminal ("VGT") operations, by state, to be separate operating segments. For a listing of our gaming properties and VGT operations included in each reportable segment, see Note 2, "Significant Accounting Policies and Basis of Presentation" in the notes to the unaudited Consolidated Financial Statements.

RESULTS OF OPERATIONS

The following table highlights our revenues, reportable segment revenues, net income (loss), Consolidated Adjusted EBITDA, and Segment Adjusted EBITDAR. Such segment reporting is consistent with how we measure our business and allocate resources internally. We consider net income (loss) to be the most directly comparable financial measure calculated in accordance with generally accepted accounting principles in the United States ("GAAP") to Consolidated Adjusted EBITDA, which is a non-GAAP financial measure. Refer to "Reportable Segment Measures" below for the definition of Segment Adjusted EBITDAR. Refer to "Non-GAAP Financial Measure" below for the definition of Consolidated Adjusted EBITDA as well as a reconciliation of net income (loss) to Consolidated Adjusted EBITDA.

(in millions)	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Revenues:				
Northeast segment	$ 731.6	$ 711.6	$ 1,418.7	$ 1,392.5
South segment	301.9	302.2	583.1	590.5
West segment	151.5	137.7	297.2	267.4
Midwest segment	320.6	297.0	626.5	579.9
Interactive segment	349.4	316.1	707.7	606.2
Other [1]	5.6	5.7	10.9	11.0
Intersegment eliminations [2]	(3.2)	(5.3)	(7.7)	(10.0)
Total	$ 1,857.4	$ 1,765.0	$ 3,636.4	$ 3,437.5
Net income (loss)	$ 32.6	$ (18.3)	$ 29.8	$ 93.2
Segment Adjusted EBITDAR [3]:				
Northeast segment	$ 220.2	$ 209.5	$ 414.7	$ 403.7
South segment	109.0	104.8	213.2	208.1
West segment	55.0	53.5	109.0	99.2
Midwest segment	133.0	121.8	251.7	235.6
Interactive segment	(9.5)	(62.0)	(20.4)	(151.0)
Other [1]	(31.8)	(35.5)	(63.2)	(74.3)
Rent expense associated with triple net operating leases [4]	(163.3)	(156.0)	(326.6)	(311.9)
Consolidated Adjusted EBITDA [5]	$ 312.6	$ 236.1	$ 578.4	$ 409.4

(1) The Other category, included in the tables to reconcile the segment information to the consolidated information, consists of the Company's stand-alone racing operations, namely Sanford-Orlando Kennel Club, Sam Houston and Valley Race Park, and our management contract for Retama Park Racetrack. Expenses incurred for corporate and shared services activities that are directly attributable to a property or are otherwise incurred to support a property are allocated to each property. The Other category also includes corporate overhead, which consists of certain expenses, such as: payroll, professional fees, travel expenses, and other general and administrative expenses that do not directly relate to or have not otherwise been allocated. Corporate overhead was $29.5 million and $38.7 million for the three months ended June 30, 2026 and 2025, respectively, and $57.7 million and $74.7 million for the six months ended June 30, 2026 and 2025, respectively. Corporate overhead for the three and six months ended June 30, 2025 included $9.4 million and $17.1 million, respectively, of legal and advisory costs related to activist activity in connection with our 2025 annual meeting of shareholders.

(2) Primarily represents the elimination of intersegment revenues associated with our retail sportsbooks, which are operated by PENN Interactive.

(3) See definition of "Segment Adjusted EBITDAR" within the "Reportable Segment Measures" section below.

(4) Pertains to the following operating leases: (i) AR PENN Master Lease; (ii) 2023 Master Lease; (iii) Margaritaville Lease (for the period January 1, 2025 to June 30, 2025); (iv) Greektown Lease (for the period January 1, 2025 to June 30, 2025); and (v) VICI Master Lease (for the period January 1, 2026 to June 30, 2026).

(5) See definition of Consolidated Adjusted EBITDA within the "Non-GAAP Financial Measure" section below.

Consolidated Comparison of the Three and Six Months Ended June 30, 2026 and 2025

Revenues

The following table presents our consolidated revenues:

	For the three months ended June 30,		Change		For the six months ended June 30,		Change	
(dollars in millions)	**2026**	**2025**	**$**	**%**	**2026**	**2025**	**$**	**%**
Revenues								
Gaming	$ 1,396.6	$ 1,367.7	$ 28.9	2.1 %	$ 2,730.9	$ 2,666.0	$ 64.9	2.4 %
Food, beverage, hotel, and other	460.8	397.3	63.5	16.0 %	905.5	771.5	134.0	17.4 %
Total revenues	$ 1,857.4	$ 1,765.0	$ 92.4	5.2 %	$ 3,636.4	$ 3,437.5	$ 198.9	5.8 %

Gaming revenues for the three and six months ended June 30, 2026 increased by $28.9 million and $64.9 million, respectively, compared to the corresponding prior year periods. Increased spend per visit contributed to the growth in gaming revenues at our retail segments. Strong performance across our portfolio and incremental contributions from our four recently completed development projects delivered record revenues at nine of our retail properties. The opening of our new land-based Joliet facility on August 11, 2025, second hotel tower at M Resort on December 1, 2025, and new hotel tower at Hollywood Casino Columbus on June 12, 2026 contributed to increases in gaming revenues during the current year periods. Increases in gaming revenues within our retail segments were partially offset by decreases in online gaming revenues, particularly online sports revenues, within our Interactive segment due to lower handle compared to the corresponding prior year periods. For the six months ended June 30, 2026, increases in gaming revenues at our Northeast, West, and Midwest segments were also offset by a decrease in gaming revenues within our South segment as new supply continues to impact visitation and weather events negatively impacted revenues during the first quarter of 2026.

Food, beverage, hotel, and other revenues for the three and six months ended June 30, 2026 increased by $63.5 million and $134.0 million, respectively, compared to the corresponding prior year periods. The increases were primarily due to increases in gaming tax reimbursement amounts related to third-party OSB and/or iCasino partners for OSB and iCasino market access of $47.6 million and $105.2 million, respectively, compared to the corresponding prior year periods. Additionally, the recent openings of the second hotel tower at M Resort and our new land-based Joliet facility contributed to increases in hotel and food and beverage revenues within our West and Midwest segments, respectively, as discussed above.

See “Segment Comparison of the Three and Six Months Ended June 30, 2026 and 2025” below for more detailed explanations of the fluctuations in revenues.

Operating expenses

The following table presents our consolidated operating expenses:

(dollars in millions)	For the three months ended June 30, 2026	For the three months ended June 30, 2025	Change $	Change %	For the six months ended June 30, 2026	For the six months ended June 30, 2025	Change $	Change %
Operating expenses								
Gaming	$ 833.2	$ 869.7	$ (36.5)	(4.2)%	$ 1,641.1	$ 1,723.5	$ (82.4)	(4.8)%
Food, beverage, hotel, and other	333.7	282.0	51.7	18.3 %	663.1	546.9	116.2	21.2 %
General and administrative	441.0	410.3	30.7	7.5 %	868.7	813.3	55.4	6.8 %
Depreciation and amortization	117.8	110.5	7.3	6.6 %	234.8	218.5	16.3	7.5 %
Impairment loss	—	15.0	(15.0)	N/M	—	15.0	(15.0)	N/M
Total operating expenses	$ 1,725.7	$ 1,687.5	$ 38.2	2.3 %	$ 3,407.7	$ 3,317.2	$ 90.5	2.7 %

Gaming expenses primarily consist of gaming taxes, payroll, marketing and promotional expenses, and other expenses associated with our gaming operations. Gaming expenses for the three and six months ended June 30, 2026 decreased by $36.5 million and $82.4 million, respectively, compared to the corresponding prior year periods, due primarily to decreases in marketing expenses at our Interactive segment. During the corresponding prior year periods, we incurred additional marketing expenses to support our promotion of ESPN BET within our Interactive segment. The decrease in gaming expenses was partially offset by increases in gaming taxes at our Northeast, Midwest, and West segments related to increased gaming revenues as discussed above.

Food, beverage, hotel, and other expenses consist primarily of payroll expenses, costs of goods sold, and other costs associated with our food, beverage, hotel, retail, racing, and Interactive operations. Food, beverage, hotel, and other expenses for the three and six months ended June 30, 2026 increased by $51.7 million and $116.2 million, respectively, compared to the corresponding prior year periods, primarily due to increases in gaming tax reimbursement amounts related to third-party OSB and/or iCasino partners for OSB and iCasino market access.

General and administrative expenses include items such as compliance, facility maintenance, utilities, property and liability insurance, surveillance and security, and lobbying expenses, as well as all expenses for administrative departments such as accounting, purchasing, human resources, legal and internal audit. General and administrative expenses also include stock-based compensation expense; pre-opening expenses; acquisition and transaction costs; gains and losses on disposal of assets; insurance recoveries, net of deductible charges; changes in the fair value of our contingent purchase price obligations; expense associated with cash-settled stock-based awards (including changes in fair value thereto); and rent expense associated with our triple net operating leases.

For the three and six months ended June 30, 2026, general and administrative expenses increased by $30.7 million and $55.4 million, respectively, compared to the corresponding prior year periods, primarily due to transaction costs and pre-opening expenses related to the Aurora Project and the Columbus Project, as well as increases in rent expense due to the 2023 Master Lease modifications associated with the PENN Development Projects, as discussed above in the "Executive Overview." For the six months ended June 30, 2026, general and administrative expenses also included settlement costs and related legal and advisory fees associated with the Cooperation Agreement with HG Vora Capital Management, LLC and related parties, as well as non-recurring restructuring charges (primarily severance) related to the Company's new corporate organizational structure. For the three and six months ended June 30, 2025, general and administrative expenses also included legal and advisory costs related to activist activity incurred in connection with our 2025 annual meeting of shareholders of $9.4 million and $17.1 million, respectively.

Depreciation and amortization for the three and six months ended June 30, 2026 increased $7.3 million and $16.3 million, respectively, compared to the corresponding prior year periods, primarily due to the opening of our new land-based Joliet facility on August 11, 2025 and the opening of the second hotel tower at M Resort on December 1, 2025.

Impairment loss for both the three and six months ended June 30, 2025 related to an impairment charge of $15.0 million at our Ameristar Council Bluffs property on its trademark as a result of the strategic decision to rebrand Ameristar Council Bluffs to Hollywood Casino Council Bluffs.

Other income (expenses)

The following table presents our consolidated other income (expenses):

(in millions)	For the three months ended June 30, 2026	For the three months ended June 30, 2025	Change $	Change %	For the six months ended June 30, 2026	For the six months ended June 30, 2025	Change $	Change %
Other income (expenses)								
Interest expense, net	$ (100.9)	$ (95.9)	$ (5.0)	5.2 %	$ (201.8)	$ (206.7)	$ 4.9	(2.4)%
Interest income	$ 2.0	$ 2.1	$ (0.1)	(4.8)%	$ 3.8	$ 5.3	$ (1.5)	(28.3)%
Income from unconsolidated affiliates	$ 8.6	$ 13.3	$ (4.7)	(35.3)%	$ 16.9	$ 20.9	$ (4.0)	(19.1)%
Gain on financing arrangement	$ —	$ —	$ —	N/M	$ —	$ 215.1	$ (215.1)	N/M
Loss on early extinguishment of debt	$ (1.8)	$ (11.8)	$ 10.0	(84.7)%	$ (1.8)	$ (11.8)	$ 10.0	(84.7)%
Other	$ 0.1	$ 2.9	$ (2.8)	(96.6)%	$ (0.2)	$ 4.2	$ (4.4)	N/M
Income tax expense	$ (7.1)	$ (6.4)	$ (0.7)	10.9 %	$ (15.8)	$ (54.1)	$ 38.3	(70.8)%

N/M - Not meaningful

Interest expense, net increased by $5.0 million for the three months ended June 30, 2026, compared to the corresponding prior year period, primarily due to the Company completing an offering of $600.0 million aggregate principal amount of 6.75% senior unsecured notes in the first quarter of 2026 and a reduction in capitalized interest upon completion of the PENN Development Projects. The increase was partially offset by a 50 basis point reduction in interest rates on our Amended Term Loan B Facility stemming from the execution of the Fourth Amendment Agreement to the Second Amended and Restated Credit Agreement. See Note 5, "Long-Term Debt" to the unaudited Consolidated Financial Statements for additional details.

Interest expense, net decreased by $4.9 million for the six months ended June 30, 2026, compared to the corresponding prior year period, due to the first quarter of 2025 including interest expense related to the Company's financing arrangement, which upon derecognition, resulted in the "Gain on financing arrangement" described below. The year-to-date decrease was partially offset by the increase in interest expense, net during the three months ended June 30, 2026 as described above.

Interest income decreased by $0.1 million and $1.5 million for the three and six months ended June 30, 2026, respectively, compared to the corresponding prior year periods, primarily due to decreases in the amount invested in money market funds, which we use for short term investing.

Income from unconsolidated affiliates relates primarily to our investment in Kansas Entertainment joint venture. The change in income from the corresponding prior year period is due to fluctuations in earnings from our investments in these unconsolidated affiliates. Additionally, the prior year periods included our share of income from our Freehold Raceway joint venture.

Gain on financing arrangement relates to a $215.1 million non-cash gain on a financing arrangement during the three months ended March 31, 2025. See Note 5, "Long-Term Debt" to the unaudited Consolidated Financial Statements for additional details.

Loss on early extinguishment of debt for the current periods relates to the refinancing transactions of the Company's Amended Revolving Credit Facility, Amended Term Loan A Facility, and Amended Term Loan B Facility in the second quarter of 2026. The loss on early extinguishment of debt for the corresponding prior year periods relates to the repurchase of the 2.75% convertible notes due 2026 (the "Convertible Notes"). For further discussion on the refinancing and repurchase transactions, see Note 5, "Long-Term Debt," to our unaudited Consolidated Financial Statements.

Other primarily consisted of foreign currency revaluation for the three and six months ended June 30, 2026. The corresponding prior year period primarily consisted of realized and unrealized gains and losses on equity securities held by PENN Interactive, as well as miscellaneous income and expense items. The equity securities were sold during the second quarter of 2025.

Income tax expense was $7.1 million and $6.4 million for the three months ended June 30, 2026 and 2025, respectively, and $15.8 million and $54.1 million for the six months ended June 30, 2026 and 2025, respectively. The effective tax rate (income taxes as a percentage of income from operations before income taxes), including discrete items was 11.3% and 18.4% for the three and six months ended June 30, 2026, respectively.

We excluded certain foreign losses from our worldwide effective tax rate calculation due to a year-to-date ordinary loss for which no benefit may be recognized. The change in the effective tax rate for the three and six months ended June 30, 2026, as compared to the corresponding prior periods was primarily due to: (i) excluding certain foreign losses for which no tax benefit can be recognized in our worldwide effective tax rate calculation; (ii) non-deductible permanent items; (iii) state taxes; and (iv) changes in uncertain tax positions. See Note 8, “Income Taxes” to the unaudited Consolidated Financial Statements for additional details.

