Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2020

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 NATIONAL GAMING, 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 officers) (Zip Code)

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

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, $0.01 par value per share	**PENN**	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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, a 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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

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

As of June 30, 2020, the aggregate market value of the voting common stock held by non-affiliates of the registrant was $4.2 billion. Such aggregate market value was computed by reference to the closing price of the common stock as reported on the NASDAQ Global Select Market on June 30, 2020. As of February 19, 2021, the number of shares of the registrant's common stock outstanding was 156,486,487.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive 2021 proxy statement, anticipated to be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year, are incorporated by reference into Part III of this Form 10-K.

PENN NATIONAL GAMING, INC.
TABLE OF CONTENTS

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. References to Penn National Gaming, Inc., together with its subsidiaries ("Penn National," the "Company," "we," "our," or "us") refer to Penn National Gaming, Inc. and its subsidiaries, except where stated or the context otherwise indicates. These statements are included throughout the document, including within "Item 1A. Risk Factors," and relate to our business strategy, our prospects and our financial position. These statements can be identified by the use of forward-looking terminology such as "expects," "believes," "estimates," "projects," "intends," "plans," "seeks," "may," "will," "should," 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: COVID-19; the length of time the Company's Zia Park and Valley Race Park properties will remain closed, the expected opening dates, and the impact of these closures on the Company and its stakeholders; demand for gaming as these gaming properties reopen as well as the impact of post-opening restrictions (hours of operations and capacity limitations); continued demand for the gaming properties that have opened and the possibility that our gaming properties may be required to close again in the future due to COVID-19; the impact of COVID-19 on general economic conditions, capital markets, unemployment, and the Company's liquidity, operations, supply chain and personnel; the potential benefits and expected timing of the Perryville transaction with GLPI; the Company's estimated cash burn and future liquidity, future revenue and Adjusted EBITDAR, including from our iGaming business in Pennsylvania and Michigan; the continued success of Barstool Sports in Pennsylvania, Michigan and in additional states in the future; the expected benefits and potential challenges of the investment in Barstool Sports, including the anticipated benefits for the Company's online and retail sports betting, iGaming and social casino products; the expected financial returns from the transaction with Barstool Sports; expected future launches of the Barstool-branded mobile sports betting product; the future revenue and profit contributions of the Barstool-branded mobile sports betting product; the impact of shortened or cancelled

sports seasons on our results; our expectations of future results of operations and financial condition, including margins; our expectations for our properties; our development projects or our iGaming initiatives; our expectations with regard to the impact of competition; the anticipated opening dates of our retail sportsbooks in future states and our proposed Pennsylvania Category 4 casinos in York and Berks counties; our expectations with regard to acquisitions, potential divestitures and development opportunities, as well as the integration of and synergies related to any companies we have acquired or may acquire; the outcome and financial impact of the litigation in which we are or will be periodically involved; the actions of regulatory, legislative, executive or judicial decisions at the federal, state or local level with regard to our business and the impact of any such actions; our ability to maintain regulatory approvals for our existing businesses and to receive regulatory approvals for our new business partners; our expectations with regard to the impact of competition in online sports betting, iGaming and retail/mobile sportsbooks as well as the potential impact of this business line on our existing businesses; the performance of our partners in online sports betting, iGaming and retail/mobile sportsbooks, including the risks associated with any new business, the actions of regulatory, legislative, executive or judicial decisions at the federal, state or local level with regard to online sports betting, iGaming and retail/mobile sportsbooks and the impact of any such actions; and our expectations regarding economic and consumer conditions. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Form 10-K may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. All forward-looking statements in this Form 10-K are based on information available to us as of the date hereof, such information may be limited or incomplete, and we assume no obligation to update any such forward-looking statements. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements. The following discussion should be read in conjunction with our consolidated financial statements and the accompanying notes contained in this Form 10-K.

Risk Factor Summary

The following is a summary of some of the risks and uncertainties as of the date of the filing of this Annual Report on Form 10-K that could materially adversely affect our business, financial condition and results of operations. You should read this summary together with the more detailed description of each risk factor contained below.

Risks Related to the COVID-19 Pandemic

- The COVID-19 pandemic has had a material adverse impact on our business and financial performance, and we expect this adverse impact to continue until after the COVID-19 pandemic is contained.
- We are unable to predict the extent to which COVID-19 and its related impacts will continue to adversely affect our business operations, financial performance and the achievement of our strategic objectives.
- As a result of the COVID-19 pandemic, unforeseen events have occurred and may occur in the future that materially adversely affect the number of visitors to our properties, which could adversely disrupt our operations and negatively impact our business.
- Instability in the financial markets and global or regional economic weakness or uncertainty could have a material adverse effect on our stock price.

Risks Related to Our Business and Operations

- We face significant competition from other gaming and entertainment operations and may continue to do so in the future.
- Reductions in discretionary consumer spending have negatively impacted our business and may continue to do in the future.
- We depend on certain properties that generate a significant percentage of our revenues.
- Most of our facilities are leased, and we may face risks associated with leased properties.
- A significant portion of our cash flow is used for rent payments under our Triple Net Leases.
- Inclement weather and other casualty events could negatively impact our business.
- We may be unable to renew or we may have disputes regarding the terms of management agreements and/or leases we have with third parties and local governments.
- We may face additional costs related to the slot machine manufacturing industry.
- We cannot guarantee the recent expansion of our sports betting and iGaming operations or investment in Barstool Sports will be successful.
- Our operations are dependent on retaining experienced management and key personnel.
- The success of certain of our operations depends on our ability to renew our contracts and expand the business.
- Labor problems could negatively impact our future profits.
- We may be unable to protect or enforce our intellectual property rights.
- The market price of our common stock could fluctuate significantly.

- We are currently, or may become, involved in legal proceedings, the results of which could have a material adverse effect on us.

Risks Related to Our Indebtedness and Capital Structure

- Our substantial indebtedness could adversely affect our ability to meet our indebtedness obligations.
- The lack of availability and cost of financing could adversely impact our business.
- To service our indebtedness, we will require a significant amount of cash, which depends on many factors beyond our control.

Risks Related to Regulation, Taxes and Compliance

- We are subject to extensive regulation and our business may be adversely impacted by changes in legislation and regulations.
- State and local smoking restrictions have and may continue to negatively affect our business.
- We may face material increases in our current taxes or the adoption of new taxes.
- Failure to comply with certain federal, state and other laws and regulations may have an adverse effect on us.

Risks Related to Technology, Information Security and Penn Interactive

- We rely heavily on technology services and an uninterrupted supply of electrical power.
- Cyber security breaches could affect our operations and harm our reputation.
- If our third-party mobile distribution platforms or service providers fail to perform or terminate their relationship with us, our business could be adversely affected.
- We may be unable to grow Penn Interactive.

Risks Related to Acquisitions

- We may face disruptions, delays and other difficulties related to our recently acquired properties, future acquisitions, or new initiatives.
- In the event we make another acquisition, we may face risks related to our ability to receive regulatory approvals required to complete, or other delays or impediments to completing, such acquisition.

Risks Related to the Spin-Off

- We could be subject to significant tax liabilities if the Spin-Off of Gaming and Leisure Properties, Inc. (“GLPI”) does not qualify as a tax-free transaction.
- In connection with the Spin-Off, GLPI agreed to indemnify us for certain liabilities. However, there can be no assurance that these indemnities will be sufficient to insure us against the full amount of such liabilities, or that GLPI’s ability to satisfy its indemnification obligation will not be impaired in the future.

PART I

ITEM 1. BUSINESS

Overview

Penn National Gaming, Inc., together with its subsidiaries ("Penn National," the "Company," "we," "our," or "us"), is a leading, diversified, multi-jurisdictional owner and manager of gaming and racing properties, retail and online sports betting operations, and video gaming terminal ("VGT") operations. Our wholly-owned interactive division, Penn Interactive Ventures, LLC ("Penn Interactive"), operates retail sports betting across the Company's portfolio, as well as online sports betting, online social casino, bingo and online casinos ("iGaming"). In February 2020, the Company acquired 36% (inclusive of 1% on a delayed basis) equity interest in Barstool Sports, Inc. ("Barstool Sports"), a leading digital sports, entertainment, lifestyle and media company, and entered into a strategic relationship with Barstool Sports, whereby Barstool Sports will exclusively promote the Company's land-based retail sportsbooks, iGaming products and online sports betting products, including the Barstool Sportsbook mobile app, to its national audience. We launched an online sports betting app called Barstool Sports in Pennsylvania in September 2020 and in Michigan in January 2021. We also operate iGaming in Pennsylvania and Michigan. Our MYCHOICE® customer loyalty program (the "mychoice program") currently has over 20 million members and provides such members with various benefits, including complimentary goods and/or services. The Company's strategy has continued to evolve from an owner and manager of gaming and racing properties into an omni-channel provider of retail and online gaming, live racing and sports betting entertainment. We believe our continued evolution into a best-in-class omni-channel provider of retail and online gaming and sports betting entertainment will be a catalyst for our core land-based business, while also providing a platform for significant long-term shareholder value. References in this Annual Report on Form 10-K, to "Penn National," the "Company," "we," "our," or "us" refer to Penn National Gaming, Inc. and its subsidiaries, except where stated or the context otherwise indicates.

As of December 31, 2020, we owned, managed, or had ownership interests in 41 properties in 19 states. The majority of the real estate assets (i.e., land and buildings) used in the Company's operations are subject to triple net master leases; the most significant of which are the Penn Master Lease and the Pinnacle Master Lease (as such terms are defined in the "Triple Net Leases" section below and collectively referred to as the "Master Leases"), with Gaming and Leisure Properties, Inc. (NASDAQ: GLPI) ("GLPI"), a real estate investment trust ("REIT"). In addition, we are currently developing two Category 4 satellite gaming casinos in Pennsylvania: Hollywood Casino York and Hollywood Casino Morgantown, both of which are expected to commence operations by the end of 2021.

On March 11, 2020, the World Health Organization declared the novel coronavirus (known as "COVID-19") outbreak to be a global pandemic. To help combat the spread of COVID-19 and pursuant to various orders from state gaming regulatory bodies or governmental authorities, operations at all of our properties were temporarily suspended for single or multiple time periods during the year. Once re-opened, properties operated with reduced gaming and hotel capacity and limited food and beverage offerings in order to accommodate social distancing and health and safety protocols.

During the fourth quarter of 2020, our properties temporarily suspended operations in Pennsylvania, Michigan and Illinois and were subject to increased operational restrictions in Ohio and Massachusetts (among other states). Our Michigan property temporarily closed on November 17, 2020 and reopened on December 23, 2020. Our Pennsylvania properties temporarily closed on December 12, 2020 and reopened on January 4, 2021. Our Illinois properties temporarily closed on November 20, 2020 and began reopening with limited hours of operations beginning January 16, 2021 and throughout the week. The property closures were pursuant to the various orders from state gaming regulatory bodies or governmental authorities to combat the rapid spread of COVID-19. As of February 26, 2021, all of our properties were open to the public with the exception of Zia Park and Valley Race Park, which remain closed.

The COVID-19 pandemic caused significant disruptions to our business and had a material adverse impact on our financial condition, results of operations and cash flows, the magnitude of which continues to develop. During the year, substantial measures were taken to improve our financial position and liquidity as discussed in our Consolidated Financial Statements Note 1, "Organization and Basis of Presentation".

In February 2020, we closed on our investment in Barstool Sports pursuant to a stock purchase agreement with Barstool Sports and stockholders of Barstool Sports, in which we purchased approximately 36% of the common stock of Barstool Sports for a purchase price of $161.2 million. Within three years after the closing or earlier at our election, we will increase our ownership in Barstool Sports to approximately 50% with an incremental investment of approximately $62 million, consistent with the implied valuation at the time of the initial investment. With respect to the remaining Barstool Sports shares, we have immediately exercisable call rights, and the existing Barstool Sports stockholders have put rights exercisable beginning three

years after closing, all based on a fair market value calculation at the time of exercise (subject to a cap of $650.0 million and a floor of 2.25 times the annualized revenue of Barstool Sports, all subject to various adjustments). Upon closing, we became Barstool Sports' exclusive gaming partner for up to 40 years and have the sole right to utilize the Barstool Sports brand for all of our online and retail sports betting and iGaming products. For additional information, see Note 7, "Investments in and Advances to Unconsolidated Affiliates".

On December 15, 2020, the Company entered into a definitive agreement with GLPI to purchase the operations of Hollywood Casino Perryville for $31.1 million. The transaction is expected to close during the second or third quarter of 2021, subject to approval of the Maryland Lottery and Gaming Control Commission and other customary closing conditions. Simultaneous with the closing of the transaction, we would lease the real estate assets associated with Hollywood Casino Perryville from GLPI with initial annual rent of $7.8 million per year subject to escalation. For additional information on our acquisitions, see Note 6, "Acquisitions and Dispositions."

In May 2019, we acquired Greektown Casino-Hotel ("Greektown") in Detroit, Michigan, subject to a triple net lease with VICI Properties Inc. (NYSE: VICI) ("VICI", a REIT and collectively with GLPI, our "REIT Landlords") (the "Greektown Lease") and, in January 2019, we acquired Margaritaville Casino Resort ("Margaritaville") in Bossier City, Louisiana, subject to a triple net lease with VICI (the "Margaritaville Lease" and collectively with the Master Leases, the Greektown Lease, the Meadows Lease, the Tropicana Lease and the Morgantown Lease, of which the Meadows Lease, the Tropicana Lease and Morgantown Lease are defined in the "Triple Net Leases" section below, the "Triple Net Leases").

In October 2018, the Company completed the acquisition of Pinnacle Entertainment, Inc. ("Pinnacle"), a leading regional gaming operator (the "Pinnacle Acquisition"). In connection with the Pinnacle Acquisition, we added 12 gaming properties to our portfolio, providing us with greater operational scale and geographic diversity. We assumed the Pinnacle Master Lease concurrently with the closing of the Pinnacle Acquisition.

We believe that our portfolio of assets provides us 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. In addition, the partnership with Barstool Sports reflects our strategy to continue evolving from the nation's largest regional gaming operator to a best-in-class omni-channel provider of retail and online gaming and sports betting entertainment.

Triple Net Leases

As noted above, the majority of the real estate assets used in the Company's operations are subject to either the Penn Master Lease or the Pinnacle Master Lease. In addition to the Penn Master Lease and the Pinnacle Master Lease, five individual gaming facilities used in our operations are subject to individual triple net leases. Under triple net leases, in addition to lease payments for the real estate assets, the Company is required to pay the following, among other things: (1) all facility maintenance; (2) all insurance required in connection with the leased properties and the business conducted on the leased properties; (3) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor); (4) all tenant capital improvements; and (5) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties.

The following summaries of the Master Leases are qualified in their entirety by reference to either the Penn Master Lease or the Pinnacle Master Lease, as applicable, all of which are incorporated by reference in the exhibits to this Annual Report on Form 10-K.

Penn Master Lease

Pursuant to a triple net master lease with GLPI (the "Penn Master Lease"), which became effective November 1, 2013, the Company leases real estate assets associated with 19 of the gaming facilities used in its operations. The Penn Master Lease has 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. If we elect to renew the term of the Penn Master Lease, the renewal will be effective as to all of the leased real estate assets then subject to the Penn Master Lease, subject to limitations on the final renewal term with respect to certain of the barge-based facilities.

Pinnacle Master Lease

In connection with the Pinnacle Acquisition, the Company assumed a triple net master lease with GLPI ("Pinnacle Master Lease"), originally effective April 28, 2016. Pursuant to the Pinnacle Master Lease, the Company leases real estate assets associated with 12 of the gaming facilities used in its operations from GLPI. 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 exercisable at the Company's option. Furthermore, in conjunction with the Pinnacle Acquisition, GLPI acquired the real estate assets associated with Plainridge Park Casino and leased back such assets to the Company pursuant to an amendment to the Pinnacle Master Lease.

Morgantown Lease

On October 1, 2020, we sold the land underlying our Morgantown development project to GLPI in exchange for rent credits of $30.0 million. Contemporaneous with the sale, the Company entered into a triple net lease with a subsidiary of GLPI for the land underlying Morgantown ("Morgantown Lease"). The initial term of the Morgantown Lease is twenty years with six subsequent, five-year renewal periods, exercisable at the Company's option.

Meadows Lease, Margaritaville Lease, Greektown Lease and Tropicana Lease

In connection with the Pinnacle Acquisition, the Company assumed a triple net lease of the real estate assets used in the operations of Meadows Racetrack and Casino (the "Meadows Lease"), originally effective September 9, 2016, with GLPI as the landlord. Upon assumption of the Meadows Lease, there were eight years remaining of the initial ten-year term, with three subsequent, five-year renewal options followed by one four-year renewal option on the same terms and conditions, exercisable at the Company's option.

As discussed above, in separate acquisitions, the Company entered into the Margaritaville Lease with VICI for the real estate assets used in the operations of Margaritaville and the Greektown Lease with VICI for the real estate assets used in the operations of Greektown. Both the Margaritaville Lease and the Greektown Lease have initial terms of 15 years, with four subsequent five-year renewal options on the same terms and conditions, exercisable at the Company's option.

On April 16, 2020, we sold the real estate assets associated with our Tropicana Las Vegas ("Tropicana") property to a subsidiary of GLPI in exchange for rent credits of $307.5 million. Contemporaneous with the sale, the Company entered into a leaseback of the real estate assets for nominal cash rent. We are required to continue to operate the Tropicana for two years (subject to three one-year extensions at GLPI's option) or until the real estate assets and the operations of the Tropicana are earlier sold by GLPI.

Operating Properties

The table below summarizes certain features of the properties owned, operated or managed by us as of December 31, 2020, by reportable segment (all area and capacity metrics are approximate):

	Location	Real Estate Assets Lease or Ownership Structure	Type of Facility	Gaming Square Footage	Gaming Machines	Table Games [1]	Hotel Rooms
Northeast segment [2]							
Ameristar East Chicago	East Chicago, IN	Pinnacle Master Lease	Dockside gaming	73,000	1,796	75	288
Greektown Casino-Hotel	Detroit, MI	Greektown Lease	Land-based gaming	100,000	2,362	62	400
Hollywood Casino Bangor	Bangor, ME	Penn Master Lease	Land-based gaming/racing	31,750	726	14	152
Hollywood Casino at Charles Town Races	Charles Town, WV	Penn Master Lease	Land-based gaming/racing	115,000	2,292	74	153
Hollywood Casino Columbus	Columbus, OH	Penn Master Lease	Land-based gaming	177,000	2,066	74	—
Hollywood Casino Lawrenceburg [3]	Lawrenceburg, IN	Penn Master Lease	Dockside gaming	149,500	1,521	58	463
Hollywood Casino at Penn National Race Course	Grantville, PA	Penn Master Lease	Land-based gaming/racing	99,500	1,962	80	—
Hollywood Casino Toledo	Toledo, OH	Penn Master Lease	Land-based gaming	125,000	1,848	69	—
Hollywood Gaming at Dayton Raceway	Dayton, OH	Penn Master Lease	Land-based gaming/racing	40,600	814	—	—
Hollywood Gaming at Mahoning Valley Race Course	Youngstown, OH	Penn Master Lease	Land-based gaming/racing	50,000	1,127	—	—
Marquee by Penn [4]	Pennsylvania	N/A	Land-based gaming	N/A	115	—	—
Meadows Racetrack and Casino	Washington, PA	Meadows Lease	Land-based gaming/racing	125,000	2,463	95	—
Plainridge Park Casino	Plainville, MA	Pinnacle Master Lease	Land-based gaming/racing	50,000	1,181	—	—
South segment							
1st Jackpot Casino	Tunica, MS	Penn Master Lease	Dockside gaming	40,000	839	12	—
Ameristar Vicksburg	Vicksburg, MS	Pinnacle Master Lease	Dockside gaming	70,000	1,102	24	148
Boomtown Biloxi	Biloxi, MS	Penn Master Lease	Dockside gaming	35,500	605	20	—
Boomtown Bossier City	Bossier City, LA	Pinnacle Master Lease	Dockside gaming	30,000	806	16	187
Boomtown New Orleans	New Orleans, LA	Pinnacle Master Lease	Dockside gaming	30,000	1,132	31	150
Hollywood Casino Gulf Coast	Bay St. Louis, MS	Penn Master Lease	Land-based gaming	51,000	829	20	291
Hollywood Casino Tunica	Tunica, MS	Penn Master Lease	Dockside gaming	54,000	900	10	494
L'Auberge Baton Rouge	Baton Rouge, LA	Pinnacle Master Lease	Dockside gaming	71,500	1,305	49	205
L'Auberge Lake Charles	Lake Charles, LA	Pinnacle Master Lease	Dockside gaming	70,000	1,469	85	995
Margaritaville Resort Casino	Bossier City, LA	Margaritaville Lease	Dockside gaming	30,000	1,109	50	395
West segment							
Ameristar Black Hawk	Black Hawk, CO	Pinnacle Master Lease	Land-based gaming	56,000	1,050	38	536
Cactus Petes and Horseshu	Jackpot, NV	Pinnacle Master Lease	Land-based gaming	29,000	743	21	416
M Resort	Henderson, NV	Penn Master Lease	Land-based gaming	96,000	1,073	40	390
Tropicana Las Vegas	Las Vegas, NV	Tropicana Lease	Land-based gaming	72,000	632	20	1,470
Zia Park Casino	Hobbs, NM	Penn Master Lease	Land-based gaming/racing	18,000	754	—	154
Midwest segment							
Ameristar Council Bluffs [5]	Council Bluffs, IA	Pinnacle Master Lease	Dockside gaming	35,000	1,421	22	444
Argosy Casino Alton [6]	Alton, IL	Penn Master Lease	Dockside gaming	23,000	705	12	—
Argosy Casino Riverside	Riverside, MO	Penn Master Lease	Dockside gaming	56,000	1,200	42	258
Hollywood Casino Aurora	Aurora, IL	Penn Master Lease	Dockside gaming	53,000	976	27	—
Hollywood Casino Joliet	Joliet, IL	Penn Master Lease	Dockside gaming	50,000	1,100	26	100
Hollywood Casino at Kansas Speedway [7]	Kansas City, KS	Owned - JV	Land-based gaming	95,000	2,000	41	—
Hollywood Casino St. Louis	Maryland Heights, MO	Penn Master Lease	Dockside gaming	120,000	2,017	63	502
Prairie State Gaming [4]	Illinois	N/A	Land-based gaming	N/A	2,047	—	—
River City Casino	St. Louis, MO	Pinnacle Master Lease	Dockside gaming	90,000	1,945	53	200
Other							
Freehold Raceway [8]	Freehold, NJ	Owned - JV	Standardbred racing	—	—	—	—
Retama Park Racetrack [9]	Selma, TX	None - Managed	Thoroughbred racing	—	—	—	—
Sam Houston Race Park [10]	Houston, TX	Owned - JV	Thoroughbred racing	—	—	—	—
Sanford-Orlando Kennel Club [11]	Longwood, FL	Owned	Greyhound racing/simulcasting	—	—	—	—
Valley Race Park [10]	Harlingen, TX	Owned - JV	Greyhound racing	—	—	—	—
				2,411,350	48,032	1,323	8,791

(1) Excludes poker tables.
(2) We expect that Hollywood Casino York and Hollywood Casino Morgantown will be included within our Northeast segment.
(3) Includes 168 rooms at our hotel and event center located less than a mile from the gaming facility.
(4) VGT route operations.
(5) Includes 284 rooms operated by a third party and located on land leased by us and subleased to such third party.
(6) The riverboat is owned by us and not subject to the Penn Master Lease.
(7) Pursuant to a joint venture with NASCAR.
(8) Pursuant to a joint venture with Greenwood Limited Jersey, Inc., a subsidiary of Greenwood Racing, Inc.
(9) Pursuant to a management contract with Retama Development Corporation.
(10) Pursuant to a joint venture with MAXXAM, Inc. ("MAXXAM").
(11) In the fourth quarter of 2020, we sold the land underlying the Sanford-Orlando Kennel Club racetrack which discontinued our live racing operations. We continue to operate our simulcast racing business.

Northeast Segment

Ameristar East Chicago is located less than 25 miles from downtown Chicago, Illinois and offers guests a gaming and entertainment experience in the Chicago metropolitan area. In addition to gaming amenities, the property features a full-service hotel, a sportsbook for live sports betting, a fitness center, dining venues, lounges and 5,400 square feet of meeting and event space.

Greektown Casino-Hotel is located in the Greektown district of Detroit, Michigan, and is one of four casino hotels in the Detroit-Windsor area. In addition to slot machines, table games, poker tables and a sportsbook for live sports betting, the property features a 30-story hotel, several food and beverage options from casual to fine dining, as well as 10,000 square feet of convention and banquet space.

Hollywood Casino Bangor is located less than five miles from the Bangor airport in Maine. It features slot machines, table games and poker tables, as well as a hotel with 5,100 square feet of meeting and multipurpose space; and dining and entertainment options. Bangor Raceway, which is adjacent to the property, is located at historic Bass Park and includes a one-half mile standardbred racetrack and a 12,000 square foot grandstand capable of seating 3,500 patrons.

Hollywood Casino at Charles Town Races is located within approximately an hour drive of the Baltimore, Maryland and Washington, D.C. markets. In addition to slot machines, table games and poker tables, the property includes a sportsbook for live sports betting, as well as a variety of dining options. The complex also features live thoroughbred racing at a 3/4-mile all-weather lighted thoroughbred racetrack with a 3,000-seat grandstand and simulcast wagering.
Hollywood Casino Columbus is a Hollywood-themed casino located in Columbus, Ohio. It features slot machines, table games and poker tables as well as multiple food and beverage outlets, and an entertainment lounge.

Hollywood Casino Lawrenceburg is a Hollywood-themed casino riverboat located along the Ohio River in Lawrenceburg, Indiana, approximately 15 miles west of Cincinnati, Ohio. In addition to slot machines, table games, and poker tables, the riverboat features a sportsbook for live sports betting, as well as a variety of dining options. The hotel and event center, located within one mile from the casino, includes 18,000 square feet of multipurpose space and 19,500 square feet of ballroom and meeting space.

Hollywood Casino at Penn National Race Course is located 15 miles northeast of Harrisburg, Pennsylvania. This gaming facility also includes a variety of dining and entertainment options, as well as sports betting and a viewing area for live racing. The property includes a one-mile all-weather lighted thoroughbred racetrack and a 7/8-mile turf track.

Hollywood Casino Toledo is a Hollywood-themed casino, located on the bank of the Maumee River, in Toledo, Ohio. The property features slot machines, table games and poker tables, as well as multiple food and beverage outlets and an entertainment lounge.

Hollywood Gaming at Dayton Raceway is a Hollywood-themed casino and raceway located in Dayton, Ohio. It features video lottery terminals, a 5/8-mile standardbred racetrack, as well as various restaurants and bars, amongst other amenities.

Hollywood Gaming at Mahoning Valley Race Course is a Hollywood-themed casino and raceway located in Youngstown, Ohio featuring video lottery terminals and a one-mile thoroughbred racetrack. The property also includes various restaurants, and bars, amongst other amenities.

Marquee by Penn is our licensed VGT route operator with a network of 23 truck stop establishments in Pennsylvania.

Meadows Racetrack and Casino is located in Washington, Pennsylvania, approximately 25 miles south of Pittsburgh, Pennsylvania. In addition to gaming amenities, the property offers a sportsbook for live sports betting, several dining options, as well as an event and banquet center, a simulcast betting parlor, a harness racetrack and a bowling alley.

Plainridge Park Casino is located 20 miles southwest of the Boston beltway just off interstate 95 in Plainville, Massachusetts. In addition to gaming offerings, Plainridge Park Casino features various restaurants and bars, along with a 5/8-mile live harness racing facility with a two-story clubhouse for simulcast operations, special events, and live racing viewing.

South Segment

1st Jackpot Casino is the closest Tunica-area casino to downtown Memphis, Tennessee. It features slot machines, table games, a café, a sportsbook and a live entertainment venue.

Ameristar Vicksburg, which is the largest dockside casino in central Mississippi, is located along the Mississippi River approximately 45 miles west of Mississippi's largest city, Jackson. In addition to gaming amenities, the property features a hotel, multiple dining and bar facilities, an 1,800 square feet of meeting and event space, a sports book and an RV park.

Boomtown Biloxi, located in Biloxi Mississippi, offers slot machines and table games, and a sportsbook for live sports betting, as well as a variety of dining options. The property also includes a recreational vehicle park, and a 3,600 square foot event center and board room.

Boomtown Bossier City features a hotel adjoining a dockside riverboat casino located less than one mile from the Louisiana Boardwalk. It also offers several dining options, ranging from a high-end steakhouse to casual dining restaurants, and 1,500 square feet of meeting and conference space.

Boomtown New Orleans is located in the West Bank area across the Mississippi River and approximately 15 minutes from the French Quarter of New Orleans, Louisiana. In addition to gaming amenities, it also features a five-story hotel, a fitness center, several restaurants, a 500-seat entertainment venue, and over 14,000 square feet of meeting and conference space.

Hollywood Casino Gulf Coast is located in Bay St. Louis, Mississippi and features slot machines, table games, and a sportsbook for live sports betting. The property also features a golf course, various dining options, and an RV park amongst other amenities. The waterfront hotel includes a 10,000 square foot ballroom, and nine separate meeting rooms offering more than 14,000 square feet of meeting space.

Hollywood Casino Tunica is a Hollywood-themed casino, located less than 10 miles from Tunica County River Park. In addition to gaming offerings, it features a sportsbook for live sports betting, a hotel, a 123-space recreational vehicle park, various dining and bar options, and banquet and meeting facilities.

L'Auberge Baton Rouge is located approximately ten miles southeast of downtown Baton Rouge, Louisiana. In addition to gaming options, the property features a 12-story hotel, a variety of dining choices, and 13,000 square feet of meeting and event space.

L'Auberge Lake Charles offers one of the closest full-scale casino hotel facilities to Houston, Texas, as well as to the Austin, Texas and San Antonio, Texas metropolitan areas. The location is approximately 140 miles from Houston and approximately 300 miles and 335 miles from Austin and San Antonio, respectively. In addition to gaming amenities, the property features several dining outlets, a golf course, a full-service spa, and more than 26,000 square feet of meeting and event space.

Margaritaville Resort Casino is one of the premier gaming, lodging, dining and entertainment experiences in Northern Louisiana. The property provides an island-style theme and includes a 15,000 square foot 1,000-seat theater, and 9,500 square feet of meeting space.

West Segment

Ameristar Black Hawk is located in the center of the Black Hawk gaming district, approximately 40 miles west of Denver, Colorado. In addition to gaming amenities, the resort features a hotel, a full-service day spa, several dining outlets, a live entertainment bar, and 15,000 square feet of meeting and event space.

Cactus Petes and Horseshu (collectively, "the Jackpot Properties") are located just south of the Idaho border in Jackpot, Nevada. The Jackpot Properties collectively feature two hotels, several dining options, a 4,000 seat amphitheater, a showroom, a live entertainment lounge, and meeting and event facilities.

M Resort, located approximately ten miles from the Las Vegas strip in Henderson, Nevada, is situated at the southeast corner of Las Vegas Boulevard and St. Rose Parkway. The resort features slot machines, table games and a sportsbook for live sports betting, as well as a hotel and a variety of dining and bar options. The property also features more than 60,000 square feet of meeting and conference space, a spa and fitness center, and a 100,000 square foot event center.

Tropicana Las Vegas, located on the strip in Las Vegas, Nevada, is situated at the corner of Tropicana Boulevard and Las Vegas Boulevard. In addition to gaming, the resort features a hotel, a sportsbook kiosk, full-service restaurants, a food court, and a variety of bar and lounge options. The property also includes entertainment venues, over 100,000 square feet of exhibition and meeting space, and a five-acre tropical beach event area and spa.

Zia Park Casino is located in Hobbs, New Mexico, and features slot machines, a hotel, restaurants, a one-mile quarter/thoroughbred racetrack with live racing from September to December, and a year-round simulcast parlor.

Midwest Segment

Ameristar Council Bluffs is located across the Missouri River from Omaha, Nebraska and includes the largest riverboat in Iowa. In addition to gaming amenities, the property also features a hotel, a fitness center, several dining facilities, a sports bar featuring a sportsbook with live sports betting, and 5,000 square feet of convention and meeting space.

Argosy Casino Alton is located on the Mississippi River in Alton, Illinois, approximately 20 miles northeast of downtown St. Louis, Missouri. Argosy Casino Alton is a three-deck riverboat featuring slot machines, table games and a sportsbook for live betting. Argosy Casino Alton includes an entertainment pavilion and features a deli, a VIP lounge and a 475-seat main showroom.

Argosy Casino Riverside is located on the Missouri River, approximately five miles from downtown Kansas City. In addition to gaming amenities, this Mediterranean-themed property features a nine-story hotel, a spa, an entertainment facility featuring various food and beverage areas, a VIP lounge and a sports/entertainment lounge and 19,000 square feet of banquet/conference facilities.

Hollywood Casino Aurora is located in Aurora, Illinois, the second largest city in Illinois, approximately 35 miles west of Chicago. This single-level dockside casino offers guests gaming amenities, including a poker room and a sportsbook for live sports betting and features multiple dining and bar options.

Hollywood Casino Joliet is located on the Des Plaines River in Joliet, Illinois, approximately 40 miles southwest of Chicago. The complex includes a barge-based casino which provides guests with two levels of gaming experience, as well as a land-based pavilion with several dining and entertainment options. In addition, the property includes a sportsbook for live betting, a hotel, 4,600 square feet of meeting space, and an 80-space RV park.

Hollywood Casino at Kansas Speedway, our 50% joint venture with NASCAR, is located in Kansas City, Kansas. It features slot machines, table games and poker tables and offers a variety of dining and entertainment facilities, and a meeting room.

Hollywood Casino St. Louis is located adjacent to the Missouri River directly off I-70 and approximately 22 miles northwest of downtown St. Louis, Missouri. The facility features slot machines, table games, poker tables, a hotel, and a variety of dining and entertainment venues.

Prairie State Gaming is our licensed VGT route operator in Illinois across a network of over 390 bar and/or retail gaming establishments in seven distinct geographic areas throughout Illinois.

River City Casino is located in the St. Louis, Missouri metropolitan area, just south of the confluence of the Mississippi River and the River des Peres in the south St. Louis community of Lemay, Missouri. River City Casino features a hotel, multiple dining outlets, an entertainment lounge, and over 10,000 square feet of conference space.

Other

Freehold Raceway. Through our joint venture in Pennwood Racing, Inc. (“Pennwood”), we own 50% of Freehold Raceway. The property features a half-mile standardbred race track and a 118,000 square foot grandstand. In addition, through our Pennwood joint venture, we own 50% of a leased OTW in Toms River, New Jersey, and operate another OTW, which we constructed, in Gloucester Township, New Jersey.

Retama Park Racetrack. We have a management contract with Retama Development Corporation (“RDC”), a local government corporation of the City of Selma, Texas, to manage the day-to-day operations of Retama Park Racetrack. In addition, we own 1.0% of the equity of Retama Nominal Holder, LLC, which holds a nominal interest in the racing license used to operate Retama Park Racetrack. Additionally, we own a 75.5% interest in Pinnacle Retama Partners, LLC (“PRP”), which owns the contingent gaming rights that may arise if gaming under the existing racing license becomes legal in Texas in the future.

Sam Houston Race Park and Valley Race Park. Our joint venture with MAXXAM owns and operates Sam Houston Race Park and Valley Race Park, and holds a license for a racetrack in Manor, Texas, just outside of Austin. Sam Houston Race Park, which is located 15 miles northwest from downtown Houston along Beltway 8, hosts thoroughbred and quarter horse racing and offers daily simulcast operations, as well as hosts various special events, private parties and meetings, concerts and national touring festivals throughout the year. Valley Race Park features 91,000 of property square footage as a dog racing and simulcasting facility.

Sanford-Orlando Kennel Club. The greyhound racetrack and related facility was sold to a land developer during the fourth quarter of 2020. The remaining facility owned by the Company is used to operate a restaurant and to offer year-round simulcast racing operations.

Penn Interactive

Penn Interactive is our interactive gaming division that operates our online sports betting app called Barstool Sportsbook as well as our iGaming platforms, which are currently live in Pennsylvania and Michigan. Penn Interactive includes the operations of Absolute Games, LLC, a developer and operator of online social bingo and other casino games. In addition, Penn Interactive has entered into multi-year agreements with leading sports betting operators for online sports betting and iGaming market access across our portfolio of properties. Pursuant to these agreements, such sports betting operators have commenced operations in Indiana, Pennsylvania and West Virginia. Penn Interactive also operates 16 internally-branded or Barstool-branded retail sportsbooks located at the Company's properties in Colorado, Illinois, Indiana, Iowa, Michigan, Mississippi, Pennsylvania and West Virginia.

Trademarks

We own a number of trademarks and service marks registered with the U.S. Patent and Trademark Office (“USPTO”), including but not limited to, “Ameristar®,” “Argosy®,” “Boomtown®,” “Greektown®,” “Hollywood Casino®,” “Hollywood Gaming®,” “L’Auberge®,” “M Resort®,” and “MYCHOICE®,” among other trademarks. We believe that our rights to our trademarks are well-established and have competitive value to our properties. We also have a number of trademark applications pending with the USPTO.

Among others, we have a licensing agreement with a third party to use the “Margaritaville®” trademark in connection with the operations of Margaritaville in Bossier City, Louisiana. Upon closing of the transaction with Barstool Sports in February 2020, we have the sole right to utilize the Barstool Sports® brand for all of our online and retail sports betting and iGaming products. In addition, subject to certain terms, conditions, and limitations, we have the exclusive right to use the “Tropicana Las Vegas®” and certain other trademarks within 50 miles of our Tropicana Las Vegas property.

Competition

The gaming industry is characterized by an increasingly high degree of competition among a large number of participants operating from physical locations and/or through online or mobile platforms, and other forms of gaming in the U.S. In a broader sense, our gaming operations face competition from all manner of leisure and entertainment activities, including shopping, athletic events, television and movies, concerts and travel. Legalized gaming is currently permitted in various forms throughout the U.S. and on various lands taken into trust for the benefit of certain Native Americans and as well as various land taken into trust for the benefit of certain First Nations people in Canada. Other jurisdictions, including states adjacent to states in which we currently have properties, have recently legalized, implemented and expanded gaming. In addition, established gaming jurisdictions could award additional gaming licenses or permit the expansion or relocation of existing gaming operations (including VGTs, skill games, sports betting and iGaming). Competition is discussed in further detail within “Item 1A. Risk

Factors," of this Annual Report on Form 10-K and a discussion of the impact of competition on our results of operations, and cash flows is included within "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," of this Annual Report on Form 10-K.

Government Regulation and Gaming Issues

The gaming and racing industries are highly regulated, and we must maintain our licenses and pay gaming taxes to continue our operations. Each of our properties is subject to extensive regulation under the laws, rules and regulations of the jurisdiction where it is located. These laws, rules and regulations generally concern the responsibility, financial stability and character of the owners, managers, and persons with financial interests in the gaming operations. Violations of laws or regulations in one jurisdiction could result in disciplinary action in other jurisdictions. For a more detailed description of the statutes and regulations to which we are subject, see Exhibit 99.1, "Description of Government Regulations," to this Annual Report on Form 10-K, which is incorporated herein by reference.

Our businesses are subject to various federal, state and local laws and regulations in addition to gaming regulations. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, environmental matters, employees, health care, currency transactions, taxation, zoning and building codes, and marketing and advertising. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our financial condition, results of operations and cash flows.

Information about our Executive Officers

As of February 26, 2021, the persons serving as our executive officers and their positions with us are as follows:

NAME	AGE	POSITION WITH THE COMPANY
Jay Snowden	44	President, Chief Executive Officer and Director
Todd George	51	Executive Vice President, Operations
Harper Ko	47	Executive Vice President, Chief Legal Officer and Secretary

Jay Snowden. In August 2019, the Company's Board of Directors elected Mr. Snowden as a Board member. Effective January 1, 2020, Mr. Snowden became the Company's Chief Executive Officer. Mr. Snowden joined the Company in October 2011 as Senior Vice President-Regional Operations and was promoted to Chief Operating Officer in January 2014. In March 2017, Mr. Snowden was named President and Chief Operating Officer and was responsible for overseeing all of our operating businesses, as well as human resources, marketing, and information technology. Prior to joining the Company, Mr. Snowden was the Senior Vice President and General Manager of Caesars and Harrah's in Atlantic City, New Jersey, and prior to that, held various leadership positions with them in St. Louis, Missouri, San Diego, California and Las Vegas, Nevada.

Todd George. Mr. George has served as our Executive Vice President, Operations since January 2020. Mr. George joined us in October 2012 as Vice President and General Manager of Hollywood Casino in Lawrenceburg, Indiana, transitioning to the role of Vice President and General Manager of Hollywood Casino St. Louis in 2014. In 2017, he was promoted to his previous role as Senior Vice President, Regional Operations, overseeing nine properties in the Company's Midwest Region. Prior to joining Penn National, Mr. George spent 12 years in various management positions at Pinnacle Entertainment Inc., including leading the development and launch of Pinnacle's two St. Louis, Missouri properties.

Harper Ko. Ms. Ko was appointed as the Company's Executive Vice President, Chief Legal Officer and Secretary on January 1, 2021. Prior to joining Penn, Ms. Ko was the Executive Vice President, Chief Legal Officer – General Counsel and Secretary of Everi Holdings, Inc., a full-service casino gaming equipment and payment solutions provider from 2017 until December 2020. Prior to joining Everi, Ms. Ko served as Deputy General Counsel, Gaming for Scientific Games Corporation. During her time there from November 2014 to December 2017, Ms. Ko led the legal integration of Bally Gaming, Inc., SHFL entertainment Inc., and WMS Gaming Inc. into the Scientific Games Gaming division and served as a strategic advisor to their Gaming unit executive management team on all material commercial transactions, customer and third-party issues, and regulatory compliance and litigation matters.

Employees and Human Capital Resources

The Company's key human capital management objectives are to attract, retain and develop diverse and high quality talent. Our commitment to an equal-opportunity and respectful workplace characterized by both diversity and inclusion, in which everyone feels valued, respected and supported, is a factor driving our success. Our talent and development programs are designed to develop, support and maintain talent succession pipelines in preparation for key roles and leadership positions;

recognize, reward and support our team members through competitive pay and wellness programs; enhance the Company's philanthropic culture by encouraging participation and championing programs in the communities in which we work and live; and invest in technology and resources to provide our team members with the most efficient tools to perform their jobs.

Some of the key programs and initiatives developed to attract and retain high quality talent include:

- Executive and High Potential Talent Review Process
- Diversity and Veteran Recruitment Initiatives
- AwardCo Recognition Program and Property Engagement Committees

As of December 31, 2020, we had approximately 18,321 full-time and part-time employees. As of December 31, 2020, we had 38 collective bargaining agreements covering approximately 2,779 active employees. Nine collective bargaining agreements are scheduled to expire in 2021, and we are currently renegotiating three collective bargaining agreements that expired in 2020. Although we believe that we have good employee relations, there can be no assurance that we will be able to extend or enter into replacement agreements. If we are able to extend or enter into replacement agreements, there can be no assurance as to whether the terms will be on comparable terms to the existing agreements.

In addition, the Company established a special COVID-19 Emergency Relief Fund under the Penn National Gaming Foundation to provide assistance to team members who have not been called back from furlough due to the ongoing restrictions associated with COVID-19. The Company has raised $3.7 million from our Board of Directors, Chief Executive Officer, senior management and the Penn National Gaming Foundation. In addition, we provided $13 million in one-time holiday cash bonuses in the fourth quarter to our non-executive team members companywide to help with the financial impact to their families from COVID-19. We also created the Hurricane Laura Relief Fund with an initial contribution of $2.5 million to help our community and team members impacted by the storm, in addition to providing more than $6 million in full wages and benefits to our team members during the L'Auberge Lake Charles property closure. Finally, on the social justice front, our Diversity Committee announced a new scholarship program for disadvantaged team members that will be funded with a $1 million annual commitment from our Company, and we launched a series of new inclusion-related initiatives.

Available Information

We maintain a website at *www.pngaming.com* that includes more information about us. The contents of our website are not part of this Annual Report on Form 10-K. Our electronic filings with the U.S. Securities and Exchange Commission ("SEC") (including all Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and any amendments to these reports), including the exhibits, are available free of charge through our website as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. Our filings are also available through a database maintained by the SEC at *www.sec.gov*.

ITEM 1A. RISK FACTORS

Risks Related to the COVID-19 Pandemic

The COVID-19 pandemic has significantly impacted the global economy, including the gaming industry, and has had a material adverse effect on our business, financial condition, results of operations, and cash flows, and may continue to do so.

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak to be a global pandemic. The COVID-19 pandemic has significantly impacted health and economic conditions throughout the United States. The global spread of the COVID-19 pandemic has been, and continues to be, complex and rapidly evolving, with governments, public institutions, and other organizations imposing or recommending, and businesses and individuals implementing, restrictions on various activities or other actions to combat its spread, such as restrictions and bans on travel or transportation, stay-at-home directives, social distancing and health and safety guidelines, limitations on the size of gatherings, closures of work facilities, schools, public buildings, and businesses, cancellation of events, including sporting events, concerts, conferences, and meetings, and quarantines and lock-downs. The COVID-19 pandemic and its consequences have also dramatically reduced travel and demand for casino gaming and related amenities. Many jurisdictions where our properties are located required mandatory closures or imposed capacity limitations, health and safety guidelines and other restrictions affecting our operations. The COVID-19 pandemic and these resulting developments caused significant disruptions to our ability to generate revenues, profitability, and cash flows and had a material adverse impact on our financial condition, results of operations, and cash flows. Such impact could worsen and last for an unknown period of time. In addition, these disruptions to us and the gaming industry in general as well as significant negative economic trends due to the COVID-19 pandemic may adversely affect our stock price.

During the first quarter of 2020, all of the Company's properties were closed pursuant to various orders from state gaming regulatory bodies or governmental authorities to combat the spread of COVID-19. We began reopening our properties on May 18, 2020 with reduced gaming and hotel capacity and limited food and beverage offerings in order to accommodate comprehensive social distancing and health and safety protocols. As of June 30, 2020, we had reopened 31 of our properties and as of September 30, 2020, we had reopened 39 of our properties. During the fourth quarter of 2020, our properties in Illinois, Michigan and Pennsylvania again temporarily suspended operations and as of December 31, 2020, we had reopened 34 of our properties. As of February 26, 2021, the only properties that remain closed are Zia Park and Valley Race Park.

Though virtually all of our properties have reopened, we may be required again to temporarily suspend operations at our properties if ordered by such governmental bodies. Our reopened properties face restrictions on our operations, including hours of operations, capacity limitations, cleaning requirements, restrictions on the number of seats per table game, slot machine spacing, temperature checks, mask protection and social distancing requirements and food and beverage options, which impact our future operations and ability to generate the same level of revenues and cash flows as before the COVID-19 pandemic. The continued operation of our reopened properties, may be affected by our ability to retain our workforce.

Moreover, once restrictions are lifted, it is unclear how quickly customers will return to our properties in numbers comparable to before the COVID-19 pandemic, which may be a function of continued concerns over health and safety, ongoing social distancing measures, perceptions of the efficacy of any vaccines and the ability to achieve herd immunity, or changes in consumer spending behavior due to adverse economic conditions, including job losses. Our properties have large customer-facing footprints and large areas where customers can gather together for personal interaction. As such, some customers may choose for a period of time not to travel or visit our properties for health and safety concerns or due to overall changes in consumer behavior resulting from social distancing. Upon reopening our properties, we have seen weakened visitation, which may have been due to increased level of unemployment, continued travel restrictions or warnings, consumer fears, reduced consumer discretionary spending or general economic uncertainty. Our vendors and other suppliers could also experience potential adverse effects of the pandemic that could impact our ability to operate to the same level as prior to the closures. Cancellations, delays or shortened sports seasons and sporting events due to the COVID-19 pandemic have also had an adverse impact on the revenues of our sports betting operations. If COVID-19 continues to spread significantly in its current form or as a more contagious variant of the virus, governmental agencies or officials may order additional closures or impose further restrictions on the number of people allowed in our properties or in proximity to each other. Any of these events could result in significant further disruption to our operations and a drop in demand for our properties and could have a material adverse effect on us.

We could experience other potential adverse impacts as a result of the COVID-19 pandemic, including, but not limited to, further charges from adjustments to the carrying amount of goodwill and other intangible assets, long-lived asset impairment charges, or impairments of investments in joint ventures.

The ultimate impact of the COVID-19 pandemic on our business, results of operations, financial condition and cash flows will depend on numerous evolving factors that we may not be able to accurately predict or assess, including the duration and scope of the pandemic (including how long the current resurgence may last, and whether there will be multiple resurgences in the future); the duration and impact on overall customer demand; the possibility that governmental bodies may again order temporary suspension of operation at our properties; our ability to again generate revenue and profits capable of supporting our ongoing operations; new information which may emerge concerning the severity of COVID-19 or variants of the virus, or the efficacy of, or adverse reactions to, vaccines; the negative impact it has on global and regional economies and economic activity; the ability of us and our business partners to successfully navigate the impacts of the pandemic; actions governments, businesses, and individuals continue to take in response to the pandemic, including limiting or banning travel and limiting or banning leisure, casino, and entertainment activities (including concerts, sports and similar events); and how quickly economies, travel activity, and demand for gaming, entertainment and leisure activities recovers after the pandemic subsides and an effective vaccine is widely available. The impact of the COVID-19 pandemic may also have the effect of exacerbating many of the other risks described in this Annual Report on Form 10-K. As a result of the foregoing, we cannot predict the ultimate scope, duration, and impact that the COVID-19 pandemic will have on our results of operations, but we expect that it will continue to have a material impact on our business, financial condition, liquidity, results of operations (including revenues and profitability), and stock price.

Risks Related to Our Business and Operations

We face significant competition in the markets in which we operate and from other gaming and entertainment operations, which could have an adverse impact on our financial condition, results of operations, and cash flows.

The gaming industry is characterized by an increasingly high degree of competition among a large number of participants operating from physical locations and/or through online or mobile platforms, and other forms of gaming in the U.S. Recently, there has been additional significant competition in our markets as a result of the upgrading or expansion of properties by existing market participants, the entrance of new gaming participants into a market or legislative changes permitting additional forms of gaming. As competing properties and new markets open, our results of operations may be negatively impacted. We expect each existing or future market in which we participate to be highly competitive.

Furthermore, competition from internet lotteries, sweepstakes, illegal slot machines and skill games, fantasy sports and internet or mobile-based gaming platforms could divert customers from our properties and our online sports betting and iGaming apps and thus adversely affect our financial condition, results of operations, and cash flows. Currently, there are proposals that would legalize internet poker, sports betting and other varieties of iGaming in a number of states. Several states have enacted legislation authorizing intrastate iGaming and iGaming operations have begun or will begin in these states. Further, there has been recent expansion of sports betting in various states, as states have passed legislation legalizing sports betting in casinos and/or online. Expansion of land-based and iGaming in other jurisdictions (both regulated and unregulated) could further compete with our traditional and iGaming operations, which could have an adverse impact on our financial condition, results of operations, and cash flows.

In a broader sense, our gaming operations face competition from all manner of leisure and entertainment activities, including shopping, athletic events, television and movies, concerts and travel. Legalized gaming is currently permitted in various forms throughout the U.S. and on various lands taken into trust for the benefit of certain Native Americans and as well as various land taken into trust for the benefit of certain First Nations people in Canada. Other jurisdictions, including states adjacent to states in which we currently have properties, have recently legalized, implemented and expanded gaming. In addition, established gaming jurisdictions could award additional gaming licenses or permit the expansion or relocation of existing gaming operations (including VGTs, skill games, sports betting and iGaming). Voters and state legislatures may seek to supplement traditional tax revenue sources of state governments or fill COVID-related budget gaps by authorizing or expanding gaming in the states, in which we operate or the states that are adjacent to or near our existing properties. New, relocated, or expanded operations by other persons could increase competition for our gaming operations and could have a material adverse impact on us.

We may face reductions in discretionary consumer spending as a result of economic downturns (including as a result of COVID-19) which have had a material adverse effect on our business.

Our net revenues are highly dependent upon the volume and spending levels of customers at properties we manage, and as such, our business has been adversely impacted by economic downturns in the past and continues to be impacted by the economic downturn resulting from the COVID-19 pandemic. Decreases in discretionary consumer spending brought about by weakened general economic conditions such as, but not limited to, lackluster recoveries from recessions, high unemployment levels, higher income taxes, low levels of consumer confidence, weakness in the housing market, cultural and demographic changes, high fuel or other transportation costs, and increased stock market volatility have negatively impacted our revenues and operating cash flow.

We have certain properties that generate a significant percentage of our revenues and our ability to meet our operating and debt service requirements is dependent, in part, upon the continued success of these properties.

For the year ended December 31, 2020, we generated 16.7%, 10.7%, and 15.6% of our revenues from our properties within the states of Louisiana, Missouri, and Ohio, respectively. Additionally, we generated 6.6% of our revenues from our property in Charles Town, West Virginia. Our ability to meet our operating and debt service requirements is dependent, in part, upon the continued success of these properties.

In addition, we anticipate meaningful contributions from Ameristar Black Hawk, Greektown, and our properties in Pennsylvania. Therefore, our results will be dependent on the regional economies and competitive landscapes at these locations as well.

We are required to utilize a significant portion of our cash flow from operations to make our rent payments under our Triple Net Leases, which could adversely affect our ability to fund our operations and growth and limit our ability to react to competitive and economic changes.

We are required to utilize a significant portion of our cash flow from operations which was $891.1 million inclusive of rent credits utilized for the year ended December 31, 2020, to make our rent payments pursuant to and subject to the terms and conditions of our Master Leases with GLPI, our Meadows Lease and Morgantown Lease with GLPI, our Margaritaville Lease

and Greektown Lease with VICI and our Tropicana Lease (as defined previously as our "Triple Net Leases"), although cash rent under our Tropicana Lease is nominal. In 2020, all of our properties were temporarily closed due to COVID-19 and we were able to obtain rent credits of $337.5 million from GLPI in order to maintain compliance with our Master Leases with GLPI in connection with the sale of Tropicana and the real estate associated with Morgantown. As a result of these commitments under our Triple Net Leases, our ability to fund our own operations or development projects, raise capital, make acquisitions and otherwise respond to competitive and economic changes may be adversely affected. Further, our obligations under the Triple Net Leases may make it more difficult for us to satisfy our obligations with respect to our indebtedness and to obtain additional indebtedness and restrict our ability to raise capital, make acquisitions, divestitures and engage in other significant transactions. Any of the aforementioned factors could have a material adverse effect on our financial condition, results of operations, and cash flows.

Most of our facilities are leased and could experience risks associated with leased property.

We lease 36 of the facilities we operate, or plan to operate, pursuant to the Triple Net Leases. Termination of the Penn Master Lease, Pinnacle Master Lease, Morgantown Lease or Tropicana Lease could result in a default under our debt agreements and could have a material adverse effect on our financial condition, results of operations, and cash flows. Moreover, as a lessee, we do not completely control the land and improvements underlying our operations, and our landlords under the Triple Net Leases could take certain actions to disrupt our rights in the facilities leased under the Triple Net Leases that are beyond our control. There can also be no assurance that we will be able to comply with our obligations under the Triple Net Leases in the future. In addition, there can be no assurance that our landlords will be able to comply with their obligations under the Triple Net Leases with us. In addition, if some of our leased facilities should prove to be unprofitable, we could remain obligated for lease payments and other obligations under the Triple Net Leases even if we decided to withdraw from those locations.

Inclement weather, acts or threats of terrorism, and other casualty events could seriously disrupt our business and have a material adverse effect on our financial condition, results of operations, and cash flows.

The operations of our properties are subject to disruptions or reduced patronage as a result of severe weather conditions, natural disasters, acts or threats of terrorism, concerns about contagious diseases such as the COVID-19 pandemic, and other casualty events, such as hurricanes or tornados. We maintain significant property insurance, including business interruption coverage, for these and other properties. However, there can be no assurances that we will be fully, promptly, or compensated at all for losses at any of our properties in the event of future inclement weather or casualty events or from the closings of our properties due to the COVID-19 pandemic or other contagious disease. For example, on August 27, 2020, Hurricane Laura made landfall in Lake Charles, Louisiana and caused significant damage to L'Auberge Lake Charles forcing it to close for approximately two weeks.

Our operations could be disrupted if management agreements and/or leases with third parties and local governments are not renewed.

Our operations in several jurisdictions depend on land leases and/or management and development agreements with third parties and local governments. If we, or if GLPI or VICI in the case of leases pursuant to which we are the sub-lessee, are unable to renew these leases and agreements on satisfactory terms as they expire or if disputes arise regarding the terms of these agreements, our business may be disrupted and, in the event of disruptions in multiple jurisdictions, could have a material adverse effect on our financial condition, results of operations, and cash flows

The concentration and evolution of the slot machine manufacturing industry could impose additional costs on us.

A majority of our revenues are attributable to slot machines and related systems operated by us at our gaming properties. A substantial majority of the slot machines sold in the U.S. in recent years were manufactured by a few select companies, and there has been extensive consolidation activity within the gaming equipment sector in recent years. In recent years, slot machine manufacturers have frequently refused to sell slot machines featuring the most popular games, instead requiring participation lease arrangements in order to acquire the machines.

For competitive reasons, we may be forced to purchase new slot machines or enter into participation lease arrangements that are more expensive than our current costs associated with the continued operation of our existing slot machines, which could hurt our profitability.

There can be no assurance that we will be able to compete effectively or generate sufficient returns on our recently expanded sports betting operations and investment in Barstool Sports.

Certain of the jurisdictions in which we operate have legalized intra-state sports wagering and have established extensive state licensing and regulatory requirements governing any such intra-state sports wagering. Our sports betting operations compete, and will continue to compete, in a rapidly evolving and highly competitive market against an increasing number of competitors. We launched the Barstool Sportsbook app in Pennsylvania in September 2020 and in Michigan in January 2021, and we expect to launch our Barstool Sportsbook app in additional states throughout 2021. In addition, we have entered into certain market access agreements with certain other sports betting operators and may enter into agreements with additional strategic partners and other third-party vendors. The success of our proposed sports betting operations is dependent on a number of additional factors that are beyond our control, including the ultimate tax rates and license fees charged by jurisdictions across the United States; our ability to gain market share in a newly developing market; the timeliness and the technological and popular viability of our products; our ability to compete with new entrants in the market; changes in consumer demographics and public tastes and preferences; cancellations and delays in sporting seasons and sporting events as a result of the COVID-19 pandemic; and the availability and popularity of other forms of entertainment. There can be no assurance that we will be able to compete effectively or that our expansion will be successful and generate sufficient returns on our investment.

We may not be able to achieve the expected benefits or financial returns of our investment in Barstool Sports due to fees, costs, taxes, delays or disruptions in connection with our roll out of our online and retail sportsbooks, the Barstool Sportsbook app, and iGaming products. In addition, there can be no assurance that the Barstool Sports audience will engage in sports betting and iGaming products to the extent that we expect. Any of the factors above could prevent us from receiving the expected returns of our investment in Barstool Sports, cause the market price of our common stock to decline, and have a material adverse effect on our financial condition, results of operations, and cash flows.

Our investment in and partnership with Barstool Sports may result in potential adverse reactions, negative publicity or changes to our business or regulatory relationships. Our relationships with state gaming regulators and business partners could be adversely affected as a result of our affiliation with Barstool Sports. Gaming regulators may not have extensive experience in the digital media industry, which may present unique challenges in regulating our business. In addition, our business partners may react negatively to actual or perceived competitive threats from our affiliation with Barstool Sports.

Our operations and the success of our investment in Barstool Sports are largely dependent on the skill and experience of management and key personnel.

Our success and our competitive position are largely dependent upon, among other things, the efforts and skills of our senior executives and management team. Although we enter into employment agreements with certain of our senior executives and key personnel, we cannot assure you that we will be able to retain our existing senior executive and management personnel or attract additional qualified senior executive and management personnel. Further, Barstool Sports is dependent upon its ability to attract and retain key personnel, including content creators, bloggers, and marketing personnel. If Barstool Sports loses the services of its senior management team or other key personnel, or if there is a shortage in the availability of the requisite qualified personnel, it would limit the ability of Barstool Sports to grow, to increase sales, and promote our online sports betting and iGaming products and our gaming facilities.

Work stoppages, organizing drives, and other labor problems could negatively impact our future profits.

Some of our employees are currently represented by labor unions. A lengthy strike or other work stoppage at any of our casino properties or construction projects could have an adverse effect on our financial condition, results of operations, and cash flows. Given the large number of employees, labor unions are making a concerted effort to recruit more employees in the gaming industry. We cannot provide any assurance that we will not experience additional and more successful union organization activity in the future.

Further, there has from time to time been a shortage of skilled labor in our markets. In addition to limitations that may otherwise exist in the supply of skilled labor, the continued expansion of gaming near our properties, including the expansion of Native American gaming, may make it more difficult for us to attract qualified individuals. While we believe that we will continue to be able to attract and retain qualified employees, shortages of skilled labor will make it increasingly difficult and expensive to attract and retain the services of a satisfactory number of qualified employees, and we may incur higher costs than expected as a result.

We depend on agreements with our horsemen and pari-mutuel clerks, which if we fail to renew or modify on satisfactory terms, could have a material adverse effect on us.

In jurisdictions where we operate pari-mutuel wagering, if we fail to present evidence of an agreement with the horsemen at a track, we may not be permitted to conduct live racing and to export and import simulcasting at that track and OTWs and, in West Virginia, our video lottery license may not be renewed.

Failure to protect or enforce our intellectual property rights or the costs involved in such enforcement could harm our business, financial condition, and results of operations.

We rely on trademark, copyright, patent, trade secret, and domain-name-protection laws to protect our proprietary rights. Third parties may knowingly or unknowingly infringe our proprietary rights, third parties may challenge proprietary rights held by us, and pending and future trademark and patent applications may not be approved. In any of these cases, we may be required to expend significant time and expense to prevent infringement or to enforce our rights.

The market price of our common stock could fluctuate significantly, which could have a material adverse effect on the stock price or trading volume of our common stock.

The U.S. securities markets in general have experienced significant price fluctuations in recent years, including recently due to the COVID-19 pandemic. The market price of our common stock may be volatile and subject to wide fluctuations, and the trading volume of our common stock may fluctuate and cause significant price variations to occur.

We are or may become involved in legal proceedings that, if adversely adjudicated or settled, could impact our financial condition and results of operations.

From time to time, we are defendants in various lawsuits relating to matters incidental to our business. The nature of our business subjects us to the risk of lawsuits filed by customers, past and present employees, competitors, business partners and others in the ordinary course of business (particularly in the case of class actions). As with all litigation, no assurance can be provided as to the outcome of these matters and, in general, litigation can be expensive and time consuming. We may not be successful in these lawsuits, and, especially with increasing class action claims in our industry, litigation could result in costs, settlements, or damages that could significantly impact our financial condition, results of operations, and cash flows.

Risks Related to Our Indebtedness and Capital Structure

Our substantial indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under our outstanding indebtedness.

