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

(Mark One)

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

For the quarterly period ended September 30, 2022
or

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

For the transition period from __________ to __________
Commission file number: 0-24206

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

Pennsylvania	**23-2234473**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
825 Berkshire Blvd., Suite 200 Wyomissing, Pennsylvania	**19610**
(Address of principal executive offices)	(Zip code)

(610) 373-2400
(Registrant's telephone number, including area code)
N/A
(Former name, former address and former fiscal year, if changed since last report)
Securities registered pursuant to Section 12(b) of the Act:

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

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

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

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

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

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

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

As of October 28, 2022, the number of shares of the registrant's common stock outstanding was 155,117,678 (including 620,282 shares of a subsidiary of registrant which are exchangeable into registrant's common stock).

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

ITEM 1. FINANCIAL STATEMENTS

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

(in millions, except share and per share data)	September 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 1,728.4	$ 1,863.9
Accounts receivable, net	155.8	195.0
Prepaid expenses	111.8	132.3
Other current assets	62.5	32.4
Total current assets	2,058.5	2,223.6
Property and equipment, net	4,517.2	4,582.2
Investment in and advances to unconsolidated affiliates	246.3	255.1
Goodwill	2,661.8	2,822.5
Other intangible assets, net	1,754.6	1,872.6
Lease right-of-use assets	6,108.9	4,853.0
Other assets	187.8	263.1
Total assets	$ 17,535.1	$ 16,872.1
Liabilities		
Current liabilities		
Accounts payable	$ 40.9	$ 53.3
Current maturities of long-term debt	55.8	99.5
Current portion of financing obligations	65.0	39.0
Current portion of lease liabilities	188.7	142.9
Accrued expenses and other current liabilities	797.9	798.5
Total current liabilities	1,148.3	1,133.2
Long-term debt, net of current maturities, debt discount and debt issuance costs	2,730.2	2,637.3
Long-term portion of financing obligations	3,984.7	4,057.8
Long-term portion of lease liabilities	5,892.4	4,628.6
Deferred income taxes	37.8	189.1
Other long-term liabilities	125.7	129.0
Total liabilities	13,919.1	12,775.0
Commitments and contingencies (Note 12)		
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, 969 shares issued in both periods, and 581 and 775 shares outstanding)	19.4	25.8
Common stock ($0.01 par value, 400,000,000 shares authorized in both periods, 172,305,996 and 171,729,276 shares issued, and 155,448,209 and 169,561,883 shares outstanding)	1.7	1.7
Exchangeable shares ($0.01 par value, 697,539 shares authorized and issued in both periods, 620,353 and 653,059 shares outstanding)	—	—
Treasury stock, at cost, (16,857,787 and 2,167,393 shares)	(538.5)	(28.4)
Additional paid-in capital	4,201.9	4,239.6
Retained earnings (accumulated deficit)	133.7	(86.5)
Accumulated other comprehensive loss	(201.1)	(54.4)
Total PENN Entertainment stockholders' equity	3,617.1	4,097.8
Non-controlling interest	(1.1)	(0.7)
Total stockholders' equity	3,616.0	4,097.1
Total liabilities and stockholders' equity	$ 17,535.1	$ 16,872.1

See accompanying notes to the unaudited Consolidated Financial Statements.

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

(in millions, except per share data)	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Revenues				
Gaming	$ 1,317.5	$ 1,256.2	$ 3,934.3	$ 3,643.7
Food, beverage, hotel and other	307.5	255.6	881.8	688.8
Total revenues	1,625.0	1,511.8	4,816.1	4,332.5
Operating expenses				
Gaming	757.9	652.4	2,158.1	1,801.1
Food, beverage, hotel and other	199.2	160.1	557.9	431.8
General and administrative	277.9	376.5	847.2	1,019.2
Depreciation and amortization	148.7	83.7	417.2	246.9
Impairment losses	104.6	—	104.6	—
Total operating expenses	1,488.3	1,272.7	4,085.0	3,499.0
Operating income	136.7	239.1	731.1	833.5
Other income (expenses)				
Interest expense, net	(193.3)	(144.9)	(547.7)	(418.6)
Income from unconsolidated affiliates	6.6	9.1	17.1	27.8
Other	(8.8)	19.2	(77.7)	43.1
Total other expenses	(195.5)	(116.6)	(608.3)	(347.7)
Income (loss) before income taxes	(58.8)	122.5	122.8	485.8
Income tax benefit (expense)	182.0	(36.4)	78.1	(110.1)
Net income	123.2	86.1	200.9	375.7
Less: Net loss attributable to non-controlling interest	0.3	—	0.4	0.1
Net income attributable to PENN Entertainment	$ 123.5	$ 86.1	$ 201.3	$ 375.8
Earnings per share:				
Basic earnings per share	$ 0.78	$ 0.55	$ 1.23	$ 2.40
Diluted earnings per share	$ 0.72	$ 0.52	$ 1.15	$ 2.24
Weighted-average common shares outstanding—basic	157.6	156.1	163.5	155.9
Weighted-average common shares outstanding—diluted	173.0	172.7	179.0	172.7

See accompanying notes to the unaudited Consolidated Financial Statements.

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

	For the three months ended September 30,		For the nine months ended September 30,	
(in millions)	**2022**	**2021**	**2022**	**2021**
Net income	$ 123.2	$ 86.1	$ 200.9	$ 375.7
Other comprehensive loss:				
Foreign currency translation adjustment during the period	(119.8)	—	(146.7)	—
Other comprehensive loss	(119.8)	—	(146.7)	—
Total comprehensive income	3.4	86.1	54.2	375.7
Less: Comprehensive loss attributable to non-controlling interest	0.3	—	0.4	0.1
Comprehensive income attributable to PENN Entertainment	$ 3.7	$ 86.1	$ 54.6	$ 375.8

See accompanying notes to the unaudited Consolidated Financial Statements.