Our effective income tax rate may vary each reporting period depending on, among other factors, the geographic and business mix of our earnings, changes to our valuation allowances, and the level of our tax credits. These and other factors, including our history and projections of pre-tax earnings, are considered in assessing the realizability of our net deferred tax assets.

On June 29, 2026, the Indiana Supreme Court ruled in the Company’s favor with respect to its Indiana wagering tax add-back position for the 2015 through 2017 tax years, reversing a prior decision of the Indiana Tax Court. As a result, the Company reversed the previously recorded unrecognized tax benefits and corresponding accrued interest, which was recognized as a discrete benefit during the quarter. The Company continues to maintain reserves associated with subsequent tax years pending resolution of those periods.

Segment Comparison of the Three and Six Months Ended June 30, 2026 and 2025

Northeast Segment

	For the three months ended June 30,		Change		For the six months ended June 30,		Change	
(dollars in millions)	2026	2025	$	%	2026	2025	$	%
Revenues								
Gaming	$ 654.8	$ 635.7	$ 19.1	3.0 %	$ 1,270.2	$ 1,246.3	$ 23.9	1.9 %
Food, beverage, hotel, and other	76.8	75.9	0.9	1.2 %	148.5	146.2	2.3	1.6 %
Total revenues	$ 731.6	$ 711.6	$ 20.0	2.8 %	$ 1,418.7	$ 1,392.5	$ 26.2	1.9 %
Adjusted EBITDAR	$ 220.2	$ 209.5	$ 10.7	5.1 %	$ 414.7	$ 403.7	$ 11.0	2.7 %
Adjusted EBITDAR margin	30.1 %	29.4 %		70 bps	29.2 %	29.0 %		20 bps

The Northeast segment’s revenues for the three and six months ended June 30, 2026 increased by $20.0 million and $26.2 million, respectively, compared to the corresponding prior year periods, primarily due to increases in gaming revenues, particularly slots revenues, as well as increases in hotel revenue. The current year periods benefited from the opening of the new hotel tower at Hollywood Casino Columbus on June 12, 2026, which, along with four of our other Northeast segment properties, had record revenues during the second quarter of 2026.

For the three and six months ended June 30, 2026, the Northeast segment’s Adjusted EBITDAR increased $10.7 million and $11.0 million, respectively, and Adjusted EBITDAR margin increased to 30.1% and 29.2%, respectively, primarily due to increases in gaming revenues discussed above.

South Segment

(dollars in millions)	For the three months ended June 30, 2026	For the three months ended June 30, 2025	Change $	Change %	For the six months ended June 30, 2026	For the six months ended June 30, 2025	Change $	Change %
Revenues								
Gaming	$ 225.6	$ 224.9	$ 0.7	0.3 %	$ 437.7	$ 445.6	$ (7.9)	(1.8)%
Food, beverage, hotel, and other	76.3	77.3	(1.0)	(1.3)%	145.4	144.9	0.5	0.3 %
Total revenues	$ 301.9	$ 302.2	$ (0.3)	(0.1)%	$ 583.1	$ 590.5	$ (7.4)	(1.3)%
Adjusted EBITDAR	$ 109.0	$ 104.8	$ 4.2	4.0 %	$ 213.2	$ 208.1	$ 5.1	2.5 %
Adjusted EBITDAR margin	36.1 %	34.7 %		140 bps	36.6 %	35.2 %		140 bps

The South segment's revenues for the three months ended June 30, 2026 decreased by $0.3 million, compared to the prior year period, primarily due to a decrease in food and beverage revenues, partially offset by an increase in gaming revenues.

The South segment's revenues for the six months ended June 30, 2026 decreased by $7.4 million, compared to the prior year period, primarily due to a decrease in gaming revenues as increased competition and severe weather events negatively impacted several of our properties during the first quarter of 2026, partially offset by an increase in food and beverage revenues.

For the three months ended June 30, 2026, the South segment's Adjusted EBITDAR increased by $4.2 million and Adjusted EBITDAR margin increased to 36.1%, primarily due to decreases in labor costs and general and administrative expenses.

For the six months ended June 30, 2026, the South segment's Adjusted EBITDAR increased by $5.1 million and Adjusted EBITDAR margin increased to 36.6%, primarily due to a one-time favorable adjustment related to a legal accrual in the first quarter of 2026.

West Segment

(dollars in millions)	For the three months ended June 30, 2026	For the three months ended June 30, 2025	Change $	Change %	For the six months ended June 30, 2026	For the six months ended June 30, 2025	Change $	Change %
Revenues								
Gaming	$ 102.2	$ 97.8	$ 4.4	4.5 %	$ 200.3	$ 188.8	$ 11.5	6.1 %
Food, beverage, hotel, and other	49.3	39.9	9.4	23.6 %	96.9	78.6	18.3	23.3 %
Total revenues	$ 151.5	$ 137.7	$ 13.8	10.0 %	$ 297.2	$ 267.4	$ 29.8	11.1 %
Adjusted EBITDAR	$ 55.0	$ 53.5	$ 1.5	2.8 %	$ 109.0	$ 99.2	$ 9.8	9.9 %
Adjusted EBITDAR margin	36.3 %	38.9 %		(260) bps	36.7 %	37.1 %		(40) bps

The West segment's revenues for the three and six months ended June 30, 2026 increased by $13.8 million and $29.8 million, respectively, compared to the corresponding prior year periods, due to increases in both gaming revenues and food, beverage, hotel, and other revenues. Increases during the three and six months ended June 30, 2026 were driven primarily by the opening of the second hotel tower at M Resort on December 1, 2025, which, along with one of our other West segment properties, had record revenues during the second quarter of 2026.

For the three and six months ended June 30, 2026, the West segment's Adjusted EBITDAR increased by $1.5 million and $9.8 million, respectively, primarily due to the increases in revenues discussed above.

For the three and six months ended June 30, 2026, the West segment's Adjusted EBITDAR margin decreased to 36.3% and 36.7%, respectively, primarily due to a one-time favorable adjustment in the prior year period coupled with a one-time unfavorable legal settlement in the current year period.

Midwest Segment

(dollars in millions)	For the three months ended June 30, 2026	2025	Change $	%	For the six months ended June 30, 2026	2025	Change $	%
Revenues								
Gaming	$ 284.7	$ 263.9	$ 20.8	7.9 %	$ 557.3	$ 516.2	$ 41.1	8.0 %
Food, beverage, hotel, and other	35.9	33.1	2.8	8.5 %	69.2	63.7	5.5	8.6 %
Total revenues	$ 320.6	$ 297.0	$ 23.6	7.9 %	$ 626.5	$ 579.9	$ 46.6	8.0 %
Adjusted EBITDAR	$ 133.0	$ 121.8	$ 11.2	9.2 %	$ 251.7	$ 235.6	$ 16.1	6.8 %
Adjusted EBITDAR margin	41.5 %	41.0 %		50 bps	40.2 %	40.6 %		(40) bps

The Midwest segment's revenues for the three and six months ended June 30, 2026 increased by $23.6 million and $46.6 million, respectively, compared to the corresponding prior year periods, primarily due to increases in gaming revenues driven by the relocation of Joliet from a riverboat casino operation to a new land-based facility that opened on August 11, 2025. Additionally, two of our other Midwest segment properties had record revenues during the second quarter of 2026.

For the three and six months ended June 30, 2026, the Midwest segment's Adjusted EBITDAR increased by $11.2 million and $16.1 million, respectively, due to the increase in revenues discussed above.

For the three months ended June 30, 2026, Adjusted EBITDAR margin increased to 41.5% primarily due to the increases in gaming revenues discussed above and a one-time favorable property tax adjustment. For the six months ended June 30, 2026, Adjusted EBITDAR margin decreased to 40.2%, primarily due to increases in marketing expenses, labor costs, and gaming taxes, partially offset by the increases in revenue and the property tax adjustment, both as discussed above.

Interactive Segment

(dollars in millions)	For the three months ended June 30, 2026	2025	Change $	%	For the six months ended June 30, 2026	2025	Change $	%
Revenues								
Gaming	$ 129.3	$ 145.4	$ (16.1)	(11.1)%	$ 265.4	$ 269.1	$ (3.7)	(1.4)%
Food, beverage, hotel, and other (1)	220.1	170.7	49.4	28.9 %	442.3	337.1	105.2	31.2 %
Total revenues	$ 349.4	$ 316.1	$ 33.3	10.5 %	$ 707.7	$ 606.2	$ 101.5	16.7 %
Adjusted EBITDA	$ (9.5)	$ (62.0)	$ 52.5	(84.7)%	$ (20.4)	$ (151.0)	$ 130.6	(86.5)%
Adjusted EBITDA margin	(2.7)%	(19.6)%		N/M	(2.9)%	(24.9)%		N/M

(1) - "Food, beverage, hotel, and other" only includes "other" revenue.
N/M - Not meaningful

The Interactive segment's revenues for the three and six months ended June 30, 2026 increased by $33.3 million and $101.5 million, respectively, compared to the corresponding prior year periods, primarily due to increases in other revenues. Other revenues include gaming tax amounts related to third-party OSB and/or iCasino partners for OSB and iCasino market access of $185.5 million and $137.9 million for the three months ended June 30, 2026 and 2025, respectively, and $371.3 million and $266.1 million for the six months ended June 30, 2026 and 2025, respectively. Increases to other revenue were partially offset by decreases to gaming revenues, particularly online sports revenues, due to lower handle compared to the corresponding prior year periods.

For the three and six months ended June 30, 2026, the Interactive segment's Adjusted EBITDA and Adjusted EBITDA margin increased primarily due to decreases in marketing expense and labor costs.

Other

(dollars in millions)	For the three months ended June 30, 2026	2025	Change $	%	For the six months ended June 30, 2026	2025	Change $	%
Revenues								
Food, beverage, hotel, and other	$ 5.6	$ 5.7	$ (0.1)	(1.8)%	$ 10.9	$ 11.0	$ (0.1)	(0.9)%
Total revenues	$ 5.6	$ 5.7	$ (0.1)	(1.8)%	$ 10.9	$ 11.0	$ (0.1)	(0.9)%
Adjusted EBITDAR	$ (31.8)	$ (35.5)	$ 3.7	(10.4)%	$ (63.2)	$ (74.3)	$ 11.1	(14.9)%

Other consists of the Company's stand-alone racing operations, as well as corporate overhead expenses, which primarily include certain expenses such as payroll, professional fees, travel expenses, and other general and administrative expenses that do not directly relate to or have not otherwise been allocated. Revenues for the three and six months ended June 30, 2026 remained relatively flat compared to the prior year periods.

Corporate overhead expenses were $29.5 million and $38.7 million for the three months ended June 30, 2026 and 2025, respectively, and $57.7 million and $74.7 million for the six months ended June 30, 2026 and 2025, respectively. Corporate overhead expenses for the three and six months ended June 30, 2025 included $9.4 million and $17.1 million, respectively, of legal and advisory costs related to activist activity in connection with our 2025 annual meeting of shareholders.

Changes in Adjusted EBITDAR for the three and six months ended June 30, 2026 primarily relate to the prior year periods including $9.4 million and $17.1 million, respectively, of legal and advisory costs as described above.

Reportable Segment Measures

Segment Adjusted EBITDAR is our measure of profit or loss for our reportable segments and underlying operating segments. We define Segment Adjusted EBITDAR as earnings before interest expense, net, interest income, income taxes, depreciation and amortization, stock-based compensation, debt extinguishment charges, impairment losses, insurance recoveries, net of deductible charges, changes in the estimated fair value of our contingent purchase price obligations, gain or loss on disposal of assets, the difference between budget and actual expense for cash-settled stock-based awards, pre-opening expenses, loss on disposal of a business, non-cash gains/losses associated with REIT transactions, and other. Segment Adjusted EBITDAR excludes rent expense associated with triple net operating leases (which is a normal, recurring cash operating expense necessary to operate our business). Segment Adjusted EBITDAR is inclusive of income or loss from unconsolidated affiliates, with our share of non-operating items (such as interest expense, net and depreciation and amortization) added back for our Kansas Entertainment, LLC joint venture. Segment Adjusted EBITDAR margin is Segment Adjusted EBITDAR divided by related segment revenues.

Non-GAAP Financial Measure

Use and Definitions

In addition to GAAP financial measures, management uses Consolidated Adjusted EBITDA as a non-GAAP financial measure. This non-GAAP financial measure should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP. This non-GAAP financial measure is not calculated in the same manner by all companies and, accordingly, may not be an appropriate measure of comparing performance among different companies.

We define Consolidated Adjusted EBITDA as earnings before interest expense, net, interest income, income taxes, depreciation and amortization, stock-based compensation, debt extinguishment charges, impairment losses, insurance recoveries, net of deductible charges, changes in the estimated fair value of our contingent purchase price obligations, gain or loss on disposal of assets, the difference between budget and actual expense for cash-settled stock-based awards, pre-opening expenses, loss on disposal of business, non-cash gains/losses associated with REIT transactions, and other. Consolidated Adjusted EBITDA is inclusive of income or loss from unconsolidated affiliates, with our share of non-operating items (such as interest expense, net and depreciation and amortization) added back for our Kansas Entertainment, LLC joint venture. Consolidated Adjusted EBITDA is inclusive of rent expense associated with our triple net operating leases with our REIT landlords. Although Consolidated Adjusted EBITDA includes rent expense associated with our triple net operating leases, we believe Consolidated Adjusted EBITDA is useful as a supplemental measure in evaluating the performance of our consolidated results of operations.

Consolidated Adjusted EBITDA has economic substance because it is used by management as a performance measure to analyze the performance of our business, and is especially relevant in evaluating large, long-lived casino-hotel projects because it provides a perspective on the current effects of operating decisions separated from the substantial non-operational depreciation charges and financing costs of such projects. We present Consolidated Adjusted EBITDA because it is used by some investors and creditors as an indicator of the strength and performance of ongoing business operations, including our ability to service debt, and to fund capital expenditures, acquisitions and operations. These calculations are commonly used as a basis for investors, analysts, and credit rating agencies to evaluate and compare operating performance and value companies within our industry. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including us, have historically excluded from their Consolidated Adjusted EBITDA calculations certain corporate expenses that do not relate to the management of specific casino properties. However, Consolidated Adjusted EBITDA is not a measure of performance or liquidity calculated in accordance with GAAP. Consolidated Adjusted EBITDA information is presented as a supplemental disclosure, as management believes that it is a commonly used measure of performance in the gaming industry and that it is considered by many to be a key indicator of the Company's operating results.

Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measure

The following table includes a reconciliation of net income (loss), which is determined in accordance with GAAP, to Consolidated Adjusted EBITDA, which is a non-GAAP financial measure:

	For the three months ended June 30,		For the six months ended June 30,	
(in millions)	2026	2025	2026	2025
Net income (loss)	$ 32.6	$ (18.3)	$ 29.8	$ 93.2
Income tax expense	7.1	6.4	15.8	54.1
Interest expense, net	100.9	95.9	201.8	206.7
Interest income	(2.0)	(2.1)	(3.8)	(5.3)
Income from unconsolidated affiliates	(8.6)	(13.3)	(16.9)	(20.9)
Gain on financing arrangement	—	—	—	(215.1)
Loss on early extinguishment of debt	1.8	11.8	1.8	11.8
Other (income) expenses	(0.1)	(2.9)	0.2	(4.2)
Operating income	131.7	77.5	228.7	120.3
Stock-based compensation (1)	17.4	16.1	31.5	31.7
Cash-settled stock-based award variance (1)(2)	(2.6)	(3.1)	(6.0)	(6.3)
Pre-opening expenses (1)	23.0	4.4	27.2	4.9
Depreciation and amortization	117.8	110.5	234.8	218.5
Impairment loss (3)	—	15.0	—	15.0
Income from unconsolidated affiliates	8.6	13.3	16.9	20.9
Non-operating items of equity method investments (4)	1.1	1.1	2.3	2.2
Other expenses (1)(5)	15.6	1.3	43.0	2.2
Consolidated Adjusted EBITDA	$ 312.6	$ 236.1	$ 578.4	$ 409.4

(1) These items are included in "General and administrative" within the unaudited Consolidated Statements of Operations.

(2) Our cash-settled stock-based awards are adjusted to fair value each reporting period based primarily on the price of the Company's common stock. As such, significant fluctuations in the price of the Company's common stock during any reporting period could cause significant variances to budget on cash-settled stock-based awards.

(3) Related to an impairment charge in our Midwest segment.

(4) Consists primarily of depreciation expense associated with our Kansas Entertainment joint venture.

(5) For the three and six months ended June 30, 2026, other expenses primarily consisted of transaction costs and non-recurring restructuring charges, primarily severance, related to the Company's new corporate organizational structure. For the six months ended June 30, 2026, other expenses also included settlement costs and related legal and advisory fees associated with the Cooperation Agreement with HG Vora Capital Management, LLC and related parties.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity and capital resources have been and are expected to be cash flow from operations, borrowings from banks, and proceeds from the issuance of debt and equity securities. Our ongoing liquidity will depend on a number of factors, including available cash resources, cash flow from operations, acquisitions or investments, funding of construction for development projects, and our compliance with covenants contained under our debt agreements. We currently believe that our operating cash flow and other sources of liquidity, as described herein, will be sufficient to meet our liquidity needs on a short and long-term basis.

	For the six months ended June 30,		Change	
(dollars in millions)	2026	2025	$	%
Net cash provided by operating activities	$ 363.1	$ 220.1	$ 143.0	65.0 %
Net cash provided by (used in) investing activities	$ 27.4	$ (272.5)	$ 299.9	N/M
Net cash provided by (used in) financing activities	$ (186.1)	$ 28.3	$ (214.4)	N/M

Operating Cash Flow

Trends in our operating cash flows tend to follow trends in operating income, excluding non-cash charges, but can be affected by changes in working capital, the timing of significant interest payments, tax payments or refunds, and distributions from unconsolidated affiliates. Net cash provided by operating activities increased by $143.0 million for the six months ended June 30, 2026, primarily due to increased earnings from our retail and Interactive reportable segments. Additionally, operating cash flows benefited from favorable working capital changes driven by the timing of deposits, as well as the reversal of previously recognized tax liabilities following the favorable resolution of the Indiana tax matter, discussed further within the "Consolidated Comparison of the Three and Six Months Ended June 30, 2026 and 2025" section above.

Investing Cash Flow

Cash provided by investing activities during the six months ended June 30, 2026 was $27.4 million, primarily related to the proceeds of $216.3 million from the sale-and-lease back of real estate assets for the new Aurora facility, offset by capital expenditures of $192.0 million. Cash used in investing activities during the six months ended June 30, 2025 was $272.5 million and primarily related to capital expenditures of $284.6 million.

Capital Expenditures

Capital expenditures are accounted for as either project capital (new facilities or expansions) or maintenance capital (replacement) which is inclusive of projects such as our retail sportsbooks and hotel renovations. Cash provided by operating activities, as well as cash available under our Amended Revolving Credit Facility, was available to fund our capital expenditures for the six months ended June 30, 2026 and 2025, as applicable.

For the year ending December 31, 2026, our anticipated maintenance capital expenditures are approximately $220.0 million, inclusive of capital expenditures required under our Triple Net Leases, which require us to spend a specified percentage of total revenues. Maintenance capital expenditures of $69.1 million were incurred during the six months ended June 30, 2026. Additionally, for the year ending December 31, 2026, we anticipate project capital expenditures of $180.0 million, inclusive of $122.9 million incurred during the six months ended June 30, 2026. Project capital expenditures primarily are in connection with the PENN Development Projects pursuant to our Master Development Agreement with GLPI (as described in Note 6, "Leases" in the notes to the unaudited Consolidated Financial Statements). The Master Development Agreement provided that GLPI would fund up to $225.0 million for the Aurora Project and, upon PENN's request, up to $350.0 million in aggregate for the Other Development Projects, in accordance with certain terms and conditions set forth in the Master Development Agreement. On August 1, 2025, the Company received the full $130.0 million in committed funding from GLPI for the Joliet Project which opened on August 11, 2025. On November 3, 2025, the Company received the full $150.0 million in committed funding from GLPI for the M Resort Project which opened on December 1, 2025. On June 24, 2026, the company received $216.3 million in funding from GLPI (representing the full $225.0 commitment of GLPI less costs incurred by GLPI with respect to certain land parcels associated with the Aurora Project) which opened on June 24, 2026, as described in Note 6, "Leases" in the notes to the unaudited Consolidated Financial Statements.

Financing Cash Flow

For the six months ended June 30, 2026, net cash used in financing activities totaled $186.1 million, primarily related to repayments on our credit facilities of $1.4 billion, net payments of $570.0 million on our revolving credit facility, repayment of $106.7 million of our Convertible Notes, principal payments of $50.2 million on our finance leases and financing obligations, $17.1 million in payments on insurance financing, as well as $11.9 million in principal payments on long-term debt, offset by proceeds from issuance of term loans of $1.4 billion and proceeds from issuance of bonds of $600.0 million.

For the six months ended June 30, 2025, net cash provided by financing activities totaled $28.3 million, primarily related to net proceeds from our revolving credit facility of $467.5 million, offset by repurchases of $223.8 million of our Convertible Notes, repurchases of $115.3 million of our common stock, principal payments of $48.2 million on our finance leases and finance obligations, $16.8 million in payments on insurance financing, as well as $18.8 million in principal payments on long-term debt.

Debt Issuance and Other Long-Term Obligations

As of June 30, 2026, we had $2.8 billion in aggregate principal amount of indebtedness, including $1.4 billion outstanding under our Amended Credit Facilities, $400.0 million outstanding under our 5.625% Notes, $400.0 million outstanding under our 4.125% Notes, $600.0 million outstanding under our 6.75% Notes, and $7.8 million outstanding in other long-term obligations. As of June 30, 2026, the Company had conditional obligations under letters of credit issued pursuant to the Amended Credit Facilities with face amounts aggregating to $23.9 million, resulting in $976.1 million of available borrowing capacity under the Amended Revolving Credit Facility.

See definitions for (i) Amended Credit Facilities; (ii) 5.625% Notes; (iii) 4.125% Notes; (iv) 6.75% Notes; and (v) Amended Revolving Credit Facility in Note 5, “Long-Term Debt” in the notes to the unaudited Consolidated Financial Statements.

On March 16, 2026, the Company completed an offering of $600.0 million aggregate principal amount of 6.75% senior unsecured notes that mature on April 1, 2031. The 6.75% Notes were issued at par and interest is payable semi-annually on April 1st and October 1st of each year. The 6.75% Notes are not guaranteed by any of the Company’s subsidiaries except in the event that the Company, in the future, issues certain subsidiary-guaranteed debt securities. Net proceeds of the 6.75% Notes were used to repay borrowings under the Amended Revolving Credit Facility.

On April 16, 2026, PENN entered into a Third Amendment (the “Third Amendment Agreement”) to its Second Amended and Restated Credit Agreement (as defined in Note 5, “Long-Term Debt” in the notes to the unaudited Consolidated Financial Statements). The Third Amendment Agreement, among other things, refinanced and extended the term of the Company’s $1.0 billion Amended Revolving Credit Facility and $446.9 million Amended Term Loan A Facility. The Amended Revolving Credit Facility and Amended Term Loan A Facility, as amended, will mature in April 2031, subject to an earlier springing maturity 91 days prior to the maturity of certain of the Company’s existing debt obligations if such debt remains outstanding and has not been refinanced, unless certain liquidity conditions are satisfied. The interest rate margins applicable to the Amended Revolving Credit Facility and Amended Term Loan A Facility were unchanged by the Third Amendment Agreement, except that the Third Amendment Agreement eliminated the credit spread adjustment applicable to SOFR borrowings under the Amended Revolving Credit Facility and Amended Term Loan A Facility.

On May 28, 2026, PENN entered into a Fourth Amendment (the “Fourth Amendment Agreement”) to its Second Amended and Restated Credit Agreement (as defined in Note 5, “Long-Term Debt” in the notes to the unaudited Consolidated Financial Statements) with its various lenders, which reduced the interest rate margins applicable to the Company’s $962.5 million in existing Amended Term Loan B Facility loans from 2.50% to 2.00% for Term SOFR loans and from 1.50% to 1.00% for base rate loans, and extended the maturity date of such loans to May 2033.

In May 2026, the Company repaid the remaining $106.7 million principal balance of the Convertible Notes. As of June 30, 2026, the Company had no outstanding balance on the Convertible Notes. None of the Convertible Notes were converted into shares of the Company’s common stock while they were outstanding.

Covenants

Our Amended Credit Facilities, 5.625% Notes, 4.125% Notes, and 6.75% Notes require us, among other obligations, to maintain specified financial ratios and to satisfy certain financial tests. In addition, our Amended Credit Facilities, 5.625% Notes, 4.125% Notes, and 6.75% Notes restrict, among other things, our ability to incur additional indebtedness, incur guarantee obligations, amend debt instruments, pay dividends, create liens on assets, make investments, engage in mergers or consolidations, and otherwise restrict corporate activities. Our debt agreements also contain customary events of default, including cross-default provisions that require us to meet certain requirements under the Master Leases. If we are unable to meet our financial covenants or in the event of a cross-default, it could trigger an acceleration of payment terms.

As of June 30, 2026, the Company was in compliance with all required financial covenants. The Company believes that it will remain in compliance with all of its required financial covenants for at least the next twelve months following the date of filing this Quarterly Report on Form 10-Q with the SEC.

See Note 5, "Long-Term Debt" in the notes to the unaudited Consolidated Financial Statements for additional information of the Company's debt and other long-term obligations.

Share Repurchase Authorization

On October 30, 2025, the Board of Directors approved a new $750.0 million share repurchase program (the "October 2025 Authorization"), which commenced on January 1, 2026 and expires on December 31, 2028.

Repurchases by the Company are subject to available liquidity, general market and economic conditions, alternate uses for capital, and other factors. Share repurchases may be made from time to time through a Rule 10b5-1 trading plan, open market transactions, block trades or in private transactions in accordance with applicable securities laws and regulations and other legal requirements. There is no minimum number of shares that the Company is required to repurchase and the repurchase authorization may be suspended or discontinued at any time without prior notice.

No shares of the Company's common stock were repurchased during the three and six months ended June 30, 2026.

The cost of all repurchased shares is recorded as "Treasury stock" within the unaudited Consolidated Balance Sheets.

Other Factors Affecting Liquidity

Triple Net Leases

The majority of the real estate assets (i.e., land and buildings) used in our operations are subject to triple net master leases; the most significant of which are the AR PENN Master Lease, 2023 Master Lease, and Pinnacle Master Lease (as such terms are defined in Note 6, "Leases" in the notes to our unaudited Consolidated Financial Statements, and collectively referred to as the "Master Leases") with GLPI. We refer to the Master Leases, VICI Master Lease, Margaritaville Lease (prior to December 4, 2025), Greektown Lease (prior to December 4, 2025), and Morgantown Lease, collectively, as our "Triple Net Leases." The Company's Triple Net Leases are accounted for as either operating leases, finance leases, or financing obligations.

Under our Triple Net Leases, in addition to lease payments for the real estate assets, we are required to pay the following, among other things: (i) all facility maintenance; (ii) all insurance required in connection with the leased properties and the business conducted on the leased properties; (iii) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor); (iv) all tenant capital improvements; and (v) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties. Additionally, our Triple Net Leases are subject to annual escalators and periodic percentage rent resets, as applicable. See Note 6, "Leases" in the notes to the unaudited Consolidated Financial Statements for further discussion and disclosure related to the Company's leases.

Payments to our REIT Landlords under Triple Net Leases

Total payments made to our REIT Landlords, GLPI and VICI, were as follows:

(in millions)	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
AR PENN Master Lease	$ 73.1	$ 72.0	$ 146.2	$ 144.1
2023 Master Lease	66.1	59.8	132.3	119.6
Pinnacle Master Lease	86.9	87.4	174.3	174.8
VICI Master Lease (1)	20.2	—	40.4	—
Margaritaville Lease (1)	—	6.7	—	13.4
Greektown Lease (1)	—	13.3	—	26.5
Morgantown Lease	0.8	0.8	1.6	1.6
Total	$ 247.1	$ 240.0	$ 494.8	$ 480.0

(1) As discussed in Note 6, "Leases," prior to December 4, 2025, lease payments made to VICI related to the Margaritaville and Greektown individual triple net leases; effective December 4, 2025, lease payments made to VICI relate to the VICI Master Lease.

Outlook

Based on our current level of operations, we believe that cash generated from operations and cash on hand, together with amounts available under our Amended Credit Facilities, will be adequate to meet our anticipated obligations under our Triple Net Leases, debt service requirements, capital expenditures and working capital needs for the foreseeable future. However, our ability to generate sufficient cash flow from operations will depend on a range of economic, competitive and business factors, many of which are outside our control. We cannot be certain: (i) of the impact of price inflation, changes in interest rates on the U.S. economy, economic uncertainty, and geopolitical uncertainty; (ii) that our anticipated earnings projections will be realized; (iii) that we will realize the anticipated benefits of our realigned digital strategy; and (iv) that future borrowings will be available under our Amended Credit Facilities or otherwise will be available in the credit markets to enable us to service our indebtedness or to make anticipated capital expenditures. We caution that the performance and trends seen across our portfolio may not continue. In addition, while we anticipate that a significant amount of our future growth would come through the pursuit of opportunities within other distribution channels, such as media, retail, and online gaming; from acquisitions of gaming properties at reasonable valuations; Greenfield projects; development projects; and jurisdictional expansions and property expansion in under-penetrated markets; there can be no assurance that this will be the case. If we consummate significant acquisitions in the future or undertake any significant property expansions, our cash requirements may increase significantly, and we may need to make additional borrowings or complete equity or debt financings to meet these requirements. See Part I, Item 1A. "Risk Factors" of the Company's Form 10-K for the year ended December 31, 2025 for a discussion of additional risks, including risks related to the Company's capital structure.