As of December 31, 2020, we had indebtedness of $2,431.6 million, including $1,628.1 million in outstanding term loans. In addition, we are required to make significant annual lease payments to our REIT Landlords pursuant to the Triple Net Leases, which we currently expect will be approximately $814.6 million for the year ending December 31, 2021.

We have a substantial amount of indebtedness and significant fixed annual lease payments under the Triple Net Leases. Our substantial indebtedness and additional fixed costs under our Lease obligations could have important consequences to our financial health.

As noted above, due to the COVID-19 pandemic, our gaming properties had been temporarily closed. The closure of our gaming properties had significantly disrupted our ability to generate revenues. In order to remain in compliance with our debt covenants and meet our payment obligations, on April 14, 2020, we entered into an agreement to amend our Amended Credit Agreement to provide temporary relief from our financial covenants. In addition, our substantial indebtedness could result in an event of default if we fail to satisfy our obligations under our indebtedness or fail to comply with the financial and other restrictive covenants contained in our debt instruments, which event of default could result in all of our debt becoming immediately due and payable and could permit certain of our lenders to foreclose on any of our assets securing such debt.

In addition, the interest rates of our Senior Secured Credit Facilities are tied to the London Interbank Offered Rate, or LIBOR. In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021 (“FCA Announcement”). The FCA Announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021, which may impact our Revolving Credit Facility.

The lack of availability and cost of financing could have an adverse effect on our business.

We intend to finance some of our current and future expansion, development and renovation projects and acquisitions with cash flow from operations, borrowings under our Senior Secured Credit Facilities and equity or debt financings. If we are

unable to finance our current or future projects, we could have to seek alternative financing. Depending on credit market conditions, alternative sources of funds may not be sufficient to finance our expansion, development and/or renovation, or such other financing may not be available on acceptable terms, in a timely manner or at all. In addition, our existing indebtedness contains restrictions on our ability to incur additional indebtedness. If we are unable to secure additional financing, we could be forced to limit or suspend expansion, development and renovation projects and acquisitions, which may adversely affect our financial condition, results of operations, and cash flows.

The capacity under our Revolving Credit Facility, which expires in 2023, is $700.0 million. There is no certainty that our lenders will continue to remain solvent or fund their respective obligations under our Senior Secured Credit Facilities.

To service our indebtedness, we will require a significant amount of cash, which depends on many factors beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our Senior Secured Credit Facilities in amounts sufficient to enable us to fund our liquidity needs, including with respect to our indebtedness. We also may incur indebtedness related to properties we develop or acquire in the future prior to generating cash flow from those properties. If those properties do not provide us with cash flow to service that indebtedness (including as a result of COVID-19), we will need to rely on cash flow from our other properties, which would increase our leverage. In addition, if we consummate significant acquisitions in the future, our cash requirements may increase significantly.

Risks Related to Regulation, Taxes and Compliance

We face extensive regulation from gaming authorities, which could have a material adverse effect on us.

As owners and managers of casino gaming, online gaming, sports betting, video lottery, VGTs, and pari-mutuel wagering operations, we are subject to extensive state and local regulation. These regulatory authorities have broad discretion, and may, for any reason set forth in the applicable legislation, rules and regulations, limit, condition, suspend, fail to renew or revoke a license or registration to conduct gaming operations or prevent us from owning the securities of any of our gaming subsidiaries or prevent another person from owning an equity interest in us. Like all gaming operators in the jurisdictions in which we operate, we must periodically apply to renew our gaming licenses or registrations and have the suitability of certain of our directors, officers and employees approved. We cannot assure you that we will be able to obtain such renewals or approvals. Regulatory authorities have input into our operations, for instance, hours of operation, location or relocation of a facility, and numbers and types of slot machines and table games. Regulators may also levy substantial fines against us, our subsidiaries, or the people involved in violating gaming laws or regulations and/or seize our assets or the assets of our subsidiaries. Any of these events could have a material adverse effect on our financial condition, results of operations, and cash flows.

We have demonstrated suitability to obtain and have obtained all governmental licenses, registrations, permits, and approvals necessary for us to operate our existing gaming and pari-mutuel properties. There can be no assurance that we will be able to retain and renew those existing licenses or demonstrate suitability to obtain any new licenses, registrations, permits, or approvals. In addition, the loss of a license in one jurisdiction could trigger the loss of a license or affect our eligibility for a license in another jurisdiction. As we expand our gaming operations in our existing jurisdictions or to new areas, we may have to meet additional suitability requirements and obtain additional licenses, registrations, permits and approvals from gaming authorities in these jurisdictions. The approval process can be time-consuming and costly, and we cannot be sure that we will be successful. Furthermore, this risk is particularly pertinent to our iGaming or sports betting initiatives because regulations in this area are not as fully developed or established.

Gaming authorities in the U.S. generally can require that any record or beneficial owner of our securities file an application for a license or similar finding of suitability. If a gaming authority requires a record or beneficial owner of our securities to file a suitability application, the owner must generally apply for a finding of suitability within 30 days or at an earlier time prescribed by the gaming authority. The gaming authority has the power to investigate such an owner’s suitability and the owner must pay all costs of the investigation. If the owner is found unsuitable, then the owner may be required by law to dispose of our securities.

Our directors, officers, key employees, and joint venture partners must also meet approval standards of certain state regulatory authorities. If state gaming regulatory authorities were to find a person occupying any such position or a joint venture partner or one of our vendors unsuitable, we would be required to sever our relationship with that person or the joint

venture partner or vendor. State regulatory agencies may conduct investigations into the conduct or associations of our directors, officers, key employees, joint venture partners or vendors to ensure compliance with applicable standards.

Certain public and private issuances of securities and other transactions that we are party to also require the approval of some state regulatory authorities.

Changes in legislation and regulation of our business could have an adverse effect on our financial condition, results of operations, and cash flows.

Regulations governing the conduct of gaming activities and the obligations of gaming companies in any jurisdiction in which we have or in the future may have gaming operations are subject to change and could impose additional operating, financial, competitive or other burdens on the way we conduct our business.

In particular, certain areas of law governing new gaming activities, such as the federal and state law applicable to iGaming and sports betting, are new or developing in light of emerging technologies. New and developing areas of law may be subject to the interpretation of the government agencies tasked with enforcing them. In some circumstances, a government agency may interpret a statute or regulation in one manner and then reconsider its interpretation at a later date. No assurance can be provided that government agencies will interpret or enforce new or developing areas of law consistently, predictably, or favorably. Moreover, legislation to prohibit, limit or add burdens to our business may be introduced in the future in states where gaming has been legalized. In addition, from time to time, legislators and special interest groups have proposed legislation that would expand, restrict or prevent gaming operations or which may otherwise adversely impact our operations in the jurisdictions in which we operate. Any expansion of gaming or restriction on or prohibition of our gaming operations or enactment of other adverse regulatory changes could have a material adverse effect on our operating results.

State and local smoking restrictions have and may continue to negatively affect our business.

Legislation in various forms to ban or substantially curtail indoor tobacco smoking in public places has been enacted or introduced in many states and local jurisdictions, including several of the jurisdictions in which we operate. We believe the smoking restrictions have significantly impacted business volumes. If additional smoking restrictions are enacted within jurisdictions where we operate or seek to do business, our financial condition, results of operations, and cash flows could be adversely affected.

Material increases to our taxes or the adoption of new taxes or the authorization of new or increased forms of gaming could have a material adverse effect on our future financial results.

We believe that the prospect of significant revenue is one of the primary reasons that jurisdictions permit or expand legalized gaming. As a result, gaming companies are typically subject to significant revenue-based taxes and fees in addition to normal federal, state and local income taxes, and such taxes and fees are subject to increase at any time. We pay substantial taxes and fees with respect to our operations. From time-to-time, federal, state, and local legislators and officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. In addition, worsening economic conditions could intensify the efforts of state and local governments to raise revenues through increases in gaming taxes, property taxes and/or by authorizing additional gaming properties each subject to payment of a new license fee. It is not possible to determine with certainty the likelihood of changes in such laws or in the administration of such laws. Such changes, if adopted, could have a material adverse effect on our financial condition, results of operations, and cash flows. The large number of state and local governments with significant current or projected budget deficits makes it more likely that those governments that currently permit gaming will seek to fund such deficits with new or increased gaming or new or increased gaming taxes and/or property taxes, and worsening economic conditions could intensify those efforts. Any new or increased gaming or the material increase or adoption of additional taxes or fees, could have a material adverse effect on our future financial results, especially in light of our significant fixed rent payments.

We are subject to environmental laws and potential exposure to environmental liabilities which could have an adverse effect on us.

We are subject to various federal, state, and local environmental laws and regulations that govern our operations, including emissions and discharges into the environment, and the handling and disposal of hazardous and non-hazardous substances and wastes. Failure to comply with such laws and regulations could result in costs for corrective action, penalties or the imposition

of other liabilities or restrictions. From time to time, we have incurred and are incurring costs and obligations for correcting environmental noncompliance matters. The extent of such potential conditions cannot be determined definitively. To date, none of these matters have had a material adverse effect on our financial condition, results of operations, and cash flows; however, there can be no assurance that such matters will not have such an effect in the future.

We also are subject to laws and regulations that impose liability and clean-up responsibility for releases of hazardous substances into the environment. Under certain of these laws and regulations, a current or previous owner or operator of the property may be liable for the costs of remediating contaminated soil or groundwater on or from its property, without regard to whether the owner or operator knew of, or caused, the contamination, as well as incur liability to third parties impacted by such contamination. The presence of contamination, or failure to remediate it properly, may adversely affect our ability to use, sell or rent property. Under our contractual arrangements under the Triple Net Leases, we will generally be responsible for both past and future environmental liabilities associated with our gaming operations, notwithstanding ownership of the underlying real property having been transferred. Furthermore, we are aware that there is or may have been soil or groundwater or other contamination at certain of our properties resulting from current or former operations. These environmental conditions may require remediation in isolated areas. The extent of such potential conditions cannot be determined definitely, and may result in additional expense in the event that additional or currently unknown conditions are detected.

Additionally, certain of the gaming chips used at many gaming properties, including some of ours, have been found to contain some level of lead. Analysis by third parties has indicated the normal handling of the chips does not create a health hazard. We have disposed of a majority of these gaming chips. To date, none of these matters or other matters arising under environmental laws has had a material adverse effect on our financial condition, results of operations, and cash flows; however, there can be no assurance that such matters will not have such an effect in the future.

We are subject to certain federal, state and other regulations, and if we fail to comply with such regulations, it could have a material adverse effect on our financial condition, results of operations, and cash flow.

We are subject to certain federal, state, and local laws, regulations and ordinances that apply to businesses generally. The Bank Secrecy Act, enforced by the Financial Crimes Enforcement Network (“FinCEN”) of the U.S. Treasury Department, requires us to report currency transactions in excess of $10,000 occurring within a gaming day, including identification of the guest by name and social security number, to the IRS. This regulation also requires us to report certain suspicious activity, including any transaction that exceeds $5,000 that we know, suspect or have reason to believe involves funds from illegal activity or is designed to evade federal regulations or reporting requirements and to verify sources of funds, in response to which we have implemented Know Your Customer processes. Periodic audits by the IRS and our internal audit department assess compliance with the Bank Secrecy Act, and substantial penalties can be imposed against us if we fail to comply with this regulation. In recent years the U.S. Treasury Department has increased its focus on Bank Secrecy Act compliance throughout the gaming industry, and public comments by FinCEN suggest that casinos should obtain information on each customer’s sources of income. This could impact our ability to attract and retain casino guests. Further, since we deal with significant amounts of cash in our operations, we are subject to various reporting and anti-money laundering regulations. Any violation of anti-money laundering laws or regulations, or any accusations of money laundering or regulatory investigations into possible money laundering activities, by any of our properties, employees, partners, affiliates, or customers could have a material adverse effect on our financial condition, results of operations, and cash flows.

The riverboats on which we operate must comply with certain federal and state laws and regulations with respect to boat design, on-board facilities, equipment, personnel, and safety. In addition, we are required to have third parties periodically inspect and certify all of our casino barges for stability and single compartment flooding integrity. The casino barges on which we operate also must meet local fire safety standards. We would incur additional costs if any of the gaming facilities on which we operate were not in compliance with one or more of these regulations.

We are also subject to a variety of other federal, state and local laws and regulations, including those relating to zoning, construction, land use, employment, marketing, and advertising and the production, sale and service of alcoholic beverages. If we are not in compliance with these laws and regulations or we are subject to a substantial penalty, it could have a material adverse effect on our financial condition, results of operations, and cash flows.

Climate change, climate change regulations and greenhouse gas effects may adversely impact our operations.

There is a growing political and scientific consensus that greenhouse gas (“GHG”) emissions continue to alter the composition of the global atmosphere in ways that are affecting and are expected to continue affecting the global climate.

We may become subject to legislation and regulation regarding climate change, and compliance with any new rules could be difficult and costly. Concerned parties, such as legislators and regulators, stockholders and nongovernmental organizations, as well as companies in many business sectors, are considering ways to reduce GHG emissions. Many states have announced or adopted programs to stabilize and reduce GHG emissions and in the past federal legislation has been proposed in Congress. If such legislation is enacted, we could incur increased energy, environmental and other costs and capital expenditures to comply with the limitations. Unless and until legislation is enacted and its terms are known, we cannot reasonably or reliably estimate its impact on our financial condition, operating performance, or ability to compete. Further, regulation of GHG emissions may limit our guests' ability to travel to our properties as a result of increased fuel costs or restrictions on transport related emissions. Climate change could have a material adverse effect on our financial condition, results of operations and cash flow. We have described the risks to us associated with extreme weather events in the risk factors above.

Risks Related to Technology, Information Security, and Penn Interactive

Our gaming operations, online sports betting and iGaming rely heavily on technology services and an uninterrupted supply of electrical power.

Any unscheduled disruption in our technology services or interruption in the supply of electrical power could result in an immediate, and possibly substantial, loss of revenues due to a shutdown of our gaming operations (including slot machines and security systems), online sports betting, and iGaming operations.

Our information technology and other systems are subject to cyber security risk, including misappropriation of employee information, customer information or other breaches of information security, particularly as our iGaming division grows.

We increasingly rely on information technology and other systems (particularly as our iGaming division grows), including our own systems and those of service providers and third parties, to manage our business and employee data and maintain and transmit customers' personal and financial information, credit card settlements, credit card funds transmissions, mailing lists, and reservations information. Our collection of such data is subject to extensive regulation by private groups, such as the payment card industry, as well as governmental authorities, including gaming authorities. Privacy regulations continue to evolve and we have taken, and will continue to take, steps to comply by implementing processes designed to safeguard the confidential and personal information of our business, employees and customers. In addition, our security measures are reviewed and evaluated regularly. However, our information and processes and those of our service providers and other third parties, are subject to the ever-changing threat of compromised security, in the form of a risk of potential breach, system failure, computer virus, or unauthorized or fraudulent use by customers, company employees, or employees of third party vendors. The steps we take to deter and mitigate the risks of breaches may not be successful, and any resulting compromise or loss of data or systems could adversely impact operations or regulatory compliance and could result in remedial expenses, fines, litigation, disclosures, and loss of reputation, potentially impacting our financial results. Further, as cyber-attacks continue to evolve, we may incur significant costs in our attempts to modify or enhance our protective measures or investigate or remediate any vulnerability. Increased instances of cyber-attacks may also have a negative reputational impact on us and our properties that may result in a loss of customer confidence and, as a result, may have a material adverse effect on our financial condition, results of operations, and cash flows.

Our online sports betting and iGaming initiatives may result in increased risk of cyber-attack, hacking, or other security breaches, which could harm our reputation and competitive position and which could result in regulatory actions against us or in other penalties.

As our online sports betting and iGaming business grows, we will face increased cyber risks and threats that seek to damage, disrupt or gain access to our networks, our products and services, and supporting infrastructure. Any failure to prevent or mitigate security breaches or cyber risk could result in interruptions to the services we provide, degrade the user experience, and cause our users to lose confidence in our products. The unauthorized access, acquisition or disclosure of consumer information could compel us to comply with disparate breach notification laws and otherwise subject us to proceedings by governmental entities or others and substantial legal and financial liability. This could harm our business and reputation, disrupt our relationships with partners and diminish our competitive position.

If our third-party mobile application distribution platforms or service providers do not perform adequately or terminate their relationships with us, our costs may increase and our business, financial condition, and results of operations could be adversely affected.

We rely upon third-party distribution platforms, including the Apple App Store and Google Play store, for distribution of our mobile applications. As such, the promotion, distribution and operation of our mobile applications are subject to the respective distribution platforms' standard terms and policies, which are very broad and subject to frequent changes and interpretation. If Apple or Google choose to de-list any of our mobile applications due to what they perceive to be objectionable content, it could have a material negative impact on our business.

Further, the success of Penn Interactive depends in part on our relationships with other third-party service providers for content delivery, load balancing and protection against distributed denial-of-service attacks. If those providers do not perform adequately or terminate their relationship with us, our users may experience issues or interruptions with their experiences. We also rely on other software and services supplied by third parties, such as communications and internal software, and our business may be adversely affected to the extent such software and services do not meet our expectations, contain errors or vulnerabilities, are compromised or experience outages. Further, any negative publicity related to any of our third-party partners could adversely affect our reputation and brand.

We also incorporate technology from third parties into our platform. We cannot be certain that our licensors are not infringing the intellectual property rights of others or that the suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may operate, which could adversely affect our business, financial condition and results of operations.

Further, we rely on third-party geolocation and identity verification systems to ensure we are in compliance with certain laws and regulations. There is no guarantee that the third-party geolocation and identity verification systems will perform adequately, or be effective, and any service disruption to those systems would prohibit us from operating our platform, and would adversely affect our business.

The growth of Penn Interactive will depend on our ability to attract and retain users.

Our ability to achieve growth in revenue in the future in Penn Interactive and Barstool Sports sports betting app will depend, in large part, upon our ability to attract new users to our offerings, retain existing users of our offerings and reactivate users in a cost-effective manner. Achieving growth in our community of users may require us to increasingly engage in sophisticated and costly sales and marketing and promotional efforts, which may not make sense in terms of return on investment. We have used and expect to continue to use a variety of free and paid marketing channels, in combination with compelling offers and exciting games to achieve our objectives. For paid marketing, we intend to leverage a broad array of advertising channels, including television, radio, social media influencers (brand ambassadors), social media platforms, such as Facebook, Instagram, Twitter and Snap, affiliates and paid and organic search, and other digital channels, such as mobile display. If the search engines on which we rely modify their algorithms, change their terms around gaming, or if the prices at which we may purchase listings increase, then our costs could increase, and fewer users may click through to our website. If links to our website are not displayed prominently in online search results, if fewer users click through to our website, if our other digital marketing campaigns are not effective, if the costs of attracting users using any of our current methods significantly increase, then our ability to efficiently attract new users could be reduced, our revenue could decline and our business, financial condition and results of operations could be harmed.

In addition, our ability to increase the number of users of our offerings will depend on continued user adoption of the Barstool Sportsbook app and iGaming. Growth in the sportsbook and iGaming industries and the level of demand for and market acceptance of our product offerings will be subject to a high degree of uncertainty. We cannot assure that consumer adoption of our product offerings will continue or exceed current growth rates, or that the industry will achieve more widespread acceptance.

Additionally, as technological or regulatory standards change and we modify our platform to comply with those standards, we may need users to take certain actions to continue playing, such as performing age verification checks or accepting new terms and conditions. Users may stop using our product offerings at any time, including if the quality of the user experience on our platform, including our support capabilities in the event of a problem, does not meet their expectations or keep pace with the quality of the customer experience generally offered by competitive offerings.

We face a number of challenges prior to opening new or upgraded gaming properties or launching new iGaming or sports betting channels, which may lead to increased costs and delays in anticipated revenues.

No assurance can be given that, when we endeavor to open new or upgraded gaming properties or launch new iGaming or sports betting channels, the expected timetables for opening such properties or channels will be met in light of the uncertainties inherent in the development of the regulatory framework, construction, the licensing process, legislative action and litigation. In

addition, as we seek to launch iGaming and sports betting apps in additional states, we will need to hire additional qualified employees, such as engineers, IT professionals and other compliance personnel. Given the significant competition in this area for qualified candidates, we may be unable to hire qualified candidates. Delays in opening new or upgraded properties could lead to increased costs and delays in receiving anticipated revenues with respect to such properties or channels and could have a material adverse effect on our financial condition, results of operations, and cash flows.

Negative events or negative media coverage relating to, or a declining popularity of, sports betting, the underlying sports or athletes, online sports betting, or iGaming may adversely impact our ability to retain or attract users, which could have an adverse impact on our business.

Public opinion can significantly influence our business. Unfavorable publicity regarding us or regarding the actions of third parties with whom we have relationships or the underlying sports (including declining popularity of the sports or athletes) could seriously harm our reputation. In addition, a negative shift in the perception of sports betting and iGaming by the public or by politicians, lobbyists or others could affect future legislation of sports betting and iGaming. Negative public perception could also lead to new restrictions on or to the prohibition of iGaming or sports betting in jurisdictions in which we currently operate. Such negative publicity could also adversely affect the size, demographics, engagement, and loyalty of our customer base and result in decreased revenue or slower user growth rates, which could seriously harm our business.

Risks Related to Acquisitions

We may face disruption and other difficulties in integrating and managing properties or other initiatives we have recently acquired, may develop, or may acquire in the future.

We could face significant challenges in managing and integrating our expanded or combined operations and any other properties we may develop or acquire, particularly in new competitive markets. The integration of more significant properties that we may develop or acquire (such as Morgantown, Perryville, and York) will require the dedication of management resources that may temporarily divert attention from our day-to-day business. In addition, development and integration of new information technology systems that may be required is costly and time-consuming. The process of integrating properties that we may acquire also could interrupt the activities of those businesses, which could have a material adverse effect on our financial condition, results of operations, and cash flows. In addition, the development of new properties may involve construction, local opposition, regulatory, legal and competitive risks as well as the risks attendant to partnership deals on these development opportunities. In particular, in projects where we team up with a joint venture partner, if we cannot reach agreement with such partners, or if our relationships otherwise deteriorate, we could face significant increased costs and delays. Local opposition can delay or increase the anticipated cost of a project. Many of these same risks apply to our iGaming and sports betting initiatives. Finally, given the competitive nature of these types of limited license opportunities, litigation is possible.

Management of new properties, especially in new geographic areas and business lines may require that we increase our management resources or divert the attention of our current management. We cannot assure you that we will be able to manage the combined operations effectively or realize any of the anticipated benefits of our acquisitions or development projects. We also cannot assure you that if acquisitions are completed, that the acquired businesses will generate returns consistent with our expectations.

Our ability to achieve our objectives in connection with any acquisition we may consummate may be highly dependent on, among other things, our ability to retain the senior level property management teams of such acquisition candidates. If, for any reason, we are unable to retain these management teams following such acquisitions or if we fail to attract new capable executives, our operations after consummation of such acquisitions could be materially adversely affected.

The occurrence of some or all of the above described events could have a material adverse effect on our financial condition, results of operations, and cash flows.

In the event we make another acquisition, we may face risks related to our ability to receive regulatory approvals required to complete, or other delays or impediments to completing, such acquisition.

Our growth is fueled, in part, by the acquisition of existing gaming, racing, and development properties, as well as our iGaming and sports betting initiatives. In addition to standard closing conditions, our acquisitions are often conditioned on the receipt of regulatory approvals and other hurdles that create uncertainty and could increase costs. Such delays could significantly reduce the benefits to us of such acquisitions and could have a material adverse effect on our financial condition, results of operations, and cash flows.

Risks Related to the Spin-Off

If the Spin-Off, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, we could be subject to significant tax liabilities.

We received a private letter ruling (the "IRS Ruling") from the IRS substantially to the effect that, among other things, the Spin-Off, together with certain related transactions, will qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and/or 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code"). The IRS Ruling does not address certain requirements for tax-free treatment of the Spin-Off under Section 355, and we received from our tax advisors a tax opinion substantially to the effect that, with respect to such requirements on which the IRS will not rule, such requirements will be satisfied. The IRS Ruling, and the tax opinions that we received from our tax advisors, relied on and will rely on, among other things, certain representations, assumptions and undertakings, including those relating to the past and future conduct of GLPI's business, and the IRS Ruling and the opinions would not be valid if such representations, assumptions and undertakings were incorrect in any material respect.

Notwithstanding the IRS Ruling and the tax opinions, the IRS could determine the Spin-Off should be treated as a taxable transaction for U.S. federal income tax purposes if it determines any of the representations, assumptions or undertakings that were included in the request for the IRS Ruling are false or have been violated or if it disagrees with the conclusions in the opinions that are not covered by the IRS Ruling. If the Spin-Off fails to qualify for tax-free treatment, in general, we would be subject to tax as if we had sold the GLPI common stock in a taxable sale for its fair market value.

Under the tax matters agreement that GLPI entered into with us, GLPI generally is required to indemnify us against any tax resulting from the Spin-Off to the extent that such tax resulted from (1) an acquisition of all or a portion of the equity securities or assets of GLPI, whether by merger or otherwise, (2) other actions or failures to act by GLPI, or (3) any of GLPI's representations or undertakings being incorrect or violated. GLPI's indemnification obligations to Penn and its subsidiaries, officers and directors will not be limited by any maximum amount. If GLPI is required to indemnify Penn or such other persons under the circumstance set forth in the tax matters agreement, GLPI may be subject to substantial liabilities and there can be no assurance that GLPI will be able to satisfy such indemnification obligations.

In connection with the Spin-Off, GLPI agreed to indemnify us for certain liabilities. However, there can be no assurance that these indemnities will be sufficient to insure us against the full amount of such liabilities, or that GLPI's ability to satisfy its indemnification obligation will not be impaired in the future.

Pursuant to the separation and distribution agreement, GLPI has agreed to indemnify us for certain liabilities. However, third parties could seek to hold us responsible for any of the liabilities that GLPI agreed to retain, and there can be no assurance that GLPI will be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from GLPI any amounts for which we are held liable, we may be temporarily required to bear these losses while seeking recovery from GLPI.

A court could deem the distribution in the Spin-Off to be a fraudulent conveyance and void the transaction or impose substantial liabilities upon us.

If the transaction is challenged by a third-party, a court could deem the distribution of GLPI common shares or certain internal restructuring transactions undertaken by us in connection with the Spin-Off to be a fraudulent conveyance or transfer. Fraudulent conveyances or transfers are defined to include transfers made or obligations incurred with the actual intent to hinder, delay, or defraud current or future creditors or transfers made or obligations incurred for less than reasonably equivalent value when the debtor was insolvent, or that rendered the debtor insolvent, inadequately capitalized or unable to pay its debts as they become due. In such circumstances, a court could void the transactions or impose substantial liabilities upon us, which could adversely affect our financial condition and our results of operations. Among other things, the court could require our shareholders to return to us some or all of the shares of our common stock issued in the distribution or require us to fund liabilities of other companies involved in the restructuring transactions for the benefit of creditors. Whether a transaction is a fraudulent conveyance or transfer will vary depending upon the laws of the applicable jurisdiction.

If we and GLPI are treated by the IRS as being under common control, both we and GLPI could experience adverse tax consequences.

If we and GLPI are treated by the IRS as being under common control, the IRS will be authorized to reallocate income and deductions between us and GLPI to reflect arm's length terms. If the IRS were to successfully establish that rents paid by us to

GLPI are excessive, we would be (i) denied a deduction for the excessive portion and (ii) subject to a penalty on the portion deemed excessive, each of which could have a material adverse effect on our financial condition, results of operations, and cash flows. Also, our shareholders would be deemed to have received a distribution that was then contributed to the capital of GLPI.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As detailed in Item 1. Business, "Operating Properties," the majority of our facilities are subject to leases of the underlying real estate assets, which, among other things, includes the land underlying the facility and the buildings used in the operations of the casino and the hotel, if applicable. The following describes the principal real estate associated with our properties by reportable segment (all area metrics are approximate):

	Location	Description of Owned Real Property	Acreage of Land	Description of Leased Real Property	Acreage of Land
Northeast segment					
Ameristar East Chicago	East Chicago, IN	—	—	Land, buildings, boat	22
Greektown Casino-Hotel	Detroit, MI	—	—	Land, buildings	8
Hollywood Casino Bangor	Bangor, ME	—	—	Land, racetrack, buildings	44
Hollywood Casino at Charles Town Races	Charles Town, WV	—	—	Land, racetrack, buildings	299
Hollywood Casino Columbus	Columbus, OH	—	—	Land, buildings	116
Hollywood Casino Lawrenceburg	Lawrenceburg, IN	Land, buildings	3	Land, buildings, boat	105
Hollywood Casino at Penn National Race Course	Grantville, PA	—	—	Land [(1)], racetrack, buildings	574
Hollywood Casino Toledo	Toledo, OH	—	—	Land, buildings	42
Hollywood Gaming at Dayton Raceway	Dayton, OH	—	—	Land, racetrack, buildings	120
Hollywood Gaming at Mahoning Valley Race Course	Youngstown, OH	—	—	Land, racetrack, buildings	193
Meadows Racetrack and Casino	Washington, PA	—	—	Land, racetrack, buildings	156
Plainridge Park Casino	Plainville, MA	—	—	Land, racetrack, buildings	88
South segment					
1st Jackpot Casino	Tunica, MS	—	—	Land [(2)], buildings, boat	147
Ameristar Vicksburg	Vicksburg, MS	—	—	Land, buildings, boat	74
Boomtown Biloxi	Biloxi, MS	—	—	Land [(3)], buildings, boat	26
Boomtown Bossier City	Bossier City, LA	—	—	Land, buildings, boat	22
Boomtown New Orleans	New Orleans, LA	—	—	Land, buildings, boat	54
Hollywood Casino Gulf Coast	Bay St. Louis, MS	—	—	Land, buildings	579
Hollywood Casino Tunica	Tunica, MS	—	—	Land, buildings, boat	68
L'Auberge Baton Rouge	Baton Rouge, LA	Undeveloped land	478	Land, buildings, barge	99
L'Auberge Lake Charles	Lake Charles, LA	Undeveloped land	54	Land, buildings, barge	235
Margaritaville Resort Casino	Bossier City, LA	—	—	Land, buildings, barge	34
Resorts Casino Tunica [(4)]	Tunica, MS	—	—	—	—
West segment					
Ameristar Black Hawk	Black Hawk, CO	—	—	Land, buildings	104
Cactus Petes and Horseshu	Jackpot, NV	—	—	Land, buildings	80
M Resort	Henderson, NV	—	—	Land, buildings	84
Tropicana Las Vegas	Las Vegas, NV	—	—	Land, buildings	35
Zia Park Casino	Hobbs, NM	—	—	Land, racetrack, buildings	317
Midwest segment					
Ameristar Council Bluffs	Council Bluffs, IA	—	—	Land, buildings, boat	59
Argosy Casino Alton	Alton, IL	Boat	—	Land, buildings	4
Argosy Casino Riverside	Riverside, MO	—	—	Land [(5)], buildings, barge	45
Hollywood Casino Aurora	Aurora, IL	—	—	Land, buildings, barge	2
Hollywood Casino Joliet	Joliet, IL	—	—	Land, buildings, barge	276
Hollywood Casino at Kansas Speedway	Kansas City, KS	Land, buildings	101	—	—
Hollywood Casino St. Louis	Maryland Heights, MO	—	—	Land, buildings, barge	221
River City Casino	St. Louis, MO	—	—	Land [(6)], buildings, barge	83
Other					
Freehold Raceway	Freehold, NJ	Land, racetrack, buildings	51	—	—
	Cherry Hill, NJ	Undeveloped land	10	—	—
Retama Park Racetrack [(7)]	Selma, TX	Undeveloped land	14	—	—
Sam Houston Race Park	Houston, TX	Land, racetrack, buildings	168	—	—
Sanford-Orlando Kennel Club [(8)]	Longwood, FL	Land, building	2	—	—
Valley Race Park	Harlingen, TX	Land, racetrack, buildings	71	—	—
			952		4,415

(1) Of which, 393 acres is undeveloped land surrounding Hollywood Casino at Penn National Race Course

(2) Of which, 53 acres is wetlands.
(3) Of which, 3 acres is subject to the Penn Master Lease.
(4) Resorts Casino Tunica ceased operations on June 30, 2019, but remains subject to the Penn Master Lease.
(5) Of which, 38 acres is subject to the Penn Master Lease.
(6) Of which, 24 acres is land surrounding River City Casino reserved for community and recreational facilities.
(7) The land, racetrack, and buildings used in the operations of Retama Park Racetrack are owned by the City of Selma, Texas. We own undeveloped land adjacent to the Retama Park Racetrack.
(8) In the fourth quarter of 2020, we sold the land related to the Sanford-Orlando Kennel Club due to state regulation prohibiting greyhound racing. We continue to offer simulcast racing at our existing facility.

We lease office and warehouse space in various locations outside of our operating properties, including 86,542 square feet of office space for our shared services center in Las Vegas, Nevada; 52,116 square feet of executive office and warehouse space in Wyomissing, Pennsylvania; 32,212 square feet of office space in Cherry Hill, New Jersey; 29,609 square feet of office space in Philadelphia, Pennsylvania; 7,787 square feet of executive office space in Conshohocken, Pennsylvania; and 5,740 square feet of office space in Henderson, Nevada.

Our interests in the owned real property listed above (with the exception of the land, buildings, and racetracks, used in the operations of Hollywood Casino at Kansas Speedway, Freehold Raceway, Retama Park Racetrack, Sam Houston Race Park, and Valley Race Park; as well as the interests in the leased real property listed above); collateralize our obligations under our Senior Secured Credit Facilities (as defined in the "Liquidity and Capital Resources" section of "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" below).

ITEM 3. LEGAL PROCEEDINGS

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 results of operations, financial position or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Ticker Symbol and Holders of Record

Our common stock is quoted on the NASDAQ Global Select Market under the symbol "PENN." As of February 19, 2021, there were 1,647 holders of record of our common stock.

Dividends

Since our initial public offering of common stock in May 1994, we have not paid any cash dividends on our common stock. We intend to retain all of our earnings to finance the development of our business, and thus, do not anticipate paying cash dividends on our common stock for the foreseeable future. Payment of any cash dividends in the future will be at the discretion of our Board of Directors and will depend upon, among other things, our future earnings, operations and capital requirements, our general financial condition and general business conditions. In addition, our Senior Secured Credit Facilities and senior notes restrict, among other things, our ability to pay dividends. Future financing arrangements may also prohibit the payment of dividends under certain conditions.

Sales of Unregistered Equity Securities

During the year ended December 31, 2020, the Company issued 883 shares of Series D Preferred Stock, par value $0.01 per share (the "Series D Preferred Stock"), to certain individual stockholders affiliated with Barstool Sports as disclosed in the

Company's Current Report on Form 8-K filed on January 29, 2020 and discussed in Note 7, "Investments in and Advances to Unconsolidated Affiliates."

ITEM 7. 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, our Consolidated Financial Statements and the notes thereto, included in this Annual Report on Form 10-K, and other filings with the Securities and Exchange Commission. This management's discussion and analysis of financial condition and results of operations includes discussion as of and for the year ended December 31, 2020 compared to December 31, 2019. Discussion of our financial condition and results of operations as of and for the year ended December 31, 2019 compared to December 31, 2018 can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed with the Securities and Exchange Commission on February 27, 2020.

EXECUTIVE OVERVIEW

Our Business

Penn National Gaming, Inc., together with its subsidiaries ("Penn National," the "Company," "we," "our," or "us"), is a leading, diversified, multi-jurisdictional owner and manager of gaming and racing properties, retail and online sports betting operations, and video gaming terminal ("VGT") operations. Our wholly-owned interactive division, Penn Interactive Ventures, LLC ("Penn Interactive"), operates retail sports betting across the Company's portfolio, as well as online sports betting, online social casino, bingo and online casinos ("iGaming"). In February 2020, the Company acquired 36% (inclusive of 1% on a delayed basis) equity interest in Barstool Sports, Inc. ("Barstool Sports"), a leading digital sports, entertainment, lifestyle and media company, and entered into a strategic relationship with Barstool Sports, whereby Barstool Sports will exclusively promote the Company's land-based retail sportsbooks, iGaming products and online sports betting products, including the Barstool Sportsbook mobile app, to its national audience. We launched an online sports betting app called Barstool Sports in Pennsylvania in September 2020 and in Michigan in January 2021. We also operate iGaming in Pennsylvania and Michigan. Our my**choice** program currently has over 20 million members and provides such members with various benefits, including complimentary goods and/or services. The Company's strategy has continued to evolve from an owner and manager of gaming and racing properties into an omni-channel provider of retail and online gaming, live racing and sports betting entertainment. We believe our continued evolution into a best-in-class omni-channel provider of retail and online gaming and sports betting entertainment will be a catalyst for our core land-based business, while also providing a platform for significant long-term shareholder value.

As of December 31, 2020, we owned, managed, or had ownership interests in 41 gaming and racing properties in 19 states and were licensed to offer live sports betting at our properties in Colorado, Illinois, Indiana, Iowa, Michigan, Mississippi, Nevada, Pennsylvania and West Virginia. 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 Penn Master Lease and the Pinnacle Master Lease (as such terms are defined in "Liquidity and Capital Resources" and collectively referred to as the "Master Leases"), with Gaming and Leisure Properties, Inc. (Nasdaq: GLPI) ("GLPI"), a real estate investment trust ("REIT"). In addition, we are currently developing two Category 4 satellite gaming casinos in Pennsylvania: Hollywood Casino York and Hollywood Casino Morgantown, both of which are expected to commence operations by the end of 2021.

Impact of the COVID-19 Pandemic and Company Response

On March 11, 2020, the World Health Organization declared the novel coronavirus (known as "COVID-19") outbreak to be a global pandemic. We began temporarily suspending the operations of all of our properties between March 13, 2020 and March 19, 2020 pursuant to various orders from state gaming regulatory bodies or governmental authorities to combat the rapid spread of COVID-19. We began reopening our properties on May 18, 2020 with reduced gaming and hotel capacity and limited food and beverage offerings in order to accommodate comprehensive social distancing and health and safety protocols.

During the fourth quarter of 2020, our properties temporarily suspended operations in Pennsylvania, Michigan and Illinois and were subject to increased operational restrictions in Ohio and Massachusetts (among other states). Our Michigan property was temporarily closed on November 17, 2020 and reopened December 23, 2020. Our Pennsylvania properties were temporarily closed on December 12, 2020 and reopened on January 4, 2021. Our Illinois properties were temporarily closed on November 20, 2020 and began reopening with limited hours of operations beginning January 16, 2021 and throughout the week. The property closures were pursuant to various orders from state gaming regulatory bodies or governmental authorities to combat the rapid spread of COVID-19. As of February 26, 2021, all of our properties were open to the public with the

exception of Zia Park and Valley Race Park, which remain closed. For a thorough discussion of the operating performance of our properties, see "Results of Operations" below.

Between March 13, 2020 and December 31, 2020, we entered into a series of transactions to improve our financial position and liquidity in light of the COVID-19 pandemic, including: (i) on March 13, 2020, we provided notice to our lenders to borrow the remaining available amount of $430.0 million under our Revolving Credit Facility; (ii) on March 27, 2020, we entered into a binding term sheet with GLPI (the "Term Sheet") whereby GLPI agreed to (a) purchase the real estate assets associated with Tropicana Las Vegas ("Tropicana") in exchange for rent credits of $307.5 million, which closed on April 16, 2020, and (b) a sale-leaseback of the land underlying our Hollywood Casino Morgantown ("Morgantown") development project in Morgantown, Pennsylvania, in exchange for rent credits of $30.0 million, which closed on October 1, 2020; (iii) on May 14, 2020 (May 19, 2020 with respect to the underwriters' exercising their options to acquire additional 2.75% Convertible Notes), we completed a public offering of $330.5 million aggregate principal amount of 2.75% Convertible Notes; (iv) on May 14, 2020 (May 19, 2020 with respect to the underwriters' exercising their options to purchase additional shares), we completed a public offering of 19,166,667 aggregate shares of common stock, par value of $0.01 per share, of the Company ("Penn Common Stock") for gross proceeds of $345.0 million; and (v) on September 24, 2020 (September 25, 2020 with respect to the underwriters' exercising their options to purchase additional shares), we completed a public offering of 16,100,000 aggregate shares of Penn Common Stock for gross proceeds of $982.1 million. In addition, on April 14, 2020, the Company entered into an amendment to its Credit Agreement, which, among other things, provides it with relief from its financial covenants for a period of up to one year. On September 30, 2020, the Company fully repaid $670.0 million of outstanding borrowings under its Revolving Credit Facility. Further, on November 12, 2020 the Company prepaid $115.0 million of outstanding borrowings on its Term Loan B-1 Facility. The terms "Revolving Credit Facility," "Convertible Notes," "Credit Agreement" and "Term Loan B-1" are defined in "Liquidity and Capital Resources".

The COVID-19 pandemic caused significant disruptions to our business and had a material adverse impact on our financial condition, results of operations and cash flows, the magnitude of which continues to develop based on (i) the timing and extent of the recovery in visitation and consumer spending at our properties; (ii) the continued impact of implementing social distancing and health and safety guidelines at our properties, including reductions in gaming, hotel capacity, limiting the number of food and beverage options and limiting other amenities; and (iii) whether any of our properties will be required to again temporarily suspend operations in the event that the pandemic significantly worsens. We are currently unable to determine whether, when or how the conditions surrounding the COVID-19 pandemic will change or whether the recovery in visitation and consumer spending is sustainable.

The Company could experience other potential adverse impacts as a result of the COVID-19 pandemic, including, but not limited to, further charges from adjustments to the carrying amount of goodwill and other intangible assets, long-lived asset impairment charges, or impairments of investments in joint ventures. In addition, the negative impacts of the COVID-19 pandemic may result in further changes in the amount of valuation allowance required. Actual results may differ materially from the Company's current estimates as the scope of the COVID-19 pandemic evolves, depending largely, though not exclusively, on the impact of required capacity reductions, social distancing and health and safety guidelines, and the sustainability of current trends in recovery at our reopened properties.

Recent Acquisitions, Development Projects and Other

In February 2020, we closed on our investment in Barstool Sports pursuant to a stock purchase agreement with Barstool Sports and certain stockholders of Barstool Sports, in which we purchased 36% (inclusive of 1% on a delayed basis) of the common stock of Barstool Sports for a purchase price of $161.2 million. Within three years after the closing of the transaction (or earlier at our election), we will increase our ownership in Barstool Sports to approximately 50% by purchasing approximately $62 million worth of additional shares of Barstool Sports common stock, consistent with the implied valuation at the time of the initial investment, which was $450.0 million. With respect to the remaining Barstool Sports shares, we have immediately exercisable call rights, and the existing Barstool Sports stockholders have put rights exercisable beginning three years after closing, all based on a fair market value calculation at the time of exercise (subject to a cap of $650.0 million and a floor of 2.25 times the annualized revenue of Barstool Sports, all subject to various adjustments). Upon closing, we became Barstool Sports' exclusive gaming partner for up to 40 years and have the sole right to utilize the Barstool Sports brand for all of our online and retail sports betting and iGaming products.

As noted above, Penn Interactive launched the Barstool Sports online sports betting app in Pennsylvania in September 2020 and in Michigan in January 2021. In addition, Penn Interactive has entered into multi-year agreements with leading sports betting operators for online sports betting and iGaming market access across our portfolio of properties.

In December 2020, the Company entered into a definitive agreement to purchase from GLPI the operations of Hollywood Casino Perryville for $31.1 million. The transaction is expected to close during the second or third quarter of 2021, subject to approval of the Maryland Lottery and Gaming Control Commission and other customary closing conditions. Simultaneous with the closing of the transaction, we would lease the real estate assets associated with Hollywood Casino Perryville from GLPI with initial annual rent of $7.8 million per year subject to escalation.

In May 2019, we acquired Greektown Casino-Hotel ("Greektown") in Detroit, Michigan, subject to a triple net lease with VICI Properties Inc. (NYSE: VICI) ("VICI", a REIT and collectively with GLPI, our "REIT Landlords") (the "Greektown Lease") and in January 2019, we acquired Margaritaville Casino Resort ("Margaritaville") in Bossier City, Louisiana, subject to a triple net lease with VICI (the "Margaritaville Lease"). In March 2020, in light of the COVID-19 pandemic, we temporarily suspended construction of our development of two Category 4 satellite gaming casinos in Pennsylvania: Hollywood Casino York and Morgantown. We have since restarted construction and expect both casinos to open in late 2021, subject to regulatory approval.

In October 2018, the Company completed the acquisition of Pinnacle Entertainment, Inc. ("Pinnacle"), a leading regional gaming operator (the "Pinnacle Acquisition"). In connection with the Pinnacle Acquisition, we added 12 gaming properties to our portfolio, providing us with greater operational scale and geographic diversity. We assumed the Pinnacle Master Lease concurrently with the closing of the Pinnacle Acquisition to our holdings and has provided us with greater operational scale and geographic diversity.

We believe that our portfolio of assets provides us 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. In addition, the partnership with Barstool Sports reflects our strategy to continue evolving from the nation's largest regional gaming operator to a best-in-class omni-channel provider of retail and online gaming and sports betting entertainment.

Operating and Competitive Environment

Most of our properties operate in mature, competitive markets. We expect that the majority of our future growth will come from new business lines or distribution channels, such as retail and online gaming and sports betting; entrance into new jurisdictions; expansions of gaming in existing jurisdictions; and, to a lesser extent, improvements/expansions of our existing properties and strategic acquisitions of gaming properties. 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 have also made investments in joint ventures that we believe will allow us to capitalize on additional gaming opportunities in certain states if legislation or referenda are passed that permit and/or expand gaming in these jurisdictions and we are selected as a licensee.

As reported by most jurisdictions, regional gaming industry trends have shown little revenue growth the last several years as numerous jurisdictions now permit gaming or have expanded their gaming offerings. In recent years, the proliferation of new gaming properties has impacted the overall domestic gaming industry as well as our results of operations in certain markets. Prior to the COVID-19 pandemic, the economic environment, specifically historically low levels of unemployment, strength in residential real estate prices, and high levels of consumer confidence, had resulted in a stable operating environment in recent years. The COVID-19 pandemic has increased the level of unemployment and decreased the level of consumer confidence. Our ability to succeed in this new environment will be predicated on our ability to adjust operations and cost structures at our reopened properties to reflect the new economic and health and safety conditions, operating our properties efficiently, realizing revenue and cost synergies from recent acquisitions, and offering our customers additional gaming experiences through our omni-channel distribution strategy. We seek to continue to expand our customer database through accretive acquisitions or investments, such as Barstool Sports, capitalize on organic growth opportunities from the development of new properties or the expansion of recently-developed business lines, and develop partnerships that allow us to enter new jurisdictions for iGaming and sports betting.

The gaming industry is characterized by an increasingly high degree of competition among a large number of participants, including riverboat casinos; dockside casinos; land-based casinos; video lottery; iGaming; online and retail sports betting; gaming at taverns; gaming at truck stop establishments; sweepstakes and poker machines not located in casinos; the potential for increased fantasy sports, significant growth of Native American gaming tribes, historic racing or state-sponsored i-lottery products in or adjacent to states we operate in; and other forms of gaming in the U.S. See the "Segment comparison of the years ended December 31, 2020 and 2019" section below for discussions of the impact of competition 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 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 weakened general economic conditions, such as lackluster recoveries from recessions, high unemployment levels, higher income taxes, low levels of consumer confidence, weakness in the housing market, and high fuel or other transportation costs. We believe that the COVID-19 pandemic has led to and will continue to lead to meaningful decreases in discretionary consumer spending and will continue to negatively impact visitation at our properties and the volume of play for the foreseeable future. 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 vast 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 87%, 92% and 92% of our gaming revenue in 2020, 2019 and 2018, respectively) and, to a lesser extent, table games and sports betting. Aside from gaming revenue, our revenues are 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 7% to 10% of slot handle, and our typical table game hold percentage is in the range of approximately 14% to 27% 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 gaming 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-end 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.

Under normal operating conditions, our properties generate significant operating cash flow since most of our revenue is cash-based from slot machines, table games, and pari-mutuel wagering. 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, 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 view each of our gaming and racing properties as an operating segment with the exception of our two properties in Jackpot, Nevada, which we view as one operating segment. We consider our combined VGT operations, by state, to be separate operating segments. We aggregate our operating segments into four reportable segments: Northeast, South, West and Midwest. For a listing of our gaming properties and VGT operations included in each reportable segment, see Note 2, "Significant Accounting Policies," in the notes to our Consolidated Financial Statements.

RESULTS OF OPERATIONS

The following table highlights our revenues, net income (loss), and Adjusted EBITDA, on a consolidated basis, as well as our revenues and Adjusted EBITDAR by reportable segment. Such segment reporting is on a basis 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 Adjusted EBITDA and Adjusted EBITDAR, which are non-GAAP financial measures. Refer to "Non-GAAP Financial Measures" below for the definitions of Adjusted EBITDA, Adjusted EBITDAR, and Adjusted EBITDAR margin; as well as a reconciliation of net income (loss) to Adjusted EBITDA, Adjusted EBITDAR and Adjusted EBITDAR margin.

	For the year ended December 31,		
(dollars in millions)	**2020**	**2019**	**2018**
Revenues:			
Northeast segment	$ 1,639.3	$ 2,399.9	$ 1,891.5
South segment	849.6	1,118.9	394.4
West segment	302.5	642.5	437.9
Midwest segment	681.4	1,094.5	823.7
Other [1]	125.0	47.5	40.4
Intersegment eliminations [2]	(19.1)	(1.9)	—
Total	$ 3,578.7	$ 5,301.4	$ 3,587.9
Net income (loss)	$ (669.1)	$ 43.1	$ 93.5
Adjusted EBITDAR:			
Northeast segment	$ 478.9	$ 720.8	$ 583.8
South segment	318.9	369.8	118.9
West segment	82.2	198.8	114.3
Midwest segment	258.3	403.6	294.3
Other [1]	(43.5)	(87.8)	(68.1)
Total [3]	1,094.8	1,605.2	1,043.2
Rent expense associated with triple net operating leases [4]	(419.8)	(366.4)	(3.8)
Adjusted EBITDA	$ 675.0	$ 1,238.8	$ 1,039.4
Net income (loss) margin	(18.7)%	0.8 %	2.6 %
Adjusted EBITDAR margin	30.6 %	30.3 %	29.1 %

(1) The Other category consists of the Company's stand-alone racing operations, namely Sanford-Orlando Kennel Club and the Company's joint venture interests in Sam Houston Race Park, Valley Race Park, and Freehold Raceway; our management contract for Retama Park Racetrack and our live and televised poker tournament series that operates under the trade name, Heartland Poker Tour ("HPT"). The Other category also includes Penn Interactive, which operates our social gaming, internally-branded retail sportsbooks, iGaming and our Barstool Sports online sports betting app. 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 costs, which consist 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 to a property. In addition, Adjusted EBITDAR of the Other category includes our proportionate share of the net income or loss of Barstool Sports after adding back our share of non-operating items (such as interest expense, net; income taxes; depreciation and amortization; and stock-based compensation expense).

(2) Represents the elimination of intersegment revenues associated with Penn Interactive and HPT.

(3) The total is a mathematical calculation derived from the sum of reportable segments (as well as the Other category). As noted within "Non-GAAP Financial Measures" below, Adjusted EBITDAR, and the related margin, is presented on a consolidated basis outside the financial statements solely as a valuation metric.

(4) Solely comprised of rent expense associated with the operating lease components contained within the Master Leases (primarily land), the Tropicana Lease, the Meadows Lease, the Margaritaville Lease and the Greektown Lease (of which the Tropicana Lease, Meadows Lease, Margaritaville Lease and the Greektown Lease as defined in "Liquidity and Capital Resources" and are referred to collectively as our "triple net operating leases"). The finance lease components contained within the Master Leases (primarily buildings) and the financing obligation associated with the Morgantown Lease (as defined in "Liquidity and Capital Resources") result in interest expense, as opposed to rent expense.

During the year ended December 31, 2020 and as of February 26, 2021, our properties temporary closure dates pursuant to various orders from state gaming regulatory bodies or governmental authorities to combat the rapid spread of COVID-19 are shown below:

	Location	Temporary Closure and Reopening Date	Temporary Closure and Reopening Date
Northeast segment			
Ameristar East Chicago	East Chicago, IN	March 16, 2020 - June 15, 2020	
Greektown Casino-Hotel	Detroit, MI	March 16, 2020 - August 5, 2020	November 17, 2020 - December 23, 2020
Hollywood Casino Bangor	Bangor, ME	March 16, 2020 - July 10, 2020	
Hollywood Casino at Charles Town Races	Charles Town, WV	March 18, 2020 - June 5, 2020	
Hollywood Casino Columbus	Columbus, OH	March 13, 2020 - June 19, 2020	
Hollywood Casino Lawrenceburg	Lawrenceburg, IN	March 16, 2020 - June 15, 2020	
Hollywood Casino at Penn National Race Course	Grantville, PA	March 17, 2020 - June 19, 2020	December 12, 2020 - January 4, 2021
Hollywood Casino Toledo	Toledo, OH	March 13, 2020 - June 19, 2020	
Hollywood Gaming at Dayton Raceway	Dayton, OH	March 13, 2020 - June 19, 2020	
Hollywood Gaming at Mahoning Valley Race Course	Youngstown, OH	March 13, 2020 - June 19, 2020	
Marquee by Penn [(1)]	Pennsylvania	March 19, 2020 - June 5, 2020	December 12, 2020 - January 4, 2021
Meadows Racetrack and Casino	Washington, PA	March 17, 2020 - June 9, 2020	December 12, 2020 - January 4, 2021
Plainridge Park Casino	Plainville, MA	March 15, 2020 - July 8, 2020	
South segment			
1st Jackpot Casino	Tunica, MS	March 17, 2020 - May 21, 2020	
Ameristar Vicksburg	Vicksburg, MS	March 17, 2020 - May 21, 2020	
Boomtown Biloxi	Biloxi, MS	March 17, 2020 - May 21, 2020	
Boomtown Bossier City	Bossier City, LA	March 17, 2020 - May 20, 2020	
Boomtown New Orleans	New Orleans, LA	March 17, 2020 - May 18, 2020	
Hollywood Casino Gulf Coast	Bay St. Louis, MS	March 17, 2020 - May 21, 2020	
Hollywood Casino Tunica	Tunica, MS	March 17, 2020 - May 21, 2020	
L'Auberge Baton Rouge	Baton Rouge, LA	March 17, 2020 - May 18, 2020	
L'Auberge Lake Charles	Lake Charles, LA	March 17, 2020 - May 18, 2020	
Margaritaville Resort Casino	Bossier City, LA	March 17, 2020 - May 18, 2020	
West segment			
Ameristar Black Hawk	Black Hawk, CO	March 17, 2020 - June 17, 2020	
Cactus Petes and Horseshu	Jackpot, NV	March 17, 2020 - June 4, 2020	
M Resort	Henderson, NV	March 17, 2020 - June 4, 2020	
Tropicana Las Vegas	Las Vegas, NV	March 17, 2020 - September 17, 2020	
Zia Park Casino	Hobbs, NM	March 16, 2020 - remains closed	
Midwest segment			
Ameristar Council Bluffs	Council Bluffs, IA	March 17, 2020 - June 1, 2020	
Argosy Casino Alton	Alton, IL	March 16, 2020 - July 1, 2020	November 20, 2020 - January 23, 2021
Argosy Casino Riverside	Riverside, MO	March 18, 2020 - June 1, 2020	
Hollywood Casino Aurora	Aurora, IL	March 16, 2020 - July 1, 2020	November 20, 2020 - January 19, 2021
Hollywood Casino Joliet	Joliet, IL	March 16, 2020 - July 1, 2020	November 20, 2020 - January 22, 2021
Hollywood Casino at Kansas Speedway	Kansas City, KS	March 17, 2020 - May 25, 2020	
Hollywood Casino St. Louis	Maryland Heights, MO	March 18, 2020 - June 16, 2020	
Prairie State Gaming [(1)]	Illinois	March 16, 2020 - July 1, 2020	November 20, 2020 - January 16, 2021
River City Casino	St. Louis, MO	March 18, 2020 - June 16, 2020	
Other			
Freehold Raceway	Freehold, NJ	March 16, 2020 - August 27, 2020	
Retama Park Racetrack	Selma, TX	March 19, 2020 - June 4, 2020	
Sam Houston Race Park	Houston, TX	March 19, 2020 - June 4, 2020	
Sanford-Orlando Kennel Club	Longwood, FL	March 13, 2020 - May 26, 2020	
Valley Race Park	Harlingen, TX	March 19, 2020 - remains closed	

(1) VGT route operations

Consolidated comparison of the years ended December 31, 2020 and 2019

Revenues

The following table presents our consolidated revenues:

	For the year ended December 31,			$ Change		% Change	
(dollars in millions)	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**	**2020 vs. 2019**	**2019 vs. 2018**
Revenues							
Gaming	$ 3,051.1	$ 4,268.7	$ 2,894.9	$ (1,217.6)	$ 1,373.8	(28.5)%	47.5 %
Food, beverage, hotel and other	527.6	1,032.7	629.7	(505.1)	403.0	(48.9)%	64.0 %
Management service and license fees	—	—	6.0	—	(6.0)	—	(100.0)%
Reimbursable management costs	—	—	57.3	—	(57.3)	—	(100.0)%
Total revenues	$ 3,578.7	$ 5,301.4	$ 3,587.9	$ (1,722.7)	$ 1,713.5	(32.5)%	47.8 %

Gaming revenues and ***food, beverage, hotel and other revenues*** for the year ended December 31, 2020 decreased compared to the prior year primarily as a result of the COVID-19 pandemic, which caused temporary closures of all of our properties during the year, and upon subsequent property reopenings, our operations were impacted by operating restrictions. Our properties are subject to restrictions on gaming capacity, which depending on the jurisdiction, are generally 50% less gaming devices. Furthermore, due primarily to the implementation of social distancing and health and safety protocols, our properties are subject to reduced hotel capacity, limitations on the number of food and beverage offerings and limitations on other amenities. As a result, upon reopening our properties, gaming revenue now represents a larger portion of our total revenues, which we expect to continue until at least such time that social distancing and health and safety protocols are relaxed or no longer necessary.

Since reopening, our properties have generally experienced reduced visitation and higher spend per trip, as compared to pre-closure levels. We largely attribute the higher spend per trip to pent-up demand, visitation from our higher worth customers, and customers' propensity to spend after a prolonged period of limited domestic commerce and upon receipt of government stimulus payments. In addition, in many of the states in which we operate, leisure alternatives remain partially limited (e.g., bars, concerts, entertainment events, etc.), which may have impacted our operating results upon reopening our properties. See "Segment comparison of the years ended December 31, 2020, and 2019" below for more detailed explanations of the fluctuations in revenues.

Operating expenses

The following table presents our consolidated operating expenses:

	For the year ended December 31,			$ Change		% Change	
(dollars in millions)	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**	**2020 vs. 2019**	**2019 vs. 2018**
Operating expenses							
Gaming	$ 1,530.3	$ 2,281.8	$ 1,551.4	$ (751.5)	$ 730.4	(32.9)%	47.1 %
Food, beverage, hotel and other	337.7	672.7	439.3	(335.0)	233.4	(49.8)%	53.1 %
General and administrative	1,130.8	1,187.7	618.9	(56.9)	568.8	(4.8)%	91.9 %
Reimbursable management costs	—	—	57.3	—	(57.3)	—	(100.0)%
Depreciation and amortization	366.7	414.2	269.0	(47.5)	145.2	(11.5)%	54.0 %
Impairment losses	623.4	173.1	34.9	450.3	138.2	260.1 %	396.0 %
Recoveries on loan loss and unfunded loan commitments	—	—	(17.0)	—	17.0	—	(100.0)%
Total operating expenses	$ 3,988.9	$ 4,729.5	$ 2,953.8	$ (740.6)	$ 1,775.7	(15.7)%	60.1 %

Gaming expenses consist primarily of salaries and wages associated with our gaming operations and gaming taxes. ***Food, beverage, hotel and other expenses*** consist principally of salaries and wages and costs of goods sold associated with our food, beverage, hotel, retail, racing, and other operations. Gaming, food, beverage, hotel and other expenses for the year ended December 31, 2020 decreased year over year primarily as a result of the temporary closures of all of our properties due to the

COVID-19 pandemic, which reduced our salaries and wages, gaming taxes, costs of goods sold, and other expenses. As discussed above, our reopened properties are operating with reduced gaming, hotel capacity, limited food and beverage and limited other amenity offerings. As such, our properties are operating with a reduced workforce, which reduced our salaries and wages. In addition, our properties have reduced marketing costs, which reduces gaming expenses.

General and administrative expenses include items such as compliance, facility maintenance, utilities, property and liability insurance, surveillance and security, lobbying expenses, and certain housekeeping services, 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 and acquisition costs; gains and losses on disposal of assets; 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); restructuring costs (primarily severance) associated with a company-wide initiative triggered by the COVID-19 pandemic; and rent expense associated with our triple net operating leases.

General and administrative expenses for the year ended December 31, 2020 decreased year over year primarily as a result of the actions taken to reduce our cost structure while our properties were temporarily closed, which included: (i) furloughing the vast majority of our employees and operating with a minimum staffing of less than 850 employees company-wide during the temporary closures; (ii) enacting meaningful compensation reductions to our remaining property and corporate leadership teams effective April 1, 2020 and through September 30, 2020 (compensation was fully restored effective October 1, 2020); and (iii) executing substantial reductions in operating expenses. In addition, we recognized a gain on disposal of assets of $29.2 million, which reduced general and administrative expenses in the current year. Additionally, the expense associated with the Company's contingent purchase price obligations and preopening expenses decreased by $8.1 million and $10.5 million, respectively, as compared to the prior year period. Offsetting these decreases for the year ended December 31, 2020, as compared to the prior year, was an increase in expense associated with the Company's cash-settled stock-based awards expense of $66.4 million, due to the increase in our stock price, and an increase in rent expense of $53.4 million, which principally relates to the Greektown Lease. Additionally, we incurred $13.4 million of restructuring costs, primarily related to employee severance as a result of the COVID-19 pandemic as described above.

Depreciation and amortization for the year ended December 31, 2020 decreased year over year primarily due to fixed assets becoming fully depreciated since December 31, 2019, a reduction in capital spend in 2020 due to the casino closures and a $2.7 million decrease in amortization expense at Penn Interactive. These were offset for the year ended December 31, 2020 by an increase of $3.2 million at Greektown, which was acquired in May 2019.

Impairment losses for the year ended December 31, 2020 primarily relate to impairments taken on our goodwill and other intangible assets of $113.0 million and $498.5 million, respectively, as a result of an interim impairment assessment during the first quarter of 2020. During the first quarter of 2020, we identified an indicator of impairment triggered by the COVID-19 pandemic, which caused all of our gaming properties to temporarily close. At the time of the interim impairment assessment, we revised our cash flow projections to reflect the current economic environment, including the uncertainty of the nature, timing and extent of reopening our gaming properties. Additionally, we recorded an impairment charge of $7.3 million resulting from an impairment analysis of the long-lived assets at the Tropicana Las Vegas and an impairment charge of $4.6 million on our investment in the Texas Joint Venture.