We have historically maintained a capital structure comprised of a mix of equity and debt financing. We vary our leverage to pursue opportunities in the marketplace in an effort to maximize our enterprise value for our shareholders. We expect to meet our debt obligations as they come due through internally-generated funds from operations and/or refinancing them through the debt or equity markets prior to their maturity.

CRITICAL ACCOUNTING ESTIMATES

A complete discussion of our critical accounting estimates is included in our Form 10-K for the year ended December 31, 2025. There have been no significant changes in our critical accounting estimates during the six months ended June 30, 2026.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

For information with respect to new accounting pronouncements and the impact of these pronouncements on the unaudited Consolidated Financial Statements, see Note 3, "New Accounting Pronouncements" in the notes to the unaudited Consolidated Financial Statements.

IMPORTANT FACTORS REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the use of forward-looking terminology such as "expects," "believes," "estimates," "projects," "intends," "plans," "goal," "seeks," "may," "will," "should," "look forward to," or "anticipates" or the negative or other variations of these or similar words, or by discussions of future events, strategies or risks and uncertainties. Specifically, forward-looking statements include, but are not limited to, statements regarding: the Company's expectations of future results of operations and financial condition, including, but not limited to, projections of revenue, Segment Adjusted EBITDAR, Consolidated Adjusted EBITDA, and other financial measures; the assumptions provided regarding the guidance, including the anticipated benefits and timing of the Company's development projects, other expected internal drivers and external tailwinds; the Company's expectations regarding cash flow generation and near-term deleveraging; the Company's expectations regarding results and customer growth and the impact of competition in retail/mobile/online sportsbooks (including prediction markets), iCasino, social gaming, and retail operations; the Company's development and launch of its Interactive segment's products in new jurisdictions and enhancements to existing Interactive segment products; the future success of theScore Bet, theScore Casino, Hollywood iCasino and its other digital offerings; the Company's expectations with respect to share repurchases; the Company's expectations that its portfolio of assets provides a benefit of geographically-diversified cash flows from operations; management's plans and strategies for future operations, including statements relating to the Company's plan to expand gaming operations through the implementation and execution of a disciplined capital expenditure program at our existing properties, the pursuit of strategic acquisitions and investments, and the development of new gaming properties, including the development projects and the anticipated benefits; improvements, expansions, or relocations of our existing properties; entrance into new jurisdictions; expansion of gaming in existing jurisdictions; strategic investments and acquisitions; cross-sell opportunities between our retail gaming, online sports betting, and iCasino businesses; our ability to obtain financing for our development projects on attractive terms; the timing, cost and expected impact of planned capital expenditures on the Company's results of operations; and the actions of regulatory, legislative, executive, or judicial decisions at the federal, state, provincial, or local level with regard to our business and the impact of any such actions.

Such statements are all subject to risks, uncertainties and changes in circumstances that could significantly affect the Company's future financial results and business. Accordingly, the Company cautions that the forward-looking statements contained herein are qualified by important factors that could cause actual results to differ materially from those reflected by such statements. Such factors include: the effects of economic and market conditions in the markets in which the Company operates or otherwise, including the impact of global supply chain disruptions, price inflation, changes in interest rates, economic downturns, changes in trade policies, and geopolitical and regulatory uncertainty; competition with other retail and online gaming and sports betting, entertainment and sports content experiences; the timing, cost and expected impact of product and technology investments; risks relating to operations, permits, licenses, financings, approvals and other contingencies in connection with growth in new or existing jurisdictions; our ability to successfully acquire and integrate new properties and operations and achieve expected synergies from acquisitions; the availability of future borrowings under our Amended Credit Facilities or other sources of capital to enable us to service our indebtedness, make anticipated capital expenditures or pay off or refinance our indebtedness prior to maturity; the impact of indemnification obligations under the Barstool SPA; our ability to realize the anticipated benefits of our realigned digital strategy; our ability to attract and retain user adoption of theScore Bet, theScore Casino, and Hollywood iCasino apps in a rapidly evolving and highly competitive market; the outcome of any legal proceedings that may be instituted against the Company, or its respective directors, officers or employees; the ability of the Company to retain and hire key personnel; the impact of new or changes in current laws, regulations, rules or other industry standards; adverse outcomes of litigation involving the Company; our ability to maintain our gaming licenses and concessions and comply with applicable gaming law, changes in current laws, regulations, rules or other industry standards, and additional factors described in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the U.S. Securities and Exchange Commission. The Company does not intend to update publicly any forward-looking statements except as required by law. Considering these risks, uncertainties and assumptions, the forward-looking events discussed in this Quarterly Report on Form 10-Q may not occur.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to market risk from adverse changes in interest rates with respect to the short-term floating interest rates on borrowings under our Amended Credit Facilities. As of June 30, 2026, the Company's Amended Credit Facilities had a gross outstanding balance of $1.4 billion, consisting of a $446.9 million Amended Term Loan A Facility and a $960.0 million Amended Term Loan B Facility. As of June 30, 2026, we had $976.1 million of available borrowing capacity under our Amended Revolving Credit Facility.

The table below provides information as of June 30, 2026 about our long-term debt obligations that are sensitive to changes in interest rates, including the notional amounts maturing during the twelve month period presented and the related weighted-average interest rates by maturity dates.

(dollars in millions)	7/1/26 - 6/30/27	7/1/27 - 6/30/28	7/1/28 - 6/30/29	7/1/29 -6/30/30	7/1/30 - 6/30/31	Thereafter	Total	Fair Value
Fixed rate	$ —	$ —	$ —	$ —	$ 600.0	$ —	$ 600.0	$ 601.5
Average interest rate					6.750 %			
Fixed rate	$ 400.0	$ —	$ —	$ —	$ —	$ —	$ 400.0	$ 399.5
Average interest rate	5.625 %							
Fixed rate	$ —	$ —	$ —	$ 400.0	$ —	$ —	$ 400.0	$ 382.0
Average interest rate				4.125 %				
Variable rate	$ 32.3	$ 32.3	$ 32.3	$ 32.3	$ 367.7	$ 910.0	$ 1,406.9	$ 1,394.9
Average interest rate (1)	5.917 %	5.765 %	5.658 %	5.646 %	5.641 %	6.159 %		

(1) Estimated rate, reflective of forward SOFR as of June 30, 2026 plus the margin over SOFR applicable to variable-rate borrowing.

Foreign Currency Exchange Rate Risk

We are exposed to currency translation risk because the results of our international entities are reported in local currency, which we then translate to U.S. dollars for inclusion in the unaudited Consolidated Financial Statements. As a result, changes between the foreign exchange rates, in particular the Canadian dollar compared to the U.S. dollar, affect the amounts we record for our foreign assets, liabilities, revenues and expenses, and could have a negative effect on our financial results. The results of theScore are reported in Canadian dollars, which we then translate to U.S. dollars for inclusion in the unaudited Consolidated Financial Statements. We do not currently enter into hedging arrangements to minimize the impact of foreign currency fluctuations on our operations. For the three and six months ended June 30, 2026, we incurred unrealized foreign currency translation adjustment losses of $17.0 million and $27.4 million, respectively, compared to unrealized foreign currency translation adjustment gains of $92.3 million and $92.0 million for the three and six months ended June 30, 2025, respectively, as reported in "Foreign currency translation adjustment" within the unaudited Consolidated Statements of Comprehensive Income.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, under the supervision and with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of June 30, 2026. Based on this evaluation, our principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective as of June 30, 2026 to ensure that information required to be disclosed by the Company in reports we file or submit under the Exchange Act is (i) recorded, processed, summarized, evaluated, and reported, as applicable, within the time periods specified in the United States Securities and Exchange Commission's rules and forms and (ii) accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are a party to a number of other pending legal proceedings. Management does not expect that the outcome of such proceedings, either individually or in the aggregate, will have a material effect on our financial position, results of operations, or cash flows.

ITEM 1A. RISK FACTORS

We refer you to our 2025 Annual Report on Form 10-K for a discussion of the risk factors that affect our business and financial results. There have been no material changes to the risk factors previously disclosed under Part I, Item 1A. “Risk Factors” in the Company’s Form 10-K for the year ended December 31, 2025.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The October 2025 Authorization, which expires on December 31, 2028, authorized the repurchase of up to $750.0 million of our common stock from time to time on the open market or in privately negotiated transactions. Stock repurchases, if any, will be funded using our available liquidity. The timing and amount of stock repurchases are dependent on a variety of factors, including but not limited to, market conditions and corporate and regulatory considerations.

We did not repurchase any shares of our common stock during the six months ended June 30, 2026. As of June 30, 2026, the remaining availability under our October 2025 Authorization was $750.0 million.

The following table presents shares withheld to pay taxes due upon the vesting of employee restricted stock.

	Total Number of Shares Withheld	Average Price Per Share
April 1, 2026 - April 30, 2026	48,370	$ 16.05
May 1, 2026 - May 31, 2026	30,599	$ 15.87
June 1, 2026 - June 30, 2026	—	$ —
Total	78,969	$ 15.98

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the three months ended June 30, 2026, none of the Company’s directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of the Company’s securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement” as defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
10.1	Fourth Amendment, dated as of May 28, 2026, by and among PENN Entertainment, Inc., the guarantors party thereto, the lenders party thereto and Bank of America. N.A., as administrative agent and collateral agent is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 28, 2026 (SEC File No. 000-24206).
10.2*	PENN Entertainment, Inc. 2022 Long Term Incentive Compensation Plan, as amended.
31.1*	CEO Certification pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	CFO Certification pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	CEO Certification pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
32.2**	CFO Certification pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Inline XBRL File (included in Exhibit 101)
*	Filed herewith.
**	Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

			PENN Entertainment, Inc.
Dated:	August 6, 2026	By:	/s/ Felicia R. Hendrix
			Felicia R. Hendrix
			Executive Vice President and Chief Financial Officer
			(Principal Accounting Officer)

Exhibit 10.2

PENN ENTERTAINMENT, INC.

2022 LONG TERM INCENTIVE COMPENSATION PLAN
As Amended June 16, 2026

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PENN ENTERTAINMENT, INC.
2022 LONG TERM INCENTIVE COMPENSATION PLAN
As Amended June 16, 2026

ARTICLE I
PURPOSE

The 2022 Long Term Incentive Compensation Plan is intended to advance the interests of PENN Entertainment, Inc., a Pennsylvania corporation, and its shareholders by providing a means by which the Company and its subsidiaries and affiliates shall be able to motivate selected Employees, Directors and Consultants to direct their efforts to those activities that will contribute materially to the Company's success. The Plan is also intended to serve the best interests of the shareholders by linking remunerative benefits paid to selected Employees, Directors and Consultants who have substantial responsibility for the successful operation, administration and management of the Company and/or its subsidiaries and affiliates with the enhancement of shareholder value while such selected Employees, Directors and Consultants increase their proprietary interest in the Company. Finally, the Plan is intended to enable the Company to attract and retain in its service highly qualified persons for the successful conduct of its business.

ARTICLE II
DEFINITIONS AND CONSTRUCTION

SECTION 2.1 DEFINITIONS

The following words and phrases when used in the Plan with an initial capital letter, unless their context clearly indicates to the contrary, shall have the respective meanings set forth below in this Section 2.1:

Act. The Securities Exchange Act of 1934, as now in effect or as hereafter amended from time to time.

Award. A grant of one of the following under the Plan: "Stock Option Award," "Stock Appreciation Right Award," "Restricted Stock Award," "Restricted Stock Unit Award," "Other Award," and "Performance Award," all as further defined herein.

Award Agreement. The written instrument delivered by the Company to a Grantee evidencing an Award, and setting forth such terms and conditions of the Award, including, without limitation, any restrictive covenants, as may be deemed appropriate by the Grantor. The Award Agreement shall be in a form approved by the Grantor, and once executed, shall be amended from time to time to include such additional or amended terms and conditions as the Grantor may specify after the execution in the exercise of the Grantor's powers under the Plan.

Award Period. With respect to a Performance Award, a period of one or more Performance Periods, beginning on the first day of the first Performance Period, and ending on the date following the end of the final Performance Period that the Committee makes its determination with respect to the final vesting of the Performance Award or, if earlier, the date of the Committee determination following a Change of Control in accordance with Article XIII.

Award Target. With respect to a Grantee's Performance Award for an Award Period, a percentage of such Grantee's total target long-term incentive value calculated at the beginning of the Award Period and expressed as a number of Performance Shares and/or Performance Units, or, in the Grantor's discretion, as a dollar amount. The Award Target may be allocated by the Grantor among the Performance Periods within the Award Period.

Beneficiary. Any individual, estate or trust who or which by designation of a Holder pursuant to Section 12.3 or operation of law succeeds to the rights and obligations of the Holder under the Plan and one or more Award Agreements.

Board. The Board of Directors of the Company, as it may be constituted from time to time. For the avoidance of doubt, the Board shall not include any director emeritus or chairman emeritus.

Cause. "Cause" will have the meaning set forth in a Participant's individual employment agreement or contract or severance agreement with the Company or its applicable Subsidiary (each, an "***Individual Agreement***") and, if such Individual Agreement does not provide a definition for "Cause" or a Participant does not have an Individual Agreement with the Company or its Subsidiaries, then "Cause" means fraud, embezzlement, theft or dishonesty against the Company, conviction of a felony, willful misconduct, being found unsuitable by a regulatory authority having jurisdiction over the Company, willful and wrongful disclosure of confidential information, engagement in competition with the Company and any other conduct defined as cause in any agreement between a Grantee and the Company or any Subsidiary, in each case during employment with the Company and all Subsidiaries or service as a Director, as the case may be.

CEO. The Chief Executive Officer of the Company or his or her designee(s).

Change of Control.

(a) With respect to Awards that are not "deferred compensation" under Section 409A of the Code, any of the following events shall constitute a Change of Control for purposes of this Plan:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of fifty percent (50%) or more of either (A) the then outstanding shares of the Company (the "Outstanding Company Shares") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this Subsection (i), the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Company; (2) any acquisition by the Company; (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; or (4) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of Subsection (iii) below; or

(ii) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another entity (each, a "Corporate Transaction"), in each case, unless, following such Corporate Transaction, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Shares and Outstanding Company Voting Securities immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation or other entity resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction of the Outstanding Company Shares and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan or related trust of the Company or such corporation resulting from such Corporate Transaction) beneficially owns, directly or indirectly, twenty percent (20%) or more of, respectively, the then outstanding shares of the corporation resulting from such Corporate Transaction or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership of the Company existed prior to the Corporate Transaction and (C) at least a majority of the members of the board of directors of the corporation (or other governing board of a non-corporate entity) resulting from such Corporate Transaction were members of the Incumbent Board (as defined in Subsection (iv)) at the time of the execution of the initial agreement, or of the action of the Board, providing for such Corporate Transaction; or

(iii) individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

(b) With respect to Awards that are "deferred compensation" under Section 409A of the Code, to the extent necessary to avoid incurring adverse tax consequences under Section 409A of the Code with respect to such Awards, each of the foregoing events shall only be deemed to be a Change of Control for purposes of the Plan to the extent such event qualifies as a "change in control event" for purposes of Section 409A of the Code. The Grantor shall be entitled to amend or interpret the terms of any Award to the extent necessary to avoid adverse Federal income tax consequences to a Grantee under Section 409A of the Code.

Clawback Policy. Clawback Policy shall mean the PENN Entertainment, Inc. Executive Incentive Compensation Recoupment Policy, as amended on March 12, 2025, and as may be further amended from time to time.

Code. The Internal Revenue Code of 1986, as amended from time to time.

Committee. The Compensation Committee of the Board.

Common Stock. Common stock of the Company, par value $0.01.

Company. PENN Entertainment, Inc., a Pennsylvania corporation, and its successors and assigns.

Consultant. Any consultant or advisor to the Company or a Subsidiary.

Date of Grant. The date as of which the Grantor grants an Award.

Director. A member of the Board who is not also an employee of the Company or any Subsidiary, and, for purposes of this Plan, any director emeritus or chairman emeritus.

Effective Date. June 7, 2022, the date on which the shareholders of the Company originally approved the Plan.

Employee. An employee of the Company or any Subsidiary or "parent corporation" within the meaning of Section 424(e) of the Code.

Fair Market Value. With respect to the Common Stock on any day, (i) the closing sales price on the immediately preceding business day of a share of Common Stock as reported on the principal securities exchange on which shares of Common Stock are then listed or admitted to trading, or (ii) if the Common Stock is not listed or admitted to trading on a securities exchange, as determined in a manner specified by the Committee determined in accordance with Section 409A of the Code. A "business day" is any day on which the relevant market is open for trading.

Good Reason. "Good Reason" will have the meaning set forth in a Participant's Individual Agreement (which, for the avoidance of doubt, will include the Company's non-renewal of such Individual Agreement on substantially-similar terms to the extent such concept would trigger the payment of severance under such Individual Agreement) and, if such Individual Agreement does not provide a definition for "Good Reason" or a Participant does not have an Individual Agreement with the Company or its Subsidiaries, then "Good Reason" means the occurrence of any of the following events that the Company fails to cure within ten (10) days after receiving written notice thereof from the Grantee (which notice must be delivered within thirty (30) days of the Grantee becoming aware of the applicable event or circumstance): (i) material reduction in the Grantee's total target annual compensation or in the Grantee's benefits taken as a whole; (ii) any material breach of any material term of any employment agreement between the Company and the Grantee; or (iii) any forced office relocation greater than 50 miles from the Grantee's then current office location.

Grantee. A current or former Employee, Director or Consultant to whom an Award is or has been granted.

Grantor. With respect to an Award granted to an Employee or Consultant, the Committee or the CEO (with respect to Nonreporting Persons), as the case may be, that grants the Award. With respect to an Award granted to a Director, the Board is the Grantor.

Holder. The individual who holds an Award, who shall be the Grantee or a Beneficiary.

Incentive Stock Option or ISO. An Option that is intended to meet, and structured with a view to satisfying, the requirements of Section 422 of the Code and is designated by the Grantor as an Incentive Stock Option.

Non-Qualified Stock Option. An Option that is not designated by the Grantor as an Incentive Stock Option, or an Option that is designated by the Grantor as an Incentive Stock Option if it does not satisfy the requirements of Section 422 of the Code.

Nonreporting Person. A Grantee who is not subject to Section 16 of the Act.

Option or Stock Option. A right granted pursuant to Article V.

Option Period. The period beginning on the Date of Grant of an Option and ending on the date the Option terminates.

Option Price. The per share price at which shares of Common Stock may be purchased upon exercise of a particular Option.

Other Award. Awards granted pursuant to Article IX.

Performance Award. An Award of Performance Shares and/or Performance Units.

Performance Goals. One or more performance criteria, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or related company, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to a previous year's results or to a designated comparison group, in each case as specified by the Grantor in the Award. The Grantor shall appropriately adjust any Performance Goal to take into account the impact of any extraordinary, unusual or non-recurring event or condition as described in Accounting Principles Board Opinion No. 30 and/or management's discussion and analysis of financial condition and results of operations appearing in the Company's securities filings, including, without limitation: asset write-downs; litigation, claims, judgments, settlements; currency fluctuations and other non-cash charges; changes in applicable law, rule or regulation or accounting principles; accruals for reorganization and restructuring programs; costs incurred in the pursuit of acquisition opportunities; strikes, delays or similar disruptions by organized labor, guilds or horsemen's organizations; national macroeconomic conditions; terrorism and other international hostilities; or significant regional weather events.

Performance Level. The applicable percentage of achievement of a Performance Goal established by the Grantor with respect to a Performance Period. The Performance Levels may include, without limitation, ***Target Performance***, ***Threshold Performance***, and ***Maximum Performance***.

Performance Shares. An Award of Restricted Stock that is subject to the achievement of one or more Performance Goals as determined by the Grantor, and granted pursuant to Article X.

Performance Units. An Award of Restricted Stock Units that is subject to the achievement of one or more Performance Goals as determined by the Grantor, and granted pursuant to Article X.

Plan. PENN Entertainment, Inc. 2022 Long Term Incentive Compensation Plan, as set forth herein and as amended from time to time.

Prior Plan. Each of the Penn National Gaming, Inc. 2018 Long Term Incentive Plan and the Score Media and Gaming Inc. Second Amended and Restated Stock Option and Restricted Stock Unit Plan.

Reporting Person. A Grantee who is subject to Section 16 of the Act.

Restricted Period. The period of time beginning with the Date of Grant of a Restricted Stock Award and ending when the Restricted Stock is forfeited or when all conditions for vesting are satisfied.

Restricted Stock. Shares of Common Stock issued pursuant to a Restricted Stock Award.

Restricted Stock Award. An Award of Restricted Stock under Article VII.

Restricted Stock Unit or RSU. A unit used solely as a device for the measurement and determination of the amount to be paid on behalf of a Grantee as described in Article VIII. An RSU represents the right to receive, at a future date and without payment to the Company, shares of Common Stock (which may be Restricted Stock), an amount of cash equal to the value of a share of Common Stock or any combination thereof, as determined by the Grantor in accordance with Article VIII. RSUs shall not constitute or be treated as property or as a trust fund of any kind. All amounts at any time attributable to the RSUs shall be and remain the sole property of the Company and all Grantees' rights hereunder are limited to the rights to receive cash or shares of Common Stock (which may be Restricted Stock) as provided in Article VIII.

Restricted Stock Unit Award. An Award of RSUs under Article VIII.

Rule 16b-3. Rule 16b-3 of the General Rules and Regulations under the Act, or any law, rule, regulation or other provision that may hereafter replace such Rule.

SAR Base Amount. An amount set forth in the Award Agreement for a SAR.

Securities Act. The Securities Act of 1933, as now in effect or as hereafter amended from time to time.

Stock Appreciation Right or SAR. A unit used solely as a device for the measurement and determination of the amount to be paid on behalf of Grantees as described in Article VI. A SAR represents the right to receive, at a future date and without payment to the Company, shares of Common Stock (which may be Restricted Stock), an amount of cash equal to the value of a share of Common Stock or any combination thereof, as determined by the Grantor in accordance with Article VI. SARs shall not constitute or be treated as property or as a trust fund of any kind. All amounts at any time attributable to the SARs shall be and remain the sole property of the Company and all Grantees' rights hereunder are limited to the rights to receive cash and shares of Common Stock (which may be Restricted Stock) as provided in Article VI.

Stock Appreciation Rights Award. An Award of SARs under Article VI.

Stock Option Award. An Award of Options under Article V.

Subsidiary. Any corporation, partnership, joint venture or other entity in which the Committee has determined that the Company had made, directly or indirectly through one or more intermediaries, a substantial investment or commitment, including, without limit, through the purchase of equity or debt or the entering into of a management agreement or joint operating agreement. In the case of Incentive Stock Options, Subsidiary shall mean any entity that qualifies as a "subsidiary corporation" of the Company under Section 424(f) of the Code.

Ten Percent Shareholder. A person owning shares possessing more than 10% of the total combined voting power of all classes of shares of the Company, any subsidiary corporation (within the meaning of Section 424(f) of the Code) or parent corporation (within the meaning of Section 424(e) of the Code).

SECTION 2.2 CONSTRUCTION

Whenever any words are used herein in the masculine gender, they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply. Headings of Sections and Subsections of the Plan are inserted for convenience of reference, are not a part of the Plan, and are not to be considered in the construction hereof. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, and not to any particular provision or Section. The words "includes," "including" and other similar compounds of the word "include" shall mean and refer to including without limitation. All references herein to specific Articles, Sections or Subsections shall mean Articles, Sections or Subsections of this document unless otherwise qualified.

ARTICLE III
STOCK AVAILABLE FOR AWARDS

SECTION 3.1 COMMON STOCK

Shares of Common Stock may be delivered under the Plan, such shares to be made available from authorized but unissued shares or from shares reacquired by the Company, including shares purchased in the open market.

SECTION 3.2 NUMBER OF SHARES DELIVERABLE

Subject to adjustments as provided in Section 11.2, **26,067,275** shares of Common Stock may be issued under the Plan plus any shares of Common Stock subject to outstanding awards under each Prior Plan as of the Effective Date that are forfeited or settled for cash. Any Awards that are not settled in shares of Common Stock shall not count against this limit.

The Plan will remain in place until all of the Awards granted thereunder have been paid or expired.

SECTION 3.3 REUSABLE SHARES

Shares of Common Stock subject to an Award that are forfeited to the Company shall again be available for issuance under the Plan. For the avoidance of doubt, the following shares of Common Stock may not again be made available for issuance as Awards under the Plan: (i) shares of Common Stock not issued or delivered as a result of the net settlement of an outstanding Stock Option or SAR, (ii) shares of Common Stock used to pay the Option Price or withholding taxes related to an outstanding Stock Option or SAR, or the withholding taxes related to any other outstanding Award, or (iii) shares of Common Stock repurchased on the open market with the proceeds of the Option Price.

ARTICLE IV
AWARDS AND AWARD AGREEMENTS

SECTION 4.1 GENERAL

4.1.1 Subject to the provisions of the Plan, the Committee may at any time (i) determine and designate those Reporting Persons who are Employees to whom Awards are to be granted; (ii) determine the time or times when Awards to Reporting Persons who are Employees shall be granted; (iii) determine the form or forms of Awards to be granted to any Reporting Person who is an Employee; (iv) determine the number of shares of Common Stock or dollar amounts subject to or denominated by each Award to be granted to any Reporting Person who is an Employee; (v) determine the terms and conditions of each Award (including, without limitation, any Performance Goals and Performance Levels) to a Reporting Person who is an Employee; (vi) determine the maximum aggregate number of shares or, for purposes of Awards payable in cash, the aggregate amount of cash subject to Awards to be granted to Nonreporting Persons, as a group, who are Employees; and (vii) determine the general form or forms of Awards to be granted to Nonreporting Persons who are Employees.

4.1.2 The Committee or the CEO, subject to the provisions of the Plan and authorization by the Committee, may, at any time and from time to time, (i) determine and designate those Nonreporting Persons who are Employees or Consultants to whom Awards are to be granted; (ii) determine the time or times when Awards to Nonreporting Persons who are Employees or Consultants shall be granted; (iii) determine the form or forms of Awards to be granted to any Nonreporting Person who is an Employee or Consultant, from among the form or forms approved by the Committee; (iv) determine the number of shares of Common Stock or dollar amounts subject to or denominated by each Award to be granted to any Nonreporting Person who is an Employee or Consultant; and (v) determine the terms and conditions of each Award (including, without limitation, any Performance Goals and Performance Levels) to a Nonreporting Person who is an Employee or Consultant. Notwithstanding the foregoing, the Committee may, in its discretion, establish a maximum annual limit on the aggregate Awards that may be granted by the CEO, and/or a maximum annual limit on the Awards that may be granted by the CEO to any individual Nonreporting Person.

4.1.3 Subject to the provisions of the Plan, the Board may, at any time, (i) determine and designate those Directors to whom Awards, other than Incentive Stock Options, are to be granted; (ii) determine the time or times when Awards to Directors shall be granted; (iii) determine the form or forms of Awards to be granted to any Director; (iv) determine the number of shares of Common Stock or dollar amounts subject to or denominated by each Award to be granted to a Director; and (v) determine the terms and condition of each Award (including, without limitation, any Performance Goals and Performance Levels) to a Director.

4.1.4 Awards may be granted singly, in combination or in tandem and may be made in combination or in tandem with or in replacement of, or as alternatives to awards or grants under any other employee plan maintained by the Company or its Subsidiaries. No Awards shall be granted under the Plan after the tenth anniversary of the Effective Date.

SECTION 4.2 ELIGIBILITY

Any Employee, Director or Consultant shall be eligible to receive Awards under the Plan. Additionally, except to the extent it would result in adverse tax consequences under Section 409A of the Code and, if the Securities Act applies, provided such recipient is eligible to be offered securities registrable on Form S-8 under the Securities Act, or the Company determines that an Award granted to such person need not comply with the requirements of Form S-8 and will satisfy an exemption under the Securities Act as well as comply with the securities laws of all other relevant jurisdictions, prospective employees, directors, consultants and advisors who have accepted offers of employment, service or consultancy from the Company or a Subsidiary (and who will be an Employee, Director or Consultant once employment or services to the Company or a Subsidiary commences) shall be eligible to receive Awards under the Plan; provided, however, only current employees of the Company or any subsidiary corporation (within the meaning of Section 424(f) of the Code) shall be eligible to receive Incentive Stock Options under the Plan.

SECTION 4.3 TERMS AND CONDITIONS; AWARD AGREEMENTS

4.3.1 *Terms and Conditions.* Each Award granted pursuant to the Plan shall be subject to all of the terms, conditions and restrictions provided in the Plan and such other terms, conditions and restrictions, if any, as may be specified by the Grantor with respect to the Award in the Award Agreement or as may be specified thereafter by the Grantor in the exercise of its or his or her, as the case may be, powers under the Plan. Without limiting the foregoing, it is understood that the Grantor may, at any time after the granting of an Award hereunder, specify such amended or additional terms, conditions and restrictions with respect to such Award as may be deemed necessary or appropriate to ensure compliance with any and all applicable laws, including, but not limited to, compliance with Federal and state securities laws, compliance with Federal and state gaming or racing laws, compliance with Federal and state tax laws that would otherwise result in adverse and unintended tax consequences for a Grantee, the Company or any Subsidiary and methods of withholding or providing for the payment of required taxes. The terms, conditions and restrictions with respect to any Award, Grantee or Award Agreement need not be identical with the terms, conditions and restrictions with respect to any other Award, Grantee or Award Agreement.