Other income (expenses)

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

	For the year ended December 31,			$ Change		% Change	
(dollars in millions)	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**	**2020 vs. 2019**	**2019 vs. 2018**
Other income (expenses)							
Interest expense, net	$ (543.2)	$ (534.2)	$ (538.4)	$ (9.0)	$ 4.2	1.7 %	(0.8)%
Income from unconsolidated affiliates	$ 13.8	$ 28.4	$ 22.3	$ (14.6)	$ 6.1	(51.4)%	27.4 %
Loss on early extinguishment of debt	$ (1.2)	$ —	$ (21.0)	$ (1.2)	$ 21.0	—	(100.0)%
Income tax benefit (expense)	$ 165.1	$ (43.0)	$ 3.6	$ 208.1	$ (46.6)	N/M	N/M
Other	$ 106.6	$ 20.0	$ (7.1)	$ 86.6	$ 27.1	433.0 %	N/M

N/M - Not meaningful

Interest expense, net increased for the year ended December 31, 2020, as compared to the prior year, due primarily to increases in interest expense related to our Master Leases of $8.8 million partially offset by an increase in capitalized interest of

$1.9 million. Additionally, the interest expense associated with our long-term debt increased $1.8 million, as compared to the prior year, due primarily to the issuance of our 2.75% Convertible Notes, which offset the reduction in interest expense incurred on the Senior Secured Credit Facilities (as defined in “Note 11, “Long-term Debt,”) from a decrease in the London Interbank Offered Rate (referred to as "LIBOR") during the corresponding periods.

Income from unconsolidated affiliates relates principally to our Kansas Entertainment joint venture. The decrease for the year ended December 31, 2020, as compared to the prior year, was primarily due to a decrease in the results of operations of Hollywood Casino at Kansas Speedway, which temporarily closed on March 17, 2020 and reopened on May 25, 2020 and continues to be impacted by COVID-19 capacity restrictions. This decrease was partially offset by income earned from Barstool Sports.

Loss on early extinguishment of debt for the year December 31, 2020 related to the write-offs of previously unamortized debt issuance costs and debt discounts in connection with the prepayment of Term Loan B-1 Facility, (as defined in Note 11, “Long-term Debt,”). There were no principal prepayments of our long-term debt during the year ended December 31, 2019.

Income tax benefit (expense) for the year ended December 31, 2020, was a benefit of $165.1 million compared to income tax expense of $43.0 million in the prior year. Our effective tax rate was 19.8% for the year ended December 31, 2020, as compared to 49.9% for the year ended December 31, 2019. The Company’s effective tax rate for the year ended December 31, 2020 was lower than the federal statutory tax rate of 21% primarily driven by the increase in the valuation allowance (see Note 14, “Income Taxes”, in the notes to our Consolidated Financial Statements). The Company’s effective tax rate for the year ended December 31, 2019 was higher than the federal statutory tax rate of 21% primarily driven by the effect of the non-deductible goodwill impairment charge, non-deductible officers’ compensation, and higher state taxable income from operations.

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

Other includes miscellaneous income and expense items. The amount for the years ended December 31, 2020 and 2019 relates primarily to unrealized holding gains of $106.7 million and $19.9 million, respectively, on equity securities (including warrants), which were acquired during the third quarter of 2019 in connection with Penn Interactive entering into multi-year agreements with sports betting operators for online sports betting and related iGaming market access across our portfolio.

Segment comparison of the years ended December 31, 2020 and 2019

Northeast Segment

	For the year ended December 31,			$ Change		% / bps Change	
(dollars in millions)	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**	**2020 vs. 2019**	**2019 vs. 2018**
Revenues:							
Gaming	$ 1,495.1	$ 2,117.1	$ 1,644.2	$ (622.0)	$ 472.9	(29.4)%	28.8 %
Food, beverage, hotel and other	144.2	282.8	194.6	(138.6)	88.2	(49.0)%	45.3 %
Management service and licensing fees	—	—	5.9	—	(5.9)	—	(100.0)%
Reimbursable management costs	—	—	46.8	—	(46.8)	—	(100.0)
Total revenues	$ 1,639.3	$ 2,399.9	$ 1,891.5	$ (760.6)	$ 508.4	(31.7)%	26.9 %
Adjusted EBITDAR	$ 478.9	$ 720.8	$ 583.8	$ (241.9)	$ 137.0	(33.6)%	23.5 %
Adjusted EBITDAR margin	29.2 %	30.0 %	30.9 %			(80) bps	(90) bps

The Northeast segment’s results of operations for the year ended December 31, 2020 were primarily impacted by the COVID-19 pandemic. During the year ended December 31, 2020, our properties had temporary closures pursuant to various orders from state gaming regulatory bodies or governmental authorities to combat the rapid spread of COVID-19. All of our properties within the Northeast segment reopened and continue to operate with reduced gaming and hotel (if applicable) capacity, limited food and beverage and other amenity offerings. In response to the impact of the COVID-19 pandemic on our operations, we implemented cost saving initiatives to offset inevitable revenue degradation, such as: operating with a reduced

workforce, focusing on higher margin gaming offerings, reducing marketing costs, and limiting certain lower margin food and beverage offerings.

For the year ended December 31, 2020 the Northeast segment's total revenues, Adjusted EBITDAR and Adjusted EBITDAR margin decreased, as compared to the prior year, due to the temporary closures described above. While revenues and Adjusted EBITDAR decreased 31.7% and 33.6% compared to the prior year, Adjusted EBITDAR margin decreased 80 basis points primarily as a result of cost cutting measures and other structural changes put in place in response to the COVID-19 pandemic.

South Segment

	For the year ended December 31,			$ Change		% / bps Change	
(dollars in millions)	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**	**2020 vs. 2019**	**2019 vs. 2018**
Revenues:							
Gaming	$ 684.0	$ 831.1	$ 302.9	$ (147.1)	$ 528.2	(17.7)%	174.4 %
Food, beverage, hotel and other	165.6	287.8	91.5	(122.2)	196.3	(42.5)%	214.5 %
Total revenues	$ 849.6	$ 1,118.9	$ 394.4	$ (269.3)	$ 724.5	(24.1)%	183.7 %
Adjusted EBITDAR	$ 318.9	$ 369.8	$ 118.9	$ (50.9)	$ 250.9	(13.8)%	211.0 %
Adjusted EBITDAR margin	37.5 %	33.1 %	30.1 %			440 bps	300 bps

The South segment's results of operations for the year ended December 31, 2020 were primarily impacted by the COVID-19 pandemic and Hurricane Laura (described below). During the year ended December 31, 2020 our properties had temporary closures pursuant to various orders from state gaming regulatory bodies or governmental authorities to combat the rapid spread of COVID-19. All of our properties within the South segment reopened and continue to operate with reduced gaming, hotel (if applicable) capacity, limited food and beverage and other amenity offerings. In response to the COVID-19 pandemic on our operations, we implemented cost saving initiatives to offset inevitable revenue degradation, such as: operating with a reduced workforce, focusing on higher margin gaming offerings, reducing marketing costs, and limiting certain lower margin food and beverage offerings.

For the year ended December 31, 2020, the South segment's total revenues and Adjusted EBITDAR decreased, as compared to the prior year, due to the temporary closures, operational restrictions, and social distancing measures described above. The Souths segment's Adjusted EBITDAR margin increased 440 basis points for the year ended December 31, 2020, as compared to the prior year due to our cost structure savings initiatives described above.

On August 27, 2020, Hurricane Laura made landfall in Lake Charles, Louisiana and caused significant damage to L'Auberge Lake Charles, forcing it to close for approximately two weeks. The Company maintains insurance, subject to certain deductibles and coinsurance, for the repair or replacement of assets that suffered loss and provides coverage for interruption to our business, including lost profits. The Company received upfront prepayments of $47.5 million from our insurers related to our anticipated policy claim (i.e. an advance) for the year ended December 31, 2020. The insurance proceeds were recorded as an offset to recovery costs incurred (i.e. Receivables within our Consolidated Balance Sheets) and we did not recognize any gain or loss as a result of this event.

West Segment

(dollars in millions)	For the year ended December 31, 2020	2019	2018	$ Change 2020 vs. 2019	2019 vs. 2018	% / bps Change 2020 vs. 2019	2019 vs. 2018
Revenues:							
Gaming	$ 194.2	$ 374.3	$ 228.0	$ (180.1)	$ 146.3	(48.1)%	64.2 %
Food, beverage, hotel and other	108.3	268.2	199.4	(159.9)	68.8	(59.6)%	34.5 %
Reimbursable management costs	—	—	10.5	—	(10.5)	—	(100.0)%
Total revenues	$ 302.5	$ 642.5	$ 437.9	$ (340.0)	$ 204.6	(52.9)%	46.7 %
Adjusted EBITDAR	$ 82.2	$ 198.8	$ 114.3	$ (116.6)	$ 84.5	(58.7)%	73.9 %
Adjusted EBITDAR margin	27.2 %	30.9 %	26.1 %			(370) bps	480 bps

The West segment's results of operations for the year ended December 31, 2020 were primarily impacted by the COVID-19 pandemic. During the year ended December 31, 2020 our properties had temporary closures pursuant to various orders from state gaming regulatory bodies or governmental authorities to combat the rapid spread of COVID-19. All of our properties within the West segment reopened and continue to operate with reduced gaming, hotel (if applicable) capacity, limited food and beverage and other amenity offerings, with the exception of Zia Park which remains closed. In response to the COVID-19 pandemic on our operations, we implemented cost saving initiatives to offset inevitable revenue degradation, such as: operating with a reduced workforce, focusing on higher margin gaming offerings, reducing marketing costs, and limiting certain lower margin food and beverage offerings.

For the year ended December 31, 2020, the West segment's total revenues, Adjusted EBITDAR and Adjusted EBITDAR margin decreased, as compared to the prior year, due to the temporary closures, operational restrictions, and social distancing measures described above.

Midwest Segment

(dollars in millions)	For the year ended December 31, 2020	2019	2018	$ Change 2020 vs. 2019	2019 vs. 2018	% / bps Change 2020 vs. 2019	2019 vs. 2018
Revenues:							
Gaming	$ 615.2	$ 938.1	$ 719.8	$ (322.9)	$ 218.3	(34.4)%	30.3 %
Food, beverage, hotel and other	66.2	156.4	103.9	(90.2)	52.5	(57.7)%	50.5 %
Total revenues	$ 681.4	$ 1,094.5	$ 823.7	$ (413.1)	$ 270.8	(37.7)%	32.9 %
Adjusted EBITDAR	$ 258.3	$ 403.6	$ 294.3	$ (145.3)	$ 109.3	(36.0)%	37.1 %
Adjusted EBITDAR margin	37.9 %	36.9 %	35.7 %			100 bps	120 bps

The Midwest segment's results of operations for the year ended December 31, 2020 were primarily impacted by the COVID-19 pandemic. During the year ended December 31, 2020 our properties had temporary closures pursuant to various orders from state gaming regulatory bodies or governmental authorities to combat the rapid spread of COVID-19. All of our properties within the Midwest segment reopened and continue to operate with reduced gaming, hotel (if applicable) capacity, limited food and beverage and other amenity offerings. In response to the COVID-19 pandemic on our operations, we implemented cost saving initiatives to offset inevitable revenue degradation, such as: operating with a reduced workforce, focusing on higher margin gaming offerings, reducing marketing costs, and limiting certain lower margin food and beverage offerings.

For the year ended December 31, 2020, the Midwest segment's total revenues and Adjusted EBITDAR decreased, as compared to the prior year, due to the temporary closures, operational restrictions, and social distancing measures described above. The Midwest segment's Adjusted EBITDAR margin increased 100 basis points for the year ended December 31, 2020, as compared to the prior year due to our cost structure savings initiatives described above.

Other

(dollars in millions)	For the year ended December 31, 2020	2019	2018	$ Change 2020 vs. 2019	2019 vs. 2018	% / bps Change 2020 vs. 2019	2019 vs. 2018
Revenues:							
Gaming	$ 62.7	$ 8.8	$ —	$ 53.9	$ 8.8	612.5 %	—
Food, beverage, hotel and other	62.3	38.7	40.3	23.6	(1.6)	61.0 %	(4.0)%
Management service and licensing fees	—	—	0.1	—	(0.1)	—	(100.0)%
Total revenues	$ 125.0	$ 47.5	$ 40.4	$ 77.5	$ 7.1	163.2 %	17.6 %
Adjusted EBITDAR	$ (43.5)	$ (87.8)	$ (68.1)	$ 44.3	$ (19.7)	(50.5)%	28.9 %

Total revenues and Adjusted EBITDAR of the Other category increased for the year ended December 31, 2020, as compared to the prior year, primarily as a result of Penn Interactive. Penn Interactive's operations benefited from the launch of the online Barstool Sportsbook in Pennsylvania in September 2020 and increases in online social and real-money gaming revenue. Real-money online gaming revenue benefited from an improved conversion of the my**choice** database to our real-money gaming platform, and was also positively impacted by the temporary closures of Pennsylvania casinos throughout portions of 2020.

In addition to benefiting from Penn Interactive's operating results, the increase in Adjusted EBITDAR is driven by decreases in corporate overhead costs of $20.5 million for the year ended December 31, 2020, principally driven by furloughs to team members, compensation reductions effective April 1, 2020 through September 30, 2020, and the overall reduction of expenses due to the temporary closures, as well as an overall permanent reduction to our workforce as a result of the COVID-19 pandemic, offset by increased expenses related to the ramp up of the Penn Interactive online sportsbook operations.

Non-GAAP Financial Measures

Use and Definitions

In addition to GAAP financial measures, management uses Adjusted EBITDA, Adjusted EBITDAR and Adjusted EBITDAR margin as non-GAAP financial measures. These non-GAAP financial measures should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP. Each of these non-GAAP financial measures 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 Adjusted EBITDA as earnings before interest expense, net; income taxes; depreciation and amortization; stock-based compensation; debt extinguishment and financing charges; impairment losses; insurance recoveries and 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 and acquisition costs; and other income or expenses. Adjusted EBITDA is inclusive of income or loss from unconsolidated affiliates, with our share of non-operating items (such as interest expense, net; income taxes; depreciation and amortization; and stock-based compensation expense) added back for Barstool Sports and our Kansas Entertainment joint venture. Adjusted EBITDA is inclusive of rent expense associated with our triple net operating leases (the operating lease components contained within the Penn Master Lease and Pinnacle Master Lease (primarily land), the Meadows Lease, the Margaritaville Lease, the Greektown Lease and the Tropicana Lease). Although Adjusted EBITDA includes rent expense associated with our triple net operating leases, we believe Adjusted EBITDA is useful as a supplemental measure in evaluating the performance of our consolidated results of operations.

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 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 Adjusted EBITDA calculations certain corporate expenses that do not relate to the management of specific casino

properties. However, Adjusted EBITDA is not a measure of performance or liquidity calculated in accordance with GAAP. 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.

We define Adjusted EBITDAR as Adjusted EBITDA (as defined above) plus rent expense associated with triple net operating leases (which is a normal, recurring cash operating expense necessary to operate our business). Adjusted EBITDAR is presented on a consolidated basis outside the financial statements solely as a valuation metric. Management believes that Adjusted EBITDAR is an additional metric traditionally used by analysts in valuing gaming companies subject to triple net leases since it eliminates the effects of variability in leasing methods and capital structures. This metric is included as supplemental disclosure because (i) we believe Adjusted EBITDAR is traditionally used by gaming operator analysts and investors to determine the equity value of gaming operators and (ii) Adjusted EBITDAR is one of the metrics used by other financial analysts in valuing our business. We believe Adjusted EBITDAR is useful for equity valuation purposes because (i) its calculation isolates the effects of financing real estate; and (ii) using a multiple of Adjusted EBITDAR to calculate enterprise value allows for an adjustment to the balance sheet to recognize estimated liabilities arising from operating leases related to real estate. However, Adjusted EBITDAR when presented on a consolidated basis is not a financial measure in accordance with GAAP and should not be viewed as a measure of overall operating performance or considered in isolation or as an alternative to net income because it excludes the rent expense associated with our triple net operating leases and is provided for the limited purposes referenced herein.

Adjusted EBITDAR margin is defined as Adjusted EBITDAR on a consolidated basis (as defined above) divided by revenues on a consolidated basis. Adjusted EBITDAR margin is presented on a consolidated basis outside the financial statements solely as a valuation metric. We further define Adjusted EBITDAR margin by reportable segment as Adjusted EBITDAR for each segment divided by segment revenues.

Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures

The following table includes a reconciliation of net income (loss), which is determined in accordance with GAAP, to Adjusted EBITDA, Adjusted EBITDAR and Adjusted EBITDAR margin, which are non-GAAP financial measures:

	For the year ended December 31,		
(dollars in millions)	**2020**	**2019**	**2018**
Net income (loss)	$ (669.1)	$ 43.1	$ 93.5
Income tax expense (benefit)	(165.1)	43.0	(3.6)
Loss on early extinguishment of debt	1.2	—	21.0
Income from unconsolidated affiliates	(13.8)	(28.4)	(22.3)
Interest expense, net	543.2	534.2	538.4
Other expense (income)	(106.6)	(20.0)	7.1
Operating income (loss)	(410.2)	571.9	634.1
Stock-based compensation [(1)]	14.5	14.9	12.0
Cash-settled stock-based award variance [(1)(2)]	67.2	0.8	(19.6)
(Gain) loss on disposal of assets [(1)]	(29.2)	5.5	3.2
Contingent purchase price [(1)]	(1.1)	7.0	0.5
Pre-opening and acquisition costs [(1)]	11.8	22.3	95.0
Depreciation and amortization	366.7	414.2	269.0
Impairment losses	623.4	173.1	34.9
Recoveries on loan loss and unfunded loan commitments	—	—	(17.0)
Insurance recoveries, net of deductible charges [(1)]	(0.1)	(3.0)	(0.1)
Income from unconsolidated affiliates	13.8	28.4	22.3
Non-operating items of equity method investments [(3)]	4.7	3.7	5.1
Other expenses [(1)(4)]	13.5	—	—
Adjusted EBITDA	675.0	1,238.8	1,039.4
Rent expense associated with triple net operating leases [(1)]	419.8	366.4	3.8
Adjusted EBITDAR	$ 1,094.8	$ 1,605.2	$ 1,043.2
Net income (loss) margin	(18.7)%	0.8 %	2.6 %
Adjusted EBITDAR margin	30.6 %	30.3 %	29.1 %

(1) These items are included in “General and administrative” within the Company’s Consolidated Statements of Operations and Comprehensive Income (Loss).

(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. During the year ended December 31, 2020, the price of the Company’s common stock increased significantly, which resulted in unfavorable variances to budget.

(3) Consists principally of interest expense, net; income taxes; depreciation and amortization; and stock-based compensation expense associated with Barstool Sports and our Kansas Entertainment joint venture.

(4) Consists of non-recurring restructuring charges (primarily severance) associated with a company-wide initiative, triggered by the COVID-19 pandemic, designed to (i) improve the operational effectiveness across our property portfolio; and (ii) improve the effectiveness and efficiency of our Corporate functional support areas.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity and capital resources have been and will continue 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.

	For the year ended December 31,			$ Change		% Change	
(dollars in millions)	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**	**2020 vs. 2019**	**2019 vs. 2018**
Net cash provided by operating activities	$ 338.8	$ 703.9	$ 352.8	$ (365.1)	$ 351.1	(51.9)%	99.5 %
Net cash used in investing activities	$ (233.7)	$ (607.5)	$ (1,423.1)	$ 373.8	$ 815.6	(61.5)%	(57.3)%
Net cash provided by (used in) financing activities	$ 1,310.1	$ (122.4)	$ 1,272.1	$ 1,432.5	$ (1,394.5)	N/M	N/M

N/M - Not meaningful

Operating Cash Flow

The decrease in net cash provided by operating activities of $365.1 million for the year ended December 31, 2020, is due to the temporary closures of our properties due to the COVID-19 pandemic, which significantly decreased cash receipts from customers. Offsetting this decrease was a $316.2 million decrease in cash paid for rent and interest payments, in total, under our Triple Net Leases, due primarily to utilizing rent credits to pay rent in the current year under the Master Leases, the Meadows Lease and the Morgantown Lease (offset by the increase in payments under the Greektown Lease due to the timing of the acquisition in the second quarter of 2019).

Investing Cash Flow

Net cash used in investing activities for the year ended December 31, 2020 decreased compared to the prior year primarily due to decrease in capital expenditures of $53.6 million in the current year and the 2019 acquisitions of the operations of Margaritaville and Greektown for $109.1 million and $289.2 million, respectively, both net of cash. As a part of the acquisitions of Margaritaville and Greektown, the Company entered into sale-leaseback transactions with VICI in the amounts of $261.1 million and $700.0 million, respectively, which had no net impact on net cash used in investing activities for the year ended December 31, 2019. In addition, during the year ended December 31, 2019, we paid $10.0 million for online and retail sports betting licenses in Pennsylvania. The decrease in capital expenditures in the current year primarily reflects our efforts to reduce or defer our planned Category 4 project capital expenditures as we mitigate the impact of the COVID-19 pandemic. These decreases were partially offset by our $135.0 million investment in Barstool Sports made during the first quarter of 2020.

Capital Expenditures

Capital expenditures are accounted for as either project capital (new facilities or expansions) or maintenance (replacement) capital expenditures. Cash provided by operating activities as well as cash available under our Revolving Credit Facility funded our capital expenditures for the years ended December 31, 2020, 2019 and 2018.

During the year ended December 31, 2020, we had capital expenditures of $137.0 million primarily related to our maintenance projects and our Category 4 development projects. For the year ending December 31, 2021, our expected capital expenditures are $296.8 million of which $98.9 million relates our Category 4 projects and $197.9 million relates to our maintenance projects. Our Category 4 projects are Hollywood Casino York and Hollywood Casino Morgantown. Hollywood Casino York, which is located in the York Galleria Mall in York County, will represent an overall capital investment of approximately $120.0 million inclusive of the gaming license. Hollywood Casino Morgantown is being built on a previously vacant 36-acre site in Berks County with a capital investment of approximately $111.0 million inclusive of the gaming license. We anticipate that both of these projects will be completed by the end of 2021.

Financing Cash Flow

Net cash provided by financing activities for the year ended December 31, 2020 was $1,310.1 million compared to net cash used in financing activities of $122.4 million in the prior year. The change is driven primarily by the separate public offerings of Penn Common Stock on May 14, 2020 and September 24, 2020, in which we received net proceeds of $331.2 million and $957.6 million, respectively. Additionally, we received $322.2 million of net proceeds from the issuance of the Convertible Notes. These proceeds were partially offset by net repayments under our Senior Secured Credit Facilities of $301.7 million. In the current year we fully repaid $670.0 million of outstanding borrowings under our Revolving Credit Facility and a $115.0

million prepayment of outstanding borrowings on our Term Loan B-1 Facility. In comparison, in the prior year net cash used by financing activities consisted principally of net repayments of long-term debt of $18.6 million despite the borrowing associated with the acquisition of Greektown, $51.6 million of principal payments on our financing obligations, $6.2 million of principal payments on our finance leases, and $24.9 million in payments related to the repurchase of common stock.

Debt Issuances, Redemptions and Other Long-term Obligations

On March 13, 2020, we borrowed the remaining available amount of $430.0 million under our Revolving Credit Facility. The Company elected to draw down the remaining available funds from its Revolving Credit Facility in order to maintain maximum financial flexibility in light of the COVID-19 pandemic. Through the use of our September 2020 equity raise proceeds, we fully repaid $670.0 million outstanding borrowings under our Revolving Credit Facility. Additionally, on November 12, 2020 the Company prepaid $115.0 million of outstanding borrowings on its Term Loan B-1 Facility.

On April 14, 2020, the Company entered into a second amendment to its Credit Agreement with its various lenders (the “Second Amendment”) to provide for certain modifications. During the period beginning on April 14, 2020 and ending on the earlier of (x) the date that is two business days after the date on which the Company delivers a covenant relief period termination notice to the administrative agent and (y) the date on which the administrative agent receives a compliance certificate for the quarter ending March 31, 2021 (the “Covenant Relief Period”), the Company will not have to comply with any Maximum Leverage Ratio or Minimum Interest Coverage Ratio (as such terms are defined in the Credit Agreement that was amended on January 19, 2017, the "Amended 2017 Credit Agreement"). During the Covenant Relief Period, the Company will be subject to a minimum liquidity covenant that requires cash and cash equivalents and availability under its Revolving Credit Facility to be (i) at least $400.0 million through April 30, 2020; (ii) $350.0 million during the period from May 1, 2020 through May 31, 2020; (iii) $300.0 million during the period from June 1, 2020 through June 30, 2020; and (iv) $225.0 million during the period from July 1, 2020 through March 31, 2021.

The Second Amendment also amended the financial covenants that are applicable after the Covenant Relief Period to permit the Company to (i) maintain a maximum consolidated total net leverage ratio of up to a ratio that varies by quarter, ranging between 5.50:1.00 and 4.50:1.00 in 2021 and 4.25:1.00 thereafter, tested quarterly on a pro forma trailing twelve month (“PF TTM”) basis; (ii) maintain a maximum senior secured net leverage ratio of up to a ratio that varies by quarter, ranging between 4.50:1.00 and 3.50:1.00 in 2021 and 3.00:1.00 thereafter, tested quarterly on a PF TTM basis; and (iii) maintain an interest coverage ratio of 2.50:1.00, tested quarterly on a PF TTM basis.

In addition, the Second Amendment (i) provides that, during the Covenant Relief Period, loans under the Revolving Credit Facility and the Term Loan A Facility shall bear interest at either a base rate or an adjusted LIBOR rate, in each case, plus an applicable margin, in the case of base rate loans, of 2.00%, and in the case of adjusted LIBOR rate loans, of 3.00%; (ii) provides that, during the Covenant Relief Period, the Company shall pay a commitment fee on the unused portion of the commitments under the Revolving Credit Facility at a rate of 0.50% per annum; (iii) provides for a 0.75% LIBOR floor applicable to all LIBOR loans under the Senior Secured Credit Facilities; (iv) carves out COVID-19 related effects from certain terms of the Senior Secured Credit Facilities during the Covenant Relief Period; and (v) makes certain other changes to the covenants and other provisions of the Credit Agreement.

In May 2020, the Company completed a public offering of $330.5 million aggregate principal amount of 2.75% unsecured convertible notes that mature, unless earlier converted, redeemed or repurchased, on May 15, 2026 (the “Convertible Notes”) at a price of par. After lender fees and discounts, net proceeds received by the Company were $322.2 million. Interest on the Convertible Notes is payable on May 15th and November 15th of each year, beginning on November 15, 2020.

The Convertible Notes are convertible into shares of the Company’s common stock at an initial conversion price of $23.40 per share, or 42.7350 shares, per $1,000 principal amount of notes, subject to adjustment if certain corporate events occur. However, in no event will the conversion exceed 55.5555 shares of common stock per $1,000 principal amount of notes. As of December 31, 2020, the maximum number of shares that could be issued to satisfy the conversion feature of the Convertible Notes is 18,360,815 and the amount by which the Convertible Notes if-converted value exceeded its principal amount was $1,255.3 million.

Prior to February 15, 2026, at their election, holders of the Convertible Notes may convert outstanding notes starting in the fourth quarter of 2020 if the trading price of the Company’s common stock exceeds 130% of the conversion price or, starting shortly after the issuance of the Convertible Notes, if the trading price per $1,000 principal amount of notes is less than 98% of the product of the trading price of the Company’s common stock and the conversion rate then in effect. The Convertible Notes may, at the Company’s election, be settled in cash, shares of common stock of the Company, or a combination thereof. The Company has the option to redeem the Convertible Notes, in whole or in part, beginning November 20, 2023.

In addition, the Convertible Notes convert into shares of the Company's common stock upon the occurrence of certain corporate events that constitute a fundamental change under the indenture governing the Convertible Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of repurchase. In connection with certain corporate events or if the Company issues a notice of redemption, it will, under certain circumstances, increase the conversion rate for holders who elect to convert their Convertible Notes in connection with such corporate events or during the relevant redemption period for such Convertible Notes.

At December 31, 2020, we had $2,431.6 million in aggregate principal amount of indebtedness, including $1,628.1 million outstanding under our Senior Secured Credit Facilities, $330.5 million outstanding under our Convertible Notes, $400.0 million outstanding under our 5.625% senior unsecured notes, and $73.0 million outstanding in other long-term obligations. No amounts were drawn on our Revolving Credit Facility. We have no debt maturing prior to 2023. As of December 31, 2020 we had conditional obligations under letters of credit issued pursuant to the Senior Secured Credit Facilities with face amounts aggregating to $28.2 million resulting in $671.8 million available borrowing capacity under our Revolving Credit Facility.

Covenants

Our Senior Secured Credit Facilities and 5.625% Notes require us, among other obligations, to maintain specified financial ratios and to satisfy certain financial tests, including the Maximum Consolidated Total Net Leverage Ratio, Maximum Consolidated Senior Secured Net Leverage Ratio and Minimum Interest Coverage Ratio (as such terms are defined in our Amended 2017 Credit Agreement) as well as the Fixed Charge Coverage Ratio (as defined in the indenture governing our 5.625% Notes). In addition, our Senior Secured Credit Facilities and 5.625% 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. As of December 31, 2020, the Company was in compliance with all required financial covenants. When our covenant relief period ends, the Company is subject to and expects to be in compliance with all required financial covenants including (i) Maximum Consolidated Total Net Leverage Ratio; (ii) Maximum Consolidated Senior Secured Net Leverage Ratio; and (iii) Minimum Interest Coverage Ratio (as discussed above) with the Company's submission of its compliance certificate for the quarter ending March 31, 2021.

See Note 11, "Long-term Debt," in the notes to our Consolidated Financial Statements for additional information of the Company's debt and other long-term obligations.

Common Stock Offering

On May 14, 2020, the Company completed a public offering of 16,666,667 shares of Penn Common Stock and on May 19, 2020, the underwriters exercised their right to purchase an additional 2,500,000 shares of Penn Common Stock, resulting in an aggregate public offering of 19,166,667 shares of Penn Common Stock. All of the shares were issued at a public offering price of $18.00 per share, resulting in gross proceeds of $345.0 million, and net proceeds of $331.2 million after underwriter fees and discounts of $13.8 million.

On September 24, 2020, the Company completed a public offering of 14,000,000 shares of Penn Common Stock and on September 25, 2020, the underwriters exercised their right to purchase an additional 2,100,000 shares of Penn Common Stock, resulting in an aggregate public offering of 16,100,000 shares of Penn Common Stock. All of the shares were issued at a public offering price of $61.00 per share, resulting in gross proceeds of $982.1 million, and net proceeds of $957.6 million after underwriter fees and discounts of $24.5 million.

Triple Net Leases

The majority of the real estate assets used in the Company's operations are subject to triple net master leases; the most significant of which are the Penn Master Lease and the Pinnacle Master Lease. Subsequent to the adoption of ASC 842, the Company's Master Leases are accounted for as either operating leases, finance leases, or determined to continue to be financing obligations. Prior to the adoption of ASC 842, all components contained within the Master Leases were accounted for as financing obligations. In addition, five of the gaming facilities used in our operations are subject to individual triple net leases. As previously mentioned, we refer to the Penn Master Lease, the Pinnacle Master Lease, the Meadows Lease, the Margaritaville Lease, the Greektown Lease, the Tropicana Lease and the Morgantown Lease, collectively, as our Triple Net Leases.

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: (1) all facility maintenance; (2) all insurance required in connection with the leased properties and the business conducted on the leased properties; (3) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor); (4) all tenant capital improvements; and (5) all utilities and other services necessary or appropriate for the

leased properties and the business conducted on the leased properties. As of December 31, 2020, we are required to make annual minimum rent payments of $814.6 million. Additionally, our Triple Net Leases are subject to annual escalators and periodic percentage rent resets, as applicable. See Note 12, "Leases," in the notes to our 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, inclusive of rent credits utilized, were as follows:

	For the year ended December 31,		
(in millions)	**2020**	**2019**	**2018**
Penn Master Lease [1]	$ 457.9	$ 457.9	$ 461.5
Pinnacle Master Lease [1]	326.9	328.6	70.3
Meadows Lease [1]	26.4	26.4	5.6
Margaritaville Lease	23.5	23.1	—
Greektown Lease	55.6	33.8	—
Morgantown Lease [1]	0.8	—	—
Total [2]	$ 891.1	$ 869.8	$ 537.4

(1) During the twelve months ended December 31, 2020 we utilized rent credits to pay $190.7 million, $135.5 million, $11.0 million and $0.3 million of rent under the Penn Master Lease, Pinnacle Master Lease, Meadows Lease and Morgantown Lease, respectively.

(2) Cash rent payable under the Tropicana Lease is nominal. Therefore, it has been excluded from the table above.

Share Repurchase Programs

In January 2019, the Company announced a share repurchase program pursuant to which the Board of Directors authorized the repurchase of up to $200.0 million of the Company's common stock, which expired on December 31, 2020. During the year ended December 31, 2019, the Company repurchased 1,271,823 shares of its common stock in open market transactions for $24.9 million at an average price of $19.55 per share. All of the repurchased shares were retired. There were no repurchases of the Company's common stock for the year ended December 31, 2020.

Other Contractual Cash Obligations

The following table presents our other contractual cash obligations as of December 31, 2020:

		Payments Due By Period			
(in millions)	**Total**	**2021**	**2022-2023**	**2024-2025**	**2026 and After**
Purchase obligations	$ 149.1	$ 59.7	$ 33.3	$ 12.9	$ 43.2
Other liabilities reflected within our Consolidated Balance Sheets [1]	9.4	0.8	0.6	0.6	7.4
Total	$ 158.5	$ 60.5	$ 33.9	$ 13.5	$ 50.6

(1) Excludes the liability for unrecognized tax benefits of $38.2 million, as we cannot reasonably estimate the period of cash settlement with the respective taxing authorities. Additionally, it does not include an estimate of the payments associated with our contingent purchase price obligations of $7.3 million as it is not a fixed obligation.

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 Senior Secured 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, including the impact of the COVID-19 pandemic. We cannot be certain: (i) of the impact of the operating restrictions to accommodate social distancing and health and safety guidelines on our properties; (ii) of the magnitude and duration of the impact of the COVID-19 pandemic (including reoccurrences) on general economic conditions, capital markets, unemployment and our liquidity, operations, supply chain and personnel, including the potential that some or all of our properties may be forced to close or cease operations for a certain period of time; (iii) that the U.S. economy and our business will recover to levels that existed prior to the COVID-19 pandemic and on what time frame; (iv) that our anticipated earnings projections will be realized; (v) that we will achieve the expected synergies from our

acquisitions; (vi) that future borrowings will be available under our Senior Secured 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 you that the trends seen at our reopened properties (e.g., higher spend per trip) may not continue. In addition, while we anticipated that a significant amount of our future growth would come through the pursuit of opportunities within other distribution channels, such as retail and online sports betting, social gaming, retail gaming, and iGaming; from acquisitions of gaming properties at reasonable valuations; greenfield projects; and jurisdictional expansions and property expansion in under-penetrated markets; there can be no assurance that this will be the case given the uncertainty arising from the COVID-19 pandemic. 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 "Risk Factors—Risks Related to Our Indebtedness and Capital Structure" within "Item 1A. Risk Factors," of this Annual Report on Form 10-K for a discussion of the risks related to our 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.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Consolidated Financial Statements in accordance with GAAP requires us to make estimates and judgments that are subject to an inherent degree of uncertainty. The nature of the estimates and assumptions are material due to the levels of subjectivity and judgment necessary to account for highly uncertain factors or the susceptibility of such factors to change. The development and selection of critical accounting estimates, and the related disclosures, have been reviewed with the Audit Committee of our Board of Directors. We believe the current assumptions and other considerations used to estimate amounts reflected in our Consolidated Financial Statements are appropriate. However, if actual experience differs from the assumptions and other considerations used in estimating amounts reflected in our Consolidated Financial Statements, the resulting changes could have a material adverse effect on our financial condition, results of operations and cash flows.

Goodwill and other intangible assets

As of December 31, 2020, the Company had $1,157.1 million in goodwill and $1,513.5 million in other intangible assets within its Consolidated Balance Sheet, representing 7.9% and 10.3% of total assets, respectively. The Company's goodwill and other intangible assets are primarily the result of acquisitions of businesses and payments for gaming licenses. These intangible assets require significant management estimates and judgment pertaining to: (i) the valuation in connection with initial purchase price allocations and (ii) the ongoing evaluation for impairment. During the fourth quarter we performed our annual impairment analysis and the fair value of goodwill for all reporting units exceeded the carrying value by a substantial margin. Therefore, none of our reporting units incurred any goodwill impairment charges as a result of the annual assessment.

In connection with the Company's acquisitions, valuations are completed to determine the allocation of the purchase price. The factors considered in the valuations include data gathered as a result of the Company's due diligence in connection with the acquisitions, projections for future operations, and data obtained from third-party valuation specialists, as deemed appropriate. Goodwill represents the future economic benefits of a business combination measured as the excess purchase price over the fair market value of net assets acquired. Goodwill is tested annually, or more frequently if indicators of impairment exist.

For the quantitative goodwill impairment test, an income approach, in which a discounted cash flow ("DCF") model is utilized, and a market-based approach using guideline public company multiples of earnings before interest, taxes, depreciation, and amortization from the Company's peer group are utilized in order to estimate the fair market value of the Company's reporting units. In determining the carrying amount of each reporting unit that utilizes real estate assets subject to the Triple Net Leases, if and as applicable, (i) the Company allocates each reporting unit their pro-rata portion of the right-of-use ("ROU") assets, lease liabilities, and/or financing obligations, and (ii) pushes down the carrying amount of the property and equipment subject to such leases. In general, as it pertains to the Master Leases, such amounts are allocated based on the reporting unit's projected Adjusted EBITDA as a percentage of the aggregate estimated Adjusted EBITDA of all reporting units subject to either of the Master Leases, as applicable. The Company compares the fair value of its reporting units to the carrying amounts. If the carrying amount of the reporting unit exceeds the fair value, an impairment is recorded equal to the amount of the excess (not to exceed the amount of goodwill allocated to the reporting unit).

We consider our gaming licenses, trademarks, and certain other intangible assets as indefinite-lived intangible assets that do not require amortization based on our future expectations to operate our gaming properties indefinitely as well as our historical experience in renewing these intangible assets at minimal cost with various state commissions. Rather, these intangible assets are tested annually for impairment, or more frequently if indicators of impairment exist, by comparing the fair value of the recorded assets to their carrying amount. If the carrying amounts of the indefinite-lived intangible assets exceed their fair value, an impairment loss is recognized. We complete the testing of our indefinite-lived intangible assets prior to assessing our goodwill for impairment. Our annual goodwill and other indefinite-lived intangible assets impairment test is performed on October 1st of each year.

We assess the fair value of our gaming licenses using the Greenfield Method under the income approach, which estimates the fair value of the gaming license using a DCF model assuming we built a new casino with similar utility to that of the existing casino. The method assumes a theoretical start-up company going into business without any assets other than the intangible asset being valued. As such, the value of the gaming license is a function of the following assumptions:

- Projected revenues and operating cash flows (including an allocation of the projected payments under any applicable Triple Net Lease);
- Estimated construction costs and duration;
- Pre-opening costs; and
- Discounting that reflects the level of risk associated with receiving future cash flows attributable to the license.

We assess the fair value of our trademarks using the relief-from-royalty method under the income approach. The principle behind this method is that the value of the trademark is equal to the present value of the after-tax royalty savings attributable to the owned trademark. As such, the value of the trademark is a function of the following assumptions:

- Projected revenues;
- Selection of an appropriate royalty rate to apply to projected revenues; and
- Discounting that reflects the level of risk associated with the after-tax revenue stream associated with the trademark.

The evaluation of goodwill and indefinite-lived intangible assets requires the use of estimates about future operating results of each reporting unit to determine the estimated fair value of the reporting unit and the indefinite-lived intangible assets. The Company must make various assumptions and estimates in performing its impairment testing. The implied fair value includes estimates of future cash flows (including an allocation of the projected payments under any applicable Triple Net Lease) that are based on reasonable and supportable assumptions which represent the Company's best estimates of the cash flows expected to result from the use of the assets including their eventual disposition. Changes in estimates, increases in the Company's cost of capital, reductions in transaction multiples, changes in operating and capital expenditure assumptions or application of alternative assumptions and definitions could produce significantly different results. Future cash flow estimates are, by their nature, subjective and actual results may differ materially from the Company's estimates. If our ongoing estimates of future cash flows are not met, we may have to record additional impairment charges in future periods. Our estimates of cash flows are based on the current regulatory and economic climates (including as a result of COVID-19), recent operating information and budgets of the various properties where it conducts operations. These estimates could be negatively impacted by changes in federal, state or local regulations, economic downturns, or other events affecting our properties.

Forecasted cash flows (based on our annual operating plan as determined in the fourth quarter) can be significantly impacted by the local economy in which our reporting units operate, as illustrated by the COVID-19 pandemic which caused temporary suspension of our operations pursuant to various orders from state gaming regulatory bodies or governmental authorities. Increases in unemployment rates can also result in decreased customer visitations and/or lower customer spend per visit. In addition, the impact of new legislation which approves gaming in nearby jurisdictions or further expands gaming in jurisdictions where our reporting units currently operate can result in opportunities for us to expand our operations. However, it also has the impact of increasing competition for our established properties which generally will have a negative effect on those locations' profitability once competitors become established as a certain level of cannibalization occurs absent an overall increase in customer visitations. Additionally, increases in gaming taxes approved by state regulatory bodies can negatively impact forecasted cash flows.

Assumptions and estimates about future cash flow levels and multiples by individual reporting units are complex and subjective. They are sensitive to changes in underlying assumptions and can be affected by a variety of factors, including external factors, such as industry, geopolitical and economic trends, and internal factors, such as changes in the Company's business strategy, which may re-allocate capital and resources to different or new opportunities which management believes will enhance its overall value but may be to the detriment of an individual reporting unit.

Once an impairment of goodwill or other intangible asset has been recorded, it cannot be reversed. Since the Company's goodwill and other indefinite-lived intangible assets are not amortized, there may be volatility in reported net income or loss because impairment losses, if any, are likely to occur irregularly and in varying amounts. Intangible assets that have a definite life are amortized on a straight-line basis over their estimated useful lives or related service contract. The Company reviews the carrying amount of its amortizing intangible assets for possible impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If the carrying amount of the amortizing intangible assets exceed their fair value, an impairment loss is recognized.

Revenue and earnings streams within our industry can vary significantly based on various circumstances, which in many cases are outside of the Company's control, and as such are difficult to predict and quantify. We have disclosed several of these circumstances in "Item 1A. Risk Factors" of this Annual Report on Form 10-K. Circumstances include, for instance, temporary property closures as a result of COVID-19, changes in legislation that approves gaming in nearby jurisdictions, further expansion of gaming in jurisdictions where we currently operate, new state legislation that requires the implementation of smoking restrictions at our casinos or any other events outside of our control that make the customer experience less desirable.

During the first quarter of 2020, we identified an indicator of impairment as a result of the COVID-19 pandemic and recognized impairments on our goodwill, gaming licenses and trademarks, of $113.0 million, $437.0 million and $61.5 million, respectively. Upon reopening of our gaming facilities and throughout the fourth quarter of 2020 we undertook various initiatives to mitigate the impact of regulatory restrictions imposed as a result of the COVID-19 pandemic. We completed our annual assessment for impairment as of October 1, 2020, which did not result in any impairment charges to goodwill, gaming licenses and trademarks. See Note 9, "Goodwill and Other Intangible Assets," in the notes to our Consolidated Financial Statements.

Income taxes

Under ASC Topic 740, "Income Taxes" ("ASC 740"), deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities and are measured at the prevailing enacted tax rates that will be in effect when these differences are settled or realized. ASC 740 also requires that deferred tax assets be reduced by a valuation allowance if it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The realizability of the net deferred tax assets is evaluated each reporting period by assessing the valuation allowance and by adjusting the amount of the allowance, if necessary. Pursuant to ASC 740, in evaluating the more-likely-than-not standard, we consider all available positive and negative evidence including projected future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. In the event the Company determines that the deferred income tax assets would be realized in the future in excess of their net recorded amount, an adjustment to the valuation allowance would be recorded, which would reduce the provision for income taxes.

ASC 740 suggests that additional scrutiny should be given to deferred tax assets of an entity with cumulative pre-tax losses during the three most recent years and is widely considered significant negative evidence that is objective and verifiable and therefore, difficult to overcome. For the year ended December 31, 2020, we have cumulative pre-tax losses and considered this factor in our analysis of deferred taxes. Additionally, we expect to remain in a three year cumulative loss position in the near future. As a result, the Company has recorded a valuation allowance against its net deferred tax assets, excluding assets that can be realized based on our ability to carry back losses to recoup taxes previously paid and excluding the reversal of deferred tax liabilities related to indefinite-lived intangibles. We intend to continue to maintain a valuation allowance on our net deferred tax assets until there is sufficient positive evidence to support the reversal of all or some portion of these allowances.

ITEM 7A. 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 rate on borrowings under our Senior Secured Credit Facilities. As of December 31, 2020, the Company's Senior Secured Credit Facilities had a gross outstanding balance of $1,628.1 million, consisting of a $636.9 million Term Loan A Facility and a $991.2 million Term Loan B-1 Facility. As of December 31, 2020, we have $671.8 million of available borrowing capacity under our Revolving Credit Facility.

In May 2020, the Company completed a public offering of $330.5 million aggregate principal amount of 2.75% Convertible Notes that mature on May 15, 2026, unless earlier converted, redeemed or repurchased. Interest on the Convertible Notes is payable on May 15th and November 15th of each year, which began on November 15, 2020.

The table below provides information as of December 31, 2020 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)	**2021**	**2022**	**2023**	**2024**	**2025**	**Thereafter**	**Total**	**Fair Value**
Fixed rate	$ —	$ —	$ —	$ —	$ —	$ 400.0	$ 400.0	$ 418.0
Average interest rate						5.625 %		
Fixed rate	$ —	$ —	$ —	$ —	$ —	$ 330.5	$ 330.5	$ 1,274.5
Average interest rate						2.750 %		
Variable rate	$ 64.4	$ 82.1	$ 524.4	$ 11.3	$ 945.9	$ —	$ 1,628.1	$ 1,609.3
Average interest rate [(1)]	3.62 %	3.65 %	3.73 %	3.13 %	3.27 %	— %		

(1) Estimated rate, reflective of forward LIBOR December 31, 2020 plus the spread over LIBOR applicable to variable-rate borrowing.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of
Penn National Gaming, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Penn National Gaming, Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective January 1, 2019, the Company adopted FASB ASC Topic 842, *Leases*, using the modified retrospective approach.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill and Other Intangible Assets - Refer to Notes 2 and 9 to the financial statements

Critical Audit Matter Description

The Company's goodwill, gaming license, and trademarks are tested annually for impairment, or more frequently if indicators of impairment exist, by comparing the fair value of each reporting unit to their carrying amount for goodwill and by comparing the fair value of each gaming license or trademark to its carrying value. The Company determines the fair value of its reporting units using a combination of income-based and market-based approaches. The Company assesses the fair value of its gaming

licenses using the Greenfield Method under the income approach, which estimates the fair value using a discounted cash flow model assuming the Company built a casino with similar utility to that of the existing casino. The Company assesses the fair value of its trademarks using the relief-from-royalty method under the income approach. The key inputs in determining the fair value, among others, include projected revenue and operating cash flows discounted to reflect the level of risk associated with receiving future cash flows. As of December 31, 2020, the book value of goodwill is $1,157.1 million, gaming license is $1,246.1 million, and trademarks is $240.9 million.

Auditing the fair value of the Company's reporting units, gaming licenses, and trademarks involved a high degree of subjectivity in evaluating whether management's estimates and assumptions of projected revenue and operating cash flows and the selection of the discount rates used to derive the fair value were reasonable, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to forecasts of future revenue and operating cash flows and the determination of the discount rates used by management to estimate the fair value of the reporting units, gaming licenses, and trademarks included the following, among others:

- We tested the effectiveness of controls over determining the fair value of the Company's reporting units, gaming licenses, and trademarks, including those over the forecasts of future revenue and operating cash flows and the selection of the discount rates.
- We evaluated management's ability to accurately forecast future revenues and operating cash flows by comparing actual results to management's historical forecasts.
- We evaluated the reasonableness of management's revenue and operating cash flow forecasts by comparing the forecasts to:
    - Historical results
    - Internal communications to management and the Board of Directors
    - Forecasted information included in the Company's press release as well as in analyst and industry reports for the Company and certain of its peer companies
    - The impact of changes in the regulatory environment on management's projections.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the discount rates by:
    - Testing the source information underlying the determination of the discount rates and the mathematical accuracy of the calculations.
    - Developing a range of independent estimates and comparing those to the discount rates selected by management.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
February 26, 2021

We have served as the Company's auditor since 2017.

PENN NATIONAL GAMING, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in millions, except share and per share data)	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 1,853.8	$ 437.4
Receivables, net of allowance for doubtful accounts of $8.8 and $7.7	96.4	88.7
Prepaid expenses	103.5	76.7
Other current assets	31.3	40.0
Total current assets	2,085.0	642.8
Property and equipment, net	4,529.3	5,120.2
Investment in and advances to unconsolidated affiliates	266.8	128.3
Goodwill	1,157.1	1,270.7
Other intangible assets, net	1,513.5	2,026.5
Lease right-of-use assets	4,817.7	4,837.3
Other assets	297.9	168.7
Total assets	$ 14,667.3	$ 14,194.5
Liabilities		
Current liabilities		
Accounts payable	$ 33.2	$ 40.3
Current maturities of long-term debt	81.4	62.9
Current portion of financing obligations	36.0	40.5
Current portion of lease liabilities	134.3	130.6
Accrued expenses and other current liabilities	575.1	631.3
Total current liabilities	860.0	905.6
Long-term debt, net of current maturities, debt discount and debt issuance costs	2,231.2	2,322.2
Long-term portion of financing obligations	4,096.4	4,102.2
Long-term portion of lease liabilities	4,578.2	4,670.0
Deferred income taxes	126.3	244.6
Other long-term liabilities	119.4	98.0
Total liabilities	12,011.5	12,342.6
Commitments and contingencies (Note 13)		
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, 883 shares issued and outstanding)	23.1	—
Common stock ($0.01 par value, 200,000,000 shares authorized, 157,868,227 and 118,125,652 shares issued, and 155,700,834 and 115,958,259 shares outstanding)	1.6	1.2
Treasury stock, at cost, (2,167,393 shares held in both periods)	(28.4)	(28.4)
Additional paid-in capital	3,167.2	1,718.3
Retained earnings (accumulated deficit)	(507.3)	161.6
Total Penn National stockholders' equity	2,656.2	1,852.7
Non-controlling interest	(0.4)	(0.8)
Total stockholders' equity	2,655.8	1,851.9
Total liabilities and stockholders' equity	$ 14,667.3	$ 14,194.5

See accompanying notes to the Consolidated Financial Statements.

PENN NATIONAL GAMING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(in millions, except per share data)	For the year ended December 31, 2020	2019	2018
Revenues			
Gaming	$ 3,051.1	$ 4,268.7	$ 2,894.9
Food, beverage, hotel and other	527.6	1,032.7	629.7
Management service and license fees	—	—	6.0
Reimbursable management costs	—	—	57.3
Total revenues	3,578.7	5,301.4	3,587.9
Operating expenses			
Gaming	1,530.3	2,281.8	1,551.4
Food, beverage, hotel and other	337.7	672.7	439.3
General and administrative	1,130.8	1,187.7	618.9
Reimbursable management costs	—	—	57.3
Depreciation and amortization	366.7	414.2	269.0
Impairment losses	623.4	173.1	34.9
Recoveries on loan loss and unfunded loan commitments	—	—	(17.0)
Total operating expenses	3,988.9	4,729.5	2,953.8
Operating income (loss)	(410.2)	571.9	634.1
Other income (expenses)			
Interest expense, net	(543.2)	(534.2)	(538.4)
Income from unconsolidated affiliates	13.8	28.4	22.3
Loss on early extinguishment of debt	(1.2)	—	(21.0)
Other	106.6	20.0	(7.1)
Total other expenses	(424.0)	(485.8)	(544.2)
Income (loss) before income taxes	(834.2)	86.1	89.9
Income tax benefit (expense)	165.1	(43.0)	3.6
Net income (loss)	(669.1)	43.1	93.5
Less: Net (income) loss attributable to non-controlling interest	(0.4)	0.8	—
Net income (loss) attributable to Penn National	$ (669.5)	$ 43.9	$ 93.5
Comprehensive income (loss)	$ (669.1)	$ 43.1	$ 93.5
Less: Comprehensive (income) loss attributable to non-controlling interest	(0.4)	0.8	—
Comprehensive income (loss) attributable to Penn National	$ (669.5)	$ 43.9	$ 93.5
Earnings (loss) per share			
Basic earnings (loss) per share	$ (5.00)	$ 0.38	$ 0.96
Diluted earnings (loss) per share	$ (5.00)	$ 0.37	$ 0.93
Weighted-average common shares outstanding - basic	134.0	115.7	97.1
Weighted-average common shares outstanding - diluted	134.0	117.8	100.3

See accompanying notes to the Consolidated Financial Statements.

PENN NATIONAL GAMING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(in millions, except share data)	Preferred Stock		Common Stock		Treasury Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Penn National Stockholders' Equity (Deficit)	Non-Controlling Interest	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount							
Balance as of January 1, 2018	—	$ —	91,225,242	$ 0.9	$ (28.4)	$ 1,007.6	$ (1,051.9)	$ (1.5)	$ (73.3)	$ —	$ (73.3)
Share-based compensation arrangements	—	—	1,466,625	—	—	19.4	—	—	19.4	—	19.4
Pinnacle Acquisition	—	—	26,295,439	0.3	—	749.4	—	—	749.7	—	749.7
Reclassification of accumulated other comprehensive loss to earnings upon termination of management contract	—	—	—	—	—	—	—	1.5	1.5	—	1.5
Cumulative-effect adjustment upon adoption of ASC 606	—	—	—	—	—	—	(9.6)	—	(9.6)	—	(9.6)
Share repurchases	—	—	(2,299,498)	—	—	(50.0)	—	—	(50.0)	—	(50.0)
Net income	—	—	—	—	—	—	93.5	—	93.5	—	93.5
Balance as of December 31, 2018	—	—	116,687,808	1.2	(28.4)	1,726.4	(968.0)	—	731.2	—	731.2
Share-based compensation arrangements	—	—	542,274	—	—	16.8	—	—	16.8	—	16.8
Cumulative-effect adjustment upon adoption of ASC 842	—	—	—	—	—	—	1,085.7	—	1,085.7	—	1,085.7
Share repurchases	—	—	(1,271,823)	—	—	(24.9)	—	—	(24.9)	—	(24.9)
Net income (loss)	—	—	—	—	—	—	43.9	—	43.9	(0.8)	43.1
Balance as of December 31, 2019	—	—	115,958,259	1.2	(28.4)	1,718.3	161.6	—	1,852.7	(0.8)	1,851.9
Share-based compensation arrangements	—	—	4,475,908	—	—	71.0	—	—	71.0	—	71.0
Common stock offerings (Note 15)	—	—	35,266,667	0.4	—	1,288.4	—	—	1,288.8	—	1,288.8
Convertible debt offering (Note 11)	—	—	—	—	—	**88.2**	**—**	**—**	**88.2**	**—**	**88.2**
Barstool Sports investment (Note 7)	883	23.1	—	—	—	—	—	—	23.1	—	23.1
Cumulative-effect adjustment upon adoption of ASU 2016-13	—	—	—	—	—	—	0.6	—	0.6	—	0.6
Net income (loss)	—	—	—	—	—	—	(669.5)	—	(669.5)	0.4	(669.1)
Other	—	—	—	—	—	1.3	—	—	1.3	—	1.3
Balance as of December 31, 2020	883	$ 23.1	155,700,834	$ 1.6	$ (28.4)	$ 3,167.2	$ (507.3)	$ —	$ 2,656.2	$ (0.4)	$ 2,655.8

See accompanying notes to the Consolidated Financial Statements.

PENN NATIONAL GAMING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	For the year ended December 31, 2020	2019	2018
Operating activities			
Net income (loss)	$ (669.1)	$ 43.1	$ 93.5
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	366.7	414.2	269.0
Amortization of items charged to interest expense	16.3	7.7	6.4
Noncash operating lease expense	120.3	100.4	—
Change in fair values of contingent purchase price	(1.1)	7.0	0.5
Holding gain on equity securities	(106.7)	(19.9)	—
Loss (gain) on sale or disposal of property and equipment	(29.2)	5.5	3.2
Noncash rent and interest expense related to the utilization of rent credits	287.1	—	—
Income from unconsolidated affiliates	(13.8)	(28.4)	(22.3)
Return on investment from unconsolidated affiliates	21.8	29.0	27.0
Deferred income taxes	(118.3)	21.1	(26.7)
Stock-based compensation	14.5	14.9	12.0
Impairment losses	623.4	173.1	34.9
Recoveries on loan loss and unfunded loan commitments	—	—	(17.0)
Reclassification of accumulated other comprehensive loss to earnings upon termination of management contract	—	—	1.5
Loss on early extinguishment of debt	1.2	—	21.0
Changes in operating assets and liabilities, net of businesses acquired			
Accounts receivable	(16.5)	27.0	(1.8)
Prepaid expenses and other current assets	13.5	9.7	13.3
Other assets	(12.8)	(2.3)	1.5
Accounts payable	(6.6)	4.4	(6.1)
Accrued expenses	(40.9)	(3.9)	(47.0)
Income taxes	(32.5)	(7.2)	(3.3)
Operating lease liabilities	(94.8)	(139.1)	—
Other current and long-term liabilities	16.3	47.6	(6.8)
Net cash provided by operating activities	338.8	703.9	352.8
Investing activities			
Capital expenditures	(137.0)	(190.6)	(92.6)
Dispositions of property and equipment	16.1	0.6	0.4
Hurricane Laura insurance proceeds	32.7	—	—
Consideration paid for Barstool Sports investment	(135.0)	—	—
Consideration paid for acquisitions of businesses, net of cash acquired	(3.0)	(1,359.4)	(1,945.2)
Proceeds from sale-and-leaseback transactions in conjunction with acquisitions	—	961.1	—
Cash received for the sale of the Divested Properties and Belterra Park	—	—	661.7
Consideration paid for gaming licenses and other intangible assets	(4.8)	(11.7)	(81.6)
Acquisition of equity securities	—	(5.1)	—
Additional contributions from (to) joint ventures	(5.4)	(0.4)	18.9

(in millions)	For the year ended December 31, 2020	2019	2018
Proceeds from sale of loan	—	—	15.2
Receipts applied against non-accrual loan	—	—	0.5
Other	2.7	(2.0)	(0.4)
Net cash used in investing activities	(233.7)	(607.5)	(1,423.1)
Financing activities			
Proceeds from revolving credit facility	540.0	412.0	201.0
Repayments on revolving credit facility	(680.0)	(384.0)	(89.0)
Proceeds from issuance of long-term debt, net of discounts	322.2	—	1,558.9
Principal payments on long-term debt	(161.7)	(46.6)	(482.5)
Prepayment penalties and modification payments incurred with debt refinancing	—	—	(11.3)
Debt and equity issuance costs	(6.9)	—	(27.3)
Payments of other long-term obligations	(16.2)	(15.4)	(15.7)
Principal payments on financing obligations	(26.7)	(51.6)	(67.4)
Principal payments on finance leases	(3.9)	(6.2)	—
Proceeds from the sale of real estate assets in conjunction with acquisitions	—	—	250.0
Proceeds from common stock offerings, net of discounts and fees	1,288.8	—	—
Proceeds from exercise of options	62.7	1.9	7.4
Repurchase of common stock	—	(24.9)	(50.0)
Proceeds from insurance financing	20.2	16.1	13.1
Payments on insurance financing	(21.4)	(19.4)	(11.0)
Other	(7.0)	(4.3)	(4.1)
Net cash provided by (used in) financing activities	1,310.1	(122.4)	1,272.1
Change in cash, cash equivalents, and restricted cash	1,415.2	(26.0)	201.8
Cash, cash equivalents and restricted cash at the beginning of the year	455.2	481.2	279.4
Cash, cash equivalents and restricted cash at the end of the year	$ 1,870.4	$ 455.2	$ 481.2

(in millions)	For the year ended December 31, 2020	2019	2018
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents	$ 1,853.8	$ 437.4	$ 479.6
Restricted cash included in Other current assets	15.3	15.5	—
Restricted cash included in Other assets	1.3	2.3	1.6
Total cash, cash equivalents and restricted cash	$ 1,870.4	$ 455.2	$ 481.2
Supplemental disclosure:			
Cash paid for interest, net of amounts capitalized	$ 355.0	$ 528.1	$ 530.4
Cash payments (refunds) related to income taxes, net	$ (15.2)	$ 21.8	$ 24.4
Non-cash investing activities:			
Rent credits received upon sale of Tropicana land and buildings and Morgantown land	$ 337.5	$ —	$ —
Commencement of operating leases	$ 73.6	$ 713.5	$ —
Commencement of finance leases	$ —	$ 4.6	$ —
Accrued capital expenditures	$ 17.2	$ 12.6	$ 7.7
Acquisition of equity securities	$ —	$ 16.1	$ —

See accompanying notes to the Consolidated Financial Statements

PENN NATIONAL GAMING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Organization and Basis of Presentation

Organization: Penn National Gaming, Inc., together with its subsidiaries ("Penn National," the "Company," "we," "our," or "us"), is a leading, diversified, multi-jurisdictional owner and manager of gaming and racing properties, retail and online sports betting operations, and video gaming terminal ("VGT") operations. Our wholly-owned interactive division, Penn Interactive Ventures, LLC ("Penn Interactive"), operates retail sports betting across the Company's portfolio, as well as online sports betting, online social casino, bingo and online casinos ("iGaming"). In February 2020, the Company acquired 36% (inclusive of 1% on a delayed basis) equity interest in Barstool Sports, Inc. ("Barstool Sports"), a leading digital sports, entertainment, lifestyle and media company, and entered into a strategic relationship with Barstool Sports, whereby Barstool Sports will exclusively promote the Company's land-based retail sportsbooks, iGaming products and online sports betting products, including the Barstool Sportsbook mobile app, to its national audience. We launched an online sports betting app called Barstool Sports in Pennsylvania in September 2020 and in Michigan in January 2021. We also operate iGaming in Pennsylvania and Michigan. Our MYCHOICE® customer loyalty program (the "my**choice** program") currently has over 20 million members and provides such members with various benefits, including complimentary goods and/or services. The Company's strategy has continued to evolve from an owner and manager of gaming and racing properties into an omni-channel provider of retail and online gaming, live racing and sports betting entertainment.

As of December 31, 2020, we owned, managed, or had ownership interests in 41 gaming and racing properties in 19 states and were licensed to offer live sports betting at our properties in Colorado, Illinois, Indiana, Iowa, Michigan, Mississippi, Nevada, Pennsylvania and West Virginia. 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 Penn Master Lease and the Pinnacle Master Lease (as such terms are defined in Note 12, "Leases," and collectively referred to as the "Master Leases"), with Gaming and Leisure Properties, Inc. (Nasdaq: GLPI) ("GLPI"), a real estate investment trust ("REIT").

In May 2019, we acquired Greektown Casino-Hotel ("Greektown"), in Detroit, Michigan, subject to a triple net lease with VICI Properties Inc. (NYSE: VICI) ("VICI", a REIT and collectively with GLPI, our "REIT Landlords") (the "Greektown Lease") and, in January 2019, we acquired Margaritaville Casino Resort ("Margaritaville") in Bossier City, Louisiana, subject to a triple net lease with VICI (the "Margaritaville Lease"). See Note 12, "Leases," In October 2018, the Company completed the acquisition of Pinnacle Entertainment, Inc. ("Pinnacle"), a leading regional gaming operator (the "Pinnacle Acquisition"), which added 12 gaming properties to our holdings. For more information on our acquisitions, see Note 6, "Acquisitions and Dispositions."

Impact of the COVID-19 Pandemic and Company Response: On March 11, 2020, the World Health Organization declared the novel coronavirus (known as "COVID-19") outbreak to be a global pandemic. We began temporarily suspending the operations of all of our properties between March 13, 2020 and March 19, 2020 pursuant to various orders from state gaming regulatory bodies or governmental authorities to combat the rapid spread of COVID-19. We began reopening our properties on May 18, 2020 with reduced gaming and hotel capacity and limited food and beverage offerings in order to accommodate comprehensive social distancing and health and safety protocols.

During the fourth quarter of 2020, our properties temporarily suspended operations in Pennsylvania, Michigan and Illinois and were subject to increased operational restrictions in Ohio and Massachusetts (among other states). Our Michigan property was temporarily closed on November 17, 2020 and reopened December 23, 2020. Our Pennsylvania properties were temporarily closed on December 12, 2020 and reopened on January 4, 2021. Our Illinois properties were temporarily closed on November 20, 2020 and began reopening with limited hours of operations beginning January 16, 2021 and throughout the week. The property closures were pursuant to various orders from state gaming regulatory bodies or governmental authorities to combat the rapid spread of COVID-19. As of February 26, 2021, all of our properties were open to the public with the exception of Zia Park and Valley Race Park, which remain closed.

Between March 13, 2020 and December 31, 2020, we entered into a series of transactions to improve our financial position and liquidity in light of the COVID-19 pandemic, including: (i) on March 13, 2020, we provided notice to our lenders to borrow the remaining available amount of $430.0 million under our Revolving Credit Facility; (ii) on March 27, 2020, we entered into a binding term sheet with GLPI (the "Term Sheet") whereby GLPI agreed to (a) purchase the real estate assets associated with Tropicana Las Vegas ("Tropicana") in exchange for rent credits of $307.5 million, which closed on April 16, 2020, and (b) a sale-leaseback of the land underlying our Hollywood Casino Morgantown ("Morgantown") development project in Morgantown, Pennsylvania, in exchange for rent credits of $30.0 million, which closed on October 1, 2020; (iii) on May 14, 2020 (May 19, 2020 with respect to the underwriters' exercising their options to acquire additional 2.75% Convertible Notes), we completed a public offering of $330.5 million aggregate principal amount of 2.75% Convertible Notes; (iv) on May 14, 2020 (May 19, 2020 with respect to the underwriters' exercising their options to purchase additional shares), we completed a

public offering of 19,166,667 aggregate shares of common stock, par value of $0.01 per share, of the Company (“Penn Common Stock”) for gross proceeds of $345.0 million; and (v) on September 24, 2020 (September 25, 2020 with respect to the underwriters’ exercising their options to purchase additional shares), we completed a public offering of 16,100,000 aggregate shares of Penn Common Stock for gross proceeds of $982.1 million. In addition, on April 14, 2020, the Company entered into an amendment to its Credit Agreement, which, among other things, provides it with relief from its financial covenants for a period of up to one year. On September 30, 2020, the Company fully repaid $670.0 million of outstanding borrowings under its Revolving Credit Facility. Further, on November 12, 2020 the Company prepaid $115.0 million of outstanding borrowings on its Term Loan B-1 Facility. The terms “Revolving Credit Facility,” “Convertible Notes”, “Credit Agreement” and "Term Loan B-1" are defined in Note 11, “Long-term Debt.”

The COVID-19 pandemic caused significant disruptions to our business and had a material adverse impact on our financial condition, results of operations and cash flows, the magnitude of which continues to develop based on (i) the timing and extent of the recovery in visitation and consumer spending at our properties; (ii) the continued impact of implementing social distancing and health and safety guidelines at our properties, including reductions in gaming, hotel capacity, limiting the number of food and beverage options and limiting other amenities; and (iii) whether any of our properties will be required to again temporarily suspend operations in the event that the pandemic significantly worsens. We are currently unable to determine whether, when or how the conditions surrounding the COVID-19 pandemic will change or whether the recovery in visitation and consumer spending is sustainable.

The Company could experience other potential adverse impacts as a result of the COVID-19 pandemic, including, but not limited to, further charges from adjustments to the carrying amount of goodwill and other intangible assets, long-lived asset impairment charges, or impairments of investments in joint ventures. In addition, the negative impacts of the COVID-19 pandemic may result in further changes in the amount of valuation allowance required. Actual results may differ materially from the Company’s current estimates as the scope of the COVID-19 pandemic evolves, depending largely, though not exclusively, on the impact of required capacity reductions, social distancing and health and safety guidelines, and the sustainability of current trends in recovery at our reopened properties.

As of December 31, 2020, the Company has a strong balance sheet and sufficient liquidity in place, including total cash and cash equivalents, excluding restricted cash, of $1.9 billion and available borrowing capacity of $0.7 billion.

Basis of Presentation: The Consolidated Financial Statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) and with the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”).

Note 2—Significant Accounting Policies

Principles of Consolidation: The Consolidated Financial Statements include the accounts of Penn National Gaming, 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.

Use of Estimates: The preparation of Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions as of the date of the Consolidated Financial Statements that affect (i) the reported amounts of assets and liabilities, (ii) the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, and (iii) the reported amounts of revenues and expenses during the reporting period. Estimates used by us include, among other things, the useful lives for depreciable and amortizable assets, the allowance for doubtful accounts receivable, income tax provisions, the evaluation of the future realization of deferred tax assets, determining the adequacy of reserves for self-insured liabilities, the liabilities associated with our my**choice** program, the initial measurements of financing obligations associated with the Master Leases, projected cash flows in assessing the recoverability of long-lived assets, asset impairments, goodwill and other intangible assets, projected cash flows in assessing the initial valuation of intangible assets in conjunction with acquisitions, the initial selection of useful lives for depreciable and amortizable assets in conjunction with acquisitions, contingencies and litigation, and stock-based compensation expense. We applied estimation methods consistently for all periods presented within our Consolidated Financial Statements. Actual results may differ from those estimates.

Segment Information: We view each of our gaming and racing properties as an operating segment with the exception of our two properties in Jackpot, Nevada, which we view as one operating segment. We consider our combined VGT operations, by state, to be separate operating segments. See Note 18, "Segment Information," for further information. For financial reporting purposes, we aggregate our operating segments into the following four reportable segments:

	Location	Real Estate Assets Lease or Ownership Structure
Northeast segment		
Ameristar East Chicago	East Chicago, Indiana	Pinnacle Master Lease
Greektown Casino-Hotel	Detroit, Michigan	Greektown Lease
Hollywood Casino Bangor	Bangor, Maine	Penn Master Lease
Hollywood Casino at Charles Town Races	Charles Town, West Virginia	Penn Master Lease
Hollywood Casino Columbus	Columbus, Ohio	Penn Master Lease
Hollywood Casino Lawrenceburg	Lawrenceburg, Indiana	Penn Master Lease
Hollywood Casino at Penn National Race Course	Grantville, Pennsylvania	Penn Master Lease
Hollywood Casino Toledo	Toledo, Ohio	Penn Master Lease
Hollywood Gaming at Dayton Raceway	Dayton, Ohio	Penn Master Lease
Hollywood Gaming at Mahoning Valley Race Course	Youngstown, Ohio	Penn Master Lease
Marquee by Penn (1)	Pennsylvania	N/A
Meadows Racetrack and Casino	Washington, Pennsylvania	Meadows Lease
Plainridge Park Casino	Plainville, Massachusetts	Pinnacle Master Lease
South segment (2)		
1st Jackpot Casino	Tunica, Mississippi	Penn Master Lease
Ameristar Vicksburg	Vicksburg, Mississippi	Pinnacle Master Lease
Boomtown Biloxi	Biloxi, Mississippi	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	Penn Master Lease
Hollywood Casino Tunica	Tunica, Mississippi	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	Margaritaville Lease
West segment		
Ameristar Black Hawk	Black Hawk, Colorado	Pinnacle Master Lease
Cactus Petes and Horseshu	Jackpot, Nevada	Pinnacle Master Lease
M Resort	Henderson, Nevada	Penn Master Lease
Tropicana Las Vegas	Las Vegas, Nevada	Tropicana Lease
Zia Park Casino	Hobbs, New Mexico	Penn Master Lease
Midwest segment		
Ameristar Council Bluffs	Council Bluffs, Iowa	Pinnacle Master Lease
Argosy Casino Alton (3)	Alton, Illinois	Penn Master Lease
Argosy Casino Riverside	Riverside, Missouri	Penn Master Lease
Hollywood Casino Aurora	Aurora, Illinois	Penn Master Lease
Hollywood Casino Joliet	Joliet, Illinois	Penn Master Lease
Hollywood Casino at Kansas Speedway (4)	Kansas City, Kansas	Owned - JV
Hollywood Casino St. Louis	Maryland Heights, Missouri	Penn Master Lease
Prairie State Gaming (1)	Illinois	N/A
River City Casino	St. Louis, Missouri	Pinnacle Master Lease

(1) VGT route operations

(2) Resorts Casino Tunica ceased operations on June 30, 2019, but remains subject to the Penn Master Lease.

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

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

Cash and Cash Equivalents: The Company considers all cash balances and highly-liquid investments with original maturities of three months or less at the date of purchase to be cash and cash equivalents.

Concentration of Credit Risk: Financial instruments that subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company's policy is to limit the amount of credit exposure to any one financial institution, and place investments with financial institutions evaluated as being creditworthy, or in short-term money market and tax-free bond funds which are exposed to minimal interest rate and credit risk. The Company has bank deposits and overnight repurchase agreements that exceed federally-insured limits.

Concentration of credit risk, with respect to casino receivables, is limited through the Company's credit evaluation process. The Company issues markers to approved casino customers following investigations of creditworthiness.

The Company's receivables as of December 31, 2020 and 2019 primarily consisted of the following:

	December 31,	
(in millions)	**2020**	**2019**
Markers issued to customers	$ 14.8	$ 22.9
Credit card receivables and other advances to customers	8.9	16.5
Receivables from ATM and cash kiosk transactions	10.9	14.4
Hotel and banquet receivables	2.7	6.5
Racing settlements	7.7	6.6
Receivables due from platform providers for social casino games	10.5	3.3
Insurance Receivable - Hurricane Laura	23.0	—
Other	26.7	26.2
Allowance for doubtful accounts	(8.8)	(7.7)
Accounts receivable, net	$ 96.4	$ 88.7

The Company adopted Accounting Standards Codification ("ASC") No. 2016-13 ("ASC 2016-13"), "Financial Instruments - Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments" during the first quarter of 2020 which utilizes a forward-looking current expected credit loss model to measure the allowance for doubtful accounts. Prior to the adoption of ASC 2016-13, accounts were written off when management determined that an account was uncollectible. Recoveries of accounts previously written off were recorded when received. Historically, the Company has not incurred any significant credit-related losses.

Property and Equipment: Property and equipment are stated at cost, less accumulated depreciation. Capital expenditures are accounted for as either project capital or maintenance (replacement) capital expenditures. Project capital expenditures are for fixed asset additions that expand an existing facility or create a new facility. Maintenance capital expenditures are expenditures to replace existing fixed assets with a useful life greater than one year that are obsolete, worn out or no longer cost-effective to repair. Maintenance and repairs that neither add materially to the value of the asset nor appreciably prolong its useful life are charged to expense as incurred. Gains or losses on the disposal of property and equipment are included in the determination of income.

The estimated useful lives of property and equipment are determined based on the nature of the assets as well as the Company's current operating strategy. Depreciation of property and equipment is recorded using the straight-line method over the shorter of the estimated useful life of the asset or the related lease term, if any, as follows:

	Years
Land improvements	15
Buildings and improvements	5 to 31
Vessels	10 to 35
Furniture, fixtures and equipment	3 to 31

All costs funded by the Company considered to be an improvement to the real estate assets subject to any of our Triple Net Leases are recorded as leasehold improvements. Leasehold improvements are depreciated over the shorter of the estimated useful life of the improvement or the related lease term.

The Company reviews the carrying amount of its property and equipment for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable based on undiscounted estimated future cash flows expected to result from its use and eventual disposition. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other regulatory and economic factors. For purposes of recognizing and measuring impairment, assets are grouped at the individual property level representing the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. In assessing the recoverability of the carrying amount of property and equipment, we must make assumptions regarding future cash flows and other factors. If these estimates or the related assumptions change in the future, we may be required to record an impairment loss for these assets. Such an impairment loss would be recognized as a non-cash component of operating income. See Note 8, "Property and Equipment."

Goodwill and Other Intangible Assets: Goodwill represents the future economic benefits of a business combination measured as the excess of the purchase price over the fair value of net assets acquired and has been allocated to our reporting units. Goodwill is tested annually, or more frequently if indicators of impairment exist. For the quantitative goodwill impairment test, an income approach, in which a discounted cash flow ("DCF") model is utilized, and a market-based approach using guideline public company multiples of earnings before interest, taxes, depreciation, and amortization ("EBITDA") from the Company's peer group are utilized in order to estimate the fair market value of the Company's reporting units. In determining the carrying amount of each reporting unit that utilizes real estate assets subject to our Triple Net Leases, if and as applicable, (i) the Company allocates each reporting unit their pro-rata portion of the right-of-use ("ROU") assets, lease liabilities, and/or financing obligations, and (ii) pushes down the carrying amount of the property and equipment subject to such leases. The Company compares the fair value of its reporting units to the carrying amounts. If the carrying amount of the reporting unit exceeds the fair value, an impairment is recorded equal to the amount of the excess (not to exceed the amount of goodwill allocated to the reporting unit).

We consider our gaming licenses, trademarks, and certain other intangible assets to be indefinite-lived based on our future expectations to operate our gaming properties indefinitely as well as our historical experience in renewing these intangible assets at minimal cost with various state commissions. Indefinite-lived intangible assets are tested annually for impairment, or more frequently if indicators of impairment exist, by comparing the fair value of the recorded assets to their carrying amount. If the carrying amounts of the indefinite-lived intangible assets exceed their fair value, an impairment is recognized. The Company completes its testing of its indefinite-lived intangible assets prior to assessing the realizability of its goodwill.

The Company assesses the fair value of its gaming licenses using the Greenfield Method under the income approach, which estimates the fair value using a DCF model assuming the Company built a casino with similar utility to that of the existing casino. The method assumes a theoretical start-up company going into business without any assets other than the intangible asset being valued. The Company assesses the fair value of its trademarks using the relief-from-royalty method under the income approach. The principle behind this method is that the value of the trademark is equal to the present value of the after-tax royalty savings attributable to the owned trademark.

Our annual goodwill and other indefinite-lived intangible assets impairment test is performed on October 1st of each year. Once an impairment of goodwill or other intangible asset has been recorded, it cannot be reversed. Other intangible assets that have a definite-life are amortized on a straight-line basis over their estimated useful lives or related service contract. The Company reviews the carrying amount of its amortizing intangible assets for possible impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If the carrying amount of the amortizing intangible assets exceed their fair value, an impairment is recognized. See Note 9, "Goodwill and Other Intangible Assets."

Equity Securities: The Company's equity securities (including warrants) are measured at fair value each reporting period with unrealized holding gains and losses included in current period earnings. During the year ended December 31, 2020, the Company recognized a holding gain of $106.7 million related to equity securities, which is included in "Other," as reported in "Other income (expenses)" within our Consolidated Statements of Operations and Comprehensive Income (Loss).

Convertible Debt: Under ASC 470-20, "Debt with Conversion and Other Options" ("ASC 470-20"), an entity must separately account for the liability and equity components of convertible debt instruments that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest. The effect of ASC 470-20 on the accounting for our Convertible Notes is that the equity component is required to be included in "Additional paid-in capital" within our Consolidated Balance Sheets at the issuance date and the value of the equity component is treated as a debt discount. See Note 11, "Long-term Debt," for more information.

Financing Obligations: Subsequent to the adoption of ASC 842, "Leases" ("ASC 842") on January 1, 2019, certain of the components contained within our Master Leases (primarily buildings) are accounted for as financing obligations, rather than leases. Prior to the adoption of ASC 842, our Master Leases, in their entirety, were accounted for as financing obligations.

On November 1, 2013, the Company spun-off its real estate assets into GLPI (the "Spin-Off") and entered into the Penn Master Lease. This transaction did not meet all of the requirements for sale-leaseback accounting treatment under ASC 840, "Leases," ("ASC 840"); specifically, the Penn Master Lease contains provisions that indicate the Company has prohibited forms of continuing involvement in the leased assets, which are not a normal leaseback. Accordingly, at lease inception, we calculated a financing obligation based on the future minimum lease payments discounted at our estimated incremental borrowing rate at lease inception over the lease term of 35 years, which was determined to be 9.7%. The lease term included renewal options that were reasonably assured of being exercised and the funded construction of certain leased assets in development at the commencement of the Penn Master Lease.

On October 15, 2018, in connection with the Pinnacle Acquisition, we assumed the Pinnacle Master Lease. Within a business combination, an arrangement that previously did not meet all of the requirements for sale-leaseback accounting treatment (and is accounted for as a financing obligation by the acquiree) retains its classification as a financing obligation on the acquiring entity's consolidated balance sheets at the business combination date. As of the date of acquisition, we calculated the financing obligation based on the future minimum lease payments discounted at a rate determined to be fair value at the business combination date, which was determined to be 7.3%, over the remaining lease term of 32.5 years. The remaining lease term included renewal options that were reasonably assured of being exercised. Furthermore, in conjunction with the Pinnacle Acquisition, GLPI acquired the real estate assets associated with Plainridge Park Casino and leased back such assets to the Company pursuant to an amendment to the Pinnacle Master Lease (the "Plainridge Park Casino Sale-Leaseback"). The effective yield used to determine the financing obligation associated with the Plainridge Park Casino Sale-Leaseback was 9.6%.

Subsequent to the adoption of ASC 842, minimum lease payments under our Master Lease are allocated between components that continue to be financing obligations (primarily buildings) and operating lease components (primarily land). Minimum lease payments related to financing obligations are recorded to interest expense and, in part, as repayments of principal reducing the associated financing obligations. Contingent payments are recorded as interest expense as incurred. The real estate assets subject to the Master Leases and which are accounted for as failed sales, are included in "Property and equipment, net" within the Company's Consolidated Balance Sheets and are depreciated over the shorter of their remaining useful lives or lease term. Principal payments associated with financing obligations are presented as financing cash outflows and interest payments associated with financing obligations are presented as operating cash outflows within our Consolidated Statements of Cash Flows. For more information, see Note 8, "Property and Equipment," and Note 12, "Leases".

On October 1, 2020, we sold the land underlying our Morgantown development project to GLPI in exchange for rent credits of $30.0 million. Contemporaneous with the sale, the Company entered into a triple net lease with GLPI for the land underlying Morgantown (as defined and discussed in Note 12, "Leases."). The sale-leaseback transaction did not meet the requirements for sale accounting as control of the underlying asset as defined in accordance with ASC 842 remains with the Company. Accordingly, at lease inception, we calculated a financing obligation based on the future minimum lease payments discounted at our estimated incremental borrowing rate over the lease term of 50 years, which was determined to be 11.4%. The lease term included renewal options that were reasonably assured of being exercised.

Operating and Finance Leases: The Company determines if a contract is or contains a leasing element at contract inception or the date in which a modification of an existing contract occurs. In order for a contract to be considered a lease, the contract must transfer the right to control the use of an identified asset for a period of time in exchange for consideration. Control is determined to have occurred if the lessee has the right to (i) obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use and (ii) direct the use of the identified asset.

Upon adoption of ASC 842, we elected the following policies: (a) to account for lease and non-lease components as a single component for all classes of underlying assets and (b) to not recognize short-term leases (i.e., leases that are less than 12 months and do not contain purchase options) within the Consolidated Balance Sheets, with the expense related to these short-term leases recorded in total operating expenses within the Consolidated Statements of Operations and Comprehensive Income (Loss).

The Company has leasing arrangements that contain both lease and non-lease components. We account for both the lease and non-lease components as a single component for all classes of underlying assets. In determining the present value of lease payments at lease commencement date, the Company utilizes its incremental borrowing rate based on the information available, unless the rate implicit in the lease is readily determinable. The liability for operating and finance leases is based on the present value of future lease payments. Operating lease expenses are recorded as rent expense, which is included within general and administrative expense, within the Consolidated Statements of Operations and Comprehensive Income (Loss) and presented as operating cash outflows within the Consolidated Statements of Cash Flows. Finance lease expenses are recorded as depreciation expense, which is included within depreciation and amortization expense within the Consolidated Statements of Operations and Comprehensive Income (Loss) and interest expense over the lease term. Principal payments associated with finance leases are

presented as financing cash outflows and interest payments associated with finance leases are presented as operating cash outflows within our Consolidated Statements of Cash Flows.

Debt Discount and Debt Issuance Costs: Debt issuance costs that are incurred by the Company in connection with the issuance of debt are deferred and amortized to interest expense using the effective interest method over the contractual term of the underlying indebtedness. These costs are classified as a direct reduction of long-term debt within the Company's Consolidated Balance Sheets.

Self-Insurance Reserves: The Company is self-insured for employee health coverage, general liability and workers' compensation up to certain stop-loss amounts (for general liability and workers' compensation). We use a reserve method for each reported claim plus an allowance for claims incurred but not yet reported to a fully-developed claims reserve method based on an actuarial computation of ultimate liability. Self-insurance reserves are included in "Accrued expenses and other current liabilities" within the Company's Consolidated Balance Sheets.

Contingent Purchase Price: The consideration for the Company's acquisitions may include future payments that are contingent upon the occurrence of a particular event. We record an obligation for such contingent payments at fair value as of the acquisition date. We revalue our contingent purchase price obligations each reporting period. Changes in the fair value of the contingent purchase price obligation can result from changes to one or multiple inputs, including adjustments to the discount rate and changes in the assumed probabilities of successful achievement of certain financial targets. The changes in the fair value of contingent purchase price are recognized within our Consolidated Statements of Operations and Comprehensive Income (Loss) as a component of "General and administrative" expense.

Income Taxes: Under ASC 740, "Income Taxes" ("ASC 740"), deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities and are measured at the prevailing enacted tax rates that will be in effect when these differences are settled or realized. ASC 740 also requires that deferred tax assets be reduced by a valuation allowance if it is more-likely-than-not (a greater than 50% probability) that some portion or all of the deferred tax assets will not be realized.

The realizability of the net deferred tax assets is evaluated quarterly by assessing the valuation allowance and by adjusting the amount of the allowance, if necessary. The Company considers all available positive and negative evidence including projected future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. The evaluation of both positive and negative evidence is a requirement pursuant to ASC 740 in determining more-likely-than-not the net deferred tax assets will be realized. In the event the Company determines that the deferred income tax assets would be realized in the future in excess of their net recorded amount, an adjustment to the valuation allowance would be recorded, which would reduce the provision for income taxes.

ASC 740 also creates a single model to address uncertainty in tax positions and clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in an enterprise's financial statements. It also provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. See Note 14, "Income Taxes."

Revenue Recognition: Our revenue from contracts with customers consists of gaming wagers, food and beverage transactions, retail transactions, hotel room sales, racing wagers, sports betting wagers, and management services related to the management of external casinos and reimbursable costs associated with management contracts. In May 2018, our management contract was terminated for Hollywood Casino-Jamul San Diego, which is located in San Diego, California. In addition, our management contract was terminated for Casino Rama, which is located in Ontario, Canada, in July 2018. See Note 5, "Revenue Disaggregation," for information on our revenue by type and geographic location.

The transaction price for a gaming wagering contract is the difference between gaming wins and losses, not the total amount wagered. The transaction price for food and beverage, hotel and retail contracts is the net amount collected from the customer for such goods and services. Sales tax and other taxes collected on behalf of governmental authorities are accounted for on the net basis and are not included in revenues or expenses. The transaction price for our racing operations, inclusive of live racing events conducted at our racing facilities and our import and export arrangements, is the commission received from the pari-mutuel pool less contractual fees and obligations primarily consisting of purse funding requirements, simulcasting fees, tote fees and certain pari-mutuel taxes that are directly related to the racing operations. The transaction price for our former management service contracts was the amount collected for services rendered in accordance with the contractual terms. The transaction price for the reimbursable costs associated with our former management contracts was the gross amount of the reimbursable expenditure, which primarily consisted of payroll costs incurred by the Company for the benefit of the managed

entity. Since the Company was the controlling entity to the arrangement, the reimbursement was recorded on a gross basis with an offsetting amount charged to operating expense.

Gaming revenue contracts involve two performance obligations for those customers earning points under our my**choice** program and a single performance obligation for customers that do not participate in the my**choice** program. The Company applies a practical expedient by accounting for its gaming contracts on a portfolio basis as opposed to an individual wagering contract. For purposes of allocating the transaction price in a gaming contract between the wagering performance obligation and the obligation associated with the loyalty points earned, we allocate an amount to the loyalty point contract liability based on the standalone selling price ("SSP") of the points earned, which is determined by the value of a point that can be redeemed for slot play and complimentaries such as, food and beverage at our restaurants, lodging at our hotels and products offered at our retail stores, less estimated breakage. The allocated revenue for gaming wagers is recognized when the wagering occurs as all such wagers settle immediately. The liability associated with the loyalty points is deferred and recognized as revenue when the customer redeems the loyalty points for slot play and complimentaries and such goods and services are delivered to the customer.

Food and beverage, hotel and retail services have been determined to be separate, standalone performance obligations and the transaction price for such contracts is recorded as revenue as the good or service is transferred to the customer over their stay at the hotel or when the delivery is made for the food and beverage or retail product. Cancellation fees for hotel and meeting space services are recognized upon cancellation by the customer and are included in food, beverage, hotel and other revenue within our Consolidated Statements of Operations and Comprehensive Income (Loss).

Racing revenue contracts, inclusive of our (i) host racing facilities, (ii) import arrangements that permit us to simulcast in live racing events occurring at other racetracks, and (iii) export arrangements that permit our live racing events to be simulcast at other racetracks, provide access to and the processing of wagers into the pari-mutuel pool. The Company has concluded it is not the controlling entity to the arrangement, but rather functions as an agent to the pari-mutuel pool. Commissions earned from the pari-mutuel pool less contractual fees and obligations are recognized on a net basis, which is included within food, beverage, hotel and other revenues within our Consolidated Statements of Operations and Comprehensive Income (Loss).

Management services have been determined to be separate, standalone performance obligations and the transaction price for such contracts was recorded as services were performed. The Company recorded revenues on a monthly basis calculated by applying the contractual rate called for in the contracts.

In addition to sports betting and iGaming revenues, Penn Interactive generates in-app purchase and advertising revenues from free-to-play social casino games, which can be downloaded to mobile phones and tablets from digital storefronts. Players can purchase virtual playing credits within our social casino games, which allows for increased playing opportunities and functionality. Penn Interactive records deferred revenue from the sale of virtual playing credits and recognizes this revenue over the average redemption period of the credits, which is approximately three days. Advertising revenues are recognized in the period when the advertising impression, click or install delivery occurs.

Complimentaries Associated with Gaming Contracts

Food and beverage, hotel, and other services furnished to patrons for free as an inducement to gamble or through the redemption of our customers' loyalty points are recorded as food and beverage, hotel, and other revenues, at their estimated SSPs 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 year ended December 31,		
(in millions)	**2020**	**2019**	**2018**
Food and beverage	$ 123.6	$ 261.4	$ 137.2
Hotel	79.6	159.6	60.8
Other	6.7	17.6	8.1
Total complimentaries associated with gaming contracts	$ 209.9	$ 438.6	$ 206.1

Customer-related Liabilities

The Company has three general types of liabilities related to contracts with customers: (i) the obligation associated with its my**choice** 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 sports betting operators for online sports betting and related iGaming market access.

Our my**choice** program allows members to utilize their reward membership cards to earn loyalty points that are redeemable for slot play and complimentaries, such as food and beverage at our restaurants, lodging at our hotels and products offered at our retail stores across the vast majority of our properties. In addition, members of the my**choice** program earn credit toward tier status, which entitles them to receive certain other benefits, such as gifts. The obligation associated with our my**choice** program, which is included in "Accrued expenses and other current liabilities" within our Consolidated Balance Sheets, was $35.8 million and $36.2 million as of December 31, 2020 and 2019, respectively, and consisted principally of the obligation associated with the loyalty points. Our loyalty point obligations are generally settled within six months of issuance; however, as a result of the COVID-19 pandemic and resulting temporary closures, loyalty point obligations may take longer to settle. 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) outstanding tickets generated by slot machine play or pari-mutuel wagering, (iv) outstanding chip liabilities, (v) unclaimed jackpots, and (vi) gift cards redeemable at our properties. Unpaid wagers primarily relate to the Company's obligation to settle outstanding slot tickets, pari-mutuel racing tickets and gaming chips with customers and 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 $47.1 million and $42.2 million as of December 31, 2020 and 2019, respectively, of which $0.5 million and $0.6 million were classified as long-term in both periods. The current portion and long-term portion of our advance payments on goods and services yet to be provided and for unpaid wagers are included in "Accrued expenses and other current liabilities" and "Other long-term liabilities" within our Consolidated Balance Sheets, respectively.

Penn Interactive enters into multi-year agreements with sports betting operators for online sports betting and related iGaming market access across our portfolio of properties, from which we received cash and equity securities, including ordinary shares and warrants, specific to two operator agreements. During the fourth quarter of 2019, certain of the operations contemplated by these agreements commenced, resulting in the recognition of $5.6 million and $0.6 million of revenue (most of which was previously deferred) during the year ended December 31, 2020 and 2019, respectively. Deferred revenue associated with third-party sports betting operators for online sports betting and related iGaming market access, which is included in "Other long-term liabilities" within our Consolidated Balance Sheets was $52.7 million and $43.6 million as of December 31, 2020 and 2019, respectively.

Gaming and Racing 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. 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 and local jurisdictions in the states where or in which wagering occurs. For the years ended December 31, 2020, 2019 and 2018, these expenses, which were recorded primarily in gaming expense within the Consolidated Statements of Operations and Comprehensive Income (Loss), were $1,098.9 million, $1,590.0 million, and $1,102.3 million, respectively.

Stock-Based Compensation: The cost of employee services received in exchange for an award of equity instruments is based on the grant-date fair value of the award and the expense is recognized ratably over the requisite service period. The Company accounts for forfeitures in the period in which they occur based on actual amounts. The fair value of stock options is estimated at the grant date using the Black-Scholes option-pricing model, which requires us to make assumptions, including the expected term, which is based on the contractual term of the stock option and historical exercise data of the Company's employees; the risk-free interest rate, which is based on the U.S. Treasury spot rate with a term equal to the expected term assumed at the grant date; the expected volatility, which is estimated based on the historical volatility of the Company's stock price over the expected term assumed at the grant date; and the expected dividend yield, which is zero since we have not historically paid dividends. See Note 16, "Stock-based Compensation."

Earnings Per Share: Basic earnings per share ("EPS") is computed by dividing net income (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 stock options, unvested restricted stock awards ("RSAs"), outstanding convertible preferred stock and convertible debt.

Holders of the Company's Series D Preferred Stock (as defined in Note 7, "Investments in and Advances to Unconsolidated Affiliates") are entitled to participate equally and ratably in all dividends and distributions paid to holders of Penn Common Stock irrespective of any vesting requirement. Accordingly, the Series D Preferred Stock shares are considered a

participating security and the Company is required to apply the two-class method to consider the impact of the preferred shares on the calculation of basic and diluted EPS. The holders of the Company's Series D Preferred Stock are not obligated to absorb losses; therefore, in reporting periods where the Company is in a net loss position, it does not apply the two-class method. In reporting periods where the Company is in a net income position, the two-class method is applied by allocating all earnings during the period to common shares and preferred shares. See Note 17, "Earnings (Loss) per Share," for more information.

Application of Business Combination Accounting: We utilize the acquisition method of accounting in accordance with ASC 805, "Business Combinations," which requires us to allocate the purchase price to tangible and identifiable intangible assets based on their fair values. The excess of the purchase price over the fair value ascribed to tangible and identifiable intangible assets is recorded as goodwill. If the fair value ascribed to tangible and identifiable intangible assets changes during the measurement period (due to additional information being available and related Company analysis), the measurement period adjustment is recognized in the reporting period in which the adjustment amount is determined and offset against goodwill. The measurement period for our acquisitions are no more than one year in duration. See Note 6, "Acquisitions and Dispositions."

Voting Interest Entities and Variable Interest Entities: The Company consolidates all subsidiaries or other entities in which it has a controlling financial interest. The consolidation guidance requires an analysis to determine if an entity should be evaluated for consolidation using the VOE model or the VIE model. Under the VOE model, controlling financial interest is generally defined as a majority ownership of voting rights. Under the VIE model, controlling financial interest is defined as (i) the power to direct activities that most significantly impact the economic performance of the entity and (ii) the obligation to absorb losses of or the right to receive benefits from the entity that could potentially be significant to the entity. For those entities that qualify as a VIE, the primary beneficiary is generally defined as the party who has a controlling financial interest in the VIE. The Company consolidates the financial position and results of operations of every VOE in which it has a controlling financial interest and VIEs in which it is considered to be the primary beneficiary. See Note 7, "Investments in and Advances to Unconsolidated Affiliates."

Note 3—New Accounting Pronouncements

Accounting Pronouncements Implemented in 2020

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments" ("ASU 2016-13"), which sets forth a "current expected credit loss" (referred to as "CECL") model which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost and applies to some off-balance sheet credit exposures. We adopted ASU 2016-13 during the first quarter of 2020 using a modified retrospective approach, which resulted in a cumulative-effect adjustment to retained earnings of $0.6 million as of January 1, 2020.

In August 2018, the FASB issued ASU No. 2018-15, "Customer's Accounting for Implementation Cost Incurred in a Cloud Computing Arrangement That Is a Service Contract" ("ASU 2018-15"). Under the new guidance, customers apply the same criteria for capitalizing implementation costs as they would for an arrangement that has a software license. This will result in certain implementation costs being capitalized; the associated amortization charge will, however, be recorded as an operating expense. Under the previous guidance, costs incurred when implementing a cloud computing arrangement deemed to be a service contract were recorded as an operating expense when incurred. We adopted ASU 2018-15 during the first quarter of 2020 using a prospective approach, which did not have a material impact on our Consolidated Financial Statements.

In December 2019, the FASB issued ASU No. 2019-12, "Simplifying the Accounting for Income Taxes" ("ASU 2019-12"), which intends to simplify the guidance by removing certain exceptions to the general principles and clarifying or amending existing guidance. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. We elected to early adopt ASU 2019-12 during the third quarter of 2020 on a prospective basis, which did not have a material impact on our Consolidated Financial Statements.

In January 2020, the FASB issued ASU No. 2020-01, "Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) - Clarifying the Interactions between Topic 321, Topic 323, and Topic 815" ("ASU 2020-01"), which made targeted improvements to accounting for financial instruments, including providing an entity the ability to measure certain equity securities without a readily determinable fair value at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Among other topics, ASU 2020-01 clarifies that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting. ASU 2020-01 is effective for fiscal

years beginning after December 15, 2020, and interim periods within those fiscal years with early adoption permitted. The Company's early adoption of ASU 2020-01 did not have a material impact on our Consolidated Financial Statements.

In October 2020, the FASB issued ASU No. 2020-10, “Codification Improvements,” (“ASU 2020-10”) which updates various codification topics by clarifying or improving disclosure requirements to align with the SEC’s regulations. ASU 2020-10 is effective for fiscal years beginning after December 15, 2020 with early adoption permitted. The Company's early adoption of ASU 2020-10 did not have a material impact on our Consolidated Financial Statements.

Accounting Pronouncements to be Implemented

In March 2020, the FASB issued ASU No. 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting” (“ASU 2020-04”). ASU 2020-04 provides optional expedient and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In response to the concerns about structural risks of interbank offered rates and, particularly, the risk of cessation of the London Interbank Offered Rate (referred to as “LIBOR”), regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction-based and less susceptible to manipulation. ASU 2020-04 also provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. ASU 2020-04 can be adopted no later than December 1, 2022 with early adoption permitted. The interest rates associated with the Company’s borrowings under its Senior Secured Credit Facilities (as defined in Note 11, “Long-term Debt”) are tied to LIBOR. The Company is currently evaluating the impact of the adoption of ASU 2020-04 on our Consolidated Financial Statements.

In August 2020, The FASB issued ASU No. 2020-06, “Debt—Debt with Conversion and Other Options (Topic 470) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Topic 814): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity” (“ASU 2020-06”). ASU 2020-06 eliminates the number of accounting models used to account for convertible debt instruments and convertible preferred stock. The update also amends the disclosure requirements for convertible instruments and EPS in effort to increase financial reporting transparency. ASU 2020-06 will be effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2020-06 on our Consolidated Financial Statements.

A variety of proposed or otherwise potential accounting standards are currently being studied by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, we have not yet determined the effect, if any, that the implementation of such proposed standards would have on our Consolidated Financial Statements.

Note 4—Hurricane Laura

On August 27, 2020, Hurricane Laura made landfall in Lake Charles, Louisiana, which caused significant damage to our L’Auberge Lake Charles property and closure of the property for approximately two weeks. The Company maintains insurance, subject to certain deductibles and coinsurance, for the repair or replacement of assets that suffered loss and provides coverage for interruption to our business, including lost profits.

As of December 31, 2020, the Company recorded a receivable of $23.0 million relating to our estimate of repairs and maintenance costs which have been incurred as well as identified property and equipment which have been written off for which we deem the recovery of such costs from our insurers to be probable. The insurance recovery receivable is included in “Receivables” within the Consolidated Balance Sheets. As we deem it is probable that the proceeds to be recovered from our insurers exceeds the total of our insurance recovery recorded and our insurers’ deductible and coinsurance, we did not record any loss associated with the impact of this natural disaster.

Additionally as of December 31, 2020, we continue to be in the process of performing our due diligence in an effort to quantify the claim amount under the policy that will be submitted to the insurers. During the fourth quarter we received $47.5 million of insurance proceeds from our insurers representing upfront payments related to our anticipated policy claim. Timing differences are likely to exist between the recognition of (i) impairment losses and capital expenditures made to repair or restore the assets and (ii) the receipt of insurance proceeds within the Consolidated Financial Statements.

We will record proceeds in excess of the recognized losses and lost profits under our business interruption insurance as a gain contingency in accordance with ASC 450, “Contingencies,” which we expect to recognize at the time of final settlement or when nonrefundable cash advances are made in a period subsequent to December 31, 2020.

The following table summarizes the financial impact of Hurricane Laura related matters:

(in millions)	**For the year ended December 31, 2020**
Insurance Proceeds	$ 47.5
Deductible	$ 15.0
Coinsurance	$ 2.5
Clean-up and Restoration Costs	$ 47.1
Fixed Asset Write-off	$ 23.2
Inventory Write-off	$ 0.2
Insurance Receivable	$ 23.0

Note 5—Revenue Disaggregation

We generate revenues at our owned, managed or operated properties principally by providing the following types of services: (i) gaming, including iGaming and online sportsbook; (ii) food and beverage; (iii) hotel; (iv) reimbursable management costs; and (v) other. Other revenues are principally comprised of ancillary gaming-related activities, such as commissions received on ATM transactions, racing, and Penn Interactive's social gaming. In addition, we assess our revenues based on geographic location of the related properties, which is consistent with our reportable segments (see Note 18, "Segment Information," for further information). Our revenue disaggregation by type of revenue and geographic location was as follows:

	For the year ended December 31, 2020						
(in millions)	Northeast	South	West	Midwest	Other	Intersegment Eliminations [1]	Total
Revenues:							
Gaming	$ 1,495.1	$ 684.0	$ 194.2	$ 615.2	$ 62.7	$ (0.1)	$ 3,051.1
Food and beverage	68.9	76.9	46.0	32.0	0.6	—	224.4
Hotel	17.4	64.3	46.4	18.7	—	—	146.8
Other	57.9	24.4	15.9	15.5	61.7	(19.0)	156.4
Total revenues	$ 1,639.3	$ 849.6	$ 302.5	$ 681.4	$ 125.0	$ (19.1)	$ 3,578.7

	For the year ended December 31, 2019						
(in millions)	Northeast	South	West	Midwest	Other	Intersegment Eliminations [1]	Total
Revenues:							
Gaming	$ 2,117.1	$ 831.1	$ 374.3	$ 938.1	$ 8.8	$ (0.7)	$ 4,268.7
Food and beverage	155.1	154.1	116.7	84.7	1.4	—	512.0
Hotel	43.5	98.2	125.9	43.4	—	—	311.0
Other	84.2	35.5	25.6	28.3	37.3	(1.2)	209.7
Total revenues	$ 2,399.9	$ 1,118.9	$ 642.5	$ 1,094.5	$ 47.5	$ (1.9)	$ 5,301.4

	For the year ended December 31, 2018					
(in millions)	Northeast	South	West	Midwest	Other	Total
Revenues:						
Gaming	$ 1,644.2	$ 302.9	$ 228.0	$ 719.8	$ —	$ 2,894.9
Food and beverage	109.6	56.6	89.6	57.9	1.1	314.8
Hotel	23.2	23.3	90.8	26.3	—	163.6
Reimbursable management costs	46.8	—	10.5	—	—	57.3
Other	67.7	11.6	19.0	19.7	39.3	157.3
Total revenues	$ 1,891.5	$ 394.4	$ 437.9	$ 823.7	$ 40.4	$ 3,587.9

(1) Represents the elimination of intersegment revenues associated with our Barstool-branded and internally-branded retail sportsbooks, which are operated by Penn Interactive, and our live and televised poker tournament series that operates under the trade name, Heartland Poker Tour ("HPT").

Note 6—Acquisitions and Dispositions

Greektown Casino-Hotel

On May 23, 2019, the Company acquired all of the membership interests of Greektown Holdings, L.L.C., for a net purchase price of $320.3 million, after working capital and other adjustments, pursuant to a transaction agreement among the Company, VICI Properties L.P., a wholly-owned subsidiary of VICI, and Greektown Mothership LLC. In connection with the acquisition, the real estate assets relating to Greektown were acquired by a subsidiary of VICI for an aggregate sales price of $700.0 million and the Company entered into the Greektown Lease, which has an initial annual rent of $55.6 million and an initial term of 15 years, with four five-year renewal options. The acquisition of the operations was financed through a combination of cash on hand and incremental borrowings under the Company's Revolving Credit Facility (as defined in Note 11, "Long-term Debt").

During the first quarter of 2020, the Company finalized the allocation of the purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed which resulted in no measurement period adjustments for the year ended December 31, 2020. The fair value is as follows:

(in millions)	**Fair value**
Cash and cash equivalents	$ 31.1
Receivables, prepaid expenses, and other current assets	14.5
Property and equipment	28.4
Goodwill [(1)]	67.4
Other intangible assets	
Gaming license	166.4
Trademark	24.4
Customer relationships	3.3
Operating lease right-of-use assets	516.1
Finance lease right-of-use assets	4.1
Other assets	—
Total assets	$ 855.7
Accounts payable, accrued expenses and other current liabilities	$ 15.2
Operating lease liabilities	516.1
Finance lease liabilities	4.1
Total liabilities	535.4
Net assets acquired	$ 320.3

(1) The goodwill has been assigned to our Northeast segment. The entire $67.4 million goodwill amount is deductible for tax purposes.

The Company used the income, market, or cost approach (or a combination thereof) for the valuation, as appropriate, and used valuation inputs in these models and analyses that were based on market participant assumptions. Market participants are considered to be buyers and sellers unrelated to the Company in the principal or most advantageous market for the asset or liability. Property and equipment acquired consists of non-REIT assets (e.g., equipment for use in gaming operations, furniture and other equipment). We determined that the land and buildings subject to the Greektown Lease, which was entered into at the time of the acquisition, represented operating lease ROU assets with a corresponding operating lease liability calculated based on the present value of the future lease payments at the acquisition date in accordance with GAAP. Management determined the fair value of its office equipment, computer equipment and slot machine gaming devices based on the market approach and other personal property based on the cost approach, supported where available by observable market data, which includes consideration of obsolescence.

Acquired identifiable intangible assets consist of a gaming license and a trademark, which are both indefinite-lived intangible assets, and customer relationships, which is an amortizing intangible asset with an assigned useful life of 2 years. Management valued (i) the gaming license using the Greenfield Method under the income approach; (ii) the trademark using the relief-from-royalty method under the income approach; and (iii) customer relationships (rated player databases) using the

with-and-without method of the income approach. All valuation methods are forms of the income approach supported by observable market data for peer casino operator companies. See Note 2, "Significant Accounting Policies," for more information.

The following table includes the financial results of Greektown from the acquisition date through December 31, 2019, which is included within our Consolidated Statements of Operations and Comprehensive Income (Loss) for the year ended December 31, 2019:

(in millions)	**Period from May 23, 2019 through December 31, 2019**
Revenues	$ 195.9
Net income	$ 10.9

Margaritaville Resort Casino

On January 1, 2019, the Company acquired the operations of Margaritaville for a net purchase price of $122.9 million, after working capital and other adjustments, pursuant to (i) an agreement and plan of merger (the "Margaritaville Merger Agreement") among the Company, VICI, Bossier Casino Venture (HoldCo), Inc. ("Holdco"), and Silver Slipper Gaming, LLC, and (ii) a membership interest purchase agreement (the "MIPA") among VICI and the Company.

Pursuant to the MIPA, HoldCo sold its interests in its sole direct subsidiary and owner of the Margaritaville operating assets, to the Company. In connection with the acquisition, the real estate assets used in the operations of Margaritaville were acquired by VICI for $261.1 million and the Company entered into the Margaritaville Lease, which has an initial annual rent of $23.2 million and an initial term of 15 years, with four five-year renewal options. The acquisition of the operations was financed through incremental borrowings under the Company's Revolving Credit Facility.

During the fourth quarter of 2019, the Company finalized the allocation of the purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed, with the excess recorded as goodwill as follows:

(in millions)	**Fair value**
Cash and cash equivalents	$ 10.7
Receivables, prepaid expenses, and other current assets	7.0
Property and equipment	20.7
Goodwill [1]	44.2
Other intangible assets	
Gaming license	48.1
Customer relationships	2.3
Operating lease right-of-use assets	196.2
Total assets	$ 329.2
Accounts payable, accrued expenses and other current liabilities	$ 10.1
Operating lease liabilities	196.2
Total liabilities	206.3
Net assets acquired	$ 122.9

(1) The goodwill has been assigned to our South segment. The entire $44.2 million goodwill amount is deductible for tax purposes.

The Company used the income, market, or cost approach (or a combination thereof) for the valuation, as appropriate, and used valuation inputs in these models and analyses that were based on market participant assumptions. Market participants are considered to be buyers and sellers unrelated to the Company in the principal or most advantageous market for the asset or liability. Property and equipment acquired consists of non-REIT assets (e.g., equipment for use in gaming operations, furniture and other equipment). We determined that the land and buildings subject to the Margaritaville Lease, which was entered into at the time of the acquisition, represented operating lease ROU assets with a corresponding operating lease liability calculated based on the present value of the future lease payments at the acquisition date in accordance with GAAP. Management determined the fair value of its office equipment, computer equipment and slot machine gaming devices based on the market

approach and other personal property based on the cost approach, supported where available by observable market data, which includes consideration of obsolescence.

Acquired identifiable intangible assets consist of a gaming license, which is an indefinite-lived intangible asset, and a customer relationship, which is an amortizing intangible asset with an assigned useful life of 2 years. Management valued (i) the gaming license using the Greenfield Method under the income approach and (ii) the customer relationships using the with-and-without method of the income approach. All valuation methods are forms of the income approach supported by observable market data for peer casino operator companies. See Note 2, "Significant Accounting Policies," for more information.

The following table includes the financial results of Margaritaville from the acquisition date through December 31, 2019, which is included within our Consolidated Statements of Operations and Comprehensive Income (Loss) for the year ended December 31, 2019:

(in millions)		**For the year ended December 31, 2019**
Revenues	$	157.6
Net income	$	13.7

Pinnacle Acquisition

On October 15, 2018, the Company acquired all of the outstanding shares of Pinnacle, for a total purchase price of $2,816.2 million, which consisted of (i) a cash payment of $20.00 per share of Pinnacle common stock, totaling $1,252.2 million; (ii) issuance of Penn National common stock in the amount of $749.7 million; and (iii) the retirement of $814.3 million of Pinnacle debt obligations. In conjunction with the Pinnacle Acquisition, the Company divested the membership interests of certain Pinnacle subsidiaries, which operated the casinos known as Ameristar St. Charles, Ameristar Kansas City, Belterra Resort and Belterra Park (referred to collectively as the "Divested Properties"), to Boyd Gaming Corporation (NYSE: BYD). Additionally, as a part of the transaction, GLPI acquired the real estate assets associated with Plainridge Park Casino, and concurrently leased back such assets to the Company. In connection with the sale of the Divested Properties and the Plainridge Park Casino Sale-Leaseback, the Pinnacle Master Lease, which was assumed by the Company concurrent with the closing of the Pinnacle Acquisition, was amended. The Pinnacle Acquisition added 12 gaming properties to our holdings and provided us with greater operational scale and geographic diversity. For more information on the Pinnacle Master Lease and related amendment, see Note 12, "Leases."

During the third quarter of 2019, the Company finalized the allocation of the purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed, with the excess recorded as goodwill as follows:

(in millions)	**Fair value**
Cash and restricted cash	$ 124.2
Assets held for sale	667.5
Other current assets	81.1
Property and equipment - non-Pinnacle Master Lease	318.6
Property and equipment - Pinnacle Master Lease [(1)]	3,954.9
Goodwill [(2)]	238.2
Other intangible assets	
Gaming licenses	1,067.6
Trademarks	298.0
Customer relationships	22.4
Other long-term assets	38.9
Total assets	$ 6,811.4
Long-term financing obligation, including current portion [(3)]	$ 3,432.5
Current liabilities	206.1
Deferred income taxes	340.0
Other long-term liabilities	16.6
Total liabilities	3,995.2
Net assets acquired	$ 2,816.2

(1) Includes buildings, boats, vessels, barges, and implied land and land use rights. Land use rights represent the intangible value of the Company's ability to utilize and access land associated with long term ground lease agreements that give the Company the exclusive rights to operate the casino gaming facilities associated with such agreements.

(2) See Note 9, "Goodwill and Other Intangible Assets," for details on the impact to each reportable segment.

(3) Long-term financing obligation, including current portion represents the financing obligation associated with Pinnacle Master Lease, as amended.

Pro Forma Financial Information - Greektown, Margaritaville, and Pinnacle

The following table includes unaudited pro forma consolidated financial information assuming our acquisitions of Greektown and Margaritaville had occurred as of January 1, 2018 and Pinnacle had occurred as of January 1, 2017. The pro forma financial information does not represent the anticipated future results of the combined company. The pro forma amounts include the historical operating results of Penn National, Greektown, Margaritaville, and Pinnacle, prior to the acquisition, with adjustments directly attributable to the acquisitions, inclusive of adjustments for acquisition costs. The below pro forma results do not include any adjustments related to synergies.

	For the year ended December 31,	
(in millions)	**2019**	**2018**
Revenues	$ 5,434.9	$ 5,552.2
Net income (loss)	$ 64.9	$ 101.9

1st Jackpot Casino and Resorts Casino Tunica

On May 1, 2017, the Company acquired the operations of 1st Jackpot Casino and Resorts Casino Tunica, for a net purchase price of $47.0 million. In connection with the acquisitions, the real estate assets relating to 1st Jackpot Casino and Resorts Casino Tunica were acquired by GLPI for an aggregate sales price of $82.6 million and included in the Penn Master Lease. Resorts Casino Tunica ceased operations on June 30, 2019.

Jamul Indian Village Development Corporation

In April 2013, the Company and the Jamul Tribe, a federally recognized Indian Tribe holding a government-to-government relationship with the U.S., entered into definitive agreements to assist the Jamul Tribe in the development of a Hollywood

Casino-branded casino on the Jamul Tribe's trust land in San Diego County, California. In addition, the definitive agreements and a related loan commitment letter set forth the terms and conditions under which the Company would provide loans to the Jamul Indian Village Development Corporation (the "JIVDC") to fund certain development costs. Following the opening, the Company also managed the property.

In October 2016, the JIVDC obtained long-term secured financing, consisting of a revolving credit facility, a term loan B facility and a term loan C facility (the "Term Loan C Facility" and collectively with the revolving credit facility and the term loan B facility, the "Credit Facilities") totaling approximately $460.0 million. The Company was the lender under the Term Loan C Facility in the amount of $98.0 million.

As of December 31, 2017, the JIVDC breached one of the financial covenants contained within the Credit Facilities, resulting in default. Consequently, the Company performed an analysis of the expected future cash flows it would receive based on forecasted operations of the property, discounted at the Term Loan C Facility's effective interest rate, as well as any concessions it would grant to the JIVDC. As a result of such analysis, the Company recorded a charge of $86.0 million for the year ended December 31, 2017, of which $64.0 million pertained to the Term Loan C Facility and $22.0 million was a reserve for unfunded loan commitments. In addition, the Company recorded charges of $3.8 million related to certain advances made to the JIVDC.

In February 2018, the Company and the Jamul Tribe mutually agreed that the Company would no longer manage the property nor provide branding and development services as of May 28, 2018. On May 25, 2018, the Company entered into a purchase agreement with the senior lender under the Credit Facilities for the property to sell them all of the Company's outstanding rights and obligations under the Term Loan C Facility and the JIVDC commitments. As a result, the Company received cash proceeds of $15.2 million from the sale and was relieved of all rights and obligations with respect to the JIVDC. The sale of the loan resulted in a recovery of loan losses and unfunded loan commitments of $17.0 million for the year ended December 31, 2018.

Tropicana Las Vegas

On April 16, 2020, we sold the real estate assets associated with our Tropicana property to GLPI in exchange for rent credits of $307.5 million that we began utilizing to pay rent under our existing Master Leases and the Meadows Lease in May 2020. Contemporaneous with the sale, the Company entered into the Tropicana Lease (as defined and discussed in Note 12, "Leases"). Pursuant to the purchase agreement, GLPI will conduct a sale process with respect to both the real estate assets and the operations of Tropicana for up to 24 months (the "Sale Period"), with the Company receiving (i) 75% of the proceeds above $307.5 million plus certain taxes, expenses and costs if an agreement for such sale is signed in the first 12 months of the Sale Period or (ii) 50% of the proceeds above $307.5 million plus certain taxes, expenses and costs if an agreement for such sale is signed in the remainder of the Sale Period.

We recognized a gain on this transaction of $29.8 million during the year ended December 31, 2020, which is included in "General and administrative" within our Consolidated Statements of Operations and Comprehensive Income (Loss).

Morgantown

On October 1, 2020, we sold the land underlying our Morgantown development project to GLPI in exchange for rent credits of $30.0 million. Contemporaneous with the sale, the Company entered into a triple net lease with GLPI for the land underlying Morgantown (as defined and discussed in Note 12, "Leases").

As of December 31, 2020, we had utilized all of the rent credits pertaining to the Tropicana and Morgantown transactions which totaled $337.5 million (see Note 12, "Leases").

Hollywood Casino Perryville

On December 15, 2020, the Company entered into a definitive agreement with GLPI to purchase the operations of Hollywood Casino Perryville for $31.1 million. The transaction is expected to close during the second or third quarter of 2021, subject to approval of the Maryland Lottery and Gaming Control Commission and other customary closing conditions. Simultaneous with the closing of the transaction, we would lease the real estate assets associated with Hollywood Casino Perryville from GLPI with initial annual rent of $7.8 million per year subject to escalation.

Note 7—Investments in and Advances to Unconsolidated Affiliates

As of December 31, 2020 and 2019, investments in and advances to unconsolidated affiliates primarily consisted of the Company's approximate 36% interest in Barstool Sports; its 50% investment in Kansas Entertainment, the JV with NASCAR that owns Hollywood Casino at Kansas Speedway; its 50% interest in Freehold Raceway; and its 50% JV with MAXXAM, Inc. ("MAXXAM") that owns and operates racetracks in Texas.

Investment in Barstool Sports

In February 2020, we closed on our investment in Barstool Sports pursuant to a stock purchase agreement with Barstool Sports and certain stockholders of Barstool Sports, in which we purchased 36% (inclusive of 1% on a delayed basis) of the common stock, par value $0.0001 per share, of Barstool Sports for a purchase price of $161.2 million. The purchase price primarily consisted of $135.0 million in cash and $23.1 million in shares of a new class of non-voting convertible preferred stock of the Company (as discussed below). Within the three years after the closing of the transaction or earlier at our election, we will increase our ownership in Barstool Sports to approximately 50% by purchasing approximately $62.0 million worth of additional shares of Barstool Sports common stock, consistent with the implied valuation at the time of the initial investment, which was $450.0 million. With respect to the remaining Barstool Sports shares, we have immediately exercisable call rights, and the existing Barstool Sports stockholders have put rights exercisable beginning three years after closing, all based on a fair market value calculation at the time of exercise (subject to a cap of $650.0 million and a floor of 2.25 times the annualized revenue of Barstool Sports, all subject to various adjustments).

On February 20, 2020, the Company issued 883 shares of Series D Preferred Stock, par value $0.01 per share (the "Series D Preferred Stock") to certain individual stockholders affiliated with Barstool Sports. 1/1,000th of a share of Series D Preferred Stock is convertible into one share of Penn Common Stock. The Series D Preferred Stock will be entitled to participate equally and ratably in all dividends and distributions paid to holders of Penn Common Stock based on the number of shares of Penn Common Stock into which such Series D Preferred Stock could convert. Series D Preferred Stock is nonvoting stock. The Series D Preferred Stock issued to certain individual stockholders affiliated with Barstool Sports will be available for conversion into Penn Common Stock in tranches over the next four years as stipulated in the stock purchase agreement, with the first 20% tranche available for conversion into Penn Common Stock in the first quarter of 2021. As of December 31, 2020, none of the Series D Preferred Stock can be converted into Penn Common Stock.

As a part of the stock purchase agreement, we entered into a commercial agreement that provides us with access to Barstool Sports' customer list and exclusive advertising on the Barstool Sports platform over the term of the agreement. The initial term of the commercial agreement is ten years and, unless earlier terminated and subject to certain exceptions, will automatically renew for three additional ten-year terms (a total of 40 years assuming all renewals are exercised). As of December 31, 2020 we have an amortizing intangible asset pertaining to the customer list of $1.6 million and a prepaid expense pertaining to the advertising in the amount of $16.5 million, of which $15.4 million is classified as long-term. The long-term portion of the prepaid advertising expense is included in "Other assets" within our Consolidated Balance Sheets.

As of December 31, 2020, our investment in Barstool Sports was $147.5 million, which is inclusive of $3.4 million of costs we incurred to close the transaction. We record our proportionate share of Barstool Sports' net income or loss one quarter in arrears.

The Company determined that Barstool Sports qualified as a VIE as of December 31, 2020. The Company did not consolidate its investment in Barstool Sports as of and for the year ended December 31, 2020 as the Company determined that it did not qualify as the primary beneficiary of Barstool Sports either at the commencement date of its investment or for the subsequent period ended December 31, 2020, primarily as a result of the Company not having the power to direct the activities of the VIE that most significantly affect Barstool Sports' economic performance.

Kansas Joint Venture

As of December 31, 2020 and 2019, our investment in Kansas Entertainment was $85.2 million and $90.8 million, respectively. During the years ended December 31, 2020, 2019 and 2018, the Company received distributions from Kansas Entertainment totaling $20.0 million, $29.0 million and $27.0 million, respectively, which the Company deemed to be returns on its investment based on the source of those cash flows from the normal business operations of Kansas Entertainment.

As of the years ended December 31, 2020 and 2019, we 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 JV as of and for the years ended December 31, 2020 and 2019, primarily as it did not have the ability to direct the activities

of the JV that most significantly impacted the JV's economic performance without the input of NASCAR. Therefore, the Company did not consolidate its investment in the JV as of and for the years ended December 31, 2020 and 2019.

The following table provides summarized balance sheet and results of operations information related to Kansas Entertainment and our share of income from unconsolidated affiliates from our investment in Kansas Entertainment:

	December 31,	
(in millions)	**2020**	**2019**
Current assets	$ 14.7	$ 21.5
Long-term assets	$ 151.4	$ 159.2
Current liabilities	$ 10.2	$ 13.5

	For the year ended December 31,		
(in millions)	**2020**	**2019**	**2018**
Revenues	$ 104.2	$ 162.3	$ 159.0
Operating expenses	75.5	101.3	110.4
Operating income	28.7	61.0	48.6
Net income	$ 28.7	$ 61.0	$ 48.6
Net income attributable to Penn National	$ 14.4	$ 30.5	$ 24.3

Texas and New Jersey Joint Ventures

The Company has a 50% interest in a JV with MAXXAM, which owns and operates the Sam Houston Race Park in Houston, Texas and the Valley Race Park in Harlingen, Texas, and holds a license for a racetrack in Austin, Texas. During the first quarter of 2020, principally due to on-going negative operating results of these racetracks, we recorded an other-than-temporary impairment on our investment in the JV of $4.6 million, which is included in "Impairment losses" within our Consolidated Statements of Operations and Comprehensive Income (Loss). Sam Houston Race Park hosts thoroughbred and quarter-horse racing and offers daily simulcast operations, and Valley Race Park features dog racing and simulcasting. In addition, through a separate arrangement, the Company has a 50% interest in a JV with Greenwood, which owns and operates Freehold Raceway, in Freehold, New Jersey. The property features a half-mile standardbred racetrack and a grandstand.

As of December 31, 2020 and 2019, we determined that neither our Texas JV nor our New Jersey JV qualify as a VIE. Using the guidance for entities that are not VIEs, in both cases, the Company determined that it did not have a controlling financial interest in either of the JVs as of and for the years ended December 31, 2020 and 2019, primarily as it did not have the ability to direct the activities of either of the JVs that most significantly impacted the JVs' economic performance without the input of MAXXAM or Greenwood, respectively. Therefore, the Company did not consolidate either of its investment in the JVs as of and for the years ended December 31, 2020 and 2019.