4.3.2 *Award Agreements.* Except as otherwise provided in the Plan, each Award granted pursuant to the Plan shall be evidenced by an Award Agreement and shall comply with, and be subject to, the provisions of the Plan.

4.3.3 *Minimum Vesting Requirement.* All Awards granted under this Plan shall be subject to a minimum one-year vesting period following the Date of Grant, with no portion of the Award vesting or becoming exercisable prior to the end of such one-year period; provided, however, that up to five percent (5%) of the Shares available for distribution under this Plan may be granted pursuant to Awards without such minimum vesting requirement; and provided further that such minimum vesting requirement shall not prevent acceleration of vesting or exercisability pursuant to Article XIII, for Awards issued under Section 11.2.3, or pursuant to the terms of an Award Agreement relating to termination of employment or service.

4.3.4 *Dividends and Dividend Equivalents*. The Committee may grant any Award with dividends or dividend equivalents, as applicable, based on the dividends declared on Common Stock, to be credited as of the dividend payment date(s), during the period between the Date of Grant and the date the Award is exercised, vests or expires, as determined by the Committee and as set forth in the Award Agreement. Notwithstanding the foregoing, such dividends and dividend equivalents on Awards shall accrue and only be paid to the extent the Award becomes vested.

SECTION 4.4 AWARD LIMITS FOR DIRECTORS

In any one calendar year, the Board shall not grant to any one Director Awards with a value which is in excess of $750,000 in value (calculated as of the date of grant in accordance with applicable financial accounting rules).

ARTICLE V
OPTIONS

SECTION 5.1 AWARD OF OPTIONS

5.1.1 *Grants.* The Committee may grant Stock Option Awards to such Reporting Persons who are Employees as the Committee may select in its sole discretion. The Committee or the CEO also may grant Stock Option Awards in such number as the Committee or the CEO may determine to such Nonreporting Persons who are Employees or Consultants as the Committee or the CEO may select in its or his or her, as the case may be, sole discretion; provided, however, such grants shall be subject to any maximum aggregate amount of Awards determined by the Committee under Section 4.1.2. The Board may grant Options to such Directors as the Board may select in its sole discretion. The Grantor shall determine the number of shares of Common Stock to which each Option relates. A Stock Option entitles the holder thereof to purchase full shares of Common Stock at a stated price for a specified period of time.

5.1.2 *Types of Options*

5.1.2.1 *Employees.* Options granted to Employees pursuant to the Plan may be either in the form of Incentive Stock Options or in the form of Non-Qualified Stock Options.

5.1.2.2 *Directors.* Options granted to Directors and Consultants pursuant to the Plan will be in the form of Non-Qualified Stock Options.

5.1.3 *Internal Revenue Code Limits.* Options designated as Incentive Stock Options shall not be eligible for treatment under the Code as “incentive stock options” (and will be deemed to be Non-Qualified Stock Options) to the extent that either (i) the aggregate Fair Market Value of Shares (determined as of the time of grant) with respect to which such Options are exercisable for the first time by the Grantee during any calendar year (under all plans of the Company and any Subsidiary) exceeds $100,000, taking Options into account in the order in which they were granted or (ii) such Options otherwise remain exercisable but are not exercised within three (3) months of termination of employment (or such other period of time provided in Section 422 of the Code).

SECTION 5.2 OPTION PRICE

The Option Price of Common Stock covered by each Option shall be determined by the Grantor, but shall not be less than 100% of the Fair Market Value of a share of Common Stock on the Date of Grant, provided, however, in the case of an Incentive Stock Option granted to Ten Percent Shareholder, the Option Price shall be no less than 110% of the Fair Market Value of a share of Common Stock on the Date of Grant.

SECTION 5.3 OPTION PERIODS

The Grantor shall determine the term of each Option which shall be reflected in the Award Agreement. No Option may be exercised after the expiration of its term. Subject to earlier termination as provided in the Plan, the term shall not exceed ten (10) years from the Date of Grant; provided, that the term of an Incentive Stock Option granted to a Ten Percent Shareholder shall not exceed five (5) years.

SECTION 5.4 EXERCISABILITY

5.4.1 Subject to the terms of the Award Agreement and Article XIII, each Option shall be exercisable at any time or times during the term of the Option and subject to such conditions as the Grantor may prescribe in the applicable Award Agreement.

5.4.2 Except as provided in an Award Agreement, an Option may be exercised only during the Grantee's employment with the Company or any of its Subsidiaries or service as a Director or Consultant. No Option may be exercised for a fractional share.

5.4.3 *Method of Exercise.* A Holder may exercise an Option, in whole or in part, by giving notice of exercise to the Company, in a form and manner acceptable to the Company.

SECTION 5.5 TIME AND METHOD OF PAYMENT FOR OPTIONS

5.5.1 *Form of Payment.* The Holder shall pay the Option Price in cash or, with the Grantor's permission and according to such rules as it may prescribe, by delivering shares of Common Stock already owned by the Holder having a Fair Market Value on the date of exercise equal to the Option Price, or a combination of cash and such shares. The Grantor may also permit payment in accordance with a cashless exercise program under which, if so instructed by the Holder, shares of Common Stock may be issued directly to the Holder's broker or dealer who in turn will sell the shares and pay the Option Price in cash to the Company from the sale proceeds. Finally, the Grantor may permit payment by reducing the number of shares of Common Stock delivered upon exercise by an amount equal to the largest number of whole shares of Common Stock with a Fair Market Value that does not exceed the Option Price, with the remainder of the Option Price being payable in cash.

5.5.2 *Time of Payment.* Except in the case where exercise is conditioned on a simultaneous sale of the Option shares pursuant to a cashless exercise, the Holder shall pay the Option Price before an Option is exercised.

5.5.3 *Methods for Tendering Shares.* The Grantor shall determine acceptable methods for tendering shares of Common Stock as payment upon exercise of an Option and may impose such limitations and restrictions on the use of shares of Common Stock to exercise an Option as it or he or she, as the case may be, deems appropriate.

SECTION 5.6 DELIVERY OF SHARES PURSUANT TO EXERCISE OF OPTION

No shares of Common Stock shall be delivered pursuant to the exercise, in whole or in part, of any Option, unless and until (i) payment in full of the Option Price for such shares is received by the Company and (ii) compliance with all applicable requirements and conditions of the Plan, the Award Agreement and such rules and regulations as may be established by the Grantor, that are preconditions to delivery. Following exercise of the Option and payment in full of the Option Price and compliance with the conditions described in the preceding sentence, the Company shall promptly effect the issuance to the Grantee of such number of shares of Common Stock as are subject to the Option exercise.

ARTICLE VI
STOCK APPRECIATION RIGHTS

SECTION 6.1 AWARD OF SARS

6.1.1 *Grants.* The Committee may grant Stock Appreciation Rights Awards to such Reporting Persons who are Employees, as the Committee may select in its sole discretion. The Committee or the CEO also may grant Stock Appreciation Rights Awards in such number as the Committee or the CEO may determine to such Nonreporting Persons who are Employees or Consultants as the Committee or the CEO may select in its or his or her, as the case may be, sole discretion; provided, however, such grants shall be subject to any maximum aggregate amount of Awards determined by the Committee under Section 4.1.2. The Board may grant Stock Appreciation Rights to such Directors as the Board may select in its sole discretion. The Grantor shall determine the number of shares of Common Stock to which each SAR relates.

6.1.2 *SAR Base Amount.* The SAR Base Amount with respect to each SAR shall be determined by the Grantor, but shall not be less than 100% of the Fair Market Value of a share of Common Stock on the Date of Grant.

SECTION 6.2 SAR PERIODS

The Grantor shall determine the term of each SAR. No SAR may be exercised after the expiration of its term. Subject to earlier termination as provided in the Plan, the term shall not exceed ten (10) years from the Date of Grant.

SECTION 6.3 EXERCISABILITY

6.3.1 Subject to the terms of the Award Agreement and Article XIII, each SAR shall be exercisable at any time during the term of the SAR and subject to such conditions as the Grantor may, from time to time, prescribe in the applicable Award Agreement.

6.3.2 Except as provided in an Award Agreement, a SAR may be exercised only during the Grantee's employment with the Company or any of its Subsidiaries or service as a Director or Consultant.

6.3.3 *Method of Exercise*. A Holder may exercise a SAR, in whole or in part, by giving notice of exercise to the Company, in a form and manner acceptable to the Company.

SECTION 6.4 PAYMENT AMOUNT, TIME AND METHOD OF PAYMENT WITH RESPECT TO SARS

6.4.1 A SAR entitles the Holder thereof, upon the Holder's exercise of the SAR, to receive an amount equal to the product of (i) the amount by which the Fair Market Value on the exercise date of one share of Common Stock exceeds the SAR Base Amount for such SAR, and (ii) the number of shares covered by the SAR, or portion thereof, that is exercised.

6.4.2 Any payment which may become due from the Company by reason of a Grantee's exercise of a SAR may be paid to the Grantee all in cash, all in shares of Common Stock or partly in shares and partly in cash, as provided in the Award Agreement.

6.4.3 In the event that all or a portion of the payment is made in shares of Common Stock, the number of shares of Common Stock received shall be determined by dividing the amount of the payment by the Fair Market Value of a share of Common Stock on the exercise date of the SAR. Cash will be paid in lieu of any fractional share of Common Stock.

6.4.4 Amounts payable in connection with a SAR shall be paid to the Holder, as determined by the Grantor and as set forth in the applicable Award Agreement or in accordance with such rules, regulations and procedures as may be adopted by the Committee or Grantor.

ARTICLE VII
RESTRICTED STOCK AWARDS

SECTION 7.1 GRANTS

The Committee may grant Restricted Stock Awards in such number as it may determine to such Reporting Persons who are Employees as the Committee may select in its sole discretion. The Committee or the CEO also may grant in such number as the Committee or the CEO may determine Restricted Stock Awards to such Nonreporting Persons who are Employees or Consultants as the Committee or the CEO may select in its or his or her, as the case may be, sole discretion; provided, however, such grants shall be subject to any maximum aggregate number of Awards in general and shares of Restricted Stock in particular established by the Committee for grants under the Plan for Nonreporting Persons who are Employees or Consultants as a group. The Board may grant Restricted Stock Awards to such Directors as the Board may select in its sole discretion. A Restricted Stock Award is a grant of shares of Common Stock subject to those conditions, if any, set forth in the Plan and the Award Agreement.

SECTION 7.2 RESTRICTED PERIOD

The Grantor may, from time to time, establish any condition or conditions on which the Restricted Stock Award will vest and no longer be subject to forfeiture. Such conditions may include, without limitation, continued employment by the Grantee or service as a Director, as the case may be, for a period of time specified in the Award Agreement.

SECTION 7.3 RESTRICTIONS AND FORFEITURE

Except as otherwise provided in the Plan or the applicable Award Agreement, the Restricted Stock shall be subject to the following restrictions until the expiration or termination of the Restricted Period: (i) a Holder shall not be entitled to delivery of a certificate evidencing the shares of Restricted Stock until the end of the Restricted Period and the satisfaction of any and all other conditions specified in the Award Agreement applicable to such Restricted Stock and (ii) none of the Restricted Stock may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the Restricted Period, and until the satisfaction of any and all other conditions specified in the Award Agreement applicable to such Restricted Stock. Upon the forfeiture of any Restricted Stock, such forfeited shares shall be transferred to the Company without further acts by the Holder.

SECTION 7.4 ISSUANCE OF STOCK AND STOCK CERTIFICATE(S)

7.4.1 *Issuance*. As soon as practicable after the Date of Grant of a Restricted Stock Award, the Company shall cause to be issued in the name of the Grantee (and held by the Company, if applicable, under Section 7.4) such number of shares of Common

Stock as constitutes the Restricted Stock awarded under the Restricted Stock Award. Each such issuance shall be subject throughout the Restricted Period to the terms, conditions and restrictions contained in the Plan and/or the Award Agreement.

7.4.2 *Custody and Registration.* Any issuance of Restricted Stock may be evidenced in such manner as the Grantor may deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of Restricted Stock, such certificate shall be registered in the name of the Grantee and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.

SECTION 7.5 SHAREHOLDER RIGHTS

Following registration in the Grantee's name, during the Restricted Period, the Grantee shall have the entire beneficial interest in, and all rights and privileges of a shareholder as to, such shares of Common Stock covered by the Restricted Stock Award, including, but not limited to, the right to vote such shares, subject to the restrictions and forfeitures set forth herein. Notwithstanding the foregoing, all cash dividends and distributions with respect to the shares of Common Stock covered by the Restricted Stock Award that remain subject to restrictions shall accrue and be paid pursuant to Article IV, Section 4.3.4.

SECTION 7.6 DELIVERY OF SHARES

Upon the expiration (without a forfeiture) of the Restricted Period or at such earlier time as provided under the Plan, all shares of Restricted Stock shall be released from all restrictions and forfeiture provisions hereunder, any similar restrictions and forfeiture provisions under the Award Agreement applicable to such shares and all other restrictions and forfeiture provisions of the Plan or such Award Agreement. No payment will be required from the Holder upon the delivery of any shares of Restricted Stock, except that any amount necessary to satisfy applicable Federal, state or local tax requirements shall be paid by the Holder in accordance with the requirements of the Plan.

ARTICLE VIII
RESTRICTED STOCK UNIT AWARDS

SECTION 8.1 GRANTS

The Committee may grant Restricted Stock Unit Awards to such Reporting Persons who are Employees as the Committee may select in its sole discretion. The Committee or the CEO also may grant Restricted Stock Unit Awards in such number as the Committee or the CEO may determine to such Nonreporting Persons who are Employees or Consultants, as the Committee or the CEO may select in its or his or her, as the case may be, sole discretion; provided, however, such grants shall be subject to any maximum aggregate number of Awards in general and Restricted Stock Unit Awards in particular established by the Committee for grants under the Plan for Nonreporting Persons who are Employees or Consultants as a group. The Board may grant Restricted Stock Unit Awards to Directors as the Board may select in its sole discretion.

SECTION 8.2 VESTING OF RESTRICTED STOCK UNIT AWARDS

Restricted Stock Units shall become vested as set forth in the applicable Award Agreement unless otherwise described in the Plan.

SECTION 8.3 SETTLEMENT OF RESTRICTED STOCK UNIT AWARDS

Upon vesting of a Restricted Stock Unit Award, the Grantee shall receive the number of shares of Common Stock (which may be Restricted Stock) specified in the Restricted Stock Unit Award, an amount payable in cash determined by multiplying the number of Restricted Stock Units by the Fair Market Value of one share of Common Stock as of the vesting date, or a combination thereof, as specified by the Grantor in the Award Agreement.