Note 8—Property and Equipment

Property and equipment, net, consisted of the following:

(in millions)	December 31, 2020	December 31, 2019
Property and equipment - Not Subject to Master Leases		
Land and improvements [1]	$ 105.6	$ 353.2
Building, vessels and improvements [1]	205.4	420.4
Furniture, fixtures and equipment	1,620.4	1,598.3
Leasehold improvements	219.5	183.6
Construction in progress	89.8	59.3
	2,240.7	2,614.8
Less: Accumulated depreciation[1]	(1,559.0)	(1,548.3)
	681.7	1,066.5
Property and equipment - Subject to Master Leases		
Land and improvements	1,523.2	1,525.9
Building, vessels and improvements	3,640.3	3,664.6
	5,163.5	5,190.5
Less: Accumulated depreciation	(1,315.9)	(1,136.8)
	3,847.6	4,053.7
Property and equipment, net	$ 4,529.3	$ 5,120.2

(1) On April 16, 2020, we sold real estate assets associated with our Tropicana property to GLPI. See Note 6, Acquisitions and Dispositions.

Depreciation expense was as follows:

(in millions)	For the year ended December 31, 2020	2019	2018
Depreciation expense [1]	$ 336.9	$ 381.6	$ 251.9

(1) Of such amounts, $156.1 million, $158.9 million, and $112.1 million, respectively, pertained to real estate assets subject to either of our Master Leases.

Hurricane Laura

In August 2020, Hurricane Laura made landfall in Lake Charles, Louisiana, which caused significant damage to our L'Auberge Lake Charles property. As a result, we wrote off property and equipment with a net book value of $23.2 million of which $2.1 million and $21.1 million was included in Property and equipment – Not subject to Master Lease, and Property and equipment – Subject to Master Leases, respectively.

Tropicana

During the year ended December 31, 2020, we recorded $7.3 million of impairment on the property and equipment associated with Tropicana, relating to the operating assets, which is included in "Impairment losses" within our Consolidated Statements of Operations and Comprehensive Income (Loss). The charge was the result of an impairment assessment performed after reviewing the projected results of this property over the remaining lease term contained within the Tropicana Lease.

Note 9—Goodwill and Other Intangible Assets

A reconciliation of goodwill and accumulated goodwill impairment losses, by reportable segment, is as follows:

(in millions)	Northeast	South	West	Midwest	Other	Total
Balance as of January 1, 2019						
Goodwill, gross	$ 848.4	$ 185.2	$ 210.4	$ 1,110.1	$ 156.1	$ 2,510.2
Accumulated goodwill impairment losses	(707.6)	(34.6)	(16.6)	(435.3)	(87.7)	(1,281.8)
Goodwill, net	140.8	150.6	193.8	674.8	68.4	1,228.4
Goodwill acquired during year	67.4	44.2	—	—	—	111.6
Impairment losses during year	(10.3)	(17.4)	—	(60.3)	—	(88.0)
Other [1]	(1.5)	7.2	6.4	6.6	—	18.7
Balance as of December 31, 2019						
Goodwill, gross	914.3	236.6	216.8	1,116.7	156.1	2,640.5
Accumulated goodwill impairment losses	(717.9)	(52.0)	(16.6)	(495.6)	(87.7)	(1,369.8)
Goodwill, net	196.4	184.6	200.2	621.1	68.4	1,270.7
Impairment losses during year	(43.5)	(9.0)	—	(60.5)	—	(113.0)
Other [2]	—	—	—	—	(0.6)	(0.6)
Balance as of December 31, 2020						
Goodwill, gross	914.3	236.6	216.8	1,116.7	155.5	2,639.9
Accumulated goodwill impairment losses	(761.4)	(61.0)	(16.6)	(556.1)	(87.7)	(1,482.8)
Goodwill, net	$ 152.9	$ 175.6	$ 200.2	$ 560.6	$ 67.8	$ 1,157.1

(1) Amounts relate to adjustments made to the preliminary purchase price allocation of Pinnacle during the year ended December 31, 2019, prior to it being finalized.

(2) Amounts relate to the write-off of goodwill related to the land sale at Sanford Orlando Kennel Club which discontinued our racing operations. The write-off of this goodwill balance is included as a component of the gain calculation recorded on the sale.

2020 Annual and Interim Assessment for Impairment

During the first quarter of 2020, we identified an indicator of impairment on our goodwill and other intangible assets due to the COVID-19 pandemic. As a result of the COVID-19 pandemic, we revised our cash flow projections to reflect the current economic environment, including the uncertainty surrounding the nature, timing and extent of reopening our gaming properties. As a result of the interim assessment for impairment, during the first quarter of 2020, we recognized impairments on our goodwill, gaming licenses and trademarks of $113.0 million, $437.0 million and $61.5 million, respectively. The estimated fair values of the reporting units were determined through a combination of a discounted cash flow model and a market-based approach, which utilized Level 3 inputs. The estimated fair values of the gaming licenses and trademarks were determined by using discounted cash flow models, which utilized Level 3 inputs.

As noted in the table above, the goodwill impairments pertained to our Northeast, South and Midwest segments, in the amounts of $43.5 million, $9.0 million and $60.5 million, respectively. The gaming license impairments pertained to our Northeast, South and Midwest segments in the amounts of $177.0 million, $166.0 million and $94.0 million, respectively. The trademark impairments pertained to our Northeast, South, Midwest and West segments, in the amounts of $17.0 million, $17.0 million, $15.0 million and $12.5 million, respectively.

Upon reopening of our gaming facilities and throughout the fourth quarter of 2020 we undertook various initiatives to mitigate the impact of regulatory restrictions imposed as a result of the COVID-19 pandemic. We completed our annual assessment for impairment as of October 1, 2020, which did not result in any impairment charges to goodwill, gaming licenses and trademarks. The estimated fair values of the reporting units were determined through a combination of discounted cash flow models and a market-based approach, which utilized Level 3 inputs. The estimated fair values of the gaming licenses and trademarks were determined by using discounted cash flow models, which utilized Level 3 inputs.

2019 Annual Assessment for Impairment

As a result of our 2019 annual assessment for impairment, we recognized impairments on our goodwill, gaming licenses, and trademarks, of $88.0 million, $62.6 million, and $20.0 million, respectively. The impairments of goodwill were largely driven by increases in the carrying amount of certain of our reporting units as a result of decreases in the allocated amount of the financing obligation to such reporting units, which was driven by the adoption of ASC 842. The impairments of gaming licenses and trademarks were largely driven by reductions in the long-term projections for certain of our properties where competition has increased due to expansion of gaming legislation, primarily within the Northeast segment. The estimated fair values of the reporting units were determined through a combination of discounted cash flow models and a market-based approach, which utilized Level 3 inputs. The estimated fair values of the gaming licenses and trademarks were determined by using discounted cash flow models, which utilized Level 3 inputs.

As noted in the table above, the goodwill impairments pertained to our Northeast, South and Midwest segments, in the amounts of $10.3 million, $17.4 million and $60.3 million, respectively. The gaming license impairments pertained to our Northeast and South segments in the amounts of $55.1 million and $7.5 million, respectively. The trademark impairments pertained to our Northeast, South and Midwest segments, in the amounts of $11.5 million, $6.5 million and $2.0 million, respectively.

2018 Annual Assessment for Impairment

During the year ended December 31, 2018, the Company completed its 2018 annual assessment for impairment, which did not result in any impairment charges to goodwill or other intangible assets.

The aforementioned impairments for the years ended December 31, 2020 and 2019 are included in “Impairment losses” within our Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 19, “Fair Value Measurements,” for quantitative information about the significant unobservable inputs used in the fair value measurements of other intangible assets.

Carrying Values of Goodwill and Other Intangible Assets

As of October 1, 2020, the date of the most recent annual impairment test, seven reporting units had negative carrying amounts. The amount of goodwill at these reporting units was as follows (in millions):

Northeast segment		
Hollywood Casino at Charles Town Races	$	8.7
Hollywood Casino Toledo	$	5.8
Plainridge Park Casino	$	6.3
South segment		
Ameristar Vicksburg	$	19.5
Boomtown New Orleans	$	5.2
West segment		
Cactus Petes and Horseshu	$	10.2
Midwest segment		
Ameristar Council Bluffs	$	36.2

The table below presents the gross carrying amount, accumulated amortization, and net carrying amount of each major class of other intangible assets:

(in millions)	December 31, 2020			December 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets						
Gaming licenses	$ 1,246.1	$ —	$ 1,246.1	$ 1,681.9	$ —	$ 1,681.9
Trademarks	240.9	—	240.9	302.4	—	302.4
Other	0.7	—	0.7	0.7	—	0.7
Amortizing intangible assets						
Customer relationships	106.9	(85.2)	21.7	104.4	(69.0)	35.4
Other	39.6	(35.5)	4.1	36.1	(30.0)	6.1
Total other intangible assets	$ 1,634.2	$ (120.7)	$ 1,513.5	$ 2,125.5	$ (99.0)	$ 2,026.5

During the year ended December 31, 2020 we paid $1.3 million for online and retail sports betting licenses. During the year ended December 31, 2019, we paid $10.0 million for online and retail sports betting licenses in Pennsylvania. During the year ended December 31, 2018, we purchased two Category 4 gaming licenses to operate up to 750 slot machines and initially up to 30 table games, under each license, in York County, Pennsylvania for $50.1 million and in Berks County, Pennsylvania for $7.5 million, and iGaming and sports betting licenses in Pennsylvania for $20.0 million, all of which have been classified as indefinite-lived intangible assets.

Amortization expense related to our amortizing intangible assets was $21.7 million, $24.7 million, and $17.1 million for the years ended December 31, 2020, 2019 and 2018, respectively. The following table presents the estimated amortization expense based on our amortizing intangible assets as of December 31, 2020 (in millions):

Years ending December 31:	
2021	$ 7.4
2022	5.5
2023	3.9
2024	3.7
2025	4.9
Thereafter	0.4
Total	$ 25.8

Note 10—Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in millions)	December 31, 2020	December 31, 2019
Accrued salaries and wages	$ 120.4	$ 142.1
Accrued gaming, pari-mutuel, property, and other taxes	75.0	103.3
Accrued interest	13.2	13.0
Other accrued expenses [(1)]	229.1	225.8
Other current liabilities [(2)]	137.4	147.1
Accrued expenses and other current liabilities	$ 575.1	$ 631.3

(1) Amounts as of December 31, 2020 and 2019 include $40.8 million and $38.3 million, respectively, pertaining to the Company's accrued progressive jackpot liability. Additionally, amounts include the obligation associated with its my**choice** program and the current portion of advance payments on goods and services yet to be provided and for unpaid wagers, which are discussed in Note 2, "Significant Accounting Policies."

(2) Amounts as of December 31, 2020 and 2019 include $86.3 million and $80.1 million, respectively, pertaining to the Company's non-qualified deferred compensation plan that covers management and other highly-compensated employees.

Note 11—Long-term Debt

Long-term debt, net of current maturities, was as follows:

(in millions)	December 31, 2020	December 31, 2019
Senior Secured Credit Facilities:		
Revolving Credit Facility due 2023	$ —	$ 140.0
Term Loan A Facility due 2023	636.9	672.3
Term Loan B-1 Facility due 2025	991.2	1,117.5
5.625% Notes due 2027	400.0	400.0
2.75% Convertible Notes due 2026	330.5	—
Other long-term obligations	73.0	89.2
	2,431.6	2,419.0
Less: Current maturities of long-term debt	(81.4)	(62.9)
Less: Debt discount	(86.2)	(2.4)
Less: Debt issuance costs	(32.8)	(31.5)
	$ 2,231.2	$ 2,322.2

The following is a schedule of future minimum repayments of long-term debt as of December 31, 2020 (in millions):

Year ending December 31:	
2021	$ 81.4
2022	99.9
2023	543.1
2024	21.3
2025	946.8
Thereafter	739.1
Total minimum payments	$ 2,431.6

Senior Secured Credit Facilities

On January 19, 2017, the Company entered into an agreement to amend and restate its Amended 2013 Credit Agreement (the "Credit Agreement"), which provided for: (i) a five-year $700.0 million revolving credit facility (the "Revolving Credit Facility"); (ii) a five-year $300.0 million Term Loan A facility (the "Term Loan A Facility"); and (iii) a seven-year $500.0 million Term Loan B facility (the "Term Loan B Facility" and collectively with the Revolving Credit Facility and the Term Loan A Facility, the "Senior Secured Credit Facilities").

On October 15, 2018, in connection with the Pinnacle Acquisition, we entered into an incremental joinder agreement (the "Incremental Joinder"), which amended the Credit Agreement (the "Amended 2017 Credit Agreement"). The Incremental Joinder provided for an additional $430.2 million of incremental loans having the same terms as the existing Term Loan A Facility, with the exception of extending the maturity date, and an additional $1,128.8 million of loans as a new tranche having new terms (the "Term Loan B-1 Facility"). The proceeds resulting from the Incremental Joinder were used; together with cash on hand and proceeds received from (i) newly-issued shares of the Company's common stock, (ii) the sale of the Divested Properties, (iii) the Plainridge Park Casino Sale-Leaseback, and (iv) the sale of the real estate assets associated with Belterra Park; to (a) acquire all of the issued and outstanding equity interests of Pinnacle, (b) repay in full Pinnacle's existing senior secured credit facilities at the time of the acquisition, (c) redeem, repurchase, defease or satisfy and discharge in full Pinnacle's outstanding 5.625% senior notes due 2024, (d) repay in full the Company's outstanding borrowings under its Term Loan B Facility at the time of the acquisition, and (e) pay fees, costs and expenses associated with the foregoing. With the exception of extending the maturity date, the Incremental Joinder did not impact the Revolving Credit Facility.

The final maturity dates for the Term Loan A Facility and Term Loan B-1 Facility are October 19, 2023 and October 15, 2025, respectively. The applicable margin for the Term Loan A Facility ranges from 1.25% to 3.00% per annum for LIBOR loans and 0.25% to 2.00% per annum for base rate loans, in each case depending on the Consolidated Total Net Leverage Ratio (as defined in the Amended 2017 Credit Agreement) as of the most recent fiscal quarter. The applicable margin for the Term Loan B-1 Facility is 2.25% per annum for LIBOR loans and 1.25% per annum for base rate loans. The Term Loan B-1 Facility

is subject to a LIBOR "floor" of 0.75%. Prior to the Amended 2017 Credit Agreement and related extinguishment of the Term Loan B Facility, the applicable margin for the Term Loan B Facility was 2.50% per annum for LIBOR loans and 1.50% per annum for base rate loans. In addition, we pay a commitment fee on the unused portion of the commitments under the Revolving Credit Facility at a rate that ranges from 0.20% to 0.50% per annum, depending on the Consolidated Total Net Leverage Ratio as of the most recent fiscal quarter.

On April 14, 2020, the Company entered into a second amendment to its Credit Agreement with its various lenders (the "Second Amendment") to provide for certain modifications. During the period beginning on April 14, 2020 and ending on the earlier of (x) the date that is two business days after the date on which the Company delivers a covenant relief period termination notice to the administrative agent and (y) the date on which the administrative agent receives a compliance certificate for the quarter ending March 31, 2021 (the "Covenant Relief Period"), the Company will not have to comply with any Maximum Leverage Ratio or Minimum Interest Coverage Ratio (as such terms are defined in the Amended 2017 Credit Agreement). During the Covenant Relief Period, the Company will be subject to a minimum liquidity covenant that requires cash and cash equivalents and availability under its Revolving Credit Facility to be (i) at least $400.0 million through April 30, 2020; (ii) $350.0 million during the period from May 1, 2020 through May 31, 2020; (iii) $300.0 million during the period from June 1, 2020 through June 30, 2020; and (iv) $225.0 million during the period from July 1, 2020 through March 31, 2021. We are required to maintain specified financial ratios and to satisfy certain financial tests when our covenant relief period terminates on March 31, 2021.

The Second Amendment also amended the financial covenants that are applicable after the Covenant Relief Period to permit the Company to (i) maintain a maximum consolidated total net leverage ratio of up to a ratio that varies by quarter, ranging between 5.50:1.00 and 4.50:1.00 in 2021 and 4.25:1.00 thereafter, tested quarterly on a pro forma trailing twelve month ("PF TTM") basis; (ii) maintain a maximum senior secured net leverage ratio of up to a ratio that varies by quarter, ranging between 4.50:1.00 and 3.50:1.00 in 2021 and 3.00:1.00 thereafter, tested quarterly on a PF TTM basis; and (iii) maintain an interest coverage ratio of 2.50:1.00, tested quarterly on a PF TTM basis.

In addition, the Second Amendment (i) provides that, during the Covenant Relief Period, loans under the Revolving Credit Facility and the Term Loan A Facility shall bear interest at either a base rate or an adjusted LIBOR rate, in each case, plus an applicable margin, in the case of base rate loans, of 2.00%, and in the case of adjusted LIBOR rate loans, of 3.00%; (ii) provides that, during the Covenant Relief Period, the Company shall pay a commitment fee on the unused portion of the commitments under the Revolving Credit Facility at a rate of 0.50% per annum; (iii) provides for a 0.75% LIBOR floor applicable to all LIBOR loans under the Senior Secured Credit Facilities; (iv) carves out COVID-19 related effects from certain terms of the Senior Secured Credit Facilities during the Covenant Relief Period; and (v) makes certain other changes to the covenants and other provisions of the Credit Agreement.

As of December 31, 2020 and 2019, the Company had conditional obligations under letters of credit issued pursuant to the Senior Secured Credit Facilities with face amounts aggregating to $28.2 million and $30.0 million, respectively, resulting in $671.8 million and $530.0 million of available borrowing capacity under the Revolving Credit Facility, respectively.

During the fourth quarter of 2020, in connection with a prepayment of $115.0 million of outstanding borrowings on our Term Loan B-1 Facility, we recorded a $1.2 million loss on early extinguishment of debt, related to the write-off of debt issuance costs and debt discounts.

For the year ended December 31, 2018, in connection with the debt financing transactions relating to the Pinnacle Acquisition and principal repayments on the Term Loan B Facility, the Company recorded $5.5 million in refinancing costs and a $21.0 million loss on early extinguishment of debt, related to refinancing costs on the extinguishment of the Term Loan B Facility and the write-off of debt issuance costs and the discount on the Term Loan B Facility. The refinancing costs are included in "Other," as reported in "Other income (expenses)" within our Consolidated Statements of Operations and Comprehensive Income (Loss).

The payment and performance of obligations under the Senior Secured Credit Facilities are guaranteed by a lien on and security interest in substantially all of the assets (other than excluded property, such as gaming licenses) of the Company.

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") at a price of par. Interest on the 5.625% Notes is payable 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, and, prior to January 15, 2022, at a "make-whole" redemption premium set forth in the indenture governing the 5.625% Notes.

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 that mature, unless earlier converted, redeemed or repurchased, on May 15, 2026 (the "Convertible Notes") at a price of par. After lender fees and discounts, net proceeds received by the Company were $322.2 million. Interest on the Convertible Notes is payable on May 15th and November 15th of each year, beginning on November 15, 2020.

The Convertible Notes are convertible into shares of the Company's common stock at an initial conversion price of $23.40 per share, or 42.7350 shares, per $1,000 principal amount of notes, subject to adjustment if certain corporate events occur. However, in no event will the conversion exceed 55.5555 shares of common stock per $1,000 principal amount of notes. As of December 31, 2020, the maximum number of shares that could be issued to satisfy the conversion feature of the Convertible Notes is 18,360,815 and the amount by which the Convertible Notes if-converted value exceeded its principal amount was $1,255.3 million.

Prior to February 15, 2026, at their election, holders of the Convertible Notes may convert outstanding notes starting in the fourth quarter of 2020 if the trading price of the Company's common stock exceeds 130% of the conversion price or, starting shortly after the issuance of the Convertible Notes, if the trading price per $1,000 principal amount of notes is less than 98% of the product of the trading price of the Company's common stock and the conversion rate then in effect. The Convertible Notes may, at the Company's election, be settled in cash, shares of common stock of the Company, or a combination thereof. The Company has the option to redeem the Convertible Notes, in whole or in part, beginning November 20, 2023.

In addition, the Convertible Notes convert into shares of the Company's common stock upon the occurrence of certain corporate events that constitute a fundamental change under the indenture governing the Convertible Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of repurchase. In connection with certain corporate events or if the Company issues a notice of redemption, it will, under certain circumstances, increase the conversion rate for holders who elect to convert their Convertible Notes in connection with such corporate events or during the relevant redemption period for such Convertible Notes.

The Convertible Notes contain a cash conversion feature, and as a result, the Company has separated it into liability and equity components. The Company valued the liability component based on its borrowing rate for a similar debt instrument that does not contain a conversion feature. The equity component, which is recognized as debt discount, was valued as the difference between the face value of the Convertible Notes and the fair value of the liability component. The equity component was valued at $91.8 million upon issuance of the Convertible Notes.

In connection with the Convertible Notes issuance, the Company incurred debt issuance costs of $10.2 million, which were allocated on a pro rata basis to the liability component and the equity component in the amounts of $6.6 million and $3.6 million, respectively.

The Convertible Notes consisted of the following components:

(in millions)	**December 31, 2020**
Liability component:	
Principal	$ 330.5
Unamortized debt discount	(84.4)
Unamortized debt issuance costs	(6.2)
Net carrying amount	$ 239.9
Carrying amount of equity component	$ 88.2

Interest expense, net

Interest expense, net, was as follows:

(in millions)	For the year ended December 31, 2020	2019	2018
Interest expense	$ (546.3)	$ (535.9)	$ (539.4)
Interest income	0.9	1.4	1.0
Capitalized interest	2.2	0.3	—
Interest expense, net	$ (543.2)	$ (534.2)	$ (538.4)

Interest expense related to the Convertible Notes was as follows:

(in millions)	For the year ended December 31, 2020
Coupon interest	$ 5.7
Amortization of debt discount	7.3
Amortization of debt issuance costs	0.5
Convertible Notes interest expense	$ 13.5

The debt discount and the debt issuance costs attributable to the liability component are being amortized to interest expense over the term of the Convertible Notes at an effective interest rate of 9.23%. The remaining term of the Convertible Notes was 5.4 years as of December 31, 2020.

Covenants

Our Senior Secured Credit Facilities and 5.625% Notes require us, among other obligations, to maintain specified financial ratios and to satisfy certain financial tests. In addition, our Senior Secured Credit Facilities and 5.625% 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 Penn Master Lease and the Pinnacle Master Lease, 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 December 31, 2020, the Company was in compliance with all required financial covenants. When our covenant relief period ends, the Company is subject to and expects to be in compliance with all required financial covenants including (i) Maximum Consolidated Total Net Leverage Ratio; (ii) Maximum Consolidated Senior Secured Net Leverage Ratio; and (iii) Minimum Interest Coverage Ratio (as discussed above) with the Company's submission of its compliance certificate for the quarter ending March 31, 2021.

Other Long-Term Obligations

Ohio Relocation Fees

As of December 31, 2020 and 2019, other long-term obligations included $60.9 million and $76.4 million, respectively, related to the relocation fees for Dayton and Mahoning Valley, which opened in August 2014 and September 2014, respectively. In June 2013, we finalized the terms of our memorandum of understanding with the State of Ohio, which included an agreement for us to pay a relocation fee in return for being able to relocate our existing racetracks in Toledo and Grove City to Dayton and Mahoning Valley, respectively. Upon opening Dayton and Mahoning Valley, each relocation fee was recorded at the present value of the contractual obligation, which was calculated as $75.0 million based on the 5.0% discount rate included in the agreement. Each relocation fee is payable as follows: $7.5 million upon opening and eighteen semi-annual payments of $4.8 million beginning one year after opening. This obligation is accreted to interest expense at an effective yield of 5.0%. The amount included in interest expense related to this obligation was $3.4 million, $4.1 million and $4.8 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Event Center

As of December 31, 2020 and 2019, other long-term obligations included $12.0 million and $12.6 million, respectively, related to the repayment obligation of a hotel and event center located less than a mile away from Hollywood Casino

Lawrenceburg, which was constructed by the City of Lawrenceburg Department of Redevelopment. Effective in January 2015, by contractual agreement, we assumed a repayment obligation for the hotel and event center in the amount of $15.3 million, which was financed through a loan with the City of Lawrenceburg Department of Redevelopment, in exchange for conveyance of the property. Beginning in January 2016, the Company was obligated to make annual payments on the loan of $1.0 million for 20 years. This obligation is accreted to interest expense at its effective yield of 3.0%. The amount included in interest expense related to this obligation was $0.4 million for each of the years ended December 31, 2020, 2019 and 2018.

Note 12—Leases

Lessee

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 under 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 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. In addition, monthly rent associated with Hollywood Casino Columbus ("Columbus") and monthly rent in excess of the Hollywood Casino Toledo ("Toledo") rent floor, which are discussed below, are considered contingent rent.

Penn Master Lease

The payment structure under the 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 Penn Master Lease) of 1.8:1, and a component that is based on the performance, which is prospectively adjusted (i) every five years by an amount equal to 4% of the average change in net revenues of all properties under the Penn Master Lease (other than Columbus and Toledo) compared to a contractual baseline during the preceding five years ("Penn Percentage Rent") and (ii) monthly by an amount equal to 20% of the net revenues of Columbus and Toledo in excess of a contractual baseline and subject to a rent floor specific to Toledo (see below).

We did not incur an annual escalator on November 1, 2020 for the lease year ended October 31, 2020. The next annual escalator test date is scheduled to occur effective November 1, 2021. As a result of the annual escalator, effective as of November 1, 2019 and 2018, the fixed component of rent increased by $5.5 million and $5.4 million, for each respective year. As a result of the annual escalator effective November 1, 2019, an additional ROU asset and corresponding lease liability of $34.4 million were recognized associated with operating lease components and an additional ROU asset and corresponding lease liability of $3.1 million were recognized associated with finance lease components. Additionally, effective November 1, 2018, the Penn Percentage Rent reset resulted in an annual rent reduction of $11.3 million, which will be in effect until the next Penn Percentage Rent reset, occurring on November 1, 2023.

The acquisition of Greektown on May 23, 2019 activated a competition clause within the Penn Master Lease, which introduced a rent floor specific to Toledo. As a result, an additional ROU asset and corresponding lease liability of $151.2 million were recognized associated with operating lease components. Lease payments resulting from the rent floor associated with components determined to continue to be financing obligations are included in "Interest expense, net" within our Consolidated Statements of Operations and Comprehensive Income (Loss).

Monthly rent associated with Columbus and monthly rent in excess of the Toledo rent floor are variable and considered contingent rent. Expense related to operating lease components associated with Columbus and Toledo are included in "General and administrative" within our Consolidated Statements of Operations and Comprehensive Income (Loss) and the variable expense related to the financing obligation component is included in "Interest expense, net" within our Consolidated Statements of Operations and Comprehensive Income (Loss). The entire variable expense related to the year ended December 31, 2018 was included in "Interest expense, net" pursuant to the failed sale-leaseback accounting treatment under ASC 840. Total monthly variable expenses were as follows:

	For the year ended December 31,		
(in millions)	**2020**	**2019**	**2018**
Variable expenses included in "General and administrative"	$ 12.9	$ 16.4	$ —
Variable expenses included in "Interest expense, net"	11.8	16.1	48.9
Total variable expenses	$ 24.7	$ 32.5	$ 48.9

Pinnacle Master Lease

In connection with the Pinnacle Acquisition, we 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 the 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").

We did not incur an annual escalator on May 1, 2020 for the lease year ended April 30, 2020. As a result of the annual escalator, effective as of May 1, 2019 for the lease year ended April 30, 2019, the fixed component of rent increased by $1.0 million and an additional ROU asset and corresponding lease liability of $3.8 million were recognized associated with operating lease components of the Pinnacle Master Lease. The next annual escalator test date is scheduled to occur on May 1, 2021.

Effective May 1, 2020, the Pinnacle Percentage Rent resulted in an annual rent reduction of $5.0 million, which will be in effect until the next Pinnacle Percentage Rent reset, scheduled to occur on May 1, 2022. Upon reset of the Pinnacle Percentage Rent, effective May 1, 2020, we recognized an additional operating lease ROU asset and corresponding lease liability of $14.9 million.

Morgantown Lease

On October 1, 2020, the Company entered into a 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 to be utilized to pay rent under the Master Leases, Meadows Lease, and the Morgantown Lease, as discussed in Note 6, "Acquisitions and Dispositions."

The initial term of the Morgantown Lease is twenty years with six subsequent, five-year renewal periods, exercisable at the Company's option. Annual rent under the Morgantown Lease will be $3.0 million and is subject to 1.50% fixed annual escalation in each of the first three years subsequent to the facility opening, and thereafter will be subject to an annual escalator consisting of either (i) 1.25% or (ii) zero depending upon the consumer price index being greater or less than 0.50%. All improvements made on the land, including the building currently being constructed, 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 determined the transaction to be a financing arrangement and upon execution of the Morgantown Lease, recorded a $30.0 million financing obligation which is included in "Long-term portion of financing obligations" within our Consolidated Balance Sheets. Lease payments are included in "Interest expense, net" within our Consolidated Statements of Operations and Comprehensive Income (Loss).

Operating Leases

In addition to the operating lease components contained within the Master Leases (primary land), the Company's operating leases consist mainly of (i) individual triple net leases with GLPI for the real estate assets used in the operations of Tropicana Las Vegas (the "Tropicana Lease") and Meadows Racetrack and Casino (the "Meadows Lease"), (ii) individual triple net leases with VICI for the real estate assets used in the operations of Margaritaville (the "Margaritaville Lease") and Greektown (the "Greektown Lease" and collectively with the Master Leases operating lease components (primarily the land), the Meadows Lease, the Margaritaville Lease and the Tropicana Lease, the "Triple Net Operating Leases"), (iii) ground and levee leases to landlords which were not assumed by our REIT Landlords and remain an obligation of the Company, and (iv) building and equipment not subject to the Master Leases. 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.

Tropicana Lease

On April 16, 2020, we entered into the Tropicana Lease with a subsidiary of GLPI for the real estate assets used in the operations of Tropicana for nominal cash rent and will continue to operate the Tropicana for two years (subject to three one-

year extensions at GLPI's option) or until the real estate assets and the operations of the Tropicana are earlier sold, as discussed in Note 6, "Acquisitions and Dispositions." In the event that GLPI sells the real estate assets used in the operations of Tropicana, the Tropicana Lease will automatically terminate. Upon execution of the Tropicana Lease, we recorded an operating lease ROU asset of $61.6 million, which is included in "Lease right-of-use assets" within the Consolidated Balance Sheets.

Meadows Lease

In connection with the Pinnacle Acquisition, we assumed the Meadows Lease, originally effective September 9, 2016. Upon assumption of the Meadows Lease, there were eight years remaining of the initial ten-year term, with three subsequent, five-year renewal options followed by one four-year renewal option on the same terms and conditions, exercisable at the Company's option. The payment structure under the Meadows Lease includes a fixed component ("Meadows Base Rent"), which is subject to an annual escalator of up to 5% for the initial term or until the lease year in which Meadows Base Rent plus Meadows Percentage Rent (as defined below) is a total of $31.0 million, subject to certain adjustments, and up to 2% thereafter, subject to an Adjusted Revenue to Rent Ratio (as defined in the Meadows Lease) of 2.0:1. The "Meadows Percentage Rent" is based on performance, which is prospectively adjusted for the next two-year period equal to 4.0% of the average annual net revenues of the property during the trailing two-year period.

We did not incur an annual escalator on October 1, 2020 for the lease year ended September 30, 2020. Effective October 1, 2019, as a result of the annual escalator for the lease year ended September 30, 2019, which was determined to be $0.8 million, an additional operating ROU asset and corresponding operating lease liability of $4.3 million were recognized.

Effective October 1, 2020, the Meadows Percentage Rent resulted in an annual rent reduction of $2.1 million, which will be in effect until the next Meadows Percentage Rent reset, scheduled to occur on October 1, 2022. Upon reset of the Meadows Percentage Rent, effective October 1, 2020, we recognized an additional operating lease ROU asset and corresponding lease liability of $17.1 million.

Margaritaville Lease

The Margaritaville Lease has an initial term of 15 years, with four subsequent five-year renewal options on the same terms and conditions, exercisable at the Company's option. The payment structure under the Margaritaville Lease includes a fixed component, a portion which was originally subject to an annual escalator of up to 2% depending on an Adjusted Revenue to Rent Ratio (as defined in the Margaritaville Lease) of 1.9:1, and a component that is based on performance, which is 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 ("Margaritaville Percentage Rent"). On February 1, 2020, the Margaritaville Lease was amended to provide for a change in the measurement of the annual escalator from an Adjusted Revenue to Rent Ratio of 1.9:1 to a minimum coverage floor ratio of Net Revenue to Rent of 6.1:1.

As a result of the annual escalator, which was determined to be $0.3 million, effective February 1, 2020 for the lease year ended January 31, 2020, an additional operating lease ROU asset and corresponding operating lease liability of $3.1 million were recognized. The first percentage rent reset is scheduled to occur on February 1, 2021.

Greektown Lease

The Greektown Lease has an initial term of 15 years, with four subsequent five-year renewal options on the same terms and conditions, exercisable at the Company's option. The payment structure under the Greektown Lease includes a fixed component, a portion subject to an annual escalator of up to 2% depending on an Adjusted Revenue to Rent Ratio (as defined in the Greektown Lease) of 1.85:1, and a component that is based on performance, which is 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 ("Greektown Percentage Rent").

We did not incur an annual escalator on June 1, 2020 for the lease year ended May 31, 2020. In May 2020, the lease was amended to remove the escalator for the lease years ending May 31, 2021 and 2022 and to provide for a Net Revenue to Rent coverage floor to be mutually agreed upon prior to the commencement of the fourth lease year (June 1, 2022). The first Greektown Percentage Rent reset is scheduled to occur on June 1, 2021.

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

	December 31, 2020
Weighted-Average Remaining Lease Term	
Operating leases	26.7 years
Finance leases	27.8 years
Financing obligations	29.5 years
Weighted-Average Discount Rate	
Operating leases	6.7 %
Finance leases	6.9 %
Financing obligations	8.1 %

The components of lease expense were as follows:

(in millions)	**Location on Consolidated Statements of Operations and Comprehensive Income (Loss)**	**For the year ended December 31, 2020**	**2019**
Operating Lease Costs			
Rent expense associated with triple net operating leases [1]	General and administrative	$ 419.8	$ 366.4
Operating lease cost [2]	Primarily General and administrative	15.8	17.5
Short-term lease cost	Primarily Gaming expense	37.7	56.6
Variable lease cost [2]	Primarily Gaming expense	2.5	3.9
Total		$ 475.8	$ 444.4
Finance Lease Costs			
Interest on lease liabilities [3]	Interest expense, net	$ 15.2	$ 15.4
Amortization of ROU assets [3]	Depreciation and amortization	8.0	7.9
Total		$ 23.2	$ 23.3
Financing Obligation Costs			
Interest expense [4]	Interest expense, net	$ 403.1	$ 394.1

(1) Pertains to the operating lease components contained within the Master Leases (primarily land), the Meadows Lease, the Margaritaville Lease, the Greektown Lease, and the Tropicana Lease, inclusive of the variable expense associated with Columbus and Toledo for the operating lease components (the land).

(2) Excludes the operating lease costs and variable lease costs pertaining to our Triple Net Leases with our REIT landlords classified as operating leases, discussed in footnote (1) above.

(3) Primarily pertains to the Dayton and Mahoning Valley finance leases.

(4) Pertains to the components contained within the Master Leases (primarily buildings) and Morgantown Lease determined to be financing obligations, inclusive of the variable expense associated with Columbus and Toledo for the finance lease components (the buildings).

Total rent expense under all operating lease agreements pursuant to the accounting treatment under ASC 840 was $58.1 million for the year ended December 31, 2018.

Supplemental cash flow information related to leases was as follows:

	For the year ended December 31,	
(in millions)	**2020**	**2019**
Cash paid for amounts included in the measurement of lease liabilities[1]		
Operating cash flows from finance leases	$ 15.2	$ 15.4
Operating cash flows from operating leases	$ 426.7	$ 403.6
Financing cash flows from finance leases	$ 6.3	$ 6.2

(1) Amounts related to the year ended December 31, 2020 are inclusive of utilized rent credits.

Total payments made under the Triple Net Leases, inclusive of rent credits utilized, were as follows:

	For the year ended December 31,	
(in millions)	**2020**	**2019**
Penn Master Lease [1]	$ 457.9	$ 457.9
Pinnacle Master Lease [1]	326.9	328.6
Meadows Lease [1]	26.4	26.4
Margaritaville Lease	23.5	23.1
Greektown Lease	55.6	33.8
Morgantown Lease [1]	0.8	—
Total [2]	$ 891.1	$ 869.8

(1) During the twelve months ended December 31, 2020 we utilized rent credits to pay $190.7 million, $135.5 million, $11.0 million and $0.3 million of rent under the Penn Master Lease, Pinnacle Master Lease, Meadows Lease and Morgantown Lease, respectively.

(2) Cash rent payable under the Tropicana Lease is nominal. Therefore, it has been excluded from the table above.

The following is a maturity analysis of our operating leases, finance leases and financing obligations as of December 31, 2020:

(in millions)	**Operating Leases**	**Finance Leases**	**Financing Obligations**
Years ending December 31:			
2021	$ 422.6	$ 21.7	$ 370.3
2022	412.4	21.6	370.3
2023	399.9	20.8	370.4
2024	383.7	16.7	370.4
2025	380.7	16.7	370.5
Thereafter	7,779.9	376.7	9,095.3
Total lease payments	9,779.2	474.2	10,947.2
Less: Imputed interest	(5,286.1)	(254.8)	(6,814.8)
Present value of future lease payments	4,493.1	219.4	4,132.4
Less: Current portion of lease obligations	(127.4)	(6.9)	(36.0)
Long-term portion of lease obligations	$ 4,365.7	$ 212.5	$ 4,096.4

Lessor

The Company leases its hotel rooms to patrons and records the corresponding lessor revenue in “Food, beverage, hotel and other revenues” within our Consolidated Statements of Operations and Comprehensive Income (Loss). For the years ended

December 31, 2020, 2019, and 2018, the Company recognized $146.8 million, $311.0 million, and $163.6 million, of lessor revenues related to the rental of hotel rooms, respectively. Hotel leasing arrangements vary in duration, but are short-term in nature. The cost and accumulated depreciation of property and equipment associated with hotel rooms is included in “Property and equipment, net” within our Consolidated Balance Sheets.

Note 13—Commitments and Contingencies

Litigation

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 is 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 believes that it has meritorious defenses, claims and/or counter-claims with respect to these proceedings, and intends to vigorously defend itself or pursue its claims.

Although no assurance can be given, the Company does not believe that the final outcome of these matters, including costs to defend itself in such matters, will have a material adverse effect on the Company’s Consolidated Financial Statements. Further, no assurance can be given that the amount or scope of existing insurance coverage will be sufficient to cover losses arising from such matters.

Location Share Agreements

Prairie State Gaming (“PSG”) enters into location share agreements with bar and retail establishments in Illinois. These agreements are contracts which allow PSG to place VGTs in the bar or retail establishment in exchange for a percentage of the variable revenue generated by the VGTs. PSG holds the gaming license with the state of Illinois and the location share percentage is determined by the state of Illinois. For the years ended December 31, 2020, 2019 and 2018, the total location share payments made by PSG, which are recorded within our Consolidated Statements of Operations and Comprehensive Income (Loss) as gaming expenses, were $20.2 million, $33.1 million, and $34.7 million, respectively.

Purchase Obligations

The Company has obligations to purchase various goods and services totaling $149.1 million as of December 31, 2020, of which $59.7 million will be incurred in 2021.

Capital Expenditure Commitments

Pursuant to each of our Triple Net Leases with the exception of our Morgantown Lease (which is a land lease we entered into on October 1, 2020 with GLPI as discussed in Note 12 "Leases"), we are obligated to spend a minimum of 1% of annual net revenues, in the aggregate under each lease, on the maintenance of such facilities.

Employee Benefit Plans

The Company maintains a qualified retirement plan under the provisions of Section 401(k) of the Internal Revenue Code of 1986, as amended, which covers all eligible employees (the “Penn 401(k) Plan”). The Penn 401(k) Plan enables participating employees to defer a portion of their salary in a retirement fund to be administered by the Company. The Company makes a discretionary match contribution, where applicable, of 50% of employees’ elective salary deferrals, up to a maximum of 6% of eligible employee compensation. The matching contributions to the Penn 401(k) Plan for the years ended December 31, 2020, 2019 and 2018 were $6.0 million, $11.7 million, and $6.5 million, respectively.

We maintain a non-qualified deferred compensation plan (the “EDC Plan”) that covers most management and other highly-compensated employees. The EDC Plan was effective beginning March 1, 2001. The EDC Plan allows the participants to defer, on a pre-tax basis, a portion of their base annual salary and/or their annual bonus and earn tax-deferred earnings on these deferrals. The EDC Plan also provides for matching Company contributions that vest over a five-year period. The Company has established a trust, and transfers to the trust, on a periodic basis, an amount necessary to provide for its respective future liabilities with respect to participant deferral and Company contribution amounts. The Company’s matching contributions for the EDC Plan for the years ended December 31, 2020, 2019 and 2018 were $2.6 million, $2.3 million, and $2.3 million, respectively. Our deferred compensation liability, which is included in “Accrued expenses and other current liabilities” within the Consolidated Balance Sheets, was $86.3 million and $80.1 million as of December 31, 2020 and 2019, respectively.

As part of our initiative to reduce our cost structure while our properties were temporarily closed due to the COVID-19 pandemic, we suspended our matching contributions to the Penn 401(k) Plan and the EDC Plan from April 1, 2020 to September 30, 2020.

Labor Agreements

We are required to have agreements with the horsemen at the majority of our racetracks to conduct our live racing and/or simulcasting activities. In addition, in order to operate gaming machines and table games in West Virginia, the Company must maintain agreements with each of the Charles Town horsemen, pari-mutuel clerks and breeders. As of December 31, 2020, we had 38 collective bargaining agreements covering approximately 2,779 active employees. Nine collective bargaining agreements are scheduled to expire in 2021, and we are currently renegotiating three collective bargaining agreements that expired in 2020.

Note 14—Income Taxes

The following table summarizes the tax effects of temporary differences between the Consolidated Financial Statements carrying amount of assets and liabilities and their respective tax basis, which are recorded at the prevailing enacted tax rate that will be in effect when these differences are settled or realized. These temporary differences result in taxable or deductible amounts in future years. The Company assessed all available positive and negative evidence to estimate whether sufficient future taxable income will be generated to realize our existing net deferred tax assets. For the year ended December 31, 2020, the Company made a reclassification within the below table to separate the right of use asset from the financing and operating lease obligations. This reclassification change was also made to 2019 for transparency, which has no impact to the net deferred tax amount.

The components of the Company's deferred tax assets and liabilities were as follows:

	December 31,	
(in millions)	**2020**	**2019**
Deferred tax assets:		
Stock-based compensation expense	$ 18.2	$ 11.7
Accrued expenses	43.3	37.6
Financing and operating leasing obligations	2,336.9	2,178.0
Unrecognized tax benefits	7.9	7.7
Net operating losses, interest limitation and tax credit carryforwards	153.9	87.6
Gross deferred tax assets	2,560.2	2,322.6
Less: Valuation allowance	(101.0)	(54.2)
Net deferred tax assets	2,459.2	2,268.4
Deferred tax liabilities:		
Property and equipment, not subject to the Master Leases	(51.1)	(53.1)
Property and equipment, subject to the Master Leases	(1,051.2)	(1,088.9)
Investments in and advances to unconsolidated affiliates	(27.9)	(2.9)
Discount on convertible notes	(20.9)	—
Undistributed foreign earnings	(0.4)	(0.4)
Intangible assets	(183.4)	(287.3)
Lease right of use assets	(1,250.6)	(1,080.4)
Net deferred tax liabilities	(2,585.5)	(2,513.0)
Long-term deferred tax assets (liabilities), net	$ (126.3)	$ (244.6)

The realizability of the net deferred tax assets is evaluated quarterly by assessing the need for a valuation allowance and by adjusting the amount of the allowance, if necessary. The Company gives appropriate consideration to all available positive and negative evidence including statutory carryback periods, projected future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. The evaluation of both positive and negative evidence is a requirement pursuant to ASC 740 in determining if the net deferred tax assets will be realized. ASC 740 suggests that additional scrutiny should be given to deferred taxes of an entity with cumulative pre-tax book losses during the three most recent years

and is widely considered significant negative evidence that is objective and verifiable and therefore, difficult to overcome. Due to the financial results during the year ended December 31, 2020, the Company has a cumulative pre-tax book loss of $658.2 million, which is significant negative evidence used in our assessment.

Additionally, the Company expects to remain in a three year cumulative loss position in the near future. As a result of these facts, the Company has recorded a valuation allowance against its net deferred tax assets, excluding net operating losses ("NOLs") that can be realized based on statutory carryback periods and the reversal of net deferred taxes related to indefinite-lived intangibles. The Company intends to continue to maintain a valuation allowance on its net deferred tax assets until there is sufficient objectively verifiable positive evidence to support the realization of all or some portion of these deferred tax assets. In the event the Company determines that the deferred income tax assets would be realized in the future in excess of their net recorded amount, an adjustment to the valuation allowance would be recorded, which would reduce the provision for income taxes.

During the year ended December 31, 2020, the Company increased the valuation allowance by $46.8 million, primarily related to federal and state NOL carryforwards, which substantially increased in the current year as a result of the global pandemic.

Following the ownership changes of the Tropicana, the Company has $120.3 million of total gross federal NOL carryforwards that will expire on various dates through 2035. All acquired tax attributes are subject to limitations under the Internal Revenue Code and underlying Treasury Regulations. During the year ended December 31, 2020, the Company increased its federal NOL carryforward by $148.1 million due to the current year loss, which resulted in an indefinite federal NOL carryforward. The utilization of the indefinite federal NOL carryforward is limited to 80% of taxable income in any given year.

For state income tax reporting, as of December 31, 2020, the Company had gross state NOL carryforwards aggregating $1,332.0 million available to reduce future state income taxes, primarily for the Commonwealth of Pennsylvania and the States of Colorado, Iowa, Louisiana, Missouri, New Mexico and Ohio localities. The tax benefit associated with these NOL carryforwards was $78.3 million. Due to statutorily limited NOL carryforwards and income and loss projections in the applicable jurisdictions, a valuation allowance has been recorded to reflect the NOLs which are not presently expected to be realized in the amount of $60.2 million. If not used, the majority of the carryforwards will expire at various dates from December 31, 2021 through December 31, 2040.

The domestic and foreign components of income (loss) before income taxes for the years ended December 31, 2020, 2019 and 2018 were as follows:

	For the year ended December 31,		
(in millions)	**2020**	**2019**	**2018**
Domestic	$ (834.0)	$ 85.5	$ 89.6
Foreign	(0.2)	0.6	0.3
Total	$ (834.2)	$ 86.1	$ 89.9

The components of income tax benefit (expense) for the years ended December 31, 2020, 2019 and 2018 were as follows:

	For the year ended December 31,		
(in millions)	**2020**	**2019**	**2018**
Current tax benefit (expense)			
Federal	$ 47.0	$ (12.5)	$ (15.3)
State	0.2	(9.2)	(6.4)
Foreign	(0.4)	(0.2)	(1.4)
Total current	46.8	(21.9)	(23.1)
Deferred tax benefit (expense)			
Federal	103.6	(16.7)	14.6
State	14.7	(4.4)	10.9
Foreign	—	—	1.2
Total deferred	118.3	(21.1)	26.7
Total income tax benefit (expense)	$ 165.1	$ (43.0)	$ 3.6

The following table reconciles the statutory federal income tax rate to the actual effective income tax rate, and related amounts of income tax benefit (expense), for the years ended December 31, 2020, 2019 and 2018:

	For the year ended December 31,					
	2020		**2019**		**2018**	
(in millions, except tax rates)	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**	**Amount**
Percent and amount of pretax income						
Federal statutory rate	21.0 %	$ 175.2	21.0 %	$ (18.1)	21.0 %	$ (18.9)
State and local income taxes, net of federal benefits	1.4	12.1	9.9	(8.5)	(6.2)	5.6
Nondeductible expenses	(0.3)	(2.6)	4.0	(3.5)	6.9	(6.2)
Goodwill impairment losses	(2.3)	(19.0)	14.4	(12.4)	—	—
Compensation	2.5	20.5	0.3	(0.3)	(3.8)	3.4
Foreign	—	(0.4)	0.1	(0.1)	(0.1)	0.1
Federal valuation allowance	(3.9)	(32.7)	—	—	(20.3)	18.3
Tax credits	1.2	10.0	—	—	—	—
Other	0.2	2.0	0.2	(0.1)	(1.5)	1.3
Total effective tax rate and income tax benefit (expense)	19.8 %	$ 165.1	49.9 %	$ (43.0)	(4.0)%	$ 3.6

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

(in millions)	**Unrecognized tax benefits**
Unrecognized tax benefits as of January 1, 2018	$ 30.9
Additions based on prior year positions	0.8
Decreases due to settlements and/or reduction in reserves	(2.0)
Unrecognized tax benefits as of December 31, 2018	29.7
Additions based on prior year positions	6.5
Decreases due to settlements and/or reduction in reserves	(0.2)
Unrecognized tax benefits as of December 31, 2019	36.0
Additions based on prior year positions	1.2
Decreases due to settlements and/or reduction in reserves	(0.9)
Unrecognized tax benefits as of December 31, 2020	$ 36.3

During the year ended December 31, 2020, we did not record any new tax reserves, and accrued interest or penalties related to current year uncertain tax positions. Regarding prior year tax positions, we recorded $1.9 million of tax reserves and accrued

interest and reversed $1.0 million of previously recorded tax reserves and accrued interest for uncertain tax positions. As of December 31, 2020 and 2019, unrecognized tax benefits, inclusive of accruals for income tax related penalties and interest, of $38.2 million and $37.2 million, respectively, were included in “Other long-term liabilities” within the Company’s Consolidated Balance Sheets. Overall, the Company recorded a net tax expense of $0.9 million in connection with its uncertain tax positions for the year ended December 31, 2020.

The liability for unrecognized tax benefits as of December 31, 2020 and 2019 included $30.2 million and $29.4 million, respectively, of tax positions that, if reversed, would affect the effective tax rate. During the years ended December 31, 2020, 2019 and 2018, we recognized $0.5 million, $0.1 million and $0.5 million, respectively, of interest and penalties, net of deferred taxes. In addition, due to settlements and/or reductions in previously recorded liabilities, the Company had reductions in previously accrued interest and penalties of $0.1 million, net of deferred taxes. The Company had no reductions in previously accrued interest and penalties for the year ended December 31, 2019. We classify any income tax related penalties and interest accrued related to unrecognized tax benefits in “Income tax benefit (expense)” within the Consolidated Statements of Operations and Comprehensive Income (Loss).

The Company is currently in various stages of the examination process in connection with its open audits. Generally, it is difficult to determine when these examinations will be closed, but the Company reasonably expects that its ASC 740 liabilities will not significantly change over the next twelve months. As of December 31, 2020, the Company has open tax years 2017 through 2019 that could be subject to examination for U.S. federal income taxes. In addition, we are subject to state and local income tax examinations for various tax years in the taxing jurisdictions in which we operate. Such audits could result in increased tax liabilities, interest and penalties. While the Company believes its tax positions are appropriate, we cannot assure the outcome will remain consistent with our expectation. The Company believes we have adequately reserved for potential audit exposures of uncertain tax positions. In the event the final outcome of these matters is different than the amounts recorded, such differences will impact our income tax provision in the period in which the determination is made. As of December 31, 2020 and 2019, prepaid income taxes of $52.7 million and $22.2 million, respectively, were included in “Prepaid expenses” within the Company’s Consolidated Balance Sheets.

Note 15—Stockholders’ Equity

Common Stock Offerings

On May 14, 2020, the Company completed a public offering of 16,666,667 shares of Penn Common Stock and on May 19, 2020, the underwriters exercised their right to purchase an additional 2,500,000 shares of Penn Common Stock, resulting in an aggregate public offering of 19,166,667 shares of Penn Common Stock. All of the shares were issued at a public offering price of $18.00 per share, resulting in gross proceeds of $345.0 million, and net proceeds of $331.2 million after underwriter fees and discounts of $13.8 million.

On September 24, 2020, the Company completed a public offering of 14,000,000 shares of Penn Common Stock and on September 25, 2020, the underwriters exercised their right to purchase an additional 2,100,000 shares of Penn Common Stock, resulting in an aggregate public offering of 16,100,000 shares of Penn Common Stock. All of the shares were issued at a public offering price of $61.00 per share, resulting in gross proceeds of $982.1 million, and net proceeds of $957.6 million after underwriter fees and discounts of $24.5 million.

Share Repurchase Program

In January 2019, the Company announced a share repurchase program pursuant to which the Board of Directors authorized the repurchase of up to $200.0 million of the Company’s common stock, which expired on December 31, 2020. During the year ended December 31, 2019, the Company repurchased 1,271,823 shares of its common stock in open market transactions for $24.9 million at an average price of $19.55 per share. All of the repurchased shares were retired. There were no repurchases of the Company’s common stock for the year ended December 31, 2020.

Preferred Stock

On February 20, 2020, the Company issued 883 shares of Series D Preferred Stock, par value $0.01 per share (the “Series D Preferred Stock”), to certain individual stockholders affiliated with Barstool Sports as discussed in "Note 7—Investments in and Advances to Unconsolidated Affiliates." There were 5,000 shares authorized of Series D Preferred Stock and 883 shares outstanding as of December 31, 2020.

The Company previously issued two series of preferred stock, Series B and Series C, each with a par value of $0.01 per share. As of December 31, 2020 and 2019, there were 1,000,000 and 18,500 shares authorized of our Series B and Series C preferred stock, respectively. There were no shares outstanding of either Series B or Series C preferred stock as of December 31, 2020 and 2019.

Note 16—Stock-Based Compensation

2018 Long Term Incentive Compensation Plan

The Company’s 2018 Long Term Incentive Compensation Plan, as amended (the “2018 Plan”) permits it to issue stock options (incentive and/or non-qualified), stock appreciation rights (“SARs”), restricted stock awards (“RSAs”), phantom stock units (“PSUs”) and other equity and cash awards to employees. Non-employee directors and the chairman emeritus are eligible to receive all such awards, other than incentive stock options. Pursuant to the 2018 Plan, 12,700,000 shares of the Company’s common stock are reserved for issuance. For purposes of determining the number of shares available for issuance under the 2018 Plan, stock options and SARs count against the 12,700,000 limit as one share of common stock for each share granted and restricted stock or any other full value stock award count as issuing 2.30 shares of common stock for each share granted. Any awards that are not settled in shares of common stock are not counted against the limit. As of December 31, 2020, there were 7,612,054 shares available for future grants under the 2018 Plan.

2008 Long Term Incentive Compensation Plan

In November 2008, the Company’s shareholders approved the 2008 Long Term Incentive Compensation Plan (the “2008 Plan”), which permitted the Company to issue stock options (incentive and/or non-qualified), SARs, RSAs, PSUs and other equity and cash awards to employees. Non-employee directors were eligible to receive all such awards, other than incentive stock options. Upon approval of the 2018 Plan, awards were no longer available to be granted under the 2008 Plan. However, the 2008 Plan remains in place until all of the awards previously granted thereunder have been paid, forfeited or expired.

Stock-based Compensation Expense

Stock-based compensation expense, which pertains principally to our stock options and RSAs, for the years ended December 31, 2020, 2019 and 2018 totaled $14.5 million, $14.9 million and $12.0 million, respectively, and is included within the Consolidated Statements of Operations and Comprehensive Income (Loss) under “General and administrative.”

Stock Options

Stock options that expire between February 21, 2021 and October 31, 2030 have been granted to officers, directors, employees, and predecessor employees to purchase common stock at prices ranging from $12.65 to $55.74 per share. All options were granted at the fair market value of the common stock on the grant date (as defined in the respective plan document) and have contractual lives ranging from four to ten years. The Company issues new authorized common shares to satisfy stock option exercises.

The following table contains information about our stock options:

	Number of Option Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding as of January 1, 2020	7,817,436	$ 16.30		
Granted	652,733	$ 26.79		
Exercised	(4,362,654)	$ 14.37		
Forfeited	(508,326)	$ 21.69		
Outstanding as of December 31, 2020	3,599,189	$ 19.79	6.46	$ 242.2
Exercisable as of December 31, 2020	1,343,421	$ 16.71	3.94	$ 94.6

The weighted-average grant-date fair value of options granted during the years ended December 31, 2020, 2019 and 2018 were $8.62, $6.39 and $9.88, respectively. The aggregate intrinsic value of stock options exercised during the years ended December 31, 2020, 2019 and 2018 was $128.9 million, $2.0 million and $28.7 million, respectively. The total fair value of stock options that vested during the years ended December 31, 2020, 2019 and 2018 was $9.6 million, $6.2 million and $5.9 million, respectively.

The following table summarizes information about our outstanding stock options as of December 31, 2020:

	Exercise Price Range				Total
	$12.65 to $18.63	$18.81 to $26.14	$30.74 to $36.31	$55.74 to $55.74	$12.65 to $55.74
Outstanding options					
Number outstanding	1,045,257	2,245,484	303,974	4,474	3,599,189
Weighted-average remaining contractual term (in years)	2.77	8.44	4.46	9.84	6.46
Weighted-average exercise price	$ 13.86	$ 20.88	$ 31.57	$ 55.74	$ 19.79
Exercisable options					
Number outstanding	830,121	389,945	123,355	—	1,343,421
Weighted-average exercise price	$ 13.48	$ 19.14	$ 30.74	$ —	$ 16.71

As of December 31, 2020, the unamortized compensation costs not yet recognized related to stock options granted totaled $11.5 million and the weighted-average period over which the costs are expected to be recognized was 2.5 years.

The following are the weighted-average assumptions used in the Black-Scholes option-pricing model for the years ended December 31, 2020, 2019 and 2018:

	For the year ended December 31,		
	2020	2019	2018
Risk-free interest rate	1.55 %	2.00 %	2.26 %
Expected volatility	33.78 %	32.90 %	30.80 %
Dividend yield	—	—	—
Weighted-average expected life (in years)	5.00	5.30	5.30

Restricted Stock Awards

As noted above, the Company grants RSAs to our employees and certain non-employee directors. In addition, the Company issues its named executive officers (“NEOs”) and other key executives RSAs with performance conditions (we refer to our RSAs with performance conditions as “PSAs”), which are discussed in further detail below.

Performance Share Programs

The Company's Performance Share Programs (as defined below) were adopted in order to provide our NEOs and certain other key executives with stock-based compensation tied directly to the Company's performance, which further aligns their interests with those of shareholders and provides compensation only if the designated performance goals are met for the applicable performance periods.

On February 6, 2018, our Compensation Committee adopted a performance share program (the "2018 Performance Share Program") pursuant to the 2018 Plan, which provided for the issuance of 197,727 PSAs, at target, to be granted in one-third increments.

In February 2019, the Company's Compensation Committee of the Board of Directors adopted a performance share program (the "Performance Share Program II") pursuant to the 2018 Plan.

On February 14, 2019, an aggregate of 278,780 PSAs with performance-based vesting conditions, at target, was granted under the Performance Share Program II, to be granted in one-third increments.

On February 25, 2020, an aggregate of 107,297 PSAs with performance-based vesting conditions, at target, was granted under the Performance Share Program II, to be granted in one-third increments.

PSAs issued pursuant to the Performance Share Programs consist of three one-year performance periods over a three-year service period. The awards have the potential to be earned at between 0% and 150% of the number of shares granted depending on achievement of the annual performance goals, but remain subject to vesting for the full three-year service period.

The grant date fair value of our RSAs is based on the most recent closing stock price of the Company's shares of common stock. The stock-based compensation expense is recognized over the remaining service period at the time of grant, adjusted for the Company's expectation of the achievement of the performance conditions.

The following table contains information on our RSAs:

	With Performance Conditions		Without Performance Conditions	
	Number of Shares	Weighted- Average Grant Date Fair Value	Number of Shares	Weighted- Average Grant Date Fair Value
Nonvested as of January 1, 2020	395,362	$ 24.35	298,479	$ 23.15
Granted	179,045	$ 28.68	131,313	$ 26.18
Vested	(352,371)	$ 23.63	(106,666)	$ 22.53
Forfeited	—	$ —	(39,180)	$ 25.18
Nonvested as of December 31, 2020	222,036	$ 28.73	283,946	$ 24.50

As of December 31, 2020, the unamortized compensation costs not yet recognized related to RSAs totaled $6.4 million and the weighted-average period over which the costs are expected to be recognized is 1.7 years. The total fair value of RSAs that vested during the years ended December 31, 2020, 2019 and 2018 was $16.7 million, $5.5 million and $0.9 million, respectively.

Phantom Stock Units

Our outstanding PSUs entitle employees, non-employee directors, and the chairman emeritus to receive cash based on the fair value of the Company's common stock on the vesting date. Our PSUs vest over a period of three or four years. The cash-settled PSUs are accounted for as liability awards and are re-measured at fair value each reporting period until they become vested with compensation expense being recognized over the requisite service period. The Company has a liability, which is included in "Accrued expenses and other current liabilities" within the Consolidated Balance Sheets, associated with its cash-settled PSUs of $10.1 million and $3.3 million as of December 31, 2020 and 2019, respectively.

For PSUs held by employees, non-employee directors, and the chairman emeritus of the Company, there was $16.0 million of total unrecognized compensation cost as of December 31, 2020 that will be recognized over the awards remaining weighted-average vesting period of 2.3 years. For the years ended December 31, 2020, 2019 and 2018, the Company recognized $11.5 million, $4.1 million, and $1.1 million of compensation expense associated with these awards, respectively. Compensation expense associated with our PSUs is recorded in "General and administrative" within the Consolidated Statements of

Operations and Comprehensive Income (Loss). We paid $4.7 million, $2.5 million, and $4.2 million during the years ended December 31, 2020, 2019 and 2018, respectively, pertaining to cash-settled PSUs.

Stock Appreciation Rights

Our outstanding cash-settled SARs are accounted for as liability awards since they will be settled in cash and vest over a period of four years. The fair value of cash-settled SARs is calculated each reporting period and estimated using the Black-Scholes option pricing model. The Company has a liability, which is included in “Accrued expenses and other current liabilities” within the Consolidated Balance Sheets, associated with its cash-settled SARs of $54.6 million and $14.4 million as of December 31, 2020 and 2019, respectively.

For SARs held by employees of the Company, there was $71.2 million of total unrecognized compensation cost as of December 31, 2020 that will be recognized over the awards remaining weighted-average vesting period of 2.7 years. For the years ended December 31, 2020 and 2019, the Company recognized a charge to compensation expense of $69.7 million and $10.7 million, respectively, associated with these awards, as compared to a reduction to compensation expense of $6.7 million for the year ended December 31, 2018. Compensation expense associated with the SARs is recorded in “General and administrative” within the Consolidated Statements of Operations and Comprehensive Income (Loss). We paid $32.6 million, $3.5 million and $10.5 million during the years ended December 31, 2020, 2019 and 2018, respectively, related to cash-settled SARs.