SECTION 8.4 TIME OF PAYMENT/ISSUANCE OF SHARES

Amounts payable and/or shares to be issued in connection with a Restricted Stock Unit shall be paid and/or issued to the Holder, as determined by the Grantor and as set forth in the applicable Award Agreement or in accordance with such rules, regulations and procedures as may be adopted by the Grantor but in no event later than two and one-half months following the end of the calendar year in which a restriction lapses or a vesting condition is met.

ARTICLE IX
OTHER AWARDS

SECTION 9.1 GRANTS

The Committee may grant Other Awards to such Reporting Persons who are Employees as the Committee may select in its sole discretion. The Committee or the CEO also may grant Other Awards to such Nonreporting Persons who are Employees or Consultants as the Committee or the CEO may select in its or his or her, as the case may be, sole discretion; provided, however, such grants shall be subject to any maximum aggregate amount of Awards in general and Other Awards in particular (if any) established by the Committee for grants under the Plan for Nonreporting Persons who are Employees or Consultants as a group.

The Board may grant Other Awards to such Directors as the Board may select in its sole discretion. An Other Award may or may not be evidenced by an Award Agreement.

SECTION 9.2 DESCRIPTION OF OTHER AWARDS

An Other Award may be a grant of a type of equity-based, equity-related, or cash based Award not otherwise described by the terms of the Plan in such amounts and subject to such terms and conditions as determined by the Grantor, from time to time, under the Plan. Such Awards may provide for the payment of shares of Common Stock or cash or any combination thereof to a Grantee. The value of a cash-based Other Award shall be determined by the Grantor.

ARTICLE X
PERFORMANCE AWARDS

SECTION 10.1 GENERAL

An Award described in Article VII or VIII may take the form of a Performance Award to the extent that the Grantor makes it subject to the achievement of one or more Performance Goals during one or more Performance Periods, as described in this Article X.

SECTION 10.2 PERFORMANCE AWARD AGREEMENTS

10.2.1 *Terms of Performance Awards*. Prior to or as soon as administratively feasible after the first day of each Award Period, the Grantor shall establish in writing the Performance Award terms, including, without limitation, the Award Target and the applicable Performance Goals, the Performance Levels for the first Performance Period, the nature of the Performance Award (*e.g.*, Performance Shares, Performance Units, or a combination thereof), and the Award Period. Thereafter, the Grantor shall establish the applicable Performance Goals for each of the subsequent Performance Periods in an Award Period prior to, or as soon as practicable after the beginning of, each such Performance Period. The terms of the Performance Award established by the Grantor pursuant to this Section 10.2 shall in each case be subject to adjustment as determined by the Grantor in its discretion as a result of changes in accounting principles and other significant extraordinary items or events.

10.2.2 *Issuance of Award Agreements for Performance Awards*. An Award Agreement shall be provided to each Grantee to whom a Performance Award is granted as promptly as practicable after such grant. After the Grantor establishes the Performance Goals and Performance Levels applicable to a Performance Period, the Company will notify the Grantee in writing of such Performance Goals and Performance Levels.

SECTION 10.3 DETERMINATION OF PERFORMANCE GOAL ACHIEVEMENT AND SETTLEMENT OF PERFORMANCE AWARDS

As soon as administratively feasible after the end of each Performance Period, the Grantor shall determine whether the Performance Goals have been achieved for such Performance Period, and the level of such achievement. Upon such determination, the Grantee will have credited to his or her account a number of Performance Shares and/or Performance Units for such Performance Period based on the Grantor's determination of Performance Goal achievement and Performance Levels as set forth in the Grantee's Award Agreement. Any Performance Shares and/or Performance Units credited in accordance with this Section 10.3 shall remain subject to restrictions until the end of the Award Period, unless the lapse of such restrictions is accelerated as set forth in the Award Agreement or in Article XIII. At the end of the Award Period, any Performance Units credited to the Grantee's account will be settled in shares of Common Stock, cash or a combination thereof, as determined by the Grantor and as set forth in the Award Agreement.

SECTION 10.4 CONTINUED ELIGIBILITY FOR AND FORFEITURE OF PERFORMANCE AWARDS

Except as provided in Article XIII, an Award Agreement or an agreement with the Company or a Subsidiary providing for severance benefits, each Grantee who receives a Performance Award must remain continuously employed by, or in the service of (as applicable), the Company or any Subsidiary from the date he or she receives such Performance Award until the last day of the Award Period.

ARTICLE XI
CERTAIN TERMS APPLICABLE TO ALL AWARDS

SECTION 11.1 WITHHOLDING TAXES

The Company and any Subsidiary shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan the amount (in cash, shares of Common Stock, other securities, or other Awards) of withholding taxes due in respect of an Award, its exercise, or any payment or transfer under such Award or under the Plan and to take such other action as may be necessary in the opinion of the Company or a Subsidiary to satisfy statutory withholding obligations for the payment of such taxes. Without limiting the generality of the foregoing, the Committee may, in its sole discretion, permit or require a Grantee to satisfy, in whole or in part, the foregoing tax withholding by (i) the delivery of shares of Common Stock (which, except as otherwise determined by the Committee, are not subject to any pledge or other security interest and that meet such requirements, if any, as the Committee may determine are necessary in order to avoid an accounting earnings charge on account of the use of such shares to satisfy a tax withholding obligation) owned by the Grantee having a Fair Market Value equal to such withholding obligation, or (ii) having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the exercise or settlement of the Award (or, in the case of Restricted Stock, returning to the Company from the shares of Common Stock that would otherwise vest) a number of such shares with a Fair Market Value equal to such withholding obligation, but in no event exceeding the maximum statutory tax rates of the Grantee's applicable jurisdiction (or such other rate as would not trigger a negative accounting impact), as determined by the Company in its sole discretion.

SECTION 11.2 ADJUSTMENTS TO REFLECT CAPITAL CHANGES

11.2.1 *Recapitalization, etc.* In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, shares of Common Stock or other securities), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares of Common Stock, other securities of the Company, issuance of warrants or other rights to purchase shares of Common Stock or other securities of the Company, or other similar corporate transaction or event constitutes an equity restructuring transaction, as that term is defined in ASC Topic 718, Compensation-Stock Compensation, or otherwise affects the shares of Common Stock, then the Committee shall adjust the following in a manner that is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan:

11.2.1.1 the number and type of shares of Common Stock or other securities which thereafter may be made the subject of Awards, including the aggregate limits specified in the Plan;

11.2.1.2 the number and type of shares of Common Stock or other securities subject to outstanding Awards;

11.2.1.3 the grant, purchase, SAR Base Amount or Option Price with respect to any Award, or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; and

11.2.1.4 other value determinations applicable to outstanding Awards.

11.2.2 *Sale or Reorganization.* After any reorganization, merger or consolidation whether or not the Company is the surviving corporation and unless there is a provision in the sale or reorganization agreement to the contrary, each Grantee shall, at no additional cost, be entitled upon any exercise of an Option or receipt of other Award to receive (subject to any required action by shareholders), in lieu of the number of shares of Common Stock receivable or exercisable pursuant to such Award, the number and class of shares of stock or other securities to which such Grantee would have been entitled pursuant to the terms of the reorganization, merger or consolidation if, at the time of such reorganization, merger or consolidation, such Grantee had been the holder of record of a number of shares of stock equal to the number of shares receivable or exercisable pursuant to such Award. Comparable rights shall accrue to each Grantee in the event of successive reorganizations, mergers or consolidations of the character described above. Subject to Section 14.1, in the event of a Change of Control, the Grantor may (i) cancel without consideration any outstanding Awards with an exercise price that is more than the Fair Market Value of Common Stock as of the Change of Control, and (ii) in lieu of the substituted shares referenced herein, elect to pay Grantee a cash payment equal to the difference between the exercise price for the Award and the Fair Market Value of the Company's Common Stock as of the Change of Control.

11.2.3 *Equity Plans Acquired in Merger and Acquisition Transactions.* After any reorganization, merger or consolidation in which the Company or a Subsidiary shall be a surviving corporation and where such acquired or merged trade or business maintains an equity compensation plan for its employees, directors and/or consultants (the "Target Plan"), the Committee may (i) add to the number of shares of Common Stock that may be issued under this Plan in accordance with Section 3.2 a proportionate number shares available for issuance under the Target Plan, and/or (ii) substitute or replace outstanding awards under the Target Plan with similar Awards issued under this Plan; provided that any such substitution or replacement is consummated in an equitable manner, as determined by the Committee in its discretion, including, without limitation, substitution options granted under the Target Plan with Options under this Plan in accordance with Section 424 of the Code. Any such adjustments may provide for the elimination of any fractional shares which might otherwise become subject to any Awards.

SECTION 11.3 REGULATORY APPROVALS AND LISTING

The Company shall not be required to issue any certificate or certificates for shares of Common Stock under the Plan prior to (i) obtaining any approval from any governmental agency which the Company shall, in its discretion, determine to be necessary or advisable, (ii) the admission of such shares to listing on any national securities exchange on which the Company's Common Stock may be listed, and (iii) the completion of any registration or other qualification of such shares of Common Stock under any state or Federal law or ruling or regulations of any governmental body which the Company shall, in its discretion, determine to be necessary or advisable. All share certificates delivered pursuant to this Plan and all shares of Common Stock issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with applicable law. The Committee may place legends on any share certificate or book entry to reference restrictions applicable to the shares of Common Stock.

SECTION 11.4 RESTRICTIONS UPON RESALE OF STOCK

If the shares of Common Stock that have been issued to a Holder pursuant to the terms of the Plan are not registered under the Securities Act, pursuant to an effective registration statement, such Holder, if the Committee shall deem it advisable, may be required to represent and agree in writing (i) that any such shares acquired by such Holder pursuant to the Plan will not be sold except pursuant to an effective registration statement under the Securities Act, or pursuant to an exemption from registration under the Securities Act and, (ii) that such Holder is acquiring such shares for his or her own account and not with a view to the distribution thereof.

SECTION 11.5 REPORTING PERSON LIMITATION

Notwithstanding any other provision of the Plan, to the extent required to qualify for the exemption provided by Rule 16b-3 and any successor provision, any Common Stock or other equity security offered under the Plan to a Reporting Person may not be sold for at least six (6) months after the earlier of acquisition of the security or the date of grant of the derivative security, if any, pursuant to which the Common Stock or other equity security was acquired.

ARTICLE XII
ADMINISTRATION OF THE PLAN

SECTION 12.1 COMMITTEE

The Plan shall be administered by or under the direction of the Committee.

SECTION 12.2 COMMITTEE ACTIONS

Except for matters required by the terms of the Plan to be decided by the Board or the CEO, the Committee shall have full power and authority to interpret and construe the Plan, to prescribe, amend and rescind rules, regulations, policies and practices, to impose such conditions and restrictions on Awards as it deems appropriate and to make all other determinations necessary or desirable in connection with the administration of, or the performance of its responsibilities under, the Plan.

SECTION 12.3 DESIGNATION OF BENEFICIARY

Each Holder may file with the Company a written designation (in a form prescribed by the Committee) of one or more persons as the Beneficiary who shall be entitled to receive the Award, if any, payable under the Plan upon his or her death. A Holder may from time to time revoke or change his or her Beneficiary designation without the consent of any prior Beneficiary by filing a new designation with the Company. The last such designation received by the Company shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Company prior to the Holder's death, and in no event shall it be effective as of a date prior to such receipt. If no such Beneficiary designation is in effect at the time of a Holder's death, or if no designated Beneficiary survives the Holder or if such designation conflicts with law, the Holder's estate shall be entitled to receive the Award, if any, payable under the Plan upon his or her death. If the Committee is in doubt as to the right of any person to receive such Award, the Company may retain such Award, without liability for any interest thereon, until the Committee determines the rights thereto, or the Company may pay such Award into any court of appropriate jurisdiction and such payment shall be a complete discharge of the liability of the Company therefore.

SECTION 12.4 NO RIGHT TO AN AWARD OR TO CONTINUED EMPLOYMENT

No Grantee or other person shall have any claim or right to be granted an Award under the Plan. Neither the action of the Company in establishing the Plan, nor any provisions hereof, nor any action taken by the Company, any Subsidiary, the Board, the Committee or the CEO pursuant to such provisions shall be construed as creating in any employee or class of employees any right with respect to continuation of employment by the Company or any of its Subsidiaries, and they shall not be deemed to interfere in any way with the Company's or any Subsidiary's right to employ, discipline, discharge, terminate, lay off or retire any Grantee, with or without cause, to discipline any employee, or to otherwise affect the Company's or a Subsidiary's right to make employment decisions with respect to any Grantee.

SECTION 12.5 DISCRETION OF THE GRANTOR

Whenever the terms of the Plan provide for or permit a decision to be made or an action to be taken by a Grantor, such decision may be made or such action taken in the sole and absolute discretion of such Grantor and shall be final, conclusive and binding on all persons for all purposes; provided, however, that the Board may review any decision or action of the Grantor and it may reverse or modify such Award, decision or act as it deems appropriate. The Grantor's determinations under the Plan, including, without limitation the determination of any person to receive Awards and the amount of such Awards, need not be uniform.

SECTION 12.6 INDEMNIFICATION AND EXCULPATION

12.6.1 *Indemnification.* Each person who is or shall have been a member of the Board or the Committee and each director, officer or employee of the Company or any Subsidiary to whom any duty or power related to the administration or interpretation of the Plan may be delegated (each, an "Indemnified Person"), shall be indemnified and held harmless by the Company against and from any and all loss, cost, liability or expense that may be imposed upon or reasonably incurred by such person in connection with or resulting from any claim, action, suit or proceeding to which such person may be or become a party or in which such person may be or become involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by such person in settlement thereof (with the Company's written approval) or paid by such person in satisfaction of a judgment in any such action, suit or proceeding, except a judgment in favor of the Company based upon a finding of such person's bad faith; subject, however, to the condition that upon the institution of any claim, action, suit or proceeding against such person, he or she shall in writing give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of, and shall be in addition to, any other right to which such person may be entitled under the Company's charter or bylaws, as a matter of law or otherwise, or any power that the Company may have to indemnify such person or hold such person harmless.

12.6.2 *Exculpation.* No Indemnified Person shall be personally liable by reason of any contract or other instrument executed by such person or on such person's behalf in his or her capacity as an Indemnified Person hereunder, nor for any mistake of judgment made in good faith, unless otherwise provided by law. Each Indemnified Person shall be fully justified in relying or acting upon in good faith any information furnished in connection with the administration of the Plan by any appropriate person or persons other than himself or herself. In no event shall any Indemnified Person be liable for any determination made or other action taken or any omission to act in reliance upon such report or information, for any action (including the furnishing of information) taken or any failure to act, if in good faith.

SECTION 12.7 UNFUNDED PLAN

The Plan is intended to constitute an unfunded, long-term incentive compensation plan for certain selected Employees and Directors. No special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts. The Company may, but shall not be obligated to, acquire shares of its Common Stock from time to time in anticipation of its obligations under the Plan, but no Grantee shall have any right in or against any shares of Common Stock so acquired. All such shares shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes as it may deem appropriate. No obligation or liability of the Company to any Grantee with respect to any right to receive a distribution or payment under the Plan shall be deemed to be secured by any pledge or other encumbrance on any property of the Company.

SECTION 12.8 INALIENABILITY OF RIGHTS AND INTERESTS

The rights and interests of a Holder under the Plan are personal to the Holder and to any person or persons who may become entitled to distribution or payments under the Plan by reason of death of the Holder, and the rights and interests of the Holder or any such person (including, without limitation, any Award distributable or payable under the Plan) shall not be subject in any manner to alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any such attempted action shall be void and no such benefit or interest shall be in any manner liable for or subject to debts, contracts, liabilities, engagements or torts of any Holder. If any Holder shall attempt to alienate, sell, transfer, assign, pledge, encumber or charge any of his rights or interests under the Plan, (including without limitation, any Award payable under the Plan) then the Committee may hold or apply such benefit or any part thereof to or for the benefit of such Holder in such manner and in such proportions as the Committee may consider proper. Notwithstanding the foregoing, the Holder, subject to the approval of the Company may elect to irrevocably transfer some or all of an Award to a family member. For this purpose, a family member shall refer to one or more of the Holder's spouse, children or grandchildren, or to a trust established solely for the benefit of, or to a partnership whose partners are, the Holder's spouse, children and grandchildren; provided, however, that:

(i) the Award, once transferred, may not again be transferred except by will or by the laws of descent and distribution;

(ii) the Award, once transferred, shall remain subject to the same terms and conditions of the Award in effect before the transfer and the transferee of the Award (the "Transferee") must comply with all other provisions of the Award; and

(iii) the Holder receives no consideration for such transfer. No transferred Award shall be exercisable following a transfer, as provided for herein, unless the Committee receives written notice from the Holder in a form and manner satisfactory to the Committee, in its sole discretion, to the effect that a transfer of the Award has occurred and the notice identifies the Award transferred, the identity of the Transferee and his or her relationship to the Holder.

SECTION 12.9 AWARDS NOT INCLUDABLE FOR BENEFIT PURPOSES

Except as otherwise set forth in any applicable 401(k) plan, payments received by a Grantee pursuant to the provisions of the Plan shall not be included in the determination of benefits under any pension, group insurance or other benefit plan applicable to the Grantee which is maintained by the Company or any of its Subsidiaries, except as may be determined by the Committee.

SECTION 12.10 NO ISSUANCE OF FRACTIONAL SHARES

The Company shall not be required to deliver any fractional share of Common Stock but, as determined by the Committee, may pay a cash amount to the Holder in lieu thereof, except as otherwise provided in the Plan, equal to the Fair Market Value (determined as of an appropriate date determined by the Committee) of such fractional share.

SECTION 12.11 MODIFICATION FOR INTERNATIONAL GRANTEES

Notwithstanding any provision to the contrary, the Committee may incorporate such provisions, or make such modifications or amendments in Award Agreements of Grantees who reside or are employed outside of the United States of America, or who are citizens of a country other than the United States of America, as the Committee deems necessary or appropriate to accomplish the purposes of the Plan with respect to such Grantee in light of differences in applicable law, tax policies or customs, and to ascertain compliance with all applicable laws.

SECTION 12.12 LEAVES OF ABSENCE

The Committee shall be entitled to make such rules, regulations and determinations as it deems appropriate under the Plan in respect of any leave of absence taken by the recipient of any Award. Without limiting the generality of the foregoing, the Grantor shall be entitled to determine (i) whether or not any such leave of absence shall constitute a termination of employment for purposes of the Plan and any Award Agreement, and (ii) the impact, if any, of any such leave of absence on Awards under the Plan theretofore made to any recipient who takes such leave of absence. Notwithstanding the foregoing, with respect to Awards that are "deferred compensation" under Section 409A of the Code, to the extent necessary to avoid incurring adverse tax consequences under Section 409A of the Code, any leave of absence taken by the recipient shall constitute a termination of employment within the meaning of the Plan when the recipient has a "separation from service" as defined in Section 409A of the Code and the regulations thereunder.

SECTION 12.13 COMMUNICATIONS

12.13.1 *Communications by the Grantor.* All notices, statements, reports and other communications made, delivered or transmitted to a Holder or other person under the Plan shall be deemed to have been duly given, made or transmitted, when sent electronically to a Company or Subsidiary e-mail address, when delivered to, or when mailed by first-class mail, postage prepaid and addressed to, such Holder or other person at his or her address last appearing on the records of the Company.

12.13.2 *Communications by the Directors, Consultants, Employees, and Others.* All elections, designations, requests, notices, instructions and other communications made, delivered or transmitted by the Company, a Subsidiary, Grantee, Beneficiary or other person to the Committee required or permitted under the Plan shall be transmitted by any means authorized by the Committee or shall be mailed by first-class mail or delivered to the Company's principal office to the attention of the Company's Secretary or such other location as may be specified by the Committee, and shall be deemed to have been given and delivered only upon actual receipt thereof by the Committee at such location.

SECTION 12.14 PARTIES IN INTEREST

The provisions of the Plan and the terms and conditions of any Award shall, in accordance with their terms, be binding upon, and inure to the benefit of, all successors of each Grantee, including, without limitation, such Grantee's estate and the executors, administrators, or trustees thereof, heirs and legatees, and any receiver, trustee in bankruptcy or representative of creditors of such Grantee. The obligations of the Company under the Plan shall be binding upon the Company and its successors and assigns.

SECTION 12.15 SEVERABILITY

Whenever possible, each provision in the Plan and every Award at any time granted under the Plan shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Plan or any Award at any time granted under the Plan shall be held to be prohibited by or invalid under applicable law, then (i) such provision shall be deemed amended to accomplish the objectives of the provision as originally written to the fullest extent permitted by law, and (ii) all other provisions of the Plan and every other Award at any time granted under the Plan shall remain in full force and effect.

SECTION 12.16 COMPLIANCE WITH LAWS

The Plan and the grant of Awards shall be subject to all applicable Federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. It is intended that the Plan be applied and administered in compliance with Rule 16b-3. If any provision of the Plan would be in violation of Rule 16b-3 if applied as written, such provision shall not have effect as written and shall be given effect so as to comply with Rule 16b-3, as determined by the Committee. The Board is authorized to amend the Plan and to make any such modifications to Award Agreements to comply with Rule 16b-3, and to make any such other amendments or modifications as it deems necessary or appropriate to better accomplish the purposes of the Plan in light of any amendments made to Rule 16b-3.

SECTION 12.17 NO STRICT CONSTRUCTION

No rule of strict construction shall be implied against the Company, the Board, the Committee, the CEO or any other person in the interpretation of any of the terms of the Plan, any Award Agreement, any Award granted under the Plan or any rule or procedure established by the Committee or the Board.

SECTION 12.18 MODIFICATION

This document contains all of the provisions of the Plan and no provisions may be waived, modified or otherwise altered except in a writing adopted by the Committee or, with respect to Director Awards, the Board.

SECTION 12.19 GOVERNING LAW

All questions pertaining to validity, construction and administration of the Plan and the rights of all persons hereunder shall be determined with reference to, and the provisions of the Plan shall be governed by and shall be construed in conformity with, the internal laws of the Commonwealth of Pennsylvania without regard to any of its conflict of laws principles.

SECTION 12.20 CLAWBACK POLICY

Notwithstanding anything to the contrary herein, all outstanding Awards constitute “Incentive Compensation” as defined in the Company’s Clawback Policy and pursuant to which the Committee may cancel any Award to the extent that the terms of the Clawback Policy so provide.

ARTICLE XIII
CHANGE OF CONTROL

SECTION 13.1 IMPACT OF CHANGE OF CONTROL

Subject to Section 11.2.2, in the event of a Change of Control, upon a Grantee’s termination of employment by the Grantee’s employer without Cause or by the Grantee for Good Reason, in either case, within two (2) years following the Change of Control (or on the date of the Change of Control), then (a) Options (with an exercise price that is less than the Fair Market Value of the Company’s Common Stock at the time of the Change in Control) and SARs shall vest and become fully exercisable, (b) restrictions on Restricted Stock Awards and Restricted Stock Unit Awards shall lapse and such Awards shall become fully vested, (c) any Performance Awards with vesting or other provisions tied to achievement of Performance Goals shall be considered to be vested (and, as applicable, shall be earned and paid) at Target Performance, (d) any Awards payable in cash shall be paid within thirty (30) days after such termination of employment to all Grantees who have been granted such an Award, and (e) such other additional benefits, changes or adjustments as the Committee deems appropriate and fair shall apply, subject in each case to any terms and conditions contained in the Award Agreement evidencing such Award.

SECTION 13.2 ASSUMPTION UPON CHANGE OF CONTROL

Notwithstanding the foregoing, if in the event of a Change of Control, the successor company does not agree to assume or substitute for an Award, or the Awards will otherwise not remain outstanding after the Change of Control, then, in lieu of such outstanding assumed or substituted Award, the holder shall be entitled to the benefits set forth in the first sentence of Section 13.1 as of the date of the Change of Control, to the same extent as if the holder’s employment or service as a Director or Consultant had been terminated by the Company without Cause as of the date of the Change of Control. For the purposes of this Section 13.2, an Award shall be considered assumed or substituted for if following the Change of Control the award confers the right to purchase or receive, for each share subject to the Award immediately prior to the Change of Control, the consideration (whether stock, cash or other securities or property) received in the transaction constituting a Change of Control by holders of shares for each share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the transaction constituting a Change of Control is not solely common stock of the successor company, the Committee may, with the consent of the successor company, provide that the consideration to be received upon the exercise or vesting of any Award, for each share subject thereto, will be solely common stock of the successor company substantially equal in fair market value to the per share consideration received by holders of Shares in the transaction constituting a Change of Control. The determination of such substantial equality of value or consideration shall be made by the Committee before the Change of Control in its sole discretion and its determination shall be conclusive and binding. Any assumption or substitution of the Incentive Stock Option will be made in a manner that will not be considered a “modification” under the provisions of Section 424(h)(3) of the Code.

ARTICLE XIV
AMENDMENT AND TERMINATION

SECTION 14.1 AMENDMENT; NO REPRICING

The Board or the Committee with respect to the Plan, and the Grantor with respect to any Award Agreement, reserve the right at any time to modify, alter or amend, in whole or in part, any or all of the provisions of the Plan or any Award Agreement to any extent and in any manner that it or he, as the case may be, may deem advisable, and no consent or approval by the shareholders of the Company, by any Grantee or Beneficiary, or by any other person, committee or entity of any kind shall be required to make any modification, alteration or amendment; provided, however, that the Board shall not, without the requisite affirmative approval of the shareholders of the Company, make any modification, alteration or amendment that requires shareholders’ approval under any applicable law, the Code or stock exchange requirements. No modification, alteration or amendment of the Plan or any Award Agreement may, without the consent of the Grantee (or the Grantee’s Beneficiaries in case of the Grantee’s death) to whom any Award shall theretofore have been granted under the Plan, adversely affect any material right of such Grantee under such Award, except in accordance with the provisions of the Plan and/or any Award Agreement applicable to any such Award. Subject to the provisions of this Section 14.1, any modification, alteration or amendment of any provisions of the Plan may be made retroactively. Except as otherwise provided in Section 11.2 hereof, neither the Committee nor the Board shall (i) reduce the SAR Base Amount or Option Price, as applicable, of Stock Options or SARs previously awarded to any Grantee, (ii) cancel, surrender, replace or otherwise exchange any outstanding Stock Option or SAR where the Fair Market Value of the Common Stock underlying such Stock Option or SAR is less than its Option Price for a new Stock Option or SAR, another Award, cash, shares of Common Stock or other securities or (iii) take any other action that is considered a “repricing” for purposes of the shareholder approval rules of the applicable securities exchange or inter-dealer quotation system on which the shares of Common Stock are listed or quoted, without the requisite prior affirmative approval of the shareholders of the Company.

SECTION 14.2 SUSPENSION OR TERMINATION

The Board reserves the right at any time to suspend or terminate, in whole or in part, any or all of the provisions of the Plan for any reason and without the consent of or approval by the shareholders of the Company, any Holder or any other person, committee or entity of any kind; provided, however, that no such suspension or termination shall adversely affect any material right or obligation with respect to any Award theretofore made except as herein otherwise provided.

ARTICLE XV
SECTION 409A

The Company intends that payments and benefits under this Plan and any Award Agreement issued hereunder comply with, or be exempt from, Section 409A of the Code and, accordingly, to the maximum extent permitted, this Plan and any Award Agreement shall be interpreted to be in compliance therewith. A termination of employment or service shall not be deemed to have occurred for purposes of any provision of this Plan or any Award Agreement providing for the payment of any amounts or benefits upon or following a termination of employment or service that are considered “nonqualified deferred compensation” under Section 409A unless such termination is also a “separation from service” within the meaning of Section 409A. If a Grantee is determined to be a “specified employee” within the meaning of that term under Section 409A(a)(2)(B) (as determined in accordance with the uniform policy adopted by the Committee with respect to all of the arrangements subject to Section 409A maintained by the Company and its Subsidiaries), then with regard to any payment that is considered non-qualified deferred compensation under Section 409A payable on account of a “separation from service,” such payment shall be made or provided no earlier than the first day of the seventh month following such Grantee’s “separation from service,” (or upon the Grantee’s death, if earlier). Each payment of an Award under the Plan shall be treated as a separate payment for purposes of Section 409A. In no event shall the Company or any of its directors, members, managers, officers or employees, or the Grantor, be responsible for any tax, penalty, interest or liability that arises as a result of a violation of Section 409A.

ARTICLE XVI
EFFECTIVE DATE AND TERM OF THE PLAN

The Plan became effective on the Effective Date. No Award shall be granted under the Plan after the date specified in Section 4.1.4. The Plan will continue in effect for existing Awards as long as any such Awards are outstanding.

Exhibit 31.1

CERTIFICATION

I, Jay A. Snowden, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PENN Entertainment, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2026

/s/ Jay A. Snowden

Jay A. Snowden
Chief Executive Officer, President, and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Felicia R. Hendrix, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PENN Entertainment, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2026

/s/ Felicia R. Hendrix
Felicia R. Hendrix
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002,
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of PENN Entertainment, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2026 as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Jay A. Snowden, Chief Executive Officer and President of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2026

/s/ Jay A. Snowden
Jay A. Snowden
Chief Executive Officer, President, and Director
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002,
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of PENN Entertainment, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2026 as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Felicia R. Hendrix, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2026

/s/ Felicia R. Hendrix
Felicia R. Hendrix
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)