Note 17—Earnings (Loss) per Share

For the year ended December 31, 2020, we recorded a net loss attributable to Penn Common Stock. As such, because the dilution from potential common shares was antidilutive, we used basic weighted-average common shares outstanding, rather than diluted weighted-average common shares outstanding when calculating diluted loss per share for the year ended December 31, 2020.

On February 20, 2020, the Company issued 883 shares of Series D Preferred Stock to certain individual stockholders affiliated with Barstool Sports which can be converted into 883,000 shares of Penn Common Stock. The Series D Preferred Stock will be entitled to participate equally and ratably in all dividends and distributions paid to holders of Penn Common Stock. Holders of the Company's Series D Preferred Stock are not obligated to absorb losses therefore the two-class method was not applied for the year ended December 31, 2020. (See Note 7 - Investments in and Advances to Unconsolidated Affiliates).

The stock options, RSAs, convertible preferred shares and convertible debt that could potentially dilute basic EPS in the future that were not included in the computation of diluted loss per share were as follows:

(in millions)	For the year ended December 31, 2020
Assumed conversion of dilutive stock options	3.0
Assumed conversion of dilutive RSAs	0.5
Assumed conversion of convertible preferred shares	0.7
Assumed conversion of convertible debt	9.1

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 years ended December 31, 2019 and 2018:

	For the year ended December 31,	
(in millions)	**2019**	**2018**
Weighted-average common shares outstanding—Basic	115.7	97.1
Assumed conversion of:		
Dilutive stock options	1.8	3.0
Dilutive RSAs	0.3	0.2
Weighted-average common shares outstanding—Diluted	117.8	100.3

Options to purchase zero, 2.4 million, and 0.7 million shares were outstanding during the years ended December 31, 2020, 2019 and 2018, respectively, but were not included in the computation of diluted EPS because they were antidilutive.

The following table presents the calculation of basic and diluted earnings (loss) for the Company's common stock for the years ended December 31, 2020, 2019 and 2018:

(in millions, except per share data)	**2020**	**2019**	**2018**
Calculation of basic earnings (loss) per share:			
Net income (loss) applicable to common stock	$ (669.5)	$ 43.9	$ 93.5
Weighted-average common shares outstanding - basic	134.0	115.7	97.1
Basic earnings (loss) per share	$ (5.00)	$ 0.38	$ 0.96
Calculation of diluted earnings (loss) per share:			
Net income (loss) applicable to common stock	(669.5)	$ 43.9	$ 93.5
Weighted-average common shares outstanding - diluted	134.0	117.8	100.3
Diluted earnings (loss) per share	$ (5.00)	$ 0.37	$ 0.93

Note 18—Segment Information

We have aggregated our operating segments into four reportable segments based on the similar characteristics of the operating segments within the regions in which they operate: Northeast, South, West and Midwest. The Other category is included in the following tables in order to reconcile the segment information to the consolidated information.

The Company utilizes Adjusted EBITDAR (as defined below) as its measure of segment profit or loss. The following table highlights our revenues and Adjusted EBITDAR for each reportable segment and reconciles Adjusted EBITDAR on a consolidated basis to net income (loss).

	For the year ended December 31,		
(in millions)	**2020**	**2019**	**2018**
Revenues:			
Northeast segment	$ 1,639.3	$ 2,399.9	$ 1,891.5
South segment	849.6	1,118.9	394.4
West segment	302.5	642.5	437.9
Midwest segment	681.4	1,094.5	823.7
Other [1]	125.0	47.5	40.4
Intersegment eliminations [2]	(19.1)	(1.9)	—
Total	$ 3,578.7	$ 5,301.4	$ 3,587.9
Adjusted EBITDAR [3]:			
Northeast segment	$ 478.9	$ 720.8	$ 583.8
South segment	318.9	369.8	118.9
West segment	82.2	198.8	114.3
Midwest segment	258.3	403.6	294.3
Other [1]	(43.5)	(87.8)	(68.1)
Total [3]	1,094.8	1,605.2	1,043.2
Other operating benefits (costs) and other income (expenses):			
Rent expense associated with triple net operating leases [4]	(419.8)	(366.4)	(3.8)
Stock-based compensation	(14.5)	(14.9)	(12.0)
Cash-settled stock-based awards variance	(67.2)	(0.8)	19.6
Gain (loss) on disposal of assets	29.2	(5.5)	(3.2)
Contingent purchase price	1.1	(7.0)	(0.5)
Pre-opening and acquisition costs	(11.8)	(22.3)	(95.0)
Depreciation and amortization	(366.7)	(414.2)	(269.0)
Impairment losses	(623.4)	(173.1)	(34.9)
Recoveries on loan loss and unfunded loan commitments	—	—	17.0
Insurance recoveries, net of deductible charges	0.1	3.0	0.1
Non-operating items of equity method investments [5]	(4.7)	(3.7)	(5.1)
Interest expense, net	(543.2)	(534.2)	(538.4)
Loss on early extinguishment of debt	(1.2)	—	(21.0)
Other [6]	93.1	20.0	(7.1)
Income (loss) before income taxes	(834.2)	86.1	89.9
Income tax benefit (expense)	165.1	(43.0)	3.6
Net income (loss)	$ (669.1)	$ 43.1	$ 93.5

(1) The Other category consists of the Company's stand-alone racing operations, namely Sanford-Orlando Kennel Club and the Company's JV interests in Sam Houston Race Park, Valley Race Park, and Freehold Raceway; our management contract for Retama Park Racetrack and our live and televised poker tournament series that operates under the trade name, Heartland Poker Tour ("HPT"). The Other category also includes Penn Interactive, which operates social gaming, our internally-branded retail sportsbooks, iGaming and our Barstool Sports online sports betting app.

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 costs, which consist 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 to a property. In addition, the Other category includes our proportionate share of the Adjusted EBITDAR of Barstool Sports (as determined and discussed in footnotes (3) and (5) below).

(2) Represents the elimination of intersegment revenues associated with Penn Interactive and HPT.

(3) We define Adjusted EBITDAR as earnings before interest expense, net; income taxes; depreciation and amortization; rent expense associated with triple net operating leases (see footnote (4) below); stock-based compensation; debt extinguishment and financing charges; impairment losses; insurance recoveries and 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 and acquisition costs; and other income or expenses. Adjusted EBITDAR is also inclusive of income or loss from unconsolidated affiliates, with our share of non-operating items (see footnote (5) below) added back for Barstool Sports and our Kansas Entertainment JV.

(4) The Company's triple net operating leases include certain components of the Master Leases (primarily land), the Meadows Lease, the Margaritaville Lease, the Greektown Lease, and the Tropicana Lease.

(5) Consists principally of interest expense, net; income taxes; depreciation and amortization; and stock-based compensation expense associated with Barstool Sports and our Kansas Entertainment JV.

(6) Principally includes holding gains on our equity securities, which are discussed in Note 19, "Fair Value Measurements." Additionally, includes non-recurring restructuring charges (primarily severance) of $13.4 million associated with a company-wide initiative, triggered by the COVID-19 pandemic, designed to (i) improve the operational effectiveness across our property portfolio; and (ii) improve the effectiveness and efficiency of our Corporate functional support areas.

(in millions)	For the year ended December 31, 2020	2019	2018
Capital expenditures:			
Northeast segment	$ 78.0	$ 96.2	$ 38.9
South segment	15.8	29.8	10.6
West segment	8.2	21.2	12.8
Midwest segment	15.1	32.7	25.3
Other	19.9	10.7	5.0
Total capital expenditures	$ 137.0	$ 190.6	$ 92.6

(in millions)	Northeast	South	West	Midwest	Other	Total
As of December 31, 2020						
Investment in and advances to unconsolidated affiliates [1]	$ 0.1	$ —	$ —	$ 85.2	$ 181.5	$ 266.8
Total assets [2]	$ 1,958.4	$ 1,165.4	$ 401.5	$ 1,161.1	$ 9,980.9	$ 14,667.3
As of December 31, 2019						
Investment in and advances to unconsolidated affiliates	$ 0.1	$ —	$ —	$ 90.9	$ 37.3	$ 128.3
Total assets [2]	$ 2,273.7	$ 1,397.0	$ 752.1	$ 1,412.2	$ 8,359.5	$ 14,194.5
As of December 31, 2018						
Investment in and advances to unconsolidated affiliates	$ 0.1	$ —	$ —	$ 89.4	$ 39.0	$ 128.5
Total assets [3]	$ 1,330.2	$ 1,082.3	$ 755.7	$ 1,411.5	$ 6,381.3	$ 10,961.0

(1) Our investment in Barstool Sports is included within the Other category.

(2) As of December 31, 2020 and 2019, total assets of the Other category includes real estate assets subject to the Master Leases, which are classified as either property and equipment, operating lease ROU assets, or finance lease ROU assets.

(3) As of December 31, 2018, total assets of the Other category includes the real estate assets subject to the Master Leases, which are classified as property and equipment.

Note 19—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 payables approximates the carrying amounts.

Cash and Cash Equivalents

The fair value of the Company's cash and cash equivalents approximates their carrying amount, due to the short maturity of the cash equivalents.

Equity Securities

As of December 31, 2020 and 2019, we held $143.1 million and $40.5 million in equity securities, respectively, including ordinary shares and warrants, which are reported as "Other assets" in our Consolidated Balance Sheets. These equity securities are the result of Penn Interactive entering into multi-year agreements with third-party sports betting operators for online sports betting and related iGaming market access across our portfolio. During the year ended December 31, 2020 and 2019, we recognized a holding gain of $106.7 million and $19.9 million, respectively, related to these equity securities, which is included in "Other," as reported in "Other income (expenses)" within our Consolidated Statements of Operations and Comprehensive Income (Loss).

The fair value of the equity securities was determined using Level 2 inputs, which use market approach valuation techniques. The primary inputs to those techniques include the quoted market price of the equity securities, foreign currency exchange rates, a discount for lack of marketability ("DLOM") with respect to the ordinary shares, and a Black-Scholes option pricing model with respect to the warrants. The DLOM is based on the remaining term of the relevant lock-up periods and the volatility associated with the underlying equity securities. The Black-Scholes option pricing model utilizes the exercise price of the warrants, a risk-free rate, volatility associated with the underlying equity securities and the expected life of the warrants.

Held-to-maturity Securities and Promissory Notes

We have a management contract with Retama Development Corporation ("RDC"), a local government corporation of the City of Selma, Texas, to manage the day-to-day operations of Retama Park Racetrack, located outside of San Antonio, Texas. In addition, we own 1.0% of the equity of Retama Nominal Holder, LLC, which holds a nominal interest in the racing license used to operate Retama Park Racetrack, and a 75.5% interest in Pinnacle Retama Partners, LLC ("PRP"), which owns the contingent gaming rights that may arise if gaming under the existing racing license becomes legal in Texas in the future.

As of December 31, 2020 and 2019, PRP held $15.1 million in promissory notes issued by RDC and $6.7 million in local government corporation bonds issued by RDC, at amortized cost. The promissory notes and the local government corporation bonds are collateralized by the assets of Retama Park Racetrack. As of December 31, 2020 and 2019, the promissory notes and the local government corporation bonds, which have long-term contractual maturities, are included in "Other assets" within our Consolidated Balance Sheets.

During the year ended December 31, 2019, principally due to the lack of legislative progress and on-going negative operating results of Retama Park Racetrack, we recorded an other-than-temporary impairment on the promissory notes and the local government corporation bonds totaling $2.5 million, which is included in "Impairment losses" within our Consolidated Statements of Operations and Comprehensive Income (Loss).

The contractual terms of these promissory notes include interest payments due at maturity; however, we have not recorded accrued interest on these promissory notes because uncertainty exists as to RDC's ability to make interest payments. We have the positive intent and ability to hold the local government corporation bonds to maturity and until the amortized cost is recovered. The estimated fair values of such investments are principally based on appraised values of the land associated with Retama Park Racetrack, which are classified as Level 2 inputs.

Long-term Debt

The fair value of our Term Loan A Facility, Term Loan B-1 Facility, 5.625% Notes, and the 2.75% Convertible Notes is estimated based on quoted prices in active markets and is classified as a Level 1 measurement. The fair value of our Revolving Credit Facility approximates its carrying amount as it is revolving, variable rate debt, which we also classify as a Level 1 measurement.

Other long-term obligations as of December 31, 2020 and 2019 included the relocation fees for Dayton and Mahoning Valley, which are discussed in Note 11, "Long-term Debt," and the repayment obligation of the hotel and event center located near Hollywood Casino Lawrenceburg. The fair values of these long-term obligations are estimated based on rates consistent with the Company's credit rating for comparable terms and debt instruments and are classified as Level 2 measurements.

Other Liabilities

Other liabilities as of December 31, 2020 principally consisted of contingent purchase price related to Plainridge Park Casino and, as of December 31, 2019, principally consisted of contingent purchase price related to Plainridge Park Casino and Absolute Games, LLC, which was acquired by Penn Interactive during the second quarter of 2018. The Plainridge Park Casino contingent purchase price is calculated based on earnings of the gaming operations over the first ten years of operations, which commenced on June 24, 2015. As of December 31, 2020 and 2019, we were contractually obligated to make five and six additional annual payments, respectively. During the second quarter of 2020, we made the second and final payment of $8.2 million on the Absolute Games, LLC contingent purchase price, which corresponded to the second year of operations after the acquisition and was calculated based on earnings. The fair value of these liabilities, which are estimated based on an income approach using a discounted cash flow model and have been classified as Level 3 measurements, are included within our Consolidated Balance Sheets in "Accrued expenses and other current liabilities" or "Other long-term liabilities," depending on the timing of the next payment.

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

	December 31, 2020				
(in millions)	**Carrying Amount**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial assets:					
Cash and cash equivalents	$ 1,853.8	$ 1,853.8	$ 1,853.8	$ —	$ —
Equity securities	$ 143.1	$ 143.1	$ —	$ 143.1	$ —
Held-to-maturity securities	$ 6.7	$ 6.7	$ —	$ 6.7	$ —
Promissory notes	$ 15.1	$ 15.1	$ —	$ 15.1	$ —
Financial liabilities:					
Long-term debt					
Senior Secured Credit Facilities	$ 1,600.3	$ 1,609.3	$ 1,609.3	$ —	$ —
5.625% Notes	$ 399.5	$ 418.0	$ 418.0	$ —	$ —
Convertible Notes	$ 239.8	$ 1,274.5	$ 1,274.5	$ —	$ —
Other long-term obligations	$ 73.0	$ 72.8	$ —	$ 72.8	$ —
Other liabilities	$ 10.1	$ 10.1	$ —	$ 2.8	$ 7.3
Puts and calls related to certain Barstool Sports shares	$ 0.3	$ 0.3	$ —	$ 0.3	$ —

(in millions)	December 31, 2019				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 437.4	$ 437.4	$ 437.4	$ —	$ —
Equity securities	$ 40.5	$ 40.5	$ —	$ 40.5	$ —
Held-to-maturity securities	$ 6.7	$ 6.7	$ —	$ 6.7	$ —
Promissory notes	$ 15.1	$ 15.1	$ —	$ 15.1	$ —
Financial liabilities:					
Long-term debt					
Senior Secured Credit Facilities	$ 1,896.5	$ 1,930.6	$ 1,930.6	$ —	$ —
5.625% Notes	$ 399.4	$ 426.0	$ 426.0	$ —	$ —
Other long-term obligations	$ 89.2	$ 89.7	$ —	$ 89.7	$ —
Other liabilities	$ 20.3	$ 20.3	$ —	$ 2.8	$ 17.5

The following table summarizes the changes in fair value of our Level 3 liabilities measured on a recurring basis:

(in millions)	Other Liabilities
	Contingent Purchase Price
Balance as of January 1, 2018	$ 22.7
Payments	(4.2)
Included in earnings [1]	0.5
Balance as of December 31, 2018	19.0
Payments	(8.5)
Included in earnings [1]	7.0
Balance as of December 31, 2019	17.5
Payments	(9.1)
Included in loss [1]	(1.1)
Balance as of December 31, 2020	$ 7.3

(1) The expense is included in "General and administrative" within our Consolidated Statements of Operations and Comprehensive Income (Loss).

The following table sets forth the assets measured at fair value on a non-recurring basis during the years ended December 31, 2020 and 2019:

(in millions)	Valuation Date	Valuation Technique	Level 1	Level 2	Level 3	Total Balance	Total Reduction in Fair Value Recorded
Property and equipment [1]	12/31/2020	Discounted cash flow	$ —	$ —	$ —	$ —	$ (7.3)
Goodwill [2]	3/31/2020	Discounted cash flow and market approach	$ —	$ —	$ 160.5	$ 160.5	$ (113.0)
Gaming licenses [2]	3/31/2020	Discounted cash flow	$ —	$ —	$ 568.0	$ 568.0	$ (437.0)
Trademarks [2]	3/31/2020	Discounted cash flow	$ —	$ —	$ 216.5	$ 216.5	$ (61.5)
Goodwill	10/1/2019	Discounted cash flow and market approach	$ —	$ —	$ 161.1	$ 161.1	$ (88.0)
Gaming licenses	10/1/2019	Discounted cash flow	$ —	$ —	$ 290.0	$ 290.0	$ (62.6)
Trademarks	10/1/2019	Discounted cash flow	$ —	$ —	$ 87.5	$ 87.5	$ (20.0)

(1) The fair value, which was concluded to be zero, of our property and equipment associated with Tropicana was determined using Level 3 inputs. See Note 8, "Property and Equipment," for more information.

(2) During the first quarter of 2020, we identified an indicator of impairment on our goodwill and other intangible assets due to the COVID-19 pandemic. See Note 9, "Goodwill and Other Intangible Assets" for more information.

The following table summarizes the significant unobservable inputs used in calculating fair value for our Level 3 liabilities on a recurring basis as of December 31, 2020:

	Valuation Technique	Unobservable Input	Discount Rate
Contingent purchase price - Plainridge Park Casino	Discounted cash flow	Discount rate	5.05%

As discussed in Note 9, "Goodwill and Other Intangible Assets," we recorded impairments on our goodwill, gaming licenses and trademarks as a result of the interim assessment for impairment during the first quarter of 2020. Our annual assessment for impairment as of October 1, 2020, did not result in any impairment charges to goodwill, gaming licenses and trademarks. The following table presents quantitative information about the significant unobservable inputs used in the fair value measurements of other indefinite-lived intangible assets as of the valuation date below:

(in millions)	Fair Value	Valuation Technique	Unobservable Input	Range or Amount
As of March 31, 2020				
Gaming licenses	$ 568.0	Discounted cash flow	Discount rate	13.25% - 14.00%
			Long-term revenue growth rate	2.0 %
Trademarks	$ 216.5	Discounted cash flow	Discount rate	13.25% - 14.00%
			Long-term revenue growth rate	2.0 %
			Pretax royalty rate	1.0% - 2.0%

Note 20—Related Party Transactions

The Company currently leases executive office buildings in Wyomissing, Pennsylvania from affiliates of its Chairman Emeritus of the Board of Directors. Rent expense for the years ended December 31, 2020, 2019 and 2018 was $1.2 million, $1.2 million and $1.3 million, respectively. Certain of the leases for the office space expired in May 2019, but have been extended on a month-to-month basis; the remaining long-term lease for the office space expires in August 2024. The future minimum lease commitments relating to these leases as of December 31, 2020 were $1.5 million.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of December 31, 2020, which is the end of the period covered by this Annual Report on Form 10-K. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well-designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. 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 December 31, 2020 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.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting, and concluded that it was effective as of December 31, 2020. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control—Integrated Framework (2013 framework)

Deloitte & Touche LLP, the Company's independent registered public accounting firm that audited the Consolidated Financial Statements for the year ended December 31, 2020, issued an attestation report on the Company's internal control over financial reporting which immediately follows this report.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Penn National Gaming, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Penn National Gaming, Inc. and subsidiaries (the "Company") as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2020, of the Company and our report dated February 26, 2021, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
February 26, 2021

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The remaining information required by this item concerning directors and corporate governance is hereby incorporated by reference to the Company's definitive proxy statement for its Annual Meeting of Shareholders (the "2021 Proxy Statement"), to be filed with the U.S. Securities and Exchange Commission within 120 days after December 31, 2020, pursuant to Regulation 14A under the Securities Act. Information required by this item concerning executive officers is included in Part I of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is hereby incorporated by reference to the 2021 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS MATTERS

The information required by this item is hereby incorporated by reference to the 2021 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item is hereby incorporated by reference to the 2021 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is hereby incorporated by reference to the 2021 Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements.

The following is a list of the Consolidated Financial Statements of the Company and its subsidiaries and supplementary data included herein under Item 8 of Part II of this report, "Financial Statements and Supplementary Data":

2. Financial Statement Schedules.

All schedules have been omitted because they are not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or notes thereto.

3. Exhibits, Including Those Incorporated by Reference.

The exhibits to this Report are listed on the accompanying index to exhibits and are incorporated herein by reference or are filed as part of this annual report on Form 10-K.

ITEM 16. FORM 10-K SUMMARY

We have elected not to disclose the optional summary information.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
2.1††	Agreement and Plan of Merger by and among Pinnacle Entertainment, Inc., Penn National Gaming, Inc. and Franchise Merger Sub, Inc., dated as of December 17, 2017 is hereby incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on December 20, 2017. (SEC File No. 000-24206)
2.2††	Membership Interest Purchase Agreement by and among Boyd Gaming Corporation, Boyd TCIV, LLC, Penn National Gaming, Inc., Pinnacle Entertainment, Inc. and Pinnacle MLS, LLC, dated as of December 17, 2017 is hereby incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on December 20, 2017. (SEC File No. 000-24206)
2.3††	Agreement and Plan of Merger dated as of June 18, 2018, among VICI Properties Inc., Riverview Merger Sub Inc., Penn Tenant II, LLC, Penn National Gaming, Inc., Bossier Casino Venture (HoldCo), Inc. and Silver Slipper Gaming, LLC is hereby incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 19, 2018. (SEC File No. 000-24206)
2.4††	Transaction Agreement, dated as of November 13, 2018, among Penn Tenant III, LLC, VICI Properties L.P., and Greektown Mothership LLC is hereby incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on November 14, 2018. (SEC File No. 000-24206)
2.5††	Stock Purchase Agreement by and among Penn National Gaming, Inc., Barstool Sports, Inc., TCG XII, LLC, TCG Digital Spots, LLC and the Individuals Set Forth on Schedule A, dated as of January 28, 2020 is hereby incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on January 29, 2020. (SEC File No. 000-24206)
2.6††	Purchase Agreement by and among Tropicana Las Vegas, Inc., Penn National Gaming, Inc., GLP Capital, L.P., Gold Merger Sub, LLC, PA Meadows, LLC, Tropicana LV LLC and, solely for the purposes set forth therein, Gaming and Leisure Properties, Inc., dated as of April 16, 2020 is hereby incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on April 20, 2020. (SEC File No. 000-24206)
2.7	Binding Term Sheet, dated as of March 27, 2020, by and between Penn National Gaming, Inc. and Gaming and Leisure Properties, Inc. is hereby incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on March 30, 2020. (SEC File No. 000-24206)
3.1	Amended and Restated Articles of Incorporation of Penn National Gaming, Inc., filed with the Pennsylvania Department of State on October 15, 1996, as amended by the Articles of Amendments to the Amended and Restated Articles of Incorporation filed with the Pennsylvania Department of State on November 13, 1996, July 23, 2001 and December 28, 2007 and the Statement with Respect to Shares of Series C Convertible Preferred Stock of Penn National Gaming, Inc. dated as of January 17, 2013, and the Statement with Respect to Shares of Series D Convertible Preferred Stock of Penn National Gaming, Inc. dated as of February 19, 2020 is hereby incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020. (SEC File No. 000-24206)
3.2	Fourth Amended and Restated Bylaws of Penn National Gaming, Inc., as amended on May 28, 2019, is hereby incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 31, 2019. (SEC File No. 000-24206)
3.3	Statement with Respect to Shares of Series D Convertible Preferred Stock of Penn National Gaming, Inc. is hereby incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 19, 2020. (SEC File No. 000-24206)
3.4	Specimen certificate for shares of Common Stock, par value of $.01 per share, for Penn National Gaming, Inc. is hereby incorporated by reference to Exhibit 3.6 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003. (SEC File No. 000-24206)

Exhibit Number	Description of Exhibit
4.1	Indenture, dated as of January 19, 2017 between Penn National Gaming, Inc. and Wells Fargo Bank, N.A., as Trustee, relating to the 5.625% Senior Notes due 2027 is hereby incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 20, 2017. (SEC File No. 000-24206)
4.1(a)	Form of Note for 5.625% Senior Notes due 2027 is hereby incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on January 20, 2017. (SEC File No. 000-24206)
4.2	Indenture, dated as of May 14, 2020 between Penn National Gaming, Inc. and Wells Fargo Bank, National Association, as Trustee, is hereby incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 14, 2020. (SEC File No. 000-24206)
4.2(a)	First Supplemental Indenture, dated as of May 14, 2020 between Penn National Gaming, Inc. and Wells Fargo Bank, National Association, as Trustee, is hereby incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 14, 2020. (SEC File No. 000-24206)
4.2(b)	Form of Note representing the 2.75% Convertible Senior Notes due 2026 is hereby incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on May 14, 2020. (SEC File No. 000-24206)
4.3	Description of Securities is hereby incorporated by reference to Exhibit 4.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
9.1***	Form of Trust Agreement of Peter D. Carlino, Peter M. Carlino, Richard J. Carlino, David E. Carlino, Susan F. Harrington, Anne de Lourdes Irwin, Robert M. Carlino, Stephen P. Carlino and Rosina E. Carlino Gilbert is hereby incorporated by reference to the Company's Registration Statement on Form S-1, dated May 26, 1994. (SEC File No. 33-77758)
10.1*†	Penn National Gaming, Inc. Deferred Compensation Plan , as amended and restated effective April 4, 2013, as amended by those certain amendments effective November 1, 2013, October 1, 2015, January 1, 2017, April 1, 2020 and October 1, 2020, respectively.
10.2†	Penn National Gaming, Inc. 2008 Long Term Incentive Compensation Plan, as amended is hereby incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017. (SEC File No. 000-24206)
10.2(a)†	Form of Non-Qualified Stock Option Certificate for the Penn National Gaming, Inc. 2008 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008. (SEC File No. 000-24206)
10.2(b)†	Form of Restricted Stock Award for the Penn National Gaming, Inc. 2008 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009. (SEC File No. 000-24206)
10.2(c)†	Form of Notice of Award of Phantom Stock for Penn National Gaming, Inc. 2008 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010. (SEC File No. 000-24206)
10.2(d)†	Form of Stock Appreciation Rights for the Penn National Gaming, Inc. 2008 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly report ended March 31, 2014. (SEC File No. 000-24206)
10.2(e)†	Penn National Gaming, Inc. Performance Share Program under the Penn National Gaming, Inc. 2008 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 11, 2016). (SEC File No. 000-24206)
10.2(e)(i)†	Form of Performance Shares Award Certificate for Performance Share Program under the Penn National Gaming, Inc. 2008 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017. (SEC File No. 000-24206)

Exhibit Number	Description of Exhibit
10.3†	Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 13, 2018. (SEC File No. 000-24206)
10.3(a)†	Amendment to Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, dated December 27, 2019 is hereby incorporated by reference to Exhibit 10.3(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.3(b)†	Form of Non-Qualified Stock Option Certificate for the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-8 filed on August 8, 2018. (SEC File No. 000-24206)
10.3(c)†	Form of Notice of Award of Restricted Stock for the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-8 filed on August 8, 2018. (SEC File No. 000-24206)
10.3(d)†	Form of Notice of Award of Phantom Stock Units for the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-8 filed on August 8, 2018. (SEC File No. 000-24206)
10.3(e)†	Form of Notice of Stock Appreciation Right Award for the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-8 filed on August 8, 2018. (SEC File No. 000-24206)
10.3(f)†	Penn National Gaming, Inc. Performance Share Program under the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-8 filed on August 8, 2018. (SEC File No. 000-24206)
10.3(f)(i)†	Form of Performance Share Program Restricted Stock Award Certificate under the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-8 filed on August 8, 2018. (SEC File No. 000-24206)
10.3(f)(ii)†	Form of Notice of Award of Restricted Stock for Performance Share Program under the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-8 filed on August 8, 2018. (SEC File No. 000-24206)
10.3(g)†	Penn National Gaming, Inc. Performance Share Program II under the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 21, 2019. (SEC File No. 000-24206)
10.3(g)(i)†	Form of Combination Award Certificate for the Penn National Gaming, Inc. Performance Share Program II under the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 21, 2019. (SEC File No. 000-24206)
10.3(h)†	Form of Notice of Performance Award Terms and Criteria under the Performance Share Programs pursuant to the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan is hereby incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020. (SEC File No. 000-24206)
10.3(i)†	Form of Electronic Non-Qualified Stock Option Award Agreement under the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.3(h) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.3(j)†	Form of Electronic Restricted Stock Award Agreement (2020) under the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.3(i) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)

Exhibit Number	Description of Exhibit
10.3(k)†	Form of Electronic Phantom Stock Unit Award Agreement (cash settled) (2020) under the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.3(j) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.3(l)†	Form of Electronic Phantom Stock Unit Award Agreement (stock settled) (2020) under the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.3(k) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.3(m)†	Form of Electronic Stock Appreciation Right Award Agreement (2020) under the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.3(l) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.3(n)†	Form of Electronic Restricted Stock Unit Award Agreement (2020) under the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended, is hereby incorporated by reference to Exhibit 10.3(m) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.4†	Executive Agreement, dated July 30, 2019, between Penn National Gaming, Inc. and Jay A. Snowden is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 1, 2019. (SEC File No. 000-24206)
10.4(a)†	First Amendment to Executive Agreement, dated March 27, 2020, between Penn National Gaming, Inc. and Jay A. Snowden is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 30, 2020. (SEC File No. 000-24206)
10.4(b)†	Second Amendment to Executive Agreement, dated October 1, 2020, between Penn National Gaming, Inc. and Jay A. Snowden is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 2, 2020. (SEC File No. 000-24206)
10.5†	Executive Agreement, dated August 28, 2018 and effective as of June 13, 2018, by and between Penn National Gaming, Inc. and Timothy J. Wilmott is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 29, 2018. (SEC File No. 000-24206)
10.5(a)†	Separation and Transition Agreement and General Release, dated February 27, 2020, between Penn National Gaming, Inc. and Timothy J. Wilmott is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 28, 2020. (SEC File No. 000-24206)
10.6†	Executive Agreement, dated as of December 31, 2020 and effective as of December 31, 2020 by and between Penn National Gaming, Inc. and Felicia Hendrix is hereby incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 4, 2021.
10.7†	Executive Agreement, dated January 22, 2020, between Penn National Gaming, Inc. and David Williams is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 24, 2020. (SEC File No. 000-24206)
10.7(a)†	First Amendment to Executive Agreement, dated March 27, 2020, between Penn National Gaming, Inc. and David Williams is hereby incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 30, 2020. (SEC File No. 000-24206)
10.7(b)†	Second Amendment to Executive Agreement, dated October 1, 2020, between Penn National Gaming, Inc. and David Williams is hereby incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 2, 2020. (SEC File No. 000-24206)
10.7(c)†	Separation Agreement and General Release, dated December 30, 2020, by and between Penn National Gaming, Inc. and Dave Williams is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 4, 2021 (SEC File No. 000-24206)

Exhibit Number	Description of Exhibit
10.8†	Executive Agreement between Penn National Gaming, Inc. and William J. Fair entered into on September 24, 2019 is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 26, 2019. (SEC File No. 000-24206)
10.8(a)†	First Amendment to Executive Agreement, dated January 23, 2020, between Penn National Gaming, Inc. and William J. Fair is hereby incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 24, 2020. (SEC File No. 000-24206)
10.8(b)†	Separation Agreement and General Release, dated April 10, 2020 between Penn National Gaming, Inc. and William J. Fair is hereby incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020. (SEC File No. 000-24206)
10.9*†	Executive Agreement, dated as of December 30, 2019 and effective as of January 1, 2020, by Penn National Gaming, Inc. and Todd George.
10.10*†	Executive Agreement, dated November 17, 2020, between Penn National Gaming, Inc. and Harper Ko.
10.11†	Executive Agreement, dated as of December 10, 2018 and effective as of December 13, 2018, by and between Penn National Gaming, Inc. and Carl Sottosanti is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 13, 2018. (SEC File No. 000-24206)
10.11(a)†	First Amendment to Executive Agreement, dated March 27, 2020, between Penn National Gaming, Inc. and Carl Sottosanti is hereby incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on March 30, 2020. (SEC File No. 000-24206)
10.11(b)†	Second Amendment to Executive Agreement, dated October 1, 2020, between Penn National Gaming, Inc. and Carl Sottosanti is hereby incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on October 2, 2020. (SEC File No. 000-24206)
10.11(c)†	Retirement and Transition Agreement and General Release, dated November 17, 2020, by and between Penn National Gaming, Inc. and Carl Sottosanti is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 20, 2020. (SEC File No. 000-24206)
10.12†	Executive Agreement, dated as of January 29, 2019 and effective as of October 15, 2018, by and between Penn National Gaming, Inc. and Christine LaBombard is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 31, 2019. (SEC File No. 000-24206)
10.13	Lease Agreement, dated March 31, 1995 between Wyomissing Professional Center III, LP and Penn National Gaming, Inc., as amended by certain amendments dated April 15, 1997, October 30, 1997, April 23, 1998, November 16, 1999, August 21, 2000, April 5, 2005, November 20, 2007, and May 25, 2012, respectively is hereby incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.14	Lease dated January 30, 2002 between Wyomissing Professional Center II, LP and Penn National Gaming, Inc. as amended by certain amendments dated May 23, 2002, December 4, 2002, January 29, 2003, October 19, 2010, May 25, 2012, and September 1, 2017, respectively, is hereby incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.15	Amended and Restated Lease dated April 5, 2005 between Wyomissing Professional Center, Inc. and Penn National Gaming, Inc. as amended by certain amendments dated April 20, 2006 and May 25, 2012, respectively, is hereby incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. (SEC File No. 000-24206)
10.16††	Master Lease between GLP Capital L.P. and Penn Tenant LLC dated November 1, 2013 ("Penn Master Lease") is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on November 7, 2013. (SEC File No. 000-24206)

Exhibit Number	Description of Exhibit
10.16(a)	First Amendment to the Penn Master Lease is hereby incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014. (SEC File No. 000-24206)
10.16(b)	Second Amendment to the Penn Master Lease is hereby incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014. (SEC File No. 000-24206)
10.16(c)	Third Amendment to the Penn Master Lease is hereby incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016. (SEC File No. 000-24206)
10.16(d)	Fourth Amendment to the Penn Master Lease is hereby incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017. (SEC File No. 000-24206)
10.16(e)	Fifth Amendment to the Penn Master Lease is hereby incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018. (SEC File No. 000-24206)
10.16(f)	Sixth Amendment to the Penn Master Lease is hereby incorporated by reference to Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended on September 30, 2018. (SEC File No. 000-24206)
10.16(g)	Seventh Amendment to the Penn Master Lease is hereby incorporated by reference to Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended on September 30, 2018. (SEC File No. 000-24206)
10.16(h)	Eighth Amendment to the Penn Master Lease is hereby incorporated by reference to Exhibit 10.28(h) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018. (SEC File No. 000-24206)
10.17††	Master Lease, dated April 28, 2016, by and between PNK Entertainment, Inc. and Pinnacle Entertainment, Inc. ("PNK Master Lease") is hereby incorporated by reference to Exhibit 2.2 to Pinnacle Entertainment, Inc.'s Current Report on Form 8-K filed on April 28, 2016. (SEC File No. 001-37666)
10.17(a)	First Amendment to PNK Master Lease, dated August 29, 2016, by and between Pinnacle MLS, LLC and Gold Merger Sub, LLC is hereby incorporated by reference to Exhibit 2.3 to Pinnacle Entertainment, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016. (SEC File No. 001-37666)
10.17(b)	Second Amendment to PNK Master Lease, dated October 25, 2016, by and between Pinnacle MLS, LLC and Gold Merger Sub, LLC is hereby incorporated by reference to Exhibit 2.4 to Pinnacle Entertainment, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016. (SEC File No. 001-37666)
10.17(c)	Third Amendment to PNK Master Lease, dated March 24, 2017, by and between Pinnacle MLS, LLC and Gold Merger Sub, LLC is hereby incorporated by reference to Exhibit 10.1 to Pinnacle Entertainment, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017. (SEC File No. 001-37666)
10.17(d)††	Fourth Amendment to PNK Master Lease, dated as of October 15, 2018, by and between Pinnacle MLS, LLC and Gold Merger Sub, LLC is hereby incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on October 15, 2018. (SEC File No. 000-24206)
10.18	Guarantee of PNK Master Lease, dated as of October 15, 2018, by Penn National Gaming, Inc. is hereby incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on October 15, 2018. (SEC File No. 000-24206)
10.19††	Lease, dated as of April 16, 2020, by and between Tropicana Land LLC and Tropicana Las Vegas, Inc. is hereby incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on April 20, 2020. (SEC File No. 000-24206)

Exhibit Number	Description of Exhibit
10.20	Second Amendment and Refinancing Agreement, dated as of January 19, 2017, by and among Penn National Gaming, Inc., as borrower, the guarantors party thereto, the lenders party thereto, Bank of America, N.A., as swingline lender, Bank of America, N.A., as administrative agent and Bank of America, N.A., as collateral agent, is hereby incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 20, 2017. (SEC File No. 000-24206)
10.21	Amended and Restated Credit Agreement, dated as of January 19, 2017, by and among Penn National Gaming, Inc., as borrower, the guarantors from time to time party thereto, the lenders from time to time party thereto, Bank of America, N.A., as administrative agent, Bank of America, N.A., as collateral agent and the other parties thereto, is hereby incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on January 20, 2017. (SEC File No. 000-24206)
10.21(a)	First Amendment to Amended and Restated Credit Agreement dated as of February 23, 2018, among Penn National Gaming, Inc., certain subsidiaries of Penn National Gaming, Inc. party thereto as guarantors, each consenting lender and Bank of America, N.A., as letter of credit lender, swingline lender, 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 February 28, 2018. (SEC File No. 000-24206)
10.21(b)	Second Amendment to Amended and Restated Credit Agreement dated as of April 14, 2020, by and among Penn National Gaming, Inc., the guarantors party thereto, the lenders party thereto and Bank of America, N.A., as letter of credit lender, swingline lender, 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 April 20, 2020. (SEC File No. 000-24206)
10.21(c)††	Incremental Joinder Agreement No. 1, dated as of October 15, 2018, by and among Penn National Gaming, Inc., certain subsidiaries of Penn National Gaming, Inc. party thereto as guarantors, Bank of America, N.A., as letter of credit lender, swingline lender, administrative agent and collateral agent and the lenders party thereto is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 15, 2018. (SEC File No. 000-24206)
10.22	Lottery Gaming Facility Management Contract dated August 25, 2009 between the Kansas Lottery and Kansas Entertainment, LLC is hereby incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on February 19, 2010. (SEC File No. 000-24206)
10.23	Commercial Lease dated September 9, 1996 by and between State of Louisiana, State Land Office and PNK (Bossier City), Inc. (f/k/a Casino Magic of Louisiana, Corp.) is hereby incorporated by reference to Exhibit 10.23 to the Company's Amendment No. 4 to Registration Statement on Form 10 filed on March 17, 2016. (SEC File No. 001-37666)
10.24	Second Amended and Restated Excursion Boat Sponsorship and Operations Agreement, dated November 18, 2004, between Iowa West Racing Association and Ameristar Casino Council Bluffs, Inc. is hereby incorporated by reference to Exhibit 10.25 to Pinnacle Entertainment, Inc.'s Amendment No. 4 to Registration Statement on Form 10 filed on March 17, 2016. (SEC File No. 001-37666)
10.24(a)	Amendment to Second Amended and Restated Excursion Boat Sponsorship and Operations Agreement, dated February 16, 2010, between Iowa West Racing Association and Ameristar Casino Council Bluffs, Inc. is hereby incorporated by reference to Exhibit 10.26 to Pinnacle Entertainment, Inc.'s Amendment No. 4 to Registration Statement on Form 10 filed on March 17, 2016. (SEC File No. 001-37666)
10.24(b)	Second Amendment to Second Amended and Restated Excursion Boat Sponsorship and Operations Agreement, dated May 16, 2017, between Iowa West Racing Association and Ameristar Casino Council Bluffs, LLC is hereby incorporated by reference to Exhibit 10.33 to Pinnacle Entertainment, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2017. (SEC File No. 001-37666)
10.25††	Membership Interest Purchase Agreement, dated as of June 18, 2018, among VICI Properties Inc., Riverview Merger Sub Inc., Penn Tenant II, LLC and Penn National Gaming, Inc. is hereby incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 19, 2018. (SEC File No. 000-24206)
21.1*	Subsidiaries of the Registrant.

Exhibit Number	Description of Exhibit
23.1*	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.
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*	PFO 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**	PFO Certification pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
99.1*	Description of Governmental Regulation.
101.INS	Inline 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.SCH	Inline XBRL Taxonomy Extension Schema 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.
*** Paper filing.
† Management contract or compensatory plan or arrangement.
†† Annexes, schedules and/or exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Penn National Gaming, Inc. agrees to furnish supplementally a copy of any omitted attachment to the SEC on a confidential basis upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: February 26, 2021

By: PENN NATIONAL GAMING, INC.
/s/ Jay A. Snowden
Jay A. Snowden
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jay A. Snowden Jay A. Snowden	President, Chief Executive Officer and Director (Principal Executive Officer)	February 26, 2021
/s/ Christine LaBombard Christine LaBombard	Senior Vice President and Chief Accounting Officer (Principal Financial Officer and Principal Accounting Officer)	February 26, 2021
/s/ David A. Handler David A. Handler	Director, Chairman of the Board	February 26, 2021
/s/ John M. Jacquemin John M. Jacquemin	Director	February 26, 2021
/s/ Marla Kaplowitz Marla Kaplowitz	Director	February 26, 2021
/s/ Ronald J. Naples Ronald J. Naples	Director	February 26, 2021
/s/ Saul V. Reibstein Saul V. Reibstein	Director	February 26, 2021
/s/ Barbara Z. Shattuck Kohn Barbara Z. Shattuck Kohn	Director	February 26, 2021
/s/ Jane Scaccetti Jane Scaccetti	Director	February 26, 2021

Deferred Compensation Plan

Amended and Restated
Effective April 4, 2013

TABLE OF CONTENTS

PENN NATIONAL GAMING, INC.
Deferred Compensation Plan
Amended and Restated
Effective April 4, 2013

Purpose

The purpose of this Plan is to provide specified deferred compensation benefits to a select group of management and highly compensated Employees who contribute materially to the continued growth, development and future business success of Penn National Gaming, Inc., a Pennsylvania corporation, and its subsidiaries and affiliates, if any, that participate in this Plan. This Plan is unfunded for tax purposes and for purposes of Title I of ERISA.

ARTICLE 1
Definitions

For purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms have the following indicated meanings:

1.1 "Account" means the account established for each Participant in the Plan.

1.2 "Account Balance" means, with respect to a Participant, a credit on the records of the Employer equal to the sum of (a) the Deferral Account balance, (b) the Company Contribution Account balance and (c) the Rollover Account balance. The Account Balance will be a bookkeeping entry only and will be used solely to measure and determine the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.3 "Annual Bonus" means any compensation, in addition to Base Annual Salary, relating to services performed during any calendar year, whether or not paid in that calendar year or included on the Federal Income Tax Form W-2 for that calendar year, payable to a Participant as an Employee under any Employer's annual bonus and cash incentive plans, excluding Stock options, restricted Stock or any other Stock awards.

1.4 "Annual Company Contribution Amount" means, for any one Plan Year, the amount determined in accordance with Section 3.5.

1.5 "Annual Deferral Amount" means that portion of a Participant's Base Annual Salary and Annual Bonus that a Participant elects to defer, and is deferred, in accordance with Article

3, for any one Plan Year. In the event of a Participant's Retirement, Disability (if deferrals cease in accordance with Section 8.1), death, or a Separation from Service before the end of a Plan Year, that year's Annual Deferral Amount will be the actual amount withheld prior to that event.

1.6 “Annual Installment Method” means annual installment payments over the number of years selected by the Participant in accordance with this Plan. The Account Balance of the Participant will be calculated as of the close of business on or around the Participant’s Benefit Distribution Date. The annual installment will be calculated by multiplying this balance by a fraction, the numerator of which is one, and the denominator of which is the remaining number of annual payments due the Participant. By way of example, if the Participant elects a 10-year Annual Installment Method, the first payment will be 1/10 of the Account Balance, calculated as described in this definition. The following year, the payment will be 1/9 of the Account Balance, calculated as described in this definition. Each annual installment shall be calculated and paid on or around the anniversary of the Participant’s Benefit Distribution Date.

1.7 “Base Annual Salary” means the annual cash compensation relating to services performed during any calendar year, whether or not paid in that calendar year or included on the Federal Income Tax Form W-2 for that calendar year, excluding bonuses, commissions, overtime, fringe benefits, Stock options or other Stock awards, relocation expenses, incentive payments, non-monetary awards, directors fees and other fees, automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Employee’s gross income). Base Annual Salary will be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to any qualified or non-qualified plans of any Employer and will be calculated to include amounts not otherwise included in the Participant’s gross income under Code Sections 125, 402(e)(3), 402(h) and 132(f)(4), pursuant to plans established by any Employer; provided, however, that all such amounts will be included in compensation only to the extent that, had there been no such plan, the amount would have been payable in cash to the Employee.

1.8 “Beneficiary” means, with respect to a Participant, one or more persons, trusts, estates or other entities, designated in accordance with Article 10, that are entitled to receive benefits under this Plan upon the Participant’s death.

1.9 “Beneficiary Designation Form” means the form established from time to time by the Committee that a Participant completes, signs, and returns to the Committee to designate one or more Beneficiaries.

1.10 “Benefit Distribution Date” means the date upon which all or an objectively determinable portion of a Participant’s vested benefits will become eligible for distribution. Except as otherwise provided in the Plan, a Participant’s Benefit Distribution Date shall be

determined based on the earliest to occur of an event or scheduled date set forth in Articles 4 through 9, as applicable.

1.11 “Board” means the board of directors of the Company.

1.12 “Change in Control” means any of the following events:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended, 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 (1) the then outstanding shares of the Company (the "Outstanding Company Shares") or (2) 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 (a), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company; (B) any acquisition by the Company; (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; or (D) any acquisition pursuant to a transaction which complies with clauses (1), (2) and (3) of Subsection (c) below; or

(b) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company; or

(c) 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, (1) 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, (2) 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 (3) 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 at the time of the execution of the initial agreement, or of the action of the Board, providing for such Corporate Transaction; or

(d) 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.

Each of the foregoing events shall only be deemed to be a Change in Control for purposes of Article 9 of the Plan to the extent such event qualifies as a "change in control event" for purposes of Section 409A of the Code and the regulations issued thereunder.

1.13 "Claimant" has the meaning set forth in Section 15.1.

1.14 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.15 "Committee" means the committee described in Article 13.

1.16 "Company" means Penn National Gaming, Inc., a Pennsylvania corporation, and any successor to all or substantially all of the Company's assets or business.

1.17 "Company Contribution Account" means (a) the sum of the Participant's Annual Company Contribution Amounts, plus (b) amounts credited in accordance with all the applicable crediting provisions of this Plan that relate to the Participant's Company Contribution Account, less (c) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Company Contribution Account.

1.18 "Compensation" means all cash remuneration paid to the Employee by the Company which is required to be reported as compensation on the Employee's Form W-2 and shall also include compensation which is not currently includible in gross income by reason of the application of Code Sections 125, 402(e)(3), 132(f)(4) and 402(h)(1)(B); provided, however, that Compensation shall not include any income recognized as a result of an Employee exercising a nonqualified Stock option.

1.19 “Deduction Limitation” means the following described limitation on a benefit that may otherwise be distributable pursuant to the provisions of this Plan. Except as otherwise provided herein, this limitation will be applied to all distributions that are “subject to the Deduction Limitation” under this Plan. If an Employer determines in good faith prior to a Change in Control that there is a reasonable likelihood that any compensation paid to a Participant for a taxable year of the Employer would not be deductible by the Employer solely by reason of the limitation under Code Section 162(m), then to the extent deemed necessary by the Employer to ensure that the entire amount of any distribution to the Participant pursuant to this Plan prior to the Change in Control is deductible, to the extent permitted by Treas. Reg. § 1.409A-2(b)(7)(i), the Employer may defer all or any portion of a distribution under this Plan. Any amounts deferred pursuant to this limitation will continue to be credited/debited with additional amounts in accordance with Section 3.9 even if the amount is being paid out in installments. The amounts so deferred and amounts credited thereon shall be distributed to the Participant or his or her Beneficiary (in the event of the Participant’s death) at the earliest possible date, as determined by the Employer in good faith, on which the deductibility of compensation paid or payable to the Participant for the taxable year of the Employer during which the distribution is made will not be limited by Section 162(m), or if earlier, the effective date of a Change in Control. Notwithstanding anything to the contrary in this Plan, the Deduction Limitation will not apply to any distributions made after a Change in Control.

1.20 “Deferral Account” means (a) the sum of all of a Participant’s Annual Deferral Amounts, plus (b) amounts credited in accordance with all the applicable crediting provisions of this Plan that relate to the Participant’s Deferral Account, less (c) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to his or her Deferral Account.

1.21 “Disability” means that a Participant is either (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident or health plan covering employees of the Company. A Participant shall be deemed to have a Disability if determined to be disabled in accordance with the terms of the applicable long-term disability insurance

program maintained by the Participant’s Employer, provided that the definition of “disability” applied under such long-term disability insurance program complies with the requirements of this Section. Determinations relating to the existence of a Disability shall be made by the Committee, in its sole discretion.

1.22 “Disability Benefit” means the benefit described in Article 8.

1.23 “Effective Date” means April 4, 2013. The Plan was originally effective as of January 1, 2005.

1.24 “Election Form” means the form established from time to time by the Committee that a Participant completes, signs, and returns to the Committee to make an election under the Plan.

1.25 “Employee” means a person who is an employee of any Employer.

1.26 “Employer(s)” means the Company and any of its subsidiaries or affiliates (now in existence or subsequently formed or acquired) that have been selected by the Board to participate in the Plan and that have adopted the Plan as a participating Employer. A list of the Employers is set forth in Appendix A hereto.

1.27 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.28 “Measurement Fund” means those certain mutual funds selected by the Committee for the purpose of determining the value of a Participant’s Account Balance.

1.29 “Participant” means any Employee (a) who is selected to participate in the Plan, (b) who elects to participate in the Plan; (c) who signs a Plan Agreement, an Election Form, and a Beneficiary Designation Form; (d) whose signed Plan Agreement, Election Form and Beneficiary Designation Form are accepted by the Committee; (e) who commences participation in the Plan; and (f) whose Plan Agreement has not terminated.

1.30 “Plan” means the Penn National Gaming, Inc. Deferred Compensation Plan, as evidenced by this instrument and by each Plan Agreement, as they may be amended from time to time.

1.31 “Plan Agreement” means a written agreement, as amended from time to time, that is entered into by and between an Employer and a Participant. Each Plan Agreement executed by a Participant and the Participant’s Employer will provide for the entire benefit to which the Participant is entitled under the Plan. If there is more than one Plan Agreement, the Plan Agreement bearing the latest date of acceptance by the Employer will supersede all previous Plan Agreements in their entirety and will govern the Participant’s entitlement to benefits under the Plan. The terms of any Plan Agreement may be different for any

Participant, and any Plan Agreement may provide additional benefits not set forth in the Plan or limit the benefits otherwise provided under the Plan; provided, however, that any such additional benefits or benefit limitations must be agreed to by both the Employer and the Participant.

1.32 “Plan Year” means, except as provided in Section 1.46, the calendar year.

1.33 “Pre-Retirement Survivor Benefit” means the benefit set described in Article 6.

1.34 “Retirement,” “Retire(s)” or “Retired” means, with respect to an Employee, termination of employment from all Employers for any reason other than a leave of absence, death, or Disability on or after the attainment of age sixty-five (65).

1.35 “Retirement Benefit” means the benefit in Article 5.

1.36 “Rollover Account” means (a) the sum of a Participant’s Rollover Amount, plus (b) amounts credited in accordance with all the applicable crediting provisions of this Plan that relate to the Participant’s Rollover Account, less (c) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant’s Rollover Account.

1.37 “Rollover Amount” means the amount described in Section 3.6.

1.38 “Separation from Service” means a termination of services provided by a Participant to his Employer, whether voluntary or involuntary, other than by reason of Retirement, death or Disability, as determined by the Committee in accordance with the Treas. Reg. § 1.409A-1(h).

1.39 “Specified Employee” means any Participant who has determined to be a “key employee” (as defined under Code Section 416(i) without regard to paragraph (5) thereof) for the applicable period, as determined annually by the Committee in accordance with Treas. Reg. §1.409A-1(i). As of the Effective Date and until such time as the Committee determines to utilize another methodology, a Specified Employee must be classified by the Company as a member of one of the following categories of Employees: (i) a Level One Employee, (ii) a Level Two Employee or (iii) a General Manager of a wholly owned subsidiary of the Company.

1.40 “Stock” means Company common stock or any other equity securities of the Company designated by the Committee.

1.41 “Termination Benefit” means the benefit described in Article 7.

1.42 “Trust” means one or more trusts established pursuant to the Trust Agreement.

1.43 “Trust Agreement” means the Trust Agreement between the Trustee and the Company, as amended from time to time.

1.44 “Trustee” means the trustee of the Trust and any successor trustee.

1.45 "Unforeseeable Emergency" means a severe financial hardship of the Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary or the Participant's dependent (as defined in Code Section 152 without regard to paragraphs (b)(1), (b)(2) and (d)(1)(B) thereof), (b) the loss of a Participant's property due to casualty, or (c) such other similar extraordinary and unforeseeable circumstances arising as a result of the events beyond the control of the Participant, all is determined by the Committee, in its sole discretion, based on the relevant facts and circumstances.

1.46 "Year of Service" means a Year of Service as determined pursuant to the terms of the Penn National Gaming, Inc. 401(k) Plan; provided, however, that the term "Plan Year" as utilized therein shall mean the 12-month period commencing on November 1 and ending on October 31.

ARTICLE 2
Selection, Enrollment, Eligibility

2.1 **Selection by Committee**. Participation in the Plan will be limited to a select group of management and highly compensated Employees of the Employers, as determined by the Committee, in its sole discretion.

2.2 **Enrollment Requirements**. As a condition of participation, each selected Employee will complete, execute, and return to the Committee a Plan Agreement, an Election Form and a Beneficiary Designation Form by the deadline(s) established by the Committee in accordance with the applicable provisions of the Plan. In addition, the Committee will establish from time to time such other enrollment requirements as it determines, in its sole discretion, are necessary.

2.3 **Eligibility; Commencement of Participation**. Provided that an Employee selected to participate in the Plan has met all enrollment requirements set forth in this Plan and required by the Committee, including returning all required documents to the Committee within the specified time period, that Employee will commence participation in the Plan on the first day of the month following the month in which the Employee completes all enrollment requirements. If an Employee fails to meet all such requirements within the period required, in accordance with Section 2.2, that Employee will not be eligible to participate in the Plan until the first day of the Plan Year following the delivery to and acceptance by the Committee of the required documents.

2.4 **Termination of Participation and/or Deferrals**. If the Committee determines in good faith that a Participant no longer qualifies as a member of a select group of management or highly compensated employees, as membership in that group is determined in accordance with Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, the Committee will have the right, in its sole discretion, to (a) terminate any deferral election the Participant has made for the remainder of the Plan Year in which the Participant's membership status changes and (b) prevent the Participant from making future deferral elections.

ARTICLE 3
Deferral Commitments/Company Contribution/Crediting/Taxes

3.1 **Minimum Deferrals**.

(a) Base Annual Salary and Annual Bonus. For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, a percentage of Base Annual Salary and/or Annual Bonus; provided, however, that a Participant must elect to defer a sum of Base Annual Salary and/or Annual Bonus of at least $3,000.

(b) If an election is made for less than stated minimum amounts, or if no election is made, the amount deferred will be zero.

(c) Short Plan Year. Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year, the minimum deferral shall be an amount equal to the minimum set forth above, multiplied by a fraction, the numerator of which is the number of complete months remaining in the Plan Year and the denominator of which is 12.

3.2 **Maximum Deferral**. For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount up to 90% of his Base Annual Salary and/or Annual Bonus. Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year, the maximum Annual Deferral Amount will be limited to the amount of Compensation not yet earned by the Participant as of the date the Participant submits a Plan Agreement and Election Form to the Committee for acceptance.

3.3 **Election to Defer; Effect of Election Form**.

(a) First Plan Year. In connection with a Participant's commencement of participation in the Plan, the Participant will make an irrevocable deferral election for the Plan Year in which the Participant commences participation in the Plan, along with such other elections as the Committee deems necessary or desirable under the Plan. For these elections to be valid, the Election Form must be completed and signed by the Participant, timely delivered to the Committee (in accordance with Section 2.2

above, but in no event later than the December 31st preceding the Plan Year in which such compensation shall be earned), and accepted by the Committee.

(b) Subsequent Plan Years. For each succeeding Plan Year, a Participant may make an irrevocable deferral election for that Plan Year, and such other elections as the Committee deems necessary or desirable under the Plan, by timely delivering to the Committee, in accordance with its rules and procedures, before the end of the Plan Year preceding the Plan Year for which the election is made and in which such compensation shall be earned, a new Election Form. If the Participant does not timely deliver an Election Form for a Plan Year, the Participant's Annual Deferral Amount will be zero for that Plan Year.

(c) New Participants. An eligible Employee who first becomes eligible to participate in the Plan on or after the beginning of a Plan Year may be permitted to make an election to defer a portion of his Base Annual Salary and/or Annual Bonus attributable to his services to be performed after such election, provided that the Participant submits an Election Form to the Committee on or before the deadline established by the Committee, which in no event shall be later than 30 days after the Participant first becomes eligible to participate in the Plan.

3.4 **Withholding of Annual Deferral Amounts**. For each Plan Year, the Base Annual Salary portion of the Annual Deferral Amount will be withheld from each regularly scheduled Base Annual Salary payroll in equal amounts, as adjusted from time to time for increases and decreases in Base Annual Salary. The Annual Bonus portion of the Annual Deferral Amount will be withheld at the time the Annual Bonus is or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself.

3.5 **Annual Company Contribution Amount**. The Company shall credit to the Account of each Participant an amount equal to 50% of the Participant's Annual Deferral Amounts up to a maximum credit of 5%. For each Plan Year, the Company, in its sole discretion, may, but is not required to, credit any amount it desires to any Participant's Company Contribution Account under this Plan. The amount so credited to a Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero, even though one or more other Participants receive an Annual Company Contribution Amount for that Plan Year. All discretionary contributions to a Participant's Company Contribution Account shall be subject to the approval of the Board.

3.6 **Rollover Amount**. Upon the effective date of his participation in the Plan, a Participant may elect to have his account balance or accrued benefit in any other nonqualified deferred compensation or nonqualified retirement plan maintained by an Employer transferred to this Plan and credited to his Account hereunder.

3.7 **Investment of Trust Assets**. The Trustee of the Trust will be authorized, upon written instructions received from the Committee or an investment manager appointed by the Committee, to invest and reinvest the assets of the Trust in accordance with the Trust Agreement, including the disposition of Stock and reinvestment of the proceeds in one or more investment vehicles designated by the Committee.

3.8 **Vesting**.

(a) A Participant will be 100% vested at all times in his or her Deferral Account.

(b) Except as otherwise provided herein, a Participant will become vested in his or her Company Contribution Account in accordance with the following schedule:

Years of Service on Date of Termination of Employment	Vested Percentage of Company Contribution Account
Less than 1 year	0 %
1 year	20 %
2 years	40 %
3 years	60 %
4 years	80 %
5 years or more	100 %

(c) Notwithstanding anything to the contrary contained in this Section 3.8, in the event of a Participant's death or Retirement, or in the event of a Change in Control, a Participant's Company Contribution Account will immediately become 100% vested (if it is not already 100% vested in accordance with the above vesting schedule).

(d) Notwithstanding subsection (c), the vesting schedule for a Participant's Company Contribution Account will not be accelerated to the extent that the Committee determines that acceleration would cause the deduction limitations of Code Section 280G to become effective. In the event that all of a Participant's Company Contribution Account is not vested pursuant to such a determination, the Participant may request independent verification of the Committee's calculations with respect to the application of Code Section 280G. In that case, the Committee must provide to the Participant within 30 business days of receipt such a request an opinion from a nationally recognized accounting firm selected by the Participant (the "Accounting Firm"). The opinion will state the Accounting Firm's opinion that any limitation in the vested percentage under this Plan is necessary to avoid the limits of Code Section 280G and contain supporting calculations. The Company will pay the cost of obtaining the opinion. If the vesting schedule for a Participant's Company Contribution Account is not accelerated due to the application of this

Section 3.8(d) and the Participant's employment with the Employer is involuntarily terminated subsequent to the Change in Control that would have resulted in the acceleration of the vesting schedule but for the application of this Section 3.8(d), the Participant's Company Contribution Account will immediately become 100% vested (if it is not already 100% vested in accordance with the vesting schedule set forth in Section 3.8(b)).

(e) Notwithstanding anything to the contrary herein, no Participant will be eligible to receive benefits under the Plan that are credited to his or her Company Contribution Account if he or she violates the terms and conditions of any agreement or Company policy relating to matters of confidentiality or trade secrets of the Company, competition with the Company, solicitation of employees or customers of the Company, or engages in embezzlement, theft, fraud or any felony or any other act that is materially injurious to the Company. The determination as to whether a Participant has engaged in any such impermissible activity shall be made by the Committee, in its sole discretion.

(f) In the event that any portion of a Participant's Account is forfeited by reason of it not being fully vested or as a result of a divestiture pursuant to Section 3.8(e), any such forfeiture shall remain the property of the Company. The Committee may, however, in its sole discretion, elect to allocate all or a portion of any such forfeiture to the Accounts of any other Participants in the Plan in such manner and at such time as the Committee may determine.

(g) In the event of a Participant's Disability or involuntary termination of employment (except as is described in Section 3.8(d)), the Committee may, in its sole discretion, accelerate the vesting schedule for a Participant's Company Contribution Account.

3.9 **Crediting/Debiting of Account Balances**. In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, amounts shall be credited or debited to a Participant's Account in accordance with the following rules:

(a) **Election of Measurement Funds**. A Participant, in connection with his or her initial deferral election under Section 3.3(a) above, will elect, on the Election Form, the Measurement Fund to be used to determine the additional amounts to be credited to his or her Account for the first day in which the Participant commences participation in the Plan, and continuing thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the next sentence. Commencing with the first business day that follows the Participant's commencement of participation in the Plan and continuing thereafter for each subsequent day in which the Participant participates in the Plan, the Participant may (but is not required to) elect, by submitting an Election Form to the Committee that

is accepted by the Committee, to add or delete one or more Measurement Fund(s) to be used to determine the additional amounts to be credited to his or her Account or to change the portion of his or her Account allocated to each previously or newly elected Measurement Fund. If an election is made in accordance with the previous sentence, it will apply to the next business day and continue thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the previous sentence.

(b) **Proportionate Allocation**. In making any election described in Section 3.8 (a) above, the Participant must specify on the Election Form, in increments of one percentage point (1%), the percentage of his or her Account to be allocated to a Measurement Fund (as if the Participant was making an investment in that Measurement Fund with that portion of his or her Account).

(c) **Crediting or Debiting Method**. The performance of each elected Measurement Fund (either positive or negative) will be determined by the Committee, in its sole discretion, based on the performance of the Measurement Funds themselves. A Participant's Account will be credited or debited on a daily basis based on the performance of each Measurement Fund selected by the Participant, as determined by the Committee, in its sole discretion, as though (1) a Participant's Account were invested in the Measurement Fund(s) selected by the Participant, in the percentages applicable to that day, at the closing price on that date; (2) the portion of the Annual Deferral Amount that was actually deferred during any business day were invested in the Measurement Fund(s) selected by the Participant, in the percentages applicable to that day, no later than the close of business on the first business day after the day on which the amounts are actually deferred from the Participant's Base Annual Salary through reductions in his or her payroll, at the closing price on that date; and (3) any distribution made to a Participant that decreases the Participant's Account ceased being invested in the Measurement Fund(s), in the percentages applicable to the day, no earlier than one business day prior to the distribution, at the closing price on that date. The Participant's Rollover Amount will be credited to his or her Account for purposes of this Section 3.9 (c) as of the close of business on the Effective Date or, if later, the first day of the Participant's participation in the Plan. The Participant's Annual Company Contribution Amount will be credited to his or her Company Contribution Account for purposes of this Section 3.9 (c) as of the close of business on the date selected by the Committee, in its sole discretion.

(d) **No Actual Investment**. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant's election of any Measurement Fund, the allocation to his or her Account Balance to any Measurement Fund, the calculation of additional amounts, and the crediting or debiting of those amounts to a Participant's Account will not be considered or construed in any manner as an

actual investment of his or her Account Balance in any Measurement Fund. In the event that the Company or the Trustee, in its own discretion, decides to invest funds in any or all of the Measurement Funds, no Participant will have any rights in or to the investments themselves. Without limiting the foregoing, a Participant's Account Balance will at all times be a bookkeeping entry only and will not represent any investment made on his or her behalf by the Company or the Trust; the Participant will at all times remain an unsecured creditor of the Company.

3.10 **FICA and Other Taxes**.

(a) **Annual Deferral Amounts.** For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant, the Participant's Employer(s) will withhold from that portion of the Participant's Base Annual Salary and Annual Bonus that is not being deferred, in a manner determined by the Employers, the Participant's share of FICA and other employment taxes on the Annual Deferral Amount. If necessary, the Committee may reduce the Annual Deferral Amount in order to comply with this Section 3.10(a).

(b) **Company Contribution Account**. When a Participant becomes vested in a portion of his or her Company Contribution Account, the Participant's Employer will withhold from the Participant's Base Annual Salary and/or Annual Bonus that is not deferred, in a manner determined by the Employer, the Participant's share of FICA and other employment taxes. If necessary, the Committee may reduce the vested portion of the Participant's Company Contribution Account to comply with this Section 3.10(b).

(c) **Distributions**. The Participant's Employer, or the Trustee of the Trust, will withhold from any payments made to a Participant under this Plan all federal, state, and local income, employment, and other taxes required to be withheld by the Employer or the Trustee, in connection with those payments, in amounts and in a manner to be determined in the sole discretion of the Employer and the Trustee.

ARTICLE 4
Scheduled Distributions; Unforeseeable Emergencies

4.1 **Scheduled Distributions**. In connection with each election to defer an Annual Deferral Amount, a Participant may elect to receive a scheduled distribution from the Plan with respect to the Annual Deferral Amount. Subject to the Deduction Limitation, the distribution will be a lump sum payment in an amount that is equal to the Annual Deferral Amount plus amounts credited or debited in the manner provided in Section 3.9 above on that amount, determined at the time that the distribution becomes payable (rather than the date of a Separation from Service). The Benefit Distribution Date for the amount subject to a scheduled distribution election shall be the within 30 days after the last day of any Plan

Year designated by the Participant, which may be no sooner than three Plan Years after the end of the Plan Year to which the Participant's deferral election relates, unless otherwise provided on an Election Form approved by the Committee. Subject to the Deduction Limitation and the other terms and conditions of this Plan, each scheduled distribution elected will be paid out during a thirty (30)-day period commencing immediately after the last day of any Plan Year designated by the Participant.

4.2 **Other Benefits Take Precedence Over Scheduled Distributions**. If an event occurs that triggers a benefit under Article 5, 6, 7, 8 or 9, any Annual Deferral Amount, plus amounts credited or debited on them, that is subject to a scheduled distribution election under Section 4.1 will not be paid in accordance with Section 4.1 but will be paid in accordance with the other applicable Article.

4.3 **Suspensions for Unforeseeable Emergencies**. If a Participant (or, after a Participant's death, his or her Beneficiary) experiences an Unforeseeable Emergency, the Participant (or Beneficiary) may petition the Committee to (a) suspend any deferrals required to be made by a Participant and/or (b) receive a partial or full payout from the Plan. The payout will not exceed the lesser of the Participant's vested Account Balance, calculated as if the Participant were receiving a Termination Benefit, or the amount reasonably needed to satisfy the Unforeseeable Emergency, plus amounts necessary to pay Federal, State, or local income taxes or penalties reasonable anticipated as a result of the distribution. A Participant shall not be eligible to receive a payout from the Plan to the extent that the Unforeseeable Emergency is or may be relieved (a) through reimbursement or compensation by insurance or otherwise, (b) by liquidation of the Participant's assets, to the extent that the liquidation of such assets would not itself cause a severe financial hardship or (c) by cessation of deferrals under the Plan. If, subject to the sole discretion of the Committee, the petition for a suspension and/or payout is approved, suspension will take effect upon the date of approval, and any payout will be made within 30 days of the date of approval. The payment of any amount under this Section 4.3 will not be subject to the Deduction Limitation.

ARTICLE 5
Retirement Benefit

5.1 **Retirement Benefit**. Subject to the Deduction Limitation, a Participant who Retires will receive, as a Retirement Benefit, his or her Account Balance.

5.2 **Payment of Retirement Benefit**.

(a) A Participant, in connection with his or her commencement of participation in the Plan, will elect on an Election Form to receive the Retirement Benefit in a lump sum or pursuant to an Annual Installment Method of 5 or 10 years. On the Election Form, the Participant may also elect to defer commencement of the Retirement

Benefit to a later date, not later than five (5) years after the date on which the Participant retires. If a Participant does not make any election with respect to the payment of the Retirement Benefit, then that benefit will be payable in a lump sum. Unless the Participant has effectively elected a deferred payment commencement date, a lump sum payment will be made, or installment payments will commence, on the later of (i) the first day after the end of the six (6)-month period immediately following the date on which the Participant Retires if the Participant is a Specified Employee or (ii) within thirty (30) days after the last day of the Plan Year in which the Participant Retires. Any payment made will be subject to the Deduction Limitation.

(b) A Participant may change the form of payment for the Retirement Benefit by submitting an Election Form to the Committee in accordance with the following criteria:

(i) the election shall not take effect until at least 12 months after the date on which the election is made;

(ii) the new Benefit Distribution Date for the Participant's Retirement Benefit shall be at least five (5) years after the Benefit Distribution Date that would have otherwise been applicable to such benefits; and

(iii) the election must be made at least 12 months prior to the Benefit Distribution Date that would have otherwise been applicable to the Participant's Retirement Benefit.

5.3 **Death Prior to Completion of Retirement Benefit**. If a Participant dies after Retirement but before the Retirement Benefit is paid in full, the Participant's unpaid Retirement Benefit payments will continue and will be paid to the Participant's Beneficiary over the remaining number of years and in the same amounts as that benefit would have been paid to the Participant had the Participant survived. Despite the foregoing, if the Participant's Account Balance at the time of his or her death is less than the dollar limitation set forth in Code Section 402(g)(1)(B) then in effect, the Committee may determine, in its sole discretion, to distribute the benefit in the form of a lump sum. The lump sum payment will be made within 30 days after the last day of the Plan Year in which the Committee is provided with proof, satisfactory to the Committee, of the Participant's death.

ARTICLE 6
Pre-Retirement Survivor Benefit

6.1 **Pre-Retirement Survivor Benefit**. Subject to the Deduction Limitation, the Participant's Beneficiary will receive a Pre-Retirement Survivor Benefit equal to the Participant's

Account Balance if the Participant dies before he or she Retires, experiences a Separation from Service, or suffers a Disability.

6.2 **Payment of Pre-Retirement Survivor Benefit**. A Participant, in connection with his or her commencement of participation in the Plan, will elect on an Election Form whether his or her Beneficiary will receive the Pre-Retirement Survivor Benefit in a lump sum or pursuant to an Annual Installment Method of 5 or 10 years. If a Participant does not make any election with respect to the payment of the Pre-Retirement Survivor Benefit, then the benefit will be paid in a lump sum. Despite the foregoing, if the Participant's Account Balance at the time of his or her death is less than the dollar limitation set forth in Code Section 402(g)(1)(B) then in effect, payment of the Pre-Retirement Survivor Benefit will be made in a lump sum payment. The lump sum payment will be made within 30 days after the last day of the Plan Year in which the Committee is provided with proof, satisfactory to the Committee, of the Participant's death. Any payment made will be subject to the Deduction Limitation.

ARTICLE 7
Termination Benefit

7.1 **Termination Benefit**. Except as provided in Section 3.8(e) and subject to the Deduction Limitation, the Participant will receive a Termination Benefit, which will be equal to the Participant's vested Account Balance, if a Participant experiences a Separation from Service prior to his or her Retirement, death, or Disability.

7.2 **Payment of Termination Benefit**. The Termination Benefit shall be paid in a lump sum. The lump sum payment shall be made on the later of (i) the first day after the end of the six (6)-month period immediately following the date on which the Participant experiences the Separation from Service if the Participant is a Specified Employee or (ii) within sixty (60) days after the last day of the Plan Year in which the Participant experiences the Separation from Service. Any payment made shall be subject to the Deduction Limitation.

ARTICLE 8
Disability Waiver and Benefit

8.1 **Disability Waiver**.

(a) Waiver of Deferral. A Participant who is determined by the Committee to be suffering from a Disability may be excused from fulfilling that portion of the Annual Deferral Amount commitment that would otherwise have been withheld from a Participant's Base Annual Salary and/or Annual Bonus for the Plan Year during which the Participant first suffers a Disability. During the period of Disability, the Participant will not be allowed to make any additional deferral elections (unless otherwise determined by the Committee, in its sole discretion) but

will continue to be considered a Participant for all other purposes of this Plan, including, but not limited to, the vesting provisions set forth in Section 3.8.

(b) Return to Work. If a Participant returns to employment with an Employer after a Disability ceases, the Participant may elect to defer an Annual Deferral Amount for the Plan Year following his or her return to employment or service and for every Plan Year thereafter while a Participant in the Plan, provided that the deferral elections are otherwise allowed under the Plan and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.3 above.

8.2 **Disability; Continued Eligibility**. For benefit purposes under this Plan, a Participant suffering a Disability will continue to be considered to be employed and will be eligible for the benefits provided for in Articles 4, 5, 6, 7 or 9, in accordance with the provisions of those Articles. If the Participant's employment with the Employer is actually terminated, the Participant will be deemed to have Retired as of the date the Participant's termination of employment. In that case, the Participant will receive a Retirement Benefit in accordance with Article 5; provided, however, that if the Participant is not otherwise 100% vested in his Company Contribution Account on such date, the extent to which the vesting of his Company Contribution Account will be accelerated (if any) shall be determined by the Committee, in its sole discretion. Any payment made shall be subject to the Deduction Limitation.

ARTICLE 9
Change In Control Benefit

9.1 **Change In Control Benefit**. In the event of a Change in Control, a Participant will receive his or her Account Balance (the "Change In Control Benefit").

9.2 **Payment of Change In Control Benefit**. The Change In Control Benefit, if any, shall be calculated as of the close of business on or around a Participant's Benefit Distribution Date, as determined by the Committee, and paid to the Participant within sixty (60) days after the date of the Change in Control.

ARTICLE 10
Beneficiary Designation

10.1 **Beneficiary**. Each Participant will have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan upon the Participant's death. The Beneficiary designated under this Plan may be the same as or different from the beneficiary designation under any other plan of an Employer in which the Participant participates.

10.2 **Beneficiary Designation; Change**. A Participant will designate his or her Beneficiary by completing and signing the Beneficiary Designation Form and returning it to the Committee or its designated agent. A Participant will have the right to change a Beneficiary by completing, signing, and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. Upon the Committee's acceptance of a new Beneficiary Designation Form, all Beneficiary designations previously filed will be canceled. The Committee will be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death.

10.3 **Acknowledgment**. No designation or change in designation of a Beneficiary will be effective until received and acknowledged in writing by the Committee or its designated agent.

10.4 **No Beneficiary Designation**. If a Participant fails to designate a Beneficiary as provided in Sections 10.1, 10.2 and 10.3 above, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's surviving spouse will be deemed to be his or her designated Beneficiary. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary will be payable to the executor or personal representative of the Participant's estate.

10.5 **Doubt as to Beneficiary**. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee will have the right, exercisable in its sole discretion, to cause the Participant's Employer to withhold the payments until this matter is resolved to the Committee's satisfaction.

10.6 **Discharge of Obligations**. The payment of benefits under the Plan to a Beneficiary will fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant and his or her Beneficiary, and that Participant's Plan Agreement will terminate upon such full payment of benefits.

ARTICLE 11
Leave of Absence

11.1 **Paid Leave of Absence**. If a Participant is authorized by the Participant's Employer for any reason to take a paid leave of absence from the employment of the Employer, the Participant will continue to be considered employed by the Employer and the Annual Deferral Amount will continue to be withheld during the paid leave of absence in accordance with Section 3.3.

11.2 **Unpaid Leave of Absence**. If a Participant is authorized by the Participant's Employer for any reason to take an unpaid leave of absence from the employment of the Employer, the

Participant will continue to be considered employed by the Employer, and the Participant will be excused from making deferrals until the earlier of the date the leave of absence expires or the date the Participant returns to a paid employment status. Upon that expiration or return, deferrals will resume for the remaining portion of the Plan Year in which the expiration or return occurs, based on the deferral election, if any, made for that Plan Year. If no election was made for that Plan Year, no deferral will be withheld.

ARTICLE 12
Termination, Amendment or Modification

12.1 **Termination**. Although each Employer anticipates that it will continue to participate in the Plan for an indefinite period of time, there is no guarantee that the Company will continue the Plan, or that any Employer will continue to participate in the Plan, or that the Company will not terminate the Plan at any time in the future. Accordingly, each Employer reserves the right to discontinue its participation in the Plan at any time, and the Company reserves the right to terminate the Plan at any time by action of Board. A participating Employer may terminate its participation in the Plan at any time with respect to any or all of its participating Employees by action of its board of directors. Upon the termination of the Plan with respect to any Employer, the Plan Agreements of the affected Participants who are employed by that Employer will terminate, and their Account Balances, determined as if they had experienced a Separation from Service on the date of Plan termination, will be paid to the Participants in a lump sum. The termination of the Plan will not adversely affect any Participant or Beneficiary who has become entitled to the payment of any benefits under the Plan as of the date of termination. Any distributions pursuant to this Section 12.1, will be subject to the following conditions:

(a) the termination of Plan does not occur proximate to a downturn in the financial health of the Company;

(b) the Company terminates and liquidates all agreements, methods, programs and other arrangements sponsored by the Company that would be aggregated with any terminated and liquidated agreements, methods, programs and other arrangements under Treas. Reg. § 1.409A-1(c) if the same Participant had deferrals of compensation under all such agreements, methods, programs and other arrangements that are terminated and liquidated;

(c) no payments from the Plan are made within 12 months of the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan other than payments that would be payable under the terms of the Plan if action to terminate and liquidate the Plan had not occurred;

(d) all payments under the Plan are made within 24 months of the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan; and

(e) the Company does not adopt a new Plan that would be aggregated with any terminated Plan under Treas. Reg. § 1.409A-1(c) any time within three years following the date that the Company takes all necessary action to irrevocably terminate and liquidate the Plan.

12.2 **Amendment**. The Company may, at any time, amend or modify the Plan in whole or in part by the action of its Board; provided, however, that: (a) no amendment or modification will be effective to decrease or restrict the value of a Participant's Account Balance in existence at the time the amendment or modification is made, calculated as if the Participant had experienced a Separation from Service as of the effective date of the amendment or modification or, if the amendment or modification occurs after the date upon which the Participant was eligible to Retire, the Participant had Retired as of the effective date of the amendment or modification, and (b) no amendment or modification of this Section 12.2 or Section 13.2 of the Plan will be effective. The amendment or modification of the Plan will not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification; provided, however, that, in the event of a Change in Control, the Employer will accelerate installment payments by paying the Account Balance in a lump sum pursuant to Section 9.2.

12.3 **Plan Agreement**. Despite the provisions of Sections 12.1 and 12.2 above, if a Participant's Plan Agreement contains benefits or limitations that are not in this Plan document, the Employer may only amend or terminate those provisions with the consent of the Participant.

12.4 **Effect of Payment**. The full payment of the applicable benefit under Articles 4, 5, 6, 7, 8 or 9 of the Plan will completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan, and the Participant's Plan Agreement will terminate.

ARTICLE 13
Administration

13.1 **Committee Duties**. Except as otherwise provided in this Article 13, this Plan will be administered by the Committee. The Committee will have the discretion and authority to (a) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and (b) decide or resolve any and all questions, including interpretations of this Plan that arise in connection with the Plan. When making a determination or calculation, the Committee will be entitled to rely on information furnished by a Participant or an Employer.

13.2 **Administration Upon Change In Control**. For purposes of this Plan, the Committee will be the "Administrator" at all times prior to the occurrence of a Change in Control. Upon

and after the occurrence of a Change in Control, the "Administrator" will be an independent third party selected by the Trustee and approved by the individual who, immediately prior to that event, was the Company's Chief Executive Officer or, if not so identified, the Company's highest ranking officer (the "Ex-CEO"). The Administrator will have the discretionary power to determine all questions arising in connection with the administration of the Plan and the interpretation of the Plan and Trust including, but not limited to, benefit entitlement determinations; provided, however, that upon and after the occurrence of a Change in Control, the Administrator will have no power to direct the investment of Plan or Trust assets or select any investment manager or custodial firm for the Plan or Trust. Upon and after the occurrence of a Change in Control, the Company must: (a) pay all reasonable administrative expenses and fees of the Administrator; (b) indemnify the Administrator against any costs, expenses and liabilities including, without limitation, attorney's fees and expenses arising in connection with the performance of the Administrator under this Plan, except with respect to matters resulting from the negligence or willful misconduct of the Administrator or its employees or agents; and (c) supply full and timely information to the Administrator on all matters relating to the Plan, the Trust, the Participants, and their Beneficiaries, the Account Balances of the Participants, the date and circumstances of the Retirement, Disability, death, or Separation from Service of the Participants, and such other pertinent information as the Administrator may reasonably require. Upon and after a Change in Control, the Administrator may be terminated (and a replacement appointed) by the Trustee only with the approval of the Ex-CEO. Upon and after a Change in Control, the Administrator may not be terminated by the Company.

13.3 **Agents**. In the administration of this Plan, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to any Employer.

13.4 **Binding Effect of Decisions**. The decision or action of the Administrator with respect to any question arising out of or in connection with the administration, interpretation, and application of the Plan and the rules and regulations promulgated under the Plan will be final and conclusive and binding upon all persons having any interest in the Plan.

13.5 **Indemnity of Committee**. All Employers will indemnify and hold harmless the members of the Committee, any Employee to whom the duties of the Committee may be delegated, and the Administrator, against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee, any of its members, any such Employee, or the Administrator.

13.6 **Employer Information**. To enable the Committee and the Administrator to perform their functions, the Company and each Employer will supply full and timely information to the Committee or Administrator, as the case may be, on all matters relating to the

compensation of its Participants, the date and circumstances of the Retirement, Disability, death, or circumstances of the Retirement, Disability, death, or Separation from Service of its Participants, and such other pertinent information as the Committee or Administrator may reasonably require.

ARTICLE 14
Other Benefits and Agreements

14.1 **Coordination with Other Benefits**. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to that Participant or Beneficiary under any other plan or program for employees of the Participant's Employer. The Plan will supplement and will not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 15
Claims Procedures

15.1 **Presentation of Claim**. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

15.2 **Notification of Decision**. The Committee shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90)-day period. In no event shall such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. The Committee shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(1) the specific reason(s) for the denial of the claim, or any part of it;

(2) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(3) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;

(4) an explanation of the claim review procedure set forth in Section 15.3 below; and

(5) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

15.3 **Review of a Denied Claim**. On or before sixty (60) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

(a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole discretion, may grant.

15.4 **Decision on Review**. The Committee shall render its decision on review promptly, and no later than sixty (60) days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60)-day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;

(c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and

(d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

15.5 **Legal Action**. A Claimant's compliance with the foregoing provisions of this Article 15 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE 16
Trust

16.1 **Establishment of the Trust**. The Company may choose to establish a Trust, and, if the Trust is established, each Employer will, at least annually, transfer to the Trust such assets as the Employer determines, in its sole discretion, are necessary or desirable to provide, on a present value basis, for its respective future liabilities created with respect to the Annual Deferral Amounts, Annual Company Contribution Amounts, and Rollover Amounts for the Employer's Employees who are Participants.

16.2 **Interrelationship of the Plan and the Trust**. The provisions of the Plan and the Plan Agreement will govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust will govern the rights of the Employers, Participants, and the creditors of the Employers to the assets transferred to the Trust. Each Employer will at all times remain liable to carry out its obligations under the Plan.

16.3 **Distributions From the Trust**. Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution will reduce the Employer's obligations under this Plan.

ARTICLE 17
Miscellaneous

17.1 **Status of Plan**. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employee" within the meaning of ERISA Sections 201(2), 301(a)(3)

and 401(a)(1). The Plan will be administered and interpreted to the extent possible in a manner consistent with that intent.

17.2 **Unsecured General Creditor**. Participants and their Beneficiaries, heirs, successors, and assigns will have no legal or equitable rights, interests, or claims in any property or assets of an Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets will be, and remain, the general, unpledged, and unrestricted assets of the Employer. An Employer's obligation under the Plan will be merely that of an unfunded and unsecured promise to pay money in the future.

17.3 **Employer's Liability**. An Employer's liability for the payment of benefits will be defined only by the Plan and the Plan Agreement, as entered into between the Employer and a Participant. An Employer will have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Plan Agreement.

17.4 **Nonassignability**. Neither a Participant nor any other person will have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage, or otherwise encumber, transfer, hypothecate, alienate, or convey in advance of actual receipt, the amounts, if any, payable under the Plan, or any part of those amounts, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable will, prior to actual payment, be subject to seizure, attachment, garnishment, or sequestration for the payment of any debts, judgments, alimony, or separate maintenance owed by a Participant or any other person; be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency; or be transferable to a spouse as a result of a property settlement or otherwise.

17.5 **Not a Contract of Employment**. The terms and conditions of this Plan will not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided otherwise in a written employment agreement. Nothing in this Plan will be deemed to give a Participant the right to be retained in the service of any Employer as an Employee or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

17.6 **Furnishing Information**. A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits under the Plan, including but not limited to taking such physical examinations as the Committee may deem necessary.

17.7 **Terms**. Whenever any words are used in the Plan in the masculine, they will be construed as though they were in the feminine in all cases where they would so apply; and whenever

any words are used in the Plan in the singular or in the plural, they will be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

17.8 **Captions**. The captions of the articles, sections, and paragraphs of this Plan are for convenience only and will not control or affect the meaning or construction of any of its provisions.

17.9 **Governing Law**. Subject to ERISA, the provisions of this Plan will be construed and interpreted according to the internal laws of the Commonwealth of Pennsylvania without regard to its conflicts of laws principles.

17.10 **Notice**. Any notice or filing required or permitted to be given to the Committee under this Plan will be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Gail L. Gonzales
Corporate Director, Human Resources
Penn National Gaming, Inc.
825 Berkshire Boulevard
Wyomissing, PA 19610

The notice will be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan will be sufficient if in writing and hand-delivered, or sent by mail, to the Participant's last known address.

17.11 **Successors**. The provisions of this Plan will bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

17.12 **Spouse's Interest**. Any interest in the Plan benefits of a Participant's spouse who has predeceased the Participant will automatically pass to the Participant and will not be transferable by the spouse in any manner, including, but not limited to, the spouse's will, nor will the interest pass under the laws of intestate succession.

17.13 **Validity**. In case any provision of this Plan is declared illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, but the Plan will be construed and enforced as if the illegal or invalid provision had never been inserted in the Plan.

17.14 **Incompetent**. If the Committee determines, in its sole discretion, that a benefit under this Plan is to be paid to a minor, a person declared incompetent, or a person incapable of handling the disposition of that person's property, the Committee may direct payment of that benefit to the guardian, legal representative, or person having the care and custody of the minor, incompetent, or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit will be a payment for the account of the Participant or the Participant's Beneficiary, as the case may be, and will be a complete discharge of any liability under the Plan for that payment amount.

17.15 **Distribution in the Event of Taxation**.

(a) In General. If, for any reason, all or any portion of a Participant's benefits under this Plan becomes taxable to the Participant prior to receipt, a Participant may petition the Committee before a Change in Control, or the Trustee of the Trust after a Change in Control, for a distribution of that portion of his or her benefit that has become taxable. Upon the grant of such a petition, which grant will not be unreasonably withheld (and, after a Change in Control, will be granted), a Participant's Employer will distribute to the Participant immediately available funds in an amount equal to the tax attributable to his or her benefit (which amount will not exceed a Participant's unpaid Account Balance under the Plan). Additionally, the Committee may cause distribution to be made hereunder to pay the income tax at the source and wages imposed under Code Section 3401 where the corresponding withholding provisions of applicable state, local or foreign tax laws as a result of the payment of the preceding amount. If the petition is granted, the tax liability distribution will be made within 90 days of the date when the Participant's petition is granted. Such a distribution will affect and reduce the benefits to be paid under this Plan. Distributions hereunder may be made for the following reasons:

(i) payment of employment taxes; and

(ii) payment of state, local or foreign taxes; and

(iii) payment of income inclusion under Code Section 409A (with respect to which the entire amount required to be included into income as a result of such failure may be distributed).

(b) Trust. If the Trust terminates in accordance with its terms and benefits are distributed from the Trust to a Participant in accordance with those terms, the Participant's benefits under this Plan will be reduced to the extent of those distributions.

17.16 **Insurance**. The Employers, on their own behalf or on behalf of the Trustee and, in their sole discretion, may apply for and procure insurance on the life of a Participant, in such amounts and in such forms as the Employers may choose. The Employers or the Trustee, as the case may be, will be the sole owner and beneficiary of any such insurance. The Participant will not have any interest whatsoever in any such policy or policies, and at the request of the Employers will submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to which the Employers have applied for insurance.

17.17 **Legal Fees To Enforce Rights After Change in Control**. The Company and each Employer is aware that upon the occurrence of a Change in Control, the Board or the board of directors of a Participant's Employer (which might then be composed of new members) or a shareholder of the Company or the Participant's Employer, or of any successor corporation might then cause or attempt to cause the Company, the Participant's Employer, or the successor to refuse to comply with its obligations under the Plan and might cause or attempt to cause the Company or the Participant's Employer to institute, or may institute, litigation seeking to deny Participants the benefits intended under the Plan. In these circumstances, the purpose of the Plan could be frustrated. Accordingly, if, following a Change in Control, it should appear to any Participant that the Company, the Participant's Employer, or any successor corporation has failed to comply with any of its obligations under the Plan or any agreement thereunder or, if the Company, an Employer, or any other person takes any action to declare the Plan void or unenforceable or institutes any litigation or other legal action designed to deny, diminish, or to recover from any Participant the benefits intended to be provided, then the Company and the Participant's Employer irrevocably authorize the Participant to retain counsel of his or her choice at the expense of the Company and the Participant's Employer (who will be jointly and severally liable) to represent the Participant in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company, the Participant's Employer, or any director, officer, shareholder or other person affiliated with the Company, the Participant's Employer, or any successor to either of them in any jurisdiction.

17.18 **Domestic Relations Orders**. If necessary to comply with a domestic relations order, as defined in Code Section 414(p)(1)(B), pursuant to which a court has determined that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan, the Committee shall have the right to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to such spouse or former spouse.

17.19 **Section 409A of the Code**. The terms of the Plan and its operation are intended to comply with Section 409A of the Code. The Plan shall be administered, interpreted and construed in a manner consistent with Section 409A of the Code. Notwithstanding anything in the Plan to the contrary, distributions under the Plan may only be made upon an event and in a manner consistent with Section 409A of the Code. Should any provision of the Plan, or

any other agreement or arrangement contemplated by the Plan or used in conjunction with the Plan be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, such requirements shall be modified and given effect (retroactively if necessary), in the sole discretion of the Committee, in such manner as the Committee determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A of the Code. If such modification is not possible, any such provision that is not in compliance with Section 409A of the Code shall be deemed ineffective if its application would result in a violation of the requirements set forth in

IN WITNESS WHEREOF, the Company has executed this Plan document on this 5th day of April, 2013, to be effective as of April 4, 2013.

ATTEST:

By: /s/ Jordan B. Savitch

PENN NATIONAL GAMING, INC.

By: /s/ Robert S. Ippolito

Title: Vice President, Secretary and Treasurer

APPENDIX A

DBA	Legal Entity Name
Argosy Casino Alton	Alton Gaming Company
Argosy Casino Riverside	The Missouri Gaming Company Iowa Gaming Company
Argosy Casino Sioux City	Penn Bullwhackers, Inc.
Bullwhackers Casino	PHK Staffing, LLC
Hollywood Casino at Kansas Speedway	Louisiana Casino Cruises, Inc.
Hollywood Casino Baton Rouge	Central Ohio Gaming Ventures, LLC
Hollywood Casino Columbus	St Louis Gaming Ventures, LLC
Hollywood Casino St. Louis	Toledo Gaming Ventures, Inc.
Hollywood Casino Toledo	Hollywood Casino Tunica, Inc.
Hollywood Casino Tunica	Bangor Historic Track, Inc.
Hollywood Slots at Bangor	Raceway Park, Inc.
Raceway Park	Beulah Park Gaming Ventures, Inc.
Beulah Park	Boomtown Casino Biloxi
Boomtown Casino Biloxi	PNGI CharlesTown Gaming, LLC
Hollywood Casino at Charles Town	Mountainview T.R.A., Inc.

Hollywood Casino at PNRC
Hollywood Casino Aurora
Hollywood Casino Bay St. Louis
Hollywood Casino Joliet
Hollywood Casino Lawrenceburg
Hollywood Casino Perryville
Penn National Gaming, Inc.
Rosecroft Raceway
Sanford Orlando Kennel Club
Zia Park
The M Resort

Hollywood Casino Aurora
Hollywood Casino Bay St. Louis
Empress Casino Joliet Corporation
Indiana Gaming Company, L.P.
Penn Cecil Maryland Inc.
Penn National Gaming, Inc.
Prince Georges Racing Ventures LLC
Sanford Orlando Kennel Club
Zia Park, LLC
LV Gaming Ventures, Inc.

FIRST AMENDMENT
TO THE
PENN NATIONAL GAMING, INC.
DEFERRED COMPENSATION PLAN

WHEREAS, Penn National Gaming, Inc. (the "Company") maintains the Penn National Gaming, Inc. Deferred Compensation Plan (the "Plan"); and

WHEREAS, Section 12.2 of the Plan provides that the Company may amend the Plan at any time by action of the Board; and

WHEREAS, the Company wishes to amend the Plan to address the eligibility of certain employees to participate in the Plan.

NOW, THEREFORE, the Plan is hereby amended effective November 1, 2013 as follows:

1. Section 2.1 is amended by adding the following to the end thereof:

"Any Employee who becomes an Employee during the 24-month period commencing on November 1, 2013 and who had been a participant in the Gaming and Leisure Properties, Inc. Deferred Compensation Plan shall be eligible to participate in the Plan as soon as practicable following the date he becomes an Employee."

2. In all other respects, the Plan shall remain as previously written.

IN WITNESS WHEREOF, this First Amendment has been adopted this 6th day of January, 2014.

ATTEST: PENN NATIONAL GAMING, INC.

/s/ Tammy Albrecht By: /s/ Robert S. Ippolito

SECOND AMENDMENT TO THE
PENN NATIONAL GAMING, INC.
DEFERRED COMPENSATION PLAN

WHEREAS, Penn National Gaming, Inc. (the "Company") maintains the Penn National Gaming, Inc. Deferred Compensation Plan (the "Plan"); and

WHEREAS, Section 12.2 of the Plan provides that the Company may amend the Plan at any time by action of the Board; and

WHEREAS, the Company wishes to amend the Plan to revise the provisions governing retirement distributions.

NOW, THEREFORE, the Plan is hereby amended, effective October 1, 2015, as follows:

1. Section 1.34 is amended by adding the following to the end thereof:

"Effective January 1, 2017, with respect to amounts credited to a Participant's Account relating to periods of service with an Employer beginning on or after January 1, 2017, 'Retirement,' 'Retire(s)' or 'Retired' means, with respect to an Employee, termination of employment from all Employers for any reason other than a leave of absence, death, or Disability (i) on or after the attainment of age 55 with at least ten (10) Years of Service or (ii) on or after the attainment of age 65. For purposes of this Plan, any 'termination of employment' shall be construed in accordance with the requirements for a 'separation from service' under Treas. Reg. §1.409A-1(h)."

2. Section 1.46 is amended by adding the following to the end thereof:

"In addition, for purposes of determining whether a Participant has been credited with at least ten (10) Years of Service for purposes of determining his eligibility for a Retirement distribution, if a Participant incurs a Separation from Service with an Employer and is subsequently reemployed more than thirty (30) days after the effective date of such Separation from Service, all Years of Service credited prior to such Separation from Service shall be disregarded."

3. Section 3.5 is amended by adding the following to the end thereof:

"Effective October 1, 2015, all discretionary contributions to a Participant's Company Contribution Account shall be subject to the approval of the Chief Executive Officer of the Company (the "CEO") or the executive officer of the Company designated by the CEO. A discretionary contribution to a Participant may not be in excess of Twenty Thousand and no/100 Dollars ($20,000.00) in a Plan Year and the total discretionary contributions to Participants in a Plan Year may not exceed One Hundred Thousand and no/100 Dollars ($100,000.00). In addition, in no event may a discretionary contribution be allocated to the Company Contribution Account of any Participant who is a named executive officer of the Company."

4. Section 5.2(a) is amended by adding the following after the first sentence therein:

"Effective January 1, 2017, with respect to amounts credited to a Participant's Account relating to periods of service with an Employer beginning on or after January 1, 2017, a Participant will elect on an Election Form to receive the Retirement Benefit in a lump sum or pursuant to an Annual installment Method of five (5) or ten (10) years with respect to amounts credited to his Account for each calendar year period for which he is making a deferral election pursuant to Section 3.3."

5. A new Section 7.3 is added to read, it its entirety, as follows:

"7.3 **Termination Benefit Election**. With respect to amounts credited to a Participant's Account relating to periods of service with an Employer prior to January 1, 2017, a Participant may change the form or timing of the payment of his Termination Benefit from a lump sum distribution to (i) an annual installment method of five (5) or ten (10) years or (ii) a lump sum that is payable at least five (5) years after his Separation from Service with the Employer. The change may be made by submitting an Election Form to the Committee in accordance with the following criteria:

(i) The election shall not take effect until at least twelve (12) months after date on which the election is made;

(ii) The new Benefit Distribution Date for the Participant's

Termination Benefit shall be at least five (5) years after the Benefit Distribution Date that would have been otherwise applicable to such benefits;

(iii) The election must be made at least twelve (12) months prior to the Benefit Distribution Date that would have otherwise been applicable to the Participant's Termination Benefit; and

(iv) The Participant must have attained age fifty-five (55) with at least ten (10) Years of Service as of the date of his Separation from Service giving rise to the Participant's Termination Benefit.

This election opportunity will first be made available to a Participant following the Participant's attainment of age fifty-three (53) with at least eight (8) Years of Service."

6. Section 17.10 is amended by replacing "Gail L. Gonzales, Corporate Director, Human Resources" with "Corporate Director of Benefits."

7. In all other respects, the Plan shall remain as previously written.

IN WITNESS WHEREOF, this Second Amendment has been adopted this 28th day of December 2015.

ATTEST: PENN NATIONAL GAMING, INC.

/s/ Lori Heyer By: /s/ Saul V. Reibstein

THIRD AMENDMENT TO THE
PENN NATIONAL GAMING, INC.
DEFERRED COMPENSATION PLAN

WHEREAS, Penn National Gaming, Inc. (the "Company") maintains the Penn National Gaming, Inc. Deferred Compensation Plan (the "Plan"); and

WHEREAS, Section 12.2 of the Plan provides that the Company may amend the Plan at any time by action of the Board; and

WHEREAS, the Company wishes to amend the Plan to clarify the annual deferral provision; and

WHEREAS, the Board approved these amendments at its meeting on December 2, 2016. NOW, THEREFORE, the Plan is hereby amended, effective January 1, 2017, as follows:

1. Section 3.1 is amended to read, in its entirety, as follows:

"3.1 **Annual Deferrals**. For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, a percentage of Base Annual Salary and/or Annual Bonus. If no election is made, the amount deferred will be deemed to be zero."

2. Section 12.2 is amended by adding the following to the end thereof

"Effective January 1, 2017, the Plan may be amended by action of the Compensation Committee of the Board (the "Compensation Committee") with respect to significant Plan design changes and/or any changes having a significant economic impact on the Company or on senior executives of the Company. The Compensation Committee shall notify the Board of any actions taken with respect to the Plan. All other administrative and/or mandatory legal amendments may be adopted by action of the CEO. The CEO shall notify the Compensation Committee of any action taken with respect to the Plan."

3. In all other respects, the Plan shall remain as previously written.

IN WITNESS WHEREOF, this Third Amendment has been adopted this 9th day of June, 2017.

ATTEST:

/s/ Rebecca A. Fink

PENN NATIONAL GAMING, INC.

By: /s/ Carl Sottosanti
Executive Vice President and General Counsel

FOURTH AMENDMENT TO THE
PENN NATIONAL GAMING, INC.
DEFERRED COMPENSATION PLAN

WHEREAS, Penn National Gaming, Inc. (the "Company") maintains the Penn National Gaming, Inc. Deferred Compensation Plan (the "Plan"); and

WHEREAS, Section 12.2 of the Plan provides that the CEO may adopt administrative amendments to the Plan; and

WHEREAS, the Company wishes to amend the Plan to clarify the annual company contribution provision.

NOW, THEREFORE, the Plan is hereby amended, effective as of January 1, 2017, as follows:

1. The first sentence of Section 3.5 is amended to read, in its entirety, as follows:

"The Company shall credit to the Account of each Participant an amount equal to the sum of (i) 50% of the Participant's Annual Deferral Amount attributable to Base Annual Salary (but only with respect to a maximum deferral of 10%) and (ii) 50% of the Participant's Annual Deferral Amount attributable to Annual Bonus (but only with respect to a maximum deferral of 10%)."

2. In all other respects, the Plan shall remain as previously written.

IN WITNESS WHEREOF, this Fourth Amendment has been adopted this 30th day of October, 2017.

ATTEST:

/s/ Carl Sottosanti

TIMOTHY J. WILMOTT,
CHIEF EXECUTIVE OFFICER

/s/ Timothy J. Wilmott

SIXTH AMENDMENT TO THE
PENN NATIONAL GAMING, INC.
DEFERRED COMPENSATION PLAN

WHEREAS, Penn National Gaming, Inc. (the "Company") maintains the Penn National Gaming, Inc. Deferred Compensation Plan (the "Plan"); and

WHEREAS, Section 12.2 of the Plan provides that the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") may amend the Plan with respect to significant Plan design changes and/or any changes having a significant economic impact on the Company or on senior executives of the Company; and

WHEREAS, the Compensation Committee wishes to amend the Plan to cease annual Company contributions thereto effective as of April 1, 2020.

NOW, THEREFORE, the Plan is hereby amended, effective as of April 1, 2020, as follows:

1.Section 3.5 is amended by adding the following after the first sentence therein:

"Effective April 1, 2020, no amounts shall be credited to the Company Contribution Account of any Participant pursuant to the preceding sentence with respect to any compensation received by a Participant on or after April 1, 2020."

2.In all other respects, the Plan shall remain as previously written.

Accordingly, this Sixth Amendment has been adopted this 24th day of March, 2020.

SEVENTH AMENDMENT TO THE
PENN NATIONAL GAMING, INC.
DEFERRED COMPENSATION PLAN

WHEREAS, Penn National Gaming, Inc. (the "Company") maintains the Penn National Gaming, Inc. Deferred Compensation Plan (the "Plan"); and

WHEREAS, Section 12.2 of the Plan provides that the CEO may adopt administrative amendments to the Plan; and

WHEREAS, the Company wishes to amend the Plan to resume annual Company contributions thereto effective as of October 1, 2020;

NOW, THEREFORE, the Plan is hereby amended, effective as of October 1, 2020, as follows:

1. Section 3.5 is amended by adding the following after the second sentence therein:

“Effective October 1, 2020, amounts shall be credited to the Company Contribution Account of any Participant pursuant to the first sentence of this paragraph with respect to any compensation received by a Participant on or after October 1, 2020.”

2. In all other respects, the Plan shall remain as previously written.

IN WITNESS WHEREOF, this Seventh Amendment has been adopted this 29 day of September, 2020.

ATTEST:

/s/ Lori A. Heyer

JAY A. SNOWDEN
CHIEF EXECUTIVE OFFICER

/s/ Jay A. Snowden

Exhibit 10.9

EXECUTIVE AGREEMENT

This EXECUTIVE AGREEMENT (this "Agreement") is entered into on this 30th day of December, 2019 and shall be effective as of January 1, 2020 (the "Effective Date"), by Penn National Gaming, Inc., a Pennsylvania corporation (the "Company"), and the senior executive who has executed this Agreement below ("Executive").

WHEREAS, each of the parties wishes to enter into this Agreement, the terms of which are intended to be in compliance with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A", see also Section 21 hereof); and

WHEREAS, this Agreement is intended to supersede the September 25, 2018 employment agreement, which shall have no further effect.

NOW, THEREFORE, the parties, in exchange for the mutual promises described herein and other good and valuable consideration and intending to be legally bound, agree as follows:

1. Term and Compensation.

(a) The Company hereby agrees to employ Executive and Executive hereby accepts such employment, in accordance with the terms, conditions and provisions hereinafter set forth in this Agreement, at Executive's new 2020 compensation, which will be reviewed periodically in the same manner as peer executives.

(b) The term of this Agreement shall begin on the Effective Date and shall terminate on the earlier of the third anniversary of the Effective Date ("Term") or the termination of Executive' s employment with the Company; provided, however, notwithstanding anything in this Agreement to the contrary, Sections 5 through 22 shall survive until the expiration of any applicable time periods set forth in Sections 6, 7 and 8.

(c) In addition, Executive is currently enrolled in the Executive Masters of Business Administration program at Villanova University ("Program"). The Company shall continue to pay directly to Villanova University the Executive's tuition for the Program (the "Tuition Reimbursement").

(d) If this Agreement is terminated pursuant to Sections 2(c) or 3, Executive shall promptly repay the following to the Company: (i) prior to completion of the Program, all Tuition Reimbursement paid to date; (ii) in year one post-graduation, the full Tuition Reimbursement and (iii) in year two post-graduation, two thirds of the Tuition Reimbursement.

2. Termination by the Company.

(a) Termination. The Company may terminate Executive's employment at any time without Cause (as such term is defined in subsection (c) below), with Cause, or at the end of the Term by non-renewal of this Agreement.

(b) Without Cause. The Company may terminate Executive's employment at any time without Cause (as such term is defined in subsection (c) below) by delivery of written notice to Executive, which notice shall set forth the effective date of such termination.

(c) With Cause. The Company may terminate Executive's employment at any time for Cause effective immediately upon delivery of written notice to Executive. As used herein, the term "Cause" shall mean:

(i) Executive shall have been convicted of, or pled guilty or nolo contendere to, a criminal offense involving allegations of fraud, dishonesty or physical harm during the term of this Agreement;

(ii) Executive is found (or is reasonably likely to be found) disqualified or not suitable to hold a casino or other gaming license by a governmental gaming authority in any jurisdiction where Executive is required to be found qualified, suitable or licensed;

(iii) Executive breaches any significant Company policy (such as the Business Code of Conduct or the Harassment Policy) or term of this Agreement, including, without limitation, Sections 5 through 8 of this Agreement and, in each case, fails to cure such breach within 15 days after receipt of written notice thereof (to the extent curable);

(iv) Executive misappropriates corporate funds or resources as determined in good faith by the Audit Committee of the Board;

(v) the Company determines in its reasonable discretion that Executive has failed to perform Executive's duties with the Company (other than any such failure resulting from incapacity due to physical disability or mental illness) or in the case of repeated insubordination;

(vi) the Company determines in its reasonable discretion that Executive has engaged in illegal conduct or gross misconduct which is or is reasonably expected to be materially injurious to the Company or one of its affiliates;

(vii) Executive's death (this Agreement and Executive's employment will terminate automatically upon Executive's death); or

(viii) Executive's inability to perform the essential functions of Executive's job (with or without reasonable accommodation) by reason of disability, where such inability continues for a period of ninety (90) days continuously.

3. Termination by Executive. Executive may voluntarily terminate employment for any reason effective upon 60 days' prior written notice to the Company, in which case no severance payments or benefits shall be due.

4. Severance Pay and Benefits. Subject to the terms and conditions set forth in this Agreement, if Executive's employment is terminated under Section 2(b) or by the Company's non-renewal of Executive's employment under this Agreement or substantially-similar terms, then the Company will provide Executive with the following severance pay and benefits (except in the event of a breach of the Release, as defined below); provided, for purposes of Section 409A, each payment of severance pay under this Section 4 shall be considered a separate payment:

(a) Amount of Post-Employment Base Salary. Subject to Sections 4(d) and 21, the Company shall pay to Executive an amount equal to 24 months (the "Severance Period") of base salary at the rate in effect on the date of Executive's separation from service (the "Termination Date"). Such amount shall be paid over the Severance Period in accordance with the Company's regular payroll procedures for similarly situated executives following the Termination Date.

(b) Amount of Post-Employment Bonus. In addition to the Post-Employment Base Salary provided under Section 4(a) above, and subject to Section 4(e), the Company shall pay to Executive an amount equal to the product of 1.5 times the amount of the average of the last two full years bonuses paid to Executive based on the actual performance of the Company. Such amount paid to Executive under this Section 4(b) shall be paid on the date annual bonuses are paid to similarly-situated executives after the Termination Date.

(c) Continued Medical Benefits Coverage. During the Severance Period, Executive and Executive's dependents will have the opportunity under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("COBRA") to elect COBRA continuation coverage. If Employee so elects and pays for

COBRA coverage in a timely manner, the Company shall reimburse Executive for the cost of purchasing COBRA coverage through the end of the Severance Period (or until such earlier date as Executive and Executive's dependents cease to receive COBRA coverage).

(d) Certain Other Terms. In the event that the Company announces that it has signed a definitive agreement with respect to a Change of Control (as defined below) or any potential acquirer has publicly announced its intent to consummate a Change of Control with respect to the Company, and if, during the period after the public announcement and immediately preceding the date such transaction is consummated or terminated, the Company terminates Executive's employment without Cause; subject to Section 5(e), the Company shall pay to Executive on the sixtieth day following the employment termination date a lump sum equal to the excess, if any of (i) two times Executive's targeted amount of annual cash bonus at the rate in effect coincident with the employment termination date, over (ii) the amount determined in Section 5(b).

(e) Release Agreement. Executive's entitlement to any severance pay and benefit entitlements under this Section 4 is conditioned upon Executive's first entering into a release substantially in the form attached as Exhibit A ("Release") and the Release becoming effective no later than the sixtieth day following the employment termination date, the Release shall be delivered to Executive within 14 days after the Termination Date. Notwithstanding any other provision hereof, all severance payments to Executive shall be delayed until after the expiration of any applicable revocation period with respect to the release, but in the event the applicable revocation period spans two calendar years, the payments shall commence in the second calendar year. Executive also acknowledges that any severance pay under this Section 4 is subject to the Company's then current recoupment policy.

5. No Conflicts of Interest. Executive agrees that throughout the period of Executive's employment hereunder, Executive will not perform any activities or services, or accept other employment, that would materially interfere with or present a conflict of interest concerning Executive's employment with the Company. Executive agrees and acknowledges that Executive's employment is conditioned upon Executive adhering to and complying with the business practices and requirements of ethical conduct set forth in writing from time to time by the Company in its employee manual, code of conduct or similar publication. Executive represents and warrants that no other contract, agreement or understanding to which Executive is a party or may be subject to will be violated by the execution of this Agreement by Executive. Executive further agrees to not accept any position on the board of a for-profit company without the written consent of the Penn National Gaming, Inc. Chief Executive Officer.

6. Confidentialitv.

(a) Definition. "Confidential Information" means data and information relating to the business of the Company or its affiliates, (i) which the Company or its affiliates have disclosed to Executive, or of which Executive became aware as a consequence of or in the course of Executive's employment with the

Company, (ii) which have value to the Company or its affiliates, and (iii) which are not generally known to its competitors. Confidential Information will not include any data or information that the Company or its affiliates have voluntarily disclosed to the public (except where Executive made or caused that public disclosure without authorization), that others have independently developed and disclosed to the public, or that otherwise enters the public domain through lawful means.

(b) Restrictions. Executive agrees to treat as confidential and will not, without the prior written approval of the Company in each instance, directly or indirectly use (other than in the performance of Executive's duties of employment with the Company or its affiliates), publish, disclose, copyright or authorize anyone else to use, publish, disclose or copyright, any Confidential Information obtained during Employee's employment with the Company or its affiliates, whether or not the Confidential Information is in written or other tangible form. This restriction will continue to apply for a period of two (2) years after the Termination Date. Executive acknowledges and agrees that the prohibitions against disclosure and use of Confidential Information recited in this section are in addition to, and not in lieu of, any rights or remedies that the Company or its affiliates may have available under applicable laws.

(c) Nothing in this Agreement or in the Release shall prohibit Executive from reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of applicable federal or state law or regulation.

7. Non-Competition.

(a) As used in this Section 7, the term "Restriction Period" shall mean a period equal to: (i) the six-month period immediately following the Termination Date if Executive's employment terminates under circumstances where Executive is not entitled to payments under Section 4 or 9 or (ii) the Severance Period if Executive's employment terminates under circumstances where Executive is entitled to payments under Section 4 or 9.

(b) During the term of this Agreement and for the duration of the Restriction Period thereafter, Executive shall not, except with the prior written consent of the Company, directly or indirectly, own, manage, operate, join, control, finance or participate in the ownership, management, operation, control or financing of, or be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, or use or permit Executive's name to be used in connection with, any Competing Business. A "Competing Business" includes any business enterprise which owns or operates, or is publicly seeking to own or operate, a gaming facility located within 150 miles of any facility in which Company or its affiliates owns or operates or is actively seeking to own or operate a facility at such time (the "Restricted Area"). Executive acknowledges that any business which offers gaming, racing, sports wagering or internet real money / social gaming, and which markets to any customers in the Restricted Area, is a Competing Business.

(c) The foregoing restrictions shall not be construed to prohibit Executive's ownership of less than 5% of any class of securities of any corporation which is engaged in any of the foregoing businesses and has a class of securities registered pursuant to the Securities Exchange Act of 1934, provided that such ownership represents a passive investment and that neither Executive nor any group of persons including Executive in any way, either directly or indirectly, manages or exercises control of any such corporation, guarantees any of its financial obligations, otherwise takes any part in its business, other than exercising Executive's rights as a shareholder, or seeks to do any of the foregoing.

(d) Executive acknowledges that the covenants contained in Sections 6 through 8 hereof are reasonable and necessary to protect the legitimate interests of the Company and its affiliates and, in

particular, that the duration and geographic scope of such covenants are reasonable given the nature of this Agreement and the position that Executive will hold within the Company. Executive further agrees to disclose the existence and terms of such covenants to any employer that Executive works for during the Restriction Period.

8. Non-Solicitation. Executive will not, except with the prior written consent of the Company, during the term of this Agreement and for a period of 18 months after the Termination Date, directly or indirectly, solicit or hire, or encourage the solicitation or hiring of, any person who is, or was within a six month period prior to such solicitation or hiring, an executive or management (or higher) level employee of the Company or any of its affiliates, for any position as an employee, independent contractor, consultant or otherwise for the benefit of any entity not affiliated with the Company.

9. Change of Control.

(a) Definition. The term Change of Control ("COC") shall have the meaning given to such term in the Company's then current Long Term Incentive Compensation Plan.

(b) Payments. In the event of a Change of Control, and either (A) Executive's employment is terminated without Cause within 12 months after the effective date of the Change of Control or (B) Executive resigns from employment for Post-COC Good Reason (as such term is defined in subsection (f) below) within 12 months after the

effective date of the Change of Control (the effective date of such termination or resignation, the "Activation Date"), subject to Section 9(d), Executive shall be entitled to receive, on the sixtieth day following the employment termination date, a cash payment in an amount equal to the product of two times the sum of the Executive's: (i) base salary and (ii) targeted amount of annual cash bonus, at the rate in effect coincident with the Change of Control or the Activation Date, whichever is greater; provided, however, that if the Change of Control is not a "change in control event" for purposes of Code Section 409A, then only those amounts that do not constitute non-qualified deferred compensation under Section 409A shall be paid in a lump sum and the remaining payments shall be paid over the Severance Period in accordance with the Company's regular payroll procedures for similarly-situated executives. Such payment shall be in lieu of any payment to which Executive would be entitled under Section 4 (a)-(b), provided that Executive shall also be entitled to receive the benefits set forth in Section 4(c).

(c) Restrictive Provisions. As consideration for the payments under Sections 9(b) or 4, Executive agrees not to challenge the enforceability of any of the restrictions contained in Sections 6, 7 or 8 of this Agreement upon or after the occurrence of a Change of Control.

(d) Release Agreement and Payment Terms. Executive's entitlement to any severance pay and benefit entitlements under this Section 9 is conditioned upon Executive's first entering into a Release as provided by the Company to Executive within 14 days after the Activation Date and the Release becoming effective no later than the sixtieth day following the Activation Date. Notwithstanding any other provision hereof, all payments to Executive shall be delayed until after the expiration of any applicable revocation period with respect to the Release, but in the event the applicable revocation period spans two calendar years, the payments shall commence in the second calendar year.

(e) Post-COC Good Reason. As used herein, the term "Post-COC Good Reason" shall mean the occurrence of any of the following events that the Company fails to cure within 10 days after receiving written notice thereof from Executive (which notice must be delivered within 30 days of Executive becoming aware of the applicable event or circumstance): (i) assignment to Executive of any duties inconsistent in any material respect with Executive's position (including status, titles and reporting requirements), authority, duties or responsibilities or inconsistent with Executive's legal or fiduciary

obligations; (ii) any reduction in Executive's compensation or substantial reduction in Executive's benefits taken as a whole; (iii) any travel requirements materially greater than Executive's travel requirements prior to the Change of Control; (iv) an office relocation of greater than 50 miles from Executive's then current office or (v) any breach of any material term of this Agreement by the Company.

10. Property Surrender. Upon termination of Executive's employment for any reason, Executive shall immediately surrender and deliver to the Company all property that belongs to the Company, including, but not limited to, any keys, equipment, computers, phones, credit cards, disk drives and any documents, correspondence and other information, including all Confidential Information, of any type whatsoever, from the Company or any of its agents, servants, employees, suppliers, and existing or potential customers, that came into Executive's possession by any means during the course of employment.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the Commonwealth of Pennsylvania.

12. Jurisdiction. The parties hereby irrevocably consent to the jurisdiction of the courts of the Commonwealth of Pennsylvania for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be commenced, prosecuted and continued only in the state or federal courts having jurisdiction for matters arising in Wyomissing, Pennsylvania, which shall be the exclusive and only proper forum for adjudicating such a claim.

13. Notices. All notices and other communications required or permitted under this Agreement or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand delivered, delivered by guaranteed next-day delivery or shall be deemed given on the third business day when mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to the Company, to:

Penn National Gaming, Inc.
825 Berkshire Boulevard, Suite 200
Wyomissing, Pennsylvania 19610
Attention: Chief Executive Officer (with a copy to the General Counsel)

If to Executive, to:

Executive's then current home address as provided by Executive to the Company.

or to such other names or addresses as the Company or Executive, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section 13.

14. Contents of Agreement; Amendment and Assignment. This Agreement sets forth the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements or understandings with respect to thereto. This Agreement cannot be changed, modified, extended, waived or terminated except upon a written instrument signed by the party against which it is to be enforced. Executive may not assign any of Executive's rights or obligations under this Agreement. The Company may assign its rights and obligations under this Agreement to any successor to all or substantially all of its assets or business by means of liquidation, dissolution, merger, consolidation, transfer of assets, stock transfer or otherwise.

15. Severability. If any provision of this Agreement or application thereof to anyone under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement which can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. If any provision is held void, invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances. In addition, if any court determines that any part of Sections 6, 7 or 8 hereof is unenforceable because of its duration, geographical scope or otherwise, such court will have the power to modify such provision and, in its modified form, such provision will then be enforceable.

16. Remedies. No remedy conferred upon a party by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission by a party in exercising any right, remedy or power under this Agreement or existing at law or in equity shall be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its sole discretion. Executive acknowledges that money damages would not be a sufficient remedy for any breach of this Agreement by Executive and that the Company shall be entitled to specific performance and injunctive relief as remedies for any such breach, in addition to all other remedies available at law or equity to the Company.

17. Construction. This Agreement is the result of thoughtful negotiations and reflects an arms' length bargain between two sophisticated parties, each with an opportunity to be represented by counsel. The parties agree that, if this Agreement requires interpretation, neither party should be considered "the drafter" nor be entitled to any presumption that any ambiguities are to be resolved in such party's favor.

18. Beneficiaries/References. Executive shall be entitled, to the extent permitted under any applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit payable under this Agreement following Executive's death or incapacity by giving the Company written notice thereof. In the event of Executive's death or a judicial determination of Executive's incompetence, reference in this Agreement to Executive shall be deemed, where appropriate, to refer to Executive's beneficiary, estate or other legal representative. Except as provided in this provision or Company affiliates, no third party beneficiaries are intended.

19. Withholding. All payments under this Agreement shall be made subject to applicable tax withholding, and the Company shall withhold from any payments under this Agreement all federal, state and local taxes, as the Company is required to withhold pursuant to any law or governmental rule or regulation. Executive shall bear all expense of, and be solely responsible for, all federal, state and local taxes due with respect to any payment received under this Agreement.

20. Regulatory Compliance. The terms and provisions hereof shall be conditioned on and subject to compliance with all laws, rules, and regulations of all jurisdictions, or agencies, boards or commissions thereof, having regulatory jurisdiction over the employment or activities of Executive hereunder.

21. Section 409A. Any amounts that constitute nonqualified deferred compensation as defined in Section 409A that become payable upon a termination of employment shall be payable only if such termination of employment constitutes a separation from service (as defined in Section 409A). The payments due under this Agreement are intended to be exempt from Code Section 409A, but to the extent that such payments are not exempt, this Agreement is intended to comply with the requirements of Section 409A and shall be construed accordingly. Any payments or distributions to be made to Executive under

this Agreement upon a separation from service (as defined in Section 409A) of amounts classified as "nonqualified deferred compensation" for purposes of Code Section 409A and do not satisfy an exemption from the time and form of payment requirements of Section 409A, shall in no event be made or commence until six months after such separation from service if Executive is a specified employee (as defined in Section 409A). Each payment of nonqualified deferred compensation under this Agreement shall be treated as a separate payment for purposes of Code Section 409A. Any reimbursements made pursuant to this Agreement shall be paid as soon as practicable but no later than 90 days after Executive submits evidence of such expenses to the Company (which payment date shall in no event be later than the last day of the calendar year following the calendar year in which the expense was incurred). The amount of such reimbursements during any calendar year shall not affect the benefits provided in any other calendar year, and the right to any such benefits shall not be subject to liquidation or exchange for another benefit. Notwithstanding anything herein to the contrary, the Company shall not have any liability to the Executive or to any other person if the payments and benefits provided in this Agreement that are intended to be exempt from or compliant with Code Section 409A are not so exempt or compliant.

22. Defend Trade Secrets Act. Pursuant to the Defend Trade Secrets Act of 2016, Executive acknowledges that Executive will not have criminal or civil liability under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive (X) files any document containing the trade secret under seal, and (Y) does not disclose the trade secret, except pursuant to court order.

23. Clawback Policy. Executive acknowledges that Executive has received the Company's Clawback Policy and agrees to be bound by it.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first above written.

PENN NATIONAL GAMING, INC.

By: /s/ Timothy J. Wilmott
Name: Timothy J. Wilmott
Title: Chief Executive Officer

EXECUTIVE

/s/ Todd George
Name: Todd George

Exhibit A

SEPARATION AGREEMENT AND GENERAL RELEASE

This is a Separation Agreement and General Release (hereinafter referred to as the "Agreement") between _____ (hereinafter referred to as the "Employee") and _____ and its affiliates (hereinafter referred to as the "Employer"). In consideration of the mutual promises and commitments made in this Agreement, and intending to be legally bound, Employee, on the one hand, and the Employer on the other hand, agree to the terms set forth in this Agreement.

1. Employee is party to an Executive Agreement dated [DATE] (the "Executive Agreement"). Employer and Employee hereby acknowledge that Employee's employment was terminated on [DATE].

2. (a) Following the execution of this Agreement, Employee will be entitled to the post-employment benefits and subject to the post-employment responsibilities set forth in Employee's Executive Agreement.

(b) If Employee accepts any employment with the Employer, or an affiliate or related entity of the Employer, and becomes reemployed during the Severance Period (as defined in the Executive Agreement), Employee acknowledges and agrees that Employee will forfeit all future severance payments from the date on which reemployment commences.

3. (a) When used in this Agreement, the word "Releasees" means the Employer and all or any of its past and present parent, subsidiary and affiliated corporations, members, companies, partnerships, joint ventures and other entities and their groups, divisions, departments and units, and their past and present directors, trustees, officers, managers, partners, supervisors, employees, attorneys, agents and consultants, and their predecessors, successors and assigns.

(b) When used in this Agreement, the word "Claims" means each and every claim, complaint, cause of action, and grievance, whether known or unknown and whether fixed or contingent, and each and every promise, assurance, contract, representation, guarantee, warranty, right and commitment of any kind, whether known or unknown and whether fixed or contingent.

4. In consideration of the promises of the Employer set forth in this Agreement and the Executive Agreement, and intending to be legally bound, Employee hereby irrevocably remises, releases and forever

discharges all Releasees of and from any and all Claims that Employee (on behalf of either Employee or any other person or persons) ever had or now has against any and all of the Releasees, or which Employee (or Employee's heirs, executors, administrators or assigns or any of them) hereafter can, shall or may have against any and all of the Releasees, for or by reason of any cause, matter, thing, occurrence or event whatsoever through the effective date of this Agreement. Employee acknowledges and agrees that the Claims released in this paragraph include, but are not limited to, (a) any and all Claims based on any law, statute or constitution or based on contract or in tort on common law, and (b) any and all Claims based on or arising under any civil rights laws, such as any [STATE] employment laws, or Title VII of the Civil Rights Act of 1964 (42 U.S.C. § 2000e et seq.), or the Federal Age Discrimination in Employment Act (29 U.S.C. § 621 et seq.) (hereinafter referred to as the "ADEA"), and (c) any and all Claims under any grievance or complaint procedure of any kind, and (d) any and all Claims based on or arising out of or related to Employee's recruitment by, employment with, the termination of Employee's employment with, Employee's performance of any services in any capacity for, or any other arrangement or transaction with, each or any of the Releasees. Employee also understands, that by signing this Agreement, Employee is waiving all Claims against any and all of the Releasees released by this Agreement; provided. however, that as set forth in section 7 (f) (1) (c) of the ADEA, as added by the Older Workers Benefit Protection Act

of 1990, nothing in this Agreement constitutes or shall (i) be construed to constitute a waiver by Employee of any rights or claims that may arise after this Agreement is executed by Employee, or (ii) impair Employee's right to file a charge with the U.S. Securities and Exchange Commission ("SEC"), the U.S. Equal Employment Opportunity Commission ("EEOC"), the National Labor Relations Board ("NLRB") or any state agency or to participate in an investigation or proceeding conducted by the SEC, EEOC, NLRB or any state agency or as otherwise required by law. Notwithstanding the foregoing, Employee agrees to waive Employee's right to recover individual relief in any charge, complaint, or lawsuit filed by Employee or anyone on Employee's behalf, except that this does not waive the Employee's ability to obtain monetary awards from the SEC's whistleblower program.

5. Employee further certifies that Employee is not aware of any actual or attempted regulatory, SEC, EEOC or other legal violations by Employer and that Employee's separation is not a result of retaliation based on any legal rights or opposition to an illegal practice.

6. Employee covenants and agrees not to sue the Releasees and each or any of them for any Claims released by this Agreement and to waive any recovery related to any Claims covered by this Agreement.

7. Pursuant to the Defend Trade Secrets Act of 2016, Employee acknowledges that Employee will not have criminal or civil liability under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney, and may use the trade secret information in the court proceeding, if Employee (X) files any document containing the trade secret under seal, and (Y) does not disclose the trade secret, except pursuant to court order.

8. Employee agrees to provide reasonable transition assistance to Employer (including without limitation assistance on regulatory matters, operational matters and in connection with litigation) for a period of one year from the execution of this Agreement at no additional cost; provided, such assistance shall not unreasonably interfere with Employee's pursuit of gainful employment or result in Employee not having a separation from service (as defined in Section 409A of the Internal Revenue Code of 1986). Any assistance beyond this period will be provided at a mutually agreed cost.

9. Employee agrees that, except as specifically provided in this Agreement, there is no compensation, benefits, or other payments due or owed to Employee by each or any of the Releasees, including, without limitation, the Employer, and there are no payments due or owed to Employee in connection with Employee's employment by

or the termination of Employee's employment with each or any of the Releasees, including without limitation, any interest in unvested options, SARs, restricted stock or other equity issued to, expected by or contemplated by any of the Releasees (which interest is specifically released herein) or any other benefits (including, without limitation, any other severance benefits). For clarity, Employee acknowledges that upon Employee's separation date, Employee has no further rights under any bonus arrangement or option plan of Employer. Employee further acknowledges that Employee has not experienced or reported any work-related injury or illness.

10. Except where the Employer has disclosed or is required to disclose the terms of this Agreement pursuant to applicable federal or state law, rule or regulatory practice, Employer and Employee agree that the terms of this Agreement are confidential. Employee will not disclose or publicize the terms of this Agreement and the amounts paid or agreed to be paid pursuant to this Agreement to any person or entity, except to Employee's spouse, Employee's attorney, Employee's accountant, and to a government

agency for the purpose of payment or collection of taxes or application for unemployment compensation benefits. Employee agrees that Employee's disclosure of the terms of this Agreement to Employee's spouse, Employee's attorney and Employee's accountant shall be conditioned upon Employee obtaining agreement from them, for the benefit of the Employer, not to disclose or publicize to any person or entity the terms of this Agreement and the amounts paid or agreed to be paid under this Agreement. Employee understands that, notwithstanding any provisions of this Agreement, Employee is not prohibited or in any way restricted from reporting possible violations of law to a government agency or entity, and Employee is not required to inform Employer if Employee makes such reports.

11. Employee agrees not to make any false, misleading, defamatory or disparaging statements, including in blogs, posts on Facebook, twitter, other forms of social media or any such similar communications, about Employer (including without limitation Employer's products, services, partners, investors or personnel) and to refrain from taking any action designed to harm the public perception of the Employer or any of the Releasees. Employee further agrees that Employee has disclosed to Employer all information, if any, in Employee's possession, custody or control related to any legal, compliance or regulatory obligations of Employer and any failures to meet such obligations.

12. The terms of this Agreement are not to be considered as an admission on behalf of either party. Neither this Agreement nor its terms shall be admissible as evidence of any liability or wrongdoing by each or any of the Releasees in any judicial, administrative or other proceeding now pending or hereafter instituted by any person or entity. The Employer is entering into this Agreement solely for the purpose of effectuating a mutually satisfactory separation of Employee's employment.

13. Sections 11 and 12 (Governing Law, Jurisdiction) of the Executive Agreement shall also apply to this Agreement.

14. Along with the surviving provisions of the Executive Agreement, including but not limited to Sections 6, 7 and 8, this Agreement constitutes a complete and final agreement between the parties and supersedes and replaces all prior or contemporaneous agreements, offer letters, severance policies and plans, negotiations, or discussions relating to the subject matter of this Agreement and no other agreement shall be binding upon each or any of the Releasees, including, but not limited to, any agreement made hereafter, unless in writing and signed by an officer of the Employer, and only such agreement shall be binding against the Employer.

15. Employee is advised, and acknowledges that Employee has been advised, to consult with an attorney before signing this Agreement.

16. Employee acknowledges that Employee is signing this Agreement voluntarily, with full knowledge of the nature and consequences of its terms.

17. All executed copies of this Agreement and photocopies thereof shall have the same force and effect and shall be as legally binding and enforceable as the original.

18. Employee acknowledges that Employee has been given up to twenty-one (21) days within which to consider this Agreement before signing it. Subject to paragraph 19 below, this Agreement will become effective on the date of Employee's signature hereof.

19. For a period of seven (7) calendar days following Employee's signature of this Agreement, Employee may revoke the Agreement, and the Agreement shall not become effective or enforceable until the seven (7) day revocation period has expired. Employee may revoke this Agreement at any time within that seven (7) day period, by sending a written notice of revocation to the Human Resources Department of Employer. Such written notice must be actually received by the Employer within that seven (7) day period in order to be valid. If a valid revocation is received within that seven (7) day period, this Agreement shall be null and void for all purposes and no severance shall be paid. If Employee does not revoke this agreement, payment of the severance pay amount set forth in the Employee's Executive Agreement will be paid in the manner and at the time(s) described in the Executive Agreement.

44319

IN WITNESS WHEREOF, the Parties have read, understand and do voluntarily execute this Separation Agreement and General Release which consists of [NUMBER] pages.

EMPLOYER	EMPLOYEE
By: _____	_____
Date: _____	Date: _____

Exhibit 10.10

EXECUTIVE AGREEMENT

This EXECUTIVE AGREEMENT (this "Agreement") is entered into on this 17th day of November, 2020 and shall be effective as of December 31, 2020 (the "Effective Date"), by Penn National Gaming, Inc., a Pennsylvania corporation (the "Company"), and the senior executive who has executed this Agreement below ("Executive").

WHEREAS, each of the parties wishes to enter into this Agreement, the terms of which are intended to be in compliance with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A", see also Section 22 hereof).

NOW, THEREFORE, the parties, in exchange for the mutual promises described herein and other good and valuable consideration and intending to be legally bound, agree as follows:

1. Employment and Position. The Company hereby agrees to employ Executive initially as a non-officer employee on December 31, 2020. Beginning on January 1, 2021, the Company hereby agrees to employ Executive and Executive hereby accepts such employment at the position of Executive Vice President, Chief Legal Officer and Secretary, in accordance with the terms, conditions and provisions hereinafter set forth in this Agreement. During the Term of the Agreement, Executive's compensation shall be as set forth below, which will be reviewed periodically in the same manner as peer executives.

a. Annual salary of $575,000; and

b. Eligible for annual incentive targeted at 100% of annual salary beginning in 2021; and

c. Eligible for an annual equity grant targeted at 240% of annual salary beginning in 2021; and

d. Signing bonus, comprised of:

i. $200,000 to be delivered on or before January 1, 2021; and

ii. Equity grant of restricted stock units ("RSUs") equal to $250,000, which RSUs will vest 50% on each of the first and second anniversaries of the grant date (the "Sign On Grant"), which Sign On Grant shall be priced and delivered within thirty (30) days following January 1, 2021.

2. Term. The term of this Agreement shall begin on the Effective Date at Executive's current compensation, which will be reviewed periodically in the same manner as Executive's peer executives. This Agreement shall terminate on the earlier of the third anniversary of the Effective Date ("Term") or the termination of Executive's employment with the Company; provided, however, notwithstanding anything in this Agreement to the contrary, Sections 9 through 23 shall survive until the expiration of any applicable time periods set forth in Sections 7, 8 and 9.

3. Termination by the Company.

(a) Termination. The Company may terminate Executive's employment at any time without Cause (as such term is defined in subsection (c) below), with Cause, or at the end of the Term by non-renewal of this Agreement. Notwithstanding any termination under this subsection (a) or by Executive under Section 4(b), in the event that any

such termination occurs prior to the 100% vesting of the Sign On Grant, such Sign On Grant shall vest immediately upon termination.

(b) Without Cause. The Company may terminate Executive's employment at any time without Cause (as such term is defined in subsection (c) below) effective immediately upon delivery of written notice to Executive, which notice shall set forth the effective date of such termination.

(c) With Cause. The Company may terminate Executive's employment at any time for Cause effective immediately upon delivery of written notice to Executive. As used herein, the term "Cause" shall mean:

(i) Executive shall have been convicted of, or pled guilty or nolo contendere to, a criminal offense involving allegations of fraud, dishonesty or physical harm during the term of this Agreement;

(ii) Executive is found (or is reasonably likely to be found) disqualified or not suitable to hold a casino or other gaming license by a governmental gaming authority in any jurisdiction where Executive is required to be found qualified, suitable or licensed;

(iii) Executive breaches any significant Company policy or term of this Agreement, including, without limitation, Sections 6 through 9 of this Agreement and, in each case, fails to cure such breach within 15 days after receipt of written notice thereof (to the extent curable);

(iv) Executive misappropriates corporate funds or resources as determined in good faith by the Audit Committee of the Board;

(v) the Company determines in its reasonable discretion that Executive has failed to materially perform Executive's duties with the Company (other than any such failure resulting from incapacity due to physical disability or mental illness) or in the case of repeated insubordination;

(vi) the Company determines in its reasonable discretion that Executive has engaged in illegal conduct or gross misconduct which is or is reasonably expected to be materially injurious to the Company or one of its affiliates;

(vii) Executive's death (this Agreement and Executive's employment will terminate automatically upon Executive's death); or

(viii) Executive's inability to perform the essential functions of Executive's job (with or without reasonable accommodation) by reason of disability, where such inability continues for a period of ninety (90) days continuously.

4. Termination by Executive. Executive may voluntarily terminate employment for any reason effective upon 60 days' prior written notice to the Company, in which case no severance payments or benefits shall be due.

5. Severance Pay and Benefits. Subject to the terms and conditions set forth in this Agreement, if Executive's employment is terminated under Section 3(b) or by the Company's non-renewal of Executive's employment under this Agreement or substantially-similar terms, then the Company will provide Executive with the following severance pay and benefits (except in the event of a breach of the Release, as defined below); provided, for purposes of Section 409A, each payment of severance pay under this Section 5 shall be considered a separate payment:

(a) Amount of Post-Employment Base Salary. Subject to Sections 5(d) and 22, the Company shall pay to Executive an amount equal to 18 months (the "Severance Period") of base salary at the rate in effect on the date of Executive's separation from service (the "Termination Date"). Such amount shall be paid in accordance with the Company's regular payroll procedures for similarly situated executives following the Termination Date.

(b) Amount of Post-Employment Bonus. In addition to the Post-Employment Base Salary provided under Section 5(a) above, the Company shall pay to Executive an amount equal to the product of 1.5 times the targeted amount of an annual cash bonus, at the rate in effect on the Termination Date. Such amount paid to Executive under this Section 5(b) shall be paid on the date such next bonus is paid to similarly-situated executives after the Termination Date.

(c) Continued Medical Benefits Coverage. During the Severance Period, Executive and Executive's dependents will have the opportunity under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("COBRA") to elect COBRA continuation coverage. If Employee so elects and pays for COBRA coverage in a timely manner, the Company shall reimburse Executive for the cost of purchasing COBRA coverage through the end of the Severance Period (or until such earlier date as Executive and Executive's dependents cease to receive COBRA coverage).

(d) Release Agreement. Executive's entitlement to any severance pay and benefit entitlements under this Section 5 is conditioned upon Executive's first entering into a release substantially in the form attached as Exhibit A ("Release"), the Release shall be delivered to Executive within 14 days after the Termination Date. Notwithstanding any other provision hereof, all severance payments to Executive shall be delayed until after the expiration of any applicable revocation period with respect to the release, but in the event the applicable revocation period spans two calendar years, the payments shall commence in the second calendar year. Executive also acknowledges that any severance pay under this Section 5 is subject to the Company's then-current Executive Incentive Compensation Recoupment Policy.

6. No Conflicts of Interest. Executive agrees that throughout the period of Executive's employment hereunder, Executive will not perform any activities or services, or accept other employment, that would materially interfere with or present a conflict of interest concerning Executive's employment with the Company. Executive agrees and acknowledges that Executive's employment is conditioned upon Executive adhering to and complying with the business practices and requirements of ethical conduct set forth in writing from time to time by the Company in its employee manual, code of conduct or similar publication. Executive represents and warrants that no other contract, agreement or understanding to which Executive is a party or may be subject to will be violated by the execution of this Agreement by Executive. Executive further agrees to not accept any position on the board of a for-profit company without the written consent of the Penn National Gaming, Inc. Chief Executive Officer.

7. Confidentiality.

(a) Definition. "Confidential Information" means data and information relating to the business of the Company or its affiliates, (i) which the Company or its affiliates have disclosed to Executive, or of which Executive became aware as a consequence of or in the course of Executive's employment with the Company, (ii) which have value to the Company or its affiliates, and (iii) which are not generally known to its competitors. Confidential Information will not include any data or information that the Company or its affiliates have voluntarily disclosed to the public (except where Executive made or caused that public disclosure without authorization), that others have independently developed and disclosed to the public, or that otherwise enters the public domain through lawful means.

(b) Restrictions. Executive agrees to treat as confidential and will not, without the prior written approval of the Company in each instance, directly or indirectly use (other than in the performance of Executive's duties of employment with the Company or its affiliates), publish, disclose, copyright or authorize anyone else to use, publish, disclose or copyright, any Confidential Information obtained during Employee's employment with the Company or its affiliates, whether or not the Confidential Information is in written or other tangible form. This restriction will continue to apply for a period of two (2) years after the Termination Date. Executive acknowledges and agrees that the prohibitions against disclosure and use of Confidential Information recited in this section are in addition to, and not in lieu of, any rights or remedies that the Company or its affiliates may have available under applicable laws.

8. Non-Competition.

(a) As used in this Section 8, the term "Restriction Period" shall mean a period equal to: (i) the six-month period immediately following the Termination Date if Executive's employment terminates under circumstances where Executive is not entitled to payments under Section 5 or 10 or (ii) the Severance Period if Executive's employment terminates under circumstances where Executive is entitled to payments under Section 5 or 10.

(b) During the term of this Agreement and for the duration of the Restriction Period thereafter, Executive shall not, except with the prior written consent of the Company, directly or indirectly, own, manage, operate, join, control, finance or participate in the ownership, management, operation, control or financing of, or be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, or use or permit Executive's name to be used in connection with, any Competing Business. A "Competing Business" includes any business enterprise which owns or operates, or is publicly seeking to own or operate, a gaming facility located within 150 miles of any facility in which Company or its affiliates owns or operates or is actively seeking to own or operate a facility at such time (the "Restricted Area"). Executive acknowledges that any business which offers gaming, racing, sports wagering or internet real money / social gaming, and which markets to any customers in the Restricted Area, is a Competing Business.

(c) The foregoing restrictions shall not be construed to prohibit Executive's ownership of less than 5% of any class of securities of any corporation which is engaged in any of the foregoing businesses and has a class of securities registered pursuant to the Securities Exchange Act of 1934, provided that such ownership represents a passive investment and that neither Executive nor any group of persons including Executive in any way, either directly or indirectly, manages or exercises control of any such corporation, guarantees any of its financial obligations, otherwise takes any part in its business, other than exercising Executive's rights as a shareholder, or seeks to do any of the foregoing.

(d) Executive acknowledges that the covenants contained in Sections 7 through 9 hereof are reasonable and necessary to protect the legitimate interests of the Company and its affiliates and, in particular, that the duration and geographic scope of such covenants are reasonable given the nature of this Agreement and the position that Executive will hold within the Company. Executive further agrees to disclose the existence and terms of such covenants to any employer that Executive works for during the Restriction Period.

9. Non-Solicitation. Executive will not, except with the prior written consent of the Company, during the term of this Agreement and for a period of 18 months after the Termination Date, directly or indirectly, solicit or hire, or encourage the solicitation or hiring of, any person who is, or was within a six month period prior to such solicitation or hiring, an executive or management (or higher) level employee of the Company or any of its affiliates, for any position as an employee, independent contractor, consultant or otherwise for the benefit of any entity not affiliated with the Company.

10. Change of Control.

(a) Definition. The term Change of Control ("COC") shall have the meaning given to such term in the Company's then current Long Term Incentive Compensation Plan.

(b) Payments. In the event of a Change of Control, and either (A) Executive's employment is terminated without Cause within 12 months after the effective date of the Change of Control or (B) Executive resigns from employment for Post-COC Good Reason (as such term is defined in subsection (f) below) within 12 months after the effective date of the Change of Control (the effective date of such

termination or resignation, the "Trigger Date"), Executive shall be entitled to receive a cash payment in an amount equal to the product of two times the sum of the Executive's: (i) base salary and (ii) targeted amount of annual cash bonus, at the rate in effect coincident with the Change of Control or the Trigger Date, whichever is greater. Such

payment shall be in lieu of any payment to which Executive would be entitled under Section 5, provided that Executive shall also be entitled to receive the benefits set forth in Section 5(c).

(c) Restrictive Provisions. As consideration for the payments under Sections 10(b) or 5, Executive agrees not to challenge the enforceability of any of the restrictions contained in Sections 7, 8 or 9 of this Agreement upon or after the occurrence of a Change of Control.

(d) Release Agreement and Payment Terms. Executive's entitlement to any severance pay and benefit entitlements under this Section 10 is conditioned upon Executive's first entering into a Release as provided by the Company to Executive. Notwithstanding any other provision hereof, all payments to Executive shall be delayed until after the expiration of any applicable revocation period with respect to the Release, but in the event the applicable revocation period spans two calendar years, the payments shall commence in the second calendar year.

(e) Certain Other Terms. In the event that the Company announces that it has signed a definitive agreement with respect to a Change of Control or any potential acquirer has publicly announced its intent to consummate a Change of Control with respect to the Company, the provisions of this Section 10 shall continue to apply to Executive if, during the period after the public announcement and immediately preceding the date such transaction is consummated or terminated, the Company terminates Executive's employment without Cause; provided, however, that, in such event, any amount payable under this Section 10 shall be reduced by any payments received pursuant to Section 5.

(f) Post-COC Good Reason. As used herein, the term "Post-COC Good Reason" shall mean the occurrence of any of the following events that the Company fails to cure within 10 days after receiving written notice thereof from Executive (which notice must be delivered within 30 days of Executive becoming aware of the applicable event or circumstance): (i) assignment to Executive of any duties inconsistent in any material respect with Executive's position (including status, titles and reporting requirements), authority, duties or responsibilities or inconsistent with Executive's legal or fiduciary obligations; (ii) any reduction in Executive's compensation or substantial reduction in Executive's benefits taken as a whole; (iii) any travel requirements materially greater than Executive's travel requirements prior to the Change of Control; (iv) an office relocation of greater than 50 miles from Executive's then current office or (v) any breach of any material term of this Agreement by the Company.

11. Property Surrender. Upon termination of Executive's employment for any reason, Executive shall immediately surrender and deliver to the Company all property that belongs to the Company, including, but not limited to, any keys, equipment, computers, phones, credit cards, disk drives and any documents, correspondence and other information, including all Confidential Information, of any type whatsoever, from the Company or any of its agents, servants, employees, suppliers, and existing or potential customers, that came into Executive's possession by any means during the course of employment.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the Commonwealth of Pennsylvania.

13. Jurisdiction. The parties hereby irrevocably consent to the jurisdiction of the courts of the Commonwealth of Pennsylvania for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be commenced, prosecuted and continued only in the state or federal courts having jurisdiction for matters arising in Wyomissing, Pennsylvania, which shall be the exclusive and only proper forum for adjudicating such a claim.

14. Notices. All notices and other communications required or permitted under this Agreement or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand delivered, delivered by guaranteed next-day delivery or shall be deemed given on the third business day when mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to the Company, to:

Penn National Gaming, Inc.
825 Berkshire Boulevard, Suite 200
Wyomissing, Pennsylvania 19610
Attention: Chief Executive Officer (with a copy to the General Counsel)

If to Executive, to:

Executive's then current home address as provided by Executive to the Company.

or to such other names or addresses as the Company or Executive, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section 14.

15. Contents of Agreement; Amendment and Assignment. This Agreement sets forth the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements or understandings with respect to thereto. This Agreement cannot be changed, modified, extended, waived or terminated except upon a written instrument signed by the party against which it is to be enforced. Executive may not assign any of Executive's rights or obligations under this Agreement. The Company may assign its rights and obligations under this Agreement to any successor to all or substantially all of its assets or business by means of liquidation, dissolution, merger, consolidation, transfer of assets, stock transfer or otherwise.

16. Severability. If any provision of this Agreement or application thereof to anyone under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement which can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. If any provision is held void, invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances. In addition, if any court determines that any part of Sections 7, 8 or 9 hereof is unenforceable because of its duration, geographical scope or otherwise, such court will have the power to modify such provision and, in its modified form, such provision will then be enforceable.

17. Remedies. No remedy conferred upon a party by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission by a party in exercising any right, remedy or power under this Agreement or existing at law or in equity shall be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its sole discretion. Executive acknowledges that money damages would not be a sufficient remedy for any breach of this Agreement by Executive and that the Company shall be entitled to specific performance and injunctive relief as remedies for any such breach, in addition to all other remedies available at law or equity to the Company.

18. Construction. This Agreement is the result of thoughtful negotiations and reflects an arms' length bargain between two sophisticated parties, each with an opportunity to be represented by counsel. The parties agree that, if this Agreement requires interpretation, neither party should be considered "the drafter" nor be entitled to any presumption that any ambiguities are to be resolved in such party's favor.

19. Beneficiaries/References. Executive shall be entitled, to the extent permitted under any applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit payable under this Agreement following Executive's death or incapacity by giving the Company written notice thereof. In the event of Executive's death or a judicial determination of Executive's incompetence, reference in this Agreement to Executive shall be deemed, where appropriate, to refer to Executive's beneficiary, estate or other legal representative. Except as provided in this provision or Company affiliates, no third party beneficiaries are intended.

20. Withholding. All payments under this Agreement shall be made subject to applicable tax withholding, and the Company shall withhold from any payments under this Agreement all federal, state and local taxes, as the Company is required to withhold pursuant to any law or governmental rule or regulation. Executive shall bear all expense of, and be solely responsible for, all federal, state and local taxes due with respect to any payment received under this Agreement.

21. Regulatory Compliance. The terms and provisions hereof shall be conditioned on and subject to compliance with all laws, rules, and regulations of all jurisdictions, or agencies, boards or commissions thereof, having regulatory jurisdiction over the employment or activities of Executive hereunder.

22. Section 409A. The payments due under this Agreement are intended to be exempt from Code Section 409A, but to the extent that such payments are not exempt, this Agreement is intended to comply with the requirements of Section 409A and shall be construed accordingly. Any payments or distributions to be made to Executive under this Agreement upon a separation from service (as defined in Section 409A) of amounts classified as "nonqualified deferred compensation" for purposes of Code Section 409A and do not satisfy an exemption from the time and form of payment requirements of Section 409A, shall in no event be made or commence until six months after such separation from service if Executive is a specified employee (as defined in Section 409A). Each payment of nonqualified deferred compensation under this Agreement shall be treated as a separate payment for purposes of Code Section 409A. Any reimbursements made pursuant to this Agreement shall be paid as soon as practicable but no later than 90 days after Executive submits evidence of such expenses to the Company (which payment date shall in no event be later than the last day of the calendar year following the calendar year in which the expense was incurred). The amount of such reimbursements during any calendar year shall not affect the benefits provided in any other calendar year, and the right to any such benefits shall not be subject to liquidation or exchange for another benefit. Notwithstanding anything herein to the contrary, the Company shall not have any liability to the Executive or to any other person if the payments and benefits provided in this Agreement that are intended to be exempt from or compliant with Code Section 409A are not so exempt or compliant.

23. Defend Trade Secrets Act. Pursuant to the Defend Trade Secrets Act of 2016, Executive acknowledges that Executive will not have criminal or civil liability under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if Executive files a

lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive (X) files any document containing the trade secret under seal, and (Y) does not disclose the trade secret, except pursuant to court order.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first above written.

PENN NATIONAL GAMING, INC.

By: /s/ Jay A. Snowden
Name: Jay A. Snowden
Title: President & Chief Executive Officer

EXECUTIVE

/s/ Harper H. Ko
Name: Harper H. Ko

Exhibit 10.10

Exhibit A

SEPARATION AGREEMENT AND GENERAL RELEASE

This is a Separation Agreement and General Release (hereinafter referred to as the "Agreement") between _____ (hereinafter referred to as the "Employee") and _____ and its affiliates (hereinafter referred to as the "Employer"). In consideration of the mutual promises and commitments made in this Agreement, and intending to be legally bound, Employee, on the one hand, and the Employer on the other hand, agree to the terms set forth in this Agreement.

1. Employee is party to an Executive Agreement dated [DATE] (the "Executive Agreement"). Employer and Employee hereby acknowledge that Employee's employment was terminated on [DATE].

2. (a) Following the execution of this Agreement, Employee will be entitled to the post-employment benefits and subject to the post-employment responsibilities set forth in Employee's Executive Agreement.

(b) If Employee accepts any employment with the Employer, or an affiliate or related entity of the Employer, and becomes reemployed during the Severance Period (as defined in the Executive Agreement), Employee acknowledges and agrees that Employee will forfeit all future severance payments from the date on which reemployment commences.

3. (a) When used in this Agreement, the word "Releasees" means the Employer and all or any of its past and present parent, subsidiary and affiliated corporations, members, companies, partnerships, joint ventures and other entities and their groups, divisions, departments and units, and their past and present directors, trustees, officers, managers, partners, supervisors, employees, attorneys, agents and consultants, and their predecessors, successors and assigns.

(b) When used in this Agreement, the word "Claims" means each and every claim, complaint, cause of action, and grievance, whether known or unknown and whether fixed or contingent, and each and every promise, assurance, contract, representation, guarantee, warranty, right and commitment of any kind, whether known or unknown and whether fixed or contingent.

4. In consideration of the promises of the Employer set forth in this Agreement and the Executive Agreement, and intending to be legally bound, Employee hereby irrevocably remises, releases and forever discharges all Releasees of and from any and all Claims that Employee (on behalf of either Employee or any other

person or persons) ever had or now has against any and all of the Releasees, or which Employee (or Employee's heirs, executors, administrators or assigns or any of them) hereafter can, shall or may have against any and all of the Releasees, for or by reason of any cause, matter, thing, occurrence or event whatsoever through the effective date of this Agreement. Employee acknowledges and agrees that the Claims released in this paragraph include, but are not limited to, (a) any and all Claims based on any law, statute or constitution or based on contract or in tort on common law, and (b) any and all Claims based on or arising under any civil rights laws, such as any [STATE] employment laws, or Title VII of the Civil Rights Act of 1964 (42 U.S.C. § 2000e et seq.), or the Federal Age Discrimination in Employment Act (29 U.S.C. § 621 et seq.) (hereinafter referred to as the "ADEA"), and (c) any and all Claims under any grievance or complaint procedure of any kind, and (d) any and all Claims based on or arising out of or related to Employee's recruitment by, employment with, the termination of Employee's employment with, Employee's performance of any services in any capacity for, or any other arrangement or transaction with, each or any of the Releasees. Employee also understands, that by signing this Agreement, Employee is waiving all Claims against any and all of the Releasees released by this Agreement; provided, however, that as set forth in section 7 (f) (1) (c) of the ADEA, as added by the Older Workers Benefit Protection Act

of 1990, nothing in this Agreement constitutes or shall (i) be construed to constitute a waiver by Employee of any rights or claims that may arise after this Agreement is executed by Employee, or (ii) impair Employee's right to file a charge with the U.S. Securities and Exchange Commission ("SEC"), the U.S. Equal Employment Opportunity Commission ("EEOC"), the National Labor Relations Board ("NLRB") or any state agency or to participate in an investigation or proceeding conducted by the SEC, EEOC, NLRB or any state agency or as otherwise required by law. Notwithstanding the foregoing, Employee agrees to waive Employee's right to recover individual relief in any charge, complaint, or lawsuit filed by Employee or anyone on Employee's behalf, except that this does not waive the Employee's ability to obtain monetary awards from the SEC's whistleblower program.

5. Employee further certifies that Employee is not aware of any actual or attempted regulatory, SEC, EEOC or other legal violations by Employer and that Employee's separation is not a result of retaliation based on any legal rights or opposition to an illegal practice.

6. Employee covenants and agrees not to sue the Releasees and each or any of them for any Claims released by this Agreement and to waive any recovery related to any Claims covered by this Agreement.

7. Pursuant to the Defend Trade Secrets Act of 2016, Employee acknowledges that Employee will not have criminal or civil liability under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney, and may use the trade secret information in the court proceeding, if Employee (X) files any document containing the trade secret under seal, and (Y) does not disclose the trade secret, except pursuant to court order.

8. Employee agrees to provide reasonable transition assistance to Employer (including without limitation assistance on regulatory matters, operational matters and in connection with litigation) for a period of one year from the execution of this Agreement at no additional cost; provided, such assistance shall not unreasonably interfere with Employee's pursuit of gainful employment or result in Employee not having a separation from service (as defined in Section 409A of the Internal Revenue Code of 1986). Any assistance beyond this period will be provided at a mutually agreed cost.

9. Employee agrees that, except as specifically provided in this Agreement, there is no compensation, benefits, or other payments due or owed to Employee by each or any of the Releasees, including, without limitation, the Employer, and there are no payments due or owed to Employee in connection with Employee's employment by or the termination of Employee's employment with each or any of the Releasees, including without limitation, any

interest in unvested options, SARs, restricted stock or other equity issued to, expected by or contemplated by any of the Releasees (which interest is specifically released herein) or any other benefits (including, without limitation, any other severance benefits). For clarity, Employee acknowledges that upon Employee's separation date, Employee has no further rights under any bonus arrangement or option plan of Employer. Employee further acknowledges that Employee has not experienced or reported any work-related injury or illness.

10. Except where the Employer has disclosed or is required to disclose the terms of this Agreement pursuant to applicable federal or state law, rule or regulatory practice, Employer and Employee agree that the terms of this Agreement are confidential. Employee will not disclose or publicize the terms of this Agreement and the amounts paid or agreed to be paid pursuant to this Agreement to any person or entity, except to Employee's spouse, Employee's attorney, Employee's accountant, and to a government

agency for the purpose of payment or collection of taxes or application for unemployment compensation benefits. Employee agrees that Employee's disclosure of the terms of this Agreement to Employee's spouse, Employee's attorney and Employee's accountant shall be conditioned upon Employee obtaining agreement from them, for the benefit of the Employer, not to disclose or publicize to any person or entity the terms of this Agreement and the amounts paid or agreed to be paid under this Agreement. Employee understands that, notwithstanding any provisions of this Agreement, Employee is not prohibited or in any way restricted from reporting possible violations of law to a government agency or entity, and Employee is not required to inform Employer if Employee makes such reports.

11. Employee agrees not to make any false, misleading, defamatory or disparaging statements, including in blogs, posts on Facebook, twitter, other forms of social media or any such similar communications, about Employer (including without limitation Employer's products, services, partners, investors or personnel) and to refrain from taking any action designed to harm the public perception of the Employer or any of the Releasees. Employee further agrees that Employee has disclosed to Employer all information, if any, in Employee's possession, custody or control related to any legal, compliance or regulatory obligations of Employer and any failures to meet such obligations.

12. The terms of this Agreement are not to be considered as an admission on behalf of either party. Neither this Agreement nor its terms shall be admissible as evidence of any liability or wrongdoing by each or any of the Releasees in any judicial, administrative or other proceeding now pending or hereafter instituted by any person or entity. The Employer is entering into this Agreement solely for the purpose of effectuating a mutually satisfactory separation of Employee's employment.

13. Sections 12 and 13 (Governing Law, Jurisdiction) of the Executive Agreement shall also apply to this Agreement.

14. Along with the surviving provisions of the Executive Agreement, including but not limited to Sections 7, 8 and 9, this Agreement constitutes a complete and final agreement between the parties and supersedes and replaces all prior or contemporaneous agreements, offer letters, severance policies and plans, negotiations, or discussions relating to the subject matter of this Agreement and no other agreement shall be binding upon each or any of the Releasees, including, but not limited to, any agreement made hereafter, unless in writing and signed by an officer of the Employer, and only such agreement shall be binding against the Employer.

15. Employee is advised, and acknowledges that Employee has been advised, to consult with an attorney before signing this Agreement.

16. Employee acknowledges that Employee is signing this Agreement voluntarily, with full knowledge of the nature and consequences of its terms.

17. All executed copies of this Agreement and photocopies thereof shall have the same force and effect and shall be as legally binding and enforceable as the original.

18. Employee acknowledges that Employee has been given up to twenty-one (21) days within which to consider this Agreement before signing it. Subject to paragraph 19 below, this Agreement will become effective on the date of Employee's signature hereof.

19. For a period of seven (7) calendar days following Employee's signature of this Agreement, Employee may revoke the Agreement, and the Agreement shall not become effective or enforceable until the seven (7) day revocation period has expired. Employee may revoke this Agreement at any time within that seven (7) day period, by sending a written notice of revocation to the Human Resources Department of Employer. Such written notice must be actually received by the Employer within that seven (7) day period in order to be valid. If a valid revocation is received within that seven (7) day period, this Agreement shall be null and void for all purposes and no severance shall be paid. If Employee does not revoke this agreement, payment of the severance pay amount set forth in the Employee's Executive Agreement will be paid in the manner and at the time(s) described in the Executive Agreement.

IN WITNESS WHEREOF, the Parties have read, understand and do voluntarily execute this Separation Agreement and General Release which consists of [NUMBER] pages.

EMPLOYER	EMPLOYEE
By: _____	_____
Date: _____	Date: _____

Exhibit 21.1

Subsidiaries of Penn National Gaming, Inc. (a Pennsylvania corporation)

Name of Subsidiary	State or Other Jurisdiction of Incorporation
Abradoodle, LLC	Delaware
Absolute Games, LLC	Delaware
Alton Casino, LLC (d/b/a Argosy Casino Alton)	Illinois
Ameristar Casino Black Hawk, LLC (d/b/a Ameristar Black Hawk)	Colorado
Ameristar Casino Council Bluffs, LLC (d/b/a Ameristar Council Bluffs)	Iowa
Ameristar Casino East Chicago, LLC (d/b/a Ameristar East Chicago)	Indiana
Ameristar East Chicago Holdings, LLC	Indiana
Ameristar Interactive, LLC	Delaware
Ameristar Lake Charles Holdings, LLC	Louisiana
Argosy Development, LLC	Delaware
BCV (Intermediate), LLC	Delaware
Boomtown Biloxi Interactive, LLC	Delaware
Boomtown, LLC	Delaware
Bossier Casino Venture, LLC	Louisiana
BSLO, LLC (d/b/a Hollywood Casino Gulf Coast)	Mississippi
BTN, LLC (d/b/a Boomtown Biloxi)	Mississippi
Cactus Pete’s, LLC (d/b/a Cactus Petes and Horseshu)	Nevada
Casino Magic, LLC	Minnesota
CCR Pennsylvania Food Services, Inc	Pennsylvania
CCR Racing Management	Pennsylvania
Central Ohio Gaming Ventures, LLC (d/b/a Hollywood Casino Columbus)	Ohio
CHC Casinos Canada Limited	Nova Scotia
CHC Casinos Corp.	Florida
CRC Holdings, Inc.	Florida
Danville Development, LLC	Delaware
Dayton Real Estate Ventures, LLC (d/b/a Hollywood Gaming at Dayton Raceway)	Ohio
Delvest, LLC	Delaware
Development Ventures, LLC	Delaware
Double Bogey, LLC	Texas
eBetUSA.com, Inc.	Delaware
First Jackpot Interactive, LLC	Delaware
Gaming Jet Services, LLC	Delaware
Greektown Casino, L.L.C.	Michigan
Greektown Holdings, L.L.C.	Michigan
HC Aurora, LLC (d/b/a Hollywood Casino Aurora)	Illinois
HC Bangor, LLC (d/b/a Hollywood Casino Hotel & Raceway Bangor)	Maine
HC Joliet, LLC (d/b/a Hollywood Casino Joliet)	Illinois
Hollywood Casinos, LLC	Delaware
Hostile Grape Development, LLC	Delaware
Houston Gaming Ventures, Inc.	Texas
Houston Operating Ventures, LLC	Texas
HWCC-Tunica, LLC (d/b/a Hollywood Casino Tunica)	Texas
Illinois Gaming Investors LLC (d/b/a Prairie State Gaming)	Delaware
Indiana Gaming Company, LLC (d/b/a Hollywood Casino Lawrenceburg)	Indiana
Kansas Entertainment, LLC (d/b/a Hollywood Casino at Kansas Speedway)	Delaware

Subsidiaries of Penn National Gaming, Inc. (a Pennsylvania corporation)
(Continued)

Name of Subsidiary	State or Other Jurisdiction of Incorporation
L'Auberge Interactive, LLC	Delaware
Louisiana-I Gaming, a Louisiana Partnership in Commendam (d/b/a Boomtown New Orleans)	Louisiana
LVGV, LLC (d/b/a M Resort Spa Casino)	Nevada
Magnum Pinnacle Interactive, LLC	Delaware
Marquee by Penn, LLC	Delaware
Maryland Gaming Ventures, Inc.	Delaware
Massachusetts Gaming Ventures, LLC	Delaware
Mountain Laurel Racing, Inc	Delaware
Mountainview Thoroughbred Racing Association, LLC (d/b/a Hollywood Casino at Penn National Race Course)	Pennsylvania
Penn ADW, LLC	Delaware
Penn Hollywood Kansas, Inc.	Delaware
Penn Interactive Ventures, LLC	Delaware
Penn National GSFR, LLC	Delaware
Penn National Holdings, LLC	Delaware
Penn National Turf Club, LLC (d/b/a Hollywood Casino at Penn National Race Course)	Pennsylvania
Penn NJ OTW, LLC	New Jersey
Penn Online Entertainment, LLC	Delaware
Penn Sanford, LLC (d/b/a Sanford-Orlando Kennel Club)	Delaware
Penn Sports Interactive, LLC	Delaware
Penn Tenant II, LLC	Delaware
Penn Tenant III, LLC	Delaware
Penn Tenant, LLC	Pennsylvania
Pennwood Racing, Inc.	Delaware
PHK Staffing, LLC	Delaware
Pinnacle Entertainment, Inc.	Delaware
Pinnacle MLS, LLC	Delaware
Pinnacle Retama Partners, LLC (d/b/a Retama Park Racetrack)	Texas
PIV West, LLC	Delaware
Plainville Gaming and Redevelopment, LLC (d/b/a Plainridge Park Casino)	Delaware
PM Texas LLC	Delaware
PNGI Charles Town Gaming, LLC (d/b/a Hollywood Casino at Charles Town Races)	West Virginia
PNK (Baton Rouge) Partnership (d/b/a L'Auberge Baton Rouge)	Louisiana
PNK (BOSSIER CITY), L.L.C. (d/b/a Boomtown Bossier City)	Louisiana
PNK (LAKE CHARLES), L.L.C. (d/b/a L'Auberge Lake Charles)	Louisiana
PNK (River City), LLC (d/b/a River City Casino)	Missouri
PNK (SA), LLC	Texas
PNK (SAM), LLC	Texas
PNK (SAZ), LLC	Texas
PNK Development 33, LLC	Delaware
PNK Development 7, LLC (d/b/a Heartland Poker Tour)	Delaware
PNK Development 8, LLC	Delaware
PNK Development 9, LLC	Delaware
PNK Vicksburg, LLC (d/b/a Ameristar Vicksburg)	Mississippi
RIH Acquisitions MS I, LLC	Mississippi
RIH Acquisitions MS II, LLC (d/b/a 1st Jackpot Casino Tunica)	Mississippi
Rocket Speed, Inc.	Delaware
San Diego Gaming Ventures, LLC	Delaware

Subsidiaries of Penn National Gaming, Inc. (a Pennsylvania corporation)
(Continued)

Name of Subsidiary	State or Other Jurisdiction of Incorporation
SDGV Staffing, LLC	Delaware
Silver Screen Gaming, LLC	Delaware
SOKC, LLC (d/b/a Sanford-Orlando Kennel Club)	Delaware
St. Louis Gaming Ventures, LLC (d/b/a Hollywood Casino St. Louis)	Delaware
The Missouri Gaming Company, LLC (d/b/a Argosy Casino Riverside)	Missouri
The Shops at Tropicana Las Vegas, LLC	Nevada
Toledo Gaming Ventures, LLC (d/b/a Hollywood Casino Toledo)	Delaware
Tropicana Las Vegas Hotel and Casino, Inc. (d/b/a Tropicana Las Vegas)	Delaware
Tropicana Las Vegas Intermediate Holdings Inc.	Delaware
Tropicana Las Vegas, Inc.	Nevada
Villaggio Development, LLC	Delaware
Viva Slots Free Classic Slot Machine Games, LLC	Delaware
Washington Trotting Association, LLC (d/b/a Meadows Racetrack and Casino)	Delaware
Yankton Investments, LLC	Nevada
Youngstown Real Estate Ventures, LLC (d/b/a Hollywood Gaming at Mahoning Valley Race Course)	Ohio
Zia Park Interactive, LLC	Delaware
Zia Park LLC (d/b/a Zia Park Casino, Hotel and Racetrack)	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in:

1. Registration Statement (Form S-3 No. 333-238149) pertaining to a shelf registration statement,
2. Registration Statement (Form S-8 No. 333-226661) pertaining to the 2018 Long Term Incentive Compensation Plan,
3. Registration Statement (Form S-8 No. 333-198135) pertaining to the 2008 Long Term Incentive Compensation Plan,
4. Registration Statement (Form S-8 No. 333-176723) pertaining to the 2008 Long Term Incentive Compensation Plan, and
5. Registration Statement (Form S-8 No. 333-157669) pertaining to the 2008 Long Term Incentive Compensation Plan;

of our reports dated February 26, 2021, relating to the consolidated financial statements of Penn National Gaming, Inc. and Subsidiaries and the effectiveness of Penn National Gaming, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2020.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
February 26, 2021

Exhibit 31.1

CERTIFICATION

I, Jay A. Snowden, certify that:

1. I have reviewed this Annual Report on Form 10-K of Penn National Gaming, 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: February 26, 2021

/s/ Jay A. Snowden

Jay A. Snowden
President and Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Christine LaBombard, certify that:

1. I have reviewed this Annual Report on Form 10-K of Penn National Gaming, 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: February 26, 2021

/s/ Christine LaBombard
Christine LaBombard
Senior Vice President and Chief Accounting Officer
(Principal Financial Officer and Principal Accounting 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 Annual Report of Penn National Gaming, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2020 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Jay A. Snowden, President and Chief Executive 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: February 26, 2021

/s/ Jay A. Snowden
Jay A. Snowden
President and Chief Executive Officer
(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 Annual Report of Penn National Gaming, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2020 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Christine LaBombard, Senior Vice President and Chief Accounting 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: February 26, 2021

/s/ Christine LaBombard

Christine LaBombard
Senior Vice President and Chief Accounting Officer
(Principal Financial Officer and Principal Accounting Officer)

Description of Governmental Regulations

General

The ownership, operation, and management of our gaming and racing facilities are subject to significant regulation under the laws and regulations of each of the jurisdictions in which we operate. Gaming laws are generally based upon declarations of public policy designed to protect gaming consumers and the viability and integrity of the gaming industry. Gaming laws also may be designed to protect and maximize state and local revenues derived through taxes and licensing fees imposed on gaming industry participants, as well as to enhance economic development and tourism. To accomplish these public policy goals, gaming laws establish stringent procedures to ensure that participants in the gaming industry meet certain standards of character and fitness. In addition, gaming laws require gaming industry participants to:

- ensure that unsuitable individuals and organizations have no role in or association with gaming operations;
- establish and maintain responsible accounting practices and procedures;
- maintain effective controls over their financial practices, including establishing minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues;
- maintain systems for reliable record keeping;
- file periodic reports with gaming regulators;
- ensure that contracts and financial transactions are commercially reasonable, reflect fair market value and are arms-length transactions; and
- establish programs to promote responsible gaming.

Typically, a state regulatory environment is established by statute and is administered by a regulatory agency with broad discretion to regulate the affairs of owners, managers, and persons with financial interests in gaming operations. Among other things, gaming authorities in the various jurisdictions in which we operate:

- adopt rules and regulations under the implementing statutes;
- interpret and enforce gaming laws;
- impose disciplinary sanctions for violations, including fines and penalties;
- review the character and fitness of participants in gaming operations and make determinations regarding their suitability or qualification for licensure;
- grant licenses for participation in gaming operations;
- collect and review reports and information submitted by participants in gaming operations;
- review and approve transactions, such as acquisitions or change-of-control transactions of gaming industry participants, securities offerings and debt transactions engaged in by such participants; and
- establish and collect fees and taxes.

Any change in the laws or regulations of a gaming jurisdiction could have a material adverse effect on our gaming operations.

Licensing and Suitability Determinations

Gaming laws require us, each of our subsidiaries engaged in gaming operations, certain of our directors, officers and employees, and in some cases, certain of our shareholders and holders of our debt securities, to obtain licenses from gaming authorities. Licenses typically require a determination that the applicant qualifies or is suitable to hold the license. Gaming authorities have broad discretion in determining whether an applicant qualifies for licensing or should be deemed suitable. Criteria used in determining whether to grant or renew a license to conduct gaming operations, while varying between jurisdictions, generally include consideration of factors such as:

- the good character, honesty and integrity of the applicant;
- the financial stability, integrity and responsibility of the applicant, including whether the operation is adequately capitalized in the state and exhibits the ability to maintain adequate insurance levels;
- the quality of the applicant’s casino facilities;
- the amount of revenue to be derived by the applicable state from the operation of the applicant’s casino;
- the applicant’s practices with respect to minority hiring, training and procurement; and
- the effect on competition and general impact on the community.

In evaluating individual applicants, gaming authorities consider the individual’s business experience and reputation for good character, the individual’s financial activities, the individual’s criminal history and the character of those with whom the individual associates.

Many gaming jurisdictions limit the number of licenses granted to operate casinos within the state, and some states limit the number of licenses granted to any one gaming operator. Licenses under gaming laws are generally not transferable without regulatory approval. Licenses in most of the jurisdictions in which we conduct gaming operations are granted for limited durations and require renewal from time to time. There can be no assurance that any of our licenses will be renewed. The failure to renew any of our licenses could have a material adverse effect on our gaming operations.

In addition, the legislation permitting riverboat gaming in Iowa authorizes the granting of licenses to "qualified sponsoring organizations, which is defined as a nonprofit corporation organized under the laws of the State of Iowa. The not-for-profit corporation is permitted to enter into operating agreements with persons qualified to conduct riverboat gaming operations. Such operators must be approved and licensed by the Iowa Racing and Gaming Commission. On January 27, 1995, the Iowa Racing and Gaming Commission authorized the issuance of a license to conduct gambling games on an excursion gambling boat to Iowa West Racing Association (the "Association"), a not-for-profit corporation organized for the purpose of facilitating riverboat gaming in Council Bluffs. The Association has entered into a sponsorship agreement with Ameristar Casino Council Bluffs, Inc. ("ACCB") (the "Operator's Contract") authorizing ACCB to operate riverboat gaming operations in Council Bluffs under the Association's gaming license, and the Iowa Racing and Gaming Commission has approved this contract. The initial term of the Operator's Contract ran until March 31, 2015, and ACCB exercised an option to extend the term for an additional three-year period through March 31, 2018. In May 2017, the Association and ACCB extended the term of the Operator's Contract through March 31, 2023.

In addition to us and our direct and indirect subsidiaries engaged in gaming operations, gaming authorities have broad authority to investigate any individual who has a material relationship to or material involvement with any of these entities to determine whether such individual is suitable or should be licensed. Our officers, directors and certain key employees must file applications with the gaming authorities and may be required to be licensed, qualify or be found suitable in many jurisdictions. Gaming authorities may deny an application for licensing for any cause which they deem reasonable. Qualification and suitability determinations require submission of detailed personal and financial information followed by a thorough investigation. The applicant must pay all the costs of the investigation. Changes in licensed positions must be reported to gaming authorities and in addition to their authority to deny an application for licensure, qualification or a finding of suitability, gaming authorities have jurisdiction to disapprove a change in a corporate position.

If one or more gaming authorities were to find that an officer, director or key employee fails to qualify or is unsuitable for licensing or unsuitable to continue having a relationship with us, we would be required to sever all relationships with such person. In addition, gaming authorities may require us to terminate the employment of any person who refuses to file appropriate applications.

Moreover, in many jurisdictions, certain of our stockholders or holders of our debt securities may be required to undergo a suitability investigation similar to that described above. Many jurisdictions require any person who acquires beneficial ownership of more than a certain percentage of our voting securities, typically 5%, to report the acquisition to gaming authorities, and gaming authorities may require such holders to apply for qualification or a finding of suitability. Most gaming authorities, however, allow an "institutional investor" to apply for a waiver or similar authorization. An "institutional investor" waiver is generally limited to certain non-individual investors acquiring and holding voting securities in the ordinary course of business as an institutional investor for passive investment purposes only, and not for the purpose of causing, directly or indirectly, the election of a member of our board of directors, any change in our corporate charter, bylaws, management, policies or operations, or those of any of our gaming affiliates, or the taking of any other action which gaming authorities find to be inconsistent with holding our voting securities for passive investment purposes only. In some jurisdictions, eligibility to file a statement of Beneficial Ownership on Schedule 13G is a requirement to be considered for, and to maintain, an institutional investor waiver. Even if a waiver is granted, an institutional investor generally may not take any action inconsistent with its status when the waiver was granted without prior notice and once again becoming subject to the foregoing reporting and application obligations.

Generally, any person who fails or refuses to apply for a finding of suitability or a license within the prescribed period after being advised that it is required by gaming authorities may be denied a license or found unsuitable, as applicable. Any stockholder found unsuitable or denied a license and who holds, directly or indirectly, any beneficial ownership of our voting securities beyond such period of time, as may be prescribed by the applicable gaming authorities, may be guilty of a criminal offense. Furthermore, we may be subject to disciplinary action if, after we receive notice that a person is unsuitable to be a stockholder or to have any other relationship with us or any of our subsidiaries, we: (i) pay that person any dividend or interest upon our voting securities; (ii) allow that person to exercise, directly or indirectly, any voting right conferred through securities held by that person; (iii) pay remuneration in any form to that person for services rendered or otherwise; or (iv) fail to pursue all lawful efforts to require such unsuitable person to relinquish his voting securities including, if necessary, the immediate purchase of said voting securities for cash at fair market value.

The gaming jurisdictions in which we operate also require that suppliers of certain goods and services to gaming industry participants be licensed and require us to purchase and lease gaming equipment, and certain supplies and services only from licensed suppliers.

Violations of Gaming Laws

If we or our subsidiaries violate applicable gaming laws, our gaming licenses could be limited, conditioned, suspended or revoked by gaming authorities, and we and any other persons involved could be subject to substantial fines. Further, a supervisor or conservator can be appointed by gaming authorities to operate our gaming properties, or in some jurisdictions, take title to our gaming assets in the jurisdiction, and under certain circumstances, earnings generated during such appointment could be forfeited to the applicable state or states. Furthermore, violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. As a result, violations by us of applicable gaming laws could have a material adverse effect on our gaming operations.

Some gaming jurisdictions prohibit certain types of political activity by a gaming licensee, its officers, directors and key people. A violation of such a prohibition may subject the offender to criminal and/or disciplinary action.

Reporting and Record-keeping Requirements

We are required periodically to submit detailed financial and operating reports and furnish any other information about us and our subsidiaries which gaming authorities may require. Under federal law, we are required to record and submit detailed reports of currency transactions involving greater than $10,000 at our casinos as well as any suspicious activity that may occur at such facilities. We are required to maintain a current stock ledger which may be examined by gaming authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to gaming authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. Gaming authorities may require certificates for our securities to bear a legend indicating that the securities are subject to specified gaming laws.

Review and Approval of Transactions

Substantially all material loans, leases, sales of securities and similar financing transactions by us and our subsidiaries must be reported to and in some cases approved by gaming authorities. Neither we nor any of our subsidiaries may make a public offering of certain securities without the prior approval of certain gaming authorities. Changes in control through merger, consolidation, stock or asset acquisitions, management or consulting agreements, or otherwise are subject to receipt of prior approval of gaming authorities. Entities seeking to acquire control of us or one of our subsidiaries must satisfy gaming authorities with respect to a variety of stringent standards prior to assuming control. Gaming authorities may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control to be investigated and licensed as part of the approval process relating to the transaction.

Because of regulatory restrictions, our ability to grant a security interest in any of our gaming assets is limited and subject to receipt of prior approval by certain gaming authorities.

License Fees and Gaming Taxes

We pay substantial license fees and taxes in many jurisdictions, including some of the counties and cities in which our operations are conducted, in connection with our casino gaming operations, computed in various ways depending on the type of gaming or activity involved. Depending upon the particular fee or tax involved, these fees and taxes are payable with varying frequency. License fees and taxes are based upon such factors as:

- a percentage of the gross gaming revenues received;
- the number of gaming devices and table games operated;
- admission fees for customers boarding our riverboat casinos; and/or
- one time fees payable upon the initial receipt of license and fees in connection with the renewal of license.

In many jurisdictions, gaming tax rates are graduated, such that they increase as gross gaming revenues increase. Furthermore, tax rates are subject to change, sometimes with little notice, and such changes could have a material adverse effect on our gaming operations.

In addition to taxes specifically unique to gaming, we are required to pay all other applicable taxes.

Operational Requirements

In most jurisdictions, we are subject to certain requirements and restrictions on how we must conduct our gaming operations. In many states, we are required to promote and/or give preference to local suppliers and include minority and women-owned businesses as well as organized labor in construction projects to the maximum extent practicable as well as in general vendor business activity. Similarly, we may be required to give employment preference to minorities, women and in-state residents in certain jurisdictions.

Some gaming jurisdictions also prohibit a distribution, except to allow for the payment of taxes, if the distribution would impair the financial viability of the gaming operation. Moreover, many jurisdictions require a gaming operation to maintain insurance and post bonds in amounts determined by their gaming authority.

In addition, our ability to conduct certain types of games, introduce new games or move existing games within our facilities may be restricted or subject to regulatory review and approval. Some of our operations are subject to restrictions on the number of gaming positions we may have and the maximum wagers allowed to be placed by our customers.

In Mississippi, for example, we are required to include a 500 car parking facility in close proximity to each casino complex and infrastructure facilities that will amount to at least twenty five percent of the casino cost. This requirement was subsequently increased for any new casinos in Mississippi.

Our operating properties are also subject to various rules and regulations related to the prevention of financial crimes and combating terrorism, including the U.S. Patriot Act of 2001. These rules and regulations require us to, among other things, implement policies and procedures related to anti-money laundering, suspicious activities, currency transaction reporting and due diligence on customers. Although we have policies and procedures designed to comply with these rules and regulations, to the extent they are not fully effective or do not meet heightened regulatory standards or expectations, we may be subject to fines, penalties, restrictions on certain activities, reputational harm, or other adverse consequences.

Riverboat Casinos

In addition to all other regulations generally applicable to the gaming industry, certain of our riverboat casinos are also subject to regulations applicable to vessels operating on navigable waterways, including regulations of the U.S. Coast Guard, or alternative inspection requirements. These requirements set limits on the operation of the vessel, mandate that it must be operated by a minimum complement of licensed personnel, establish periodic inspections, including the physical inspection of the outside hull, and establish other mechanical and operations rules. In addition, the riverboat casinos may be subject to future U.S. Coast Guard regulations, or alternative security procedures, designed to increase homeland security which could affect some of our properties and require significant expenditures to bring such properties into compliance.

Racetracks

We have horse racing operations at our thoroughbred racetracks in Charles Town, West Virginia; Grantville, Pennsylvania; Hobbs, New Mexico; Austintown, Ohio; and at our harness racetracks in Bangor, Maine; Dayton, Ohio; Washington, Pennsylvania; and Plainville, Massachusetts. Through a joint venture agreement we have an ownership interest in a harness racetrack in Freehold, New Jersey, along with two off-track wagering facilities and a minority interest in an account wagering operations. In Texas, we have a joint venture agreement for the operation of a thoroughbred track in Houston and a greyhound racing facility in Harlingen, and another joint venture agreement for the operation of a quarter horse and thoroughbred track in San Antonio. In Pennsylvania, we have two off-track wagering facilities. We also conduct telephonic and electronic account wagering operations pursuant to pari-mutuel licensees or approvals issued to us or one of our subsidiaries in Pennsylvania, Oregon and Massachusetts. We currently operate video lottery terminals and table games at the Charles Town, West Virginia racetrack, and operate video lottery terminals at our racetracks in Austintown, Ohio and Dayton, Ohio. We operate slot machines and table games at our Grantville, Pennsylvania and Washington, Pennsylvania racetracks, operate slot machines and table games in Bangor, Maine at a facility located near the racetrack, operate slot machines and video poker at our Hobbs, New Mexico racetrack, and operate slot machines and electronic table games at our Plainville, Massachusetts racetrack. Generally, our slot and table operations at racetracks are regulated in the same manner as our gaming operations in other jurisdictions. In some jurisdictions, our ability to conduct gaming operations may be conditioned on the maintenance of agreements or certain arrangements with horsemen’s or labor groups or meeting minimum live racing requirements.

Regulations governing our horse and harness racing operations are, in most jurisdictions, administered separately from the regulations governing gaming operations, with separate licenses and license fee structures. The racing authorities responsible

for regulating our racing operations have broad oversight authority, which may include: annually reviewing and granting racing licenses and racing dates; approving the opening and operation of off track wagering facilities; approving simulcasting activities; licensing all officers, directors, racing officials and certain other employees of a racing licensee; and approving certain contracts entered into by a racing licensee affecting racing, pari-mutuel wagering, account wagering and off track wagering operations.

Retail Gaming Operations

Our subsidiary Illinois Gaming Investors LLC d/b/a Prairie State Gaming is licensed in Illinois as a Video Gaming Terminal ("VGT") Operator to install and operate gaming devices in certain non-casino licensed establishments (such as restaurants, bars, taverns). In addition, our subsidiary Marquee by Penn, LLC is conditionally licensed in Pennsylvania as a VGT Operator to own, service and/or maintain gaming devices for placement and operation on the premises of licensed truck stop establishments and expected to commence operations in 2019 pursuant to regulations adopted by the Pennsylvania Gaming Control Board. A VGT Operator may not have any ownership or control with respect to an establishment, and the regulations pertaining to VGT Operators are similar to those generally applicable to the gaming industry.

Sports Betting

In accordance with state gaming regulatory approvals, we currently offer retail sports wagering at our casinos in Colorado, Illinois, Nevada, Michigan, Mississippi, Indiana, Iowa, West Virginia and Pennsylvania. Certain of these state gaming regulatory approvals also authorize future online sports wagering within the given jurisdiction subject to testing and further approvals. In addition, apart from Nevada, which we expect to be converted in 2022, an affiliate of the Company to manage all of Penn National's retail sportsbooks by the end of the first quarter of 2020. We anticipate adding additional retail sports wagering offerings in the future as additional jurisdictions authorize the implementation of sports betting. In addition, the Company launched online, intrastate sports wagering, in certain of its jurisdictions where online, intrastate sports wagering is authorized, including in Pennsylvania and Michigan and plans to launch in additional jurisdictions upon receipt of necessary approvals.

Interactive Business

We are subject to various federal, state and international laws and regulations that affect our interactive business, including those relating to the privacy and security of customer and employee personal information and those relating to the Internet, behavioral tracking, mobile applications, advertising and marketing activities, sweepstakes and contests. Additional laws in all of these areas are likely to be passed in the future, which could result in significant limitations on or changes to the ways in which we can collect, use, host, store or transmit the personal information and data of our customers or employees, communicate with our customers, and deliver products and services, or may significantly increase our compliance costs. As our business expands to include new uses or collection of data that is subject to privacy or security regulations, our compliance requirements and costs will increase and we may be subject to increased regulatory scrutiny.

Some of our social gaming products and features are based upon traditional casino games, such as slots and table games. Although we do not believe these products and features, including those available at HollywoodCasino.com, constitute gambling, it is possible that additional laws or regulations may be passed in the future that would restrict or impose additional requirements on our social gaming products and features.

In addition, an affiliate of the Company began offering lawful real money online internet gaming in Pennsylvania in 2019 and in Michigan in the first quarter of 2021, including slots, table games and poker, pursuant to regulations adopted by the applicable regulatory authorities.