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

	Three Months Ended September 30, 2022 and 2021												
	Preferred Stock		Common Stock										
(in millions, except share data)	Shares	Amount	PENN Entertainment Shares	Amount	Exchangeable Shares	Amount	Treasury Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total PENN Stockholders' Equity	Non-Controlling Interest	Total Stockholders' Equity
Balance as of July 1, 2022	581	$ 19.4	160,725,723	$ 1.7	624,658	$ —	$ (370.5)	$ 4,187.3	$ 10.2	$ (81.3)	$ 3,766.8	$ (0.8)	$ 3,766.0
Share-based compensation arrangements	—	—	62,935	—	—	—	—	13.6	—	—	13.6	—	13.6
Share repurchases (Note 13)	—	—	(5,348,809)	—	—	—	(168.0)	—	—	—	(168.0)	—	(168.0)
Common stock issuance (Note 13)	—	—	4,055	—	—	—	—	0.2	—	—	0.2	—	0.2
Exchangeable shares conversions (Note 13)	—	—	4,305	—	(4,305)	—	—	—	—	—	—	—	—
Currency translation adjustment	—	—	—	—	—	—	—	—	—	(119.8)	(119.8)	—	(119.8)
Net income (loss)	—	—	—	—	—	—	—	—	123.5	—	123.5	(0.3)	123.2
Other	—	—	—	—	—	—	—	0.8	—	—	0.8	—	0.8
Balance as of September 30, 2022	581	$ 19.4	155,448,209	$ 1.7	620,353	$ —	$ (538.5)	$ 4,201.9	$ 133.7	$ (201.1)	$ 3,617.1	$ (1.1)	$ 3,616.0
Balance as of July 1, 2021	775	$ 24.2	156,786,873	$ 1.6	—	$ —	$ (28.4)	$ 3,178.5	$ (217.6)	$ —	$ 2,958.3	$ (0.5)	$ 2,957.8
Share-based compensation arrangements	—	—	17,318	—	—	—	—	8.5	—	—	8.5	—	8.5
Share issuance (Note 13)	43	3.0	198,103	—	—	—	—	15.8	—	—	18.8	—	18.8
Conversion of Preferred Stock (Note 13)	(43)	(1.4)	43,000	—	—	—	—	1.4	—	—	—	—	—
Net income	—	—	—	—	—	—	—	—	86.1	—	86.1	—	86.1
Other	—	—	—	—	—	—	—	0.2	—	—	0.2	—	0.2
Balance as of September 30, 2021	775	$ 25.8	157,045,294	$ 1.6	—	$ —	$ (28.4)	$ 3,204.4	$ (131.5)	$ —	$ 3,071.9	$ (0.5)	$ 3,071.4

See accompanying notes to the unaudited Consolidated Financial Statements.

(in millions, except share data)	Preferred Stock		Common Stock										
	Shares	**Amount**	**PENN Entertainment Shares**	**Amount**	**Exchangeable Shares**	**Amount**	**Treasury Stock**	**Additional Paid-In Capital**	**Retained Earnings (Accumulated Deficit)**	**Accumulated Other Comprehensive Loss**	**Total PENN Stockholders' Equity**	**Non-Controlling Interest**	**Total Stockholders' Equity**
	Nine Months Ended September 30, 2022 and 2021												
Balance as of January 1, 2022	775	$ 25.8	169,561,883	$ 1.7	653,059	$ —	$ (28.4)	$ 4,239.6	$ (86.5)	$ (54.4)	$ 4,097.8	$ (0.7)	$ 4,097.1
Share-based compensation arrangements	—	—	281,759	—	—	—	—	45.1	—	—	45.1	—	45.1
Share repurchases (Note 13)	—	—	(14,690,394)	—	—	—	(510.1)	—	—	—	(510.1)	—	(510.1)
Preferred stock conversions (Note 13)	(194)	(6.4)	194,200	—	—	—	—	6.4	—	—	—	—	—
Common stock issuance (Note 13)	—	—	68,055	—	—	—	—	2.2	—	—	2.2	—	2.2
Exchangeable shares conversions (Note 13)	—	—	32,706	—	(32,706)	—	—	—	—	—	—	—	—
Currency translation adjustment	—	—	—	—	—	—	—	—	—	(146.7)	(146.7)	—	(146.7)
Cumulative-effect adjustment upon adoption of ASU 2020-06	—	—	—	—	—	—	—	(88.2)	18.9	—	(69.3)	—	(69.3)
Net income (loss)	—	—	—	—	—	—	—	—	201.3	—	201.3	(0.4)	200.9
Other	—	—	—	—	—	—	—	(3.2)	—	—	(3.2)	—	(3.2)
Balance as of September 30, 2022	581	$ 19.4	155,448,209	$ 1.7	620,353	$ —	$ (538.5)	$ 4,201.9	$ 133.7	$ (201.1)	$ 3,617.1	$ (1.1)	$ 3,616.0
Balance as of January 1, 2021	883	$ 23.1	155,700,834	$ 1.6	—	$ —	$ (28.4)	$ 3,167.2	$ (507.3)	$ —	$ 2,656.2	$ (0.4)	$ 2,655.8
Share-based compensation arrangements	—	—	908,473	—	—	—	—	21.9	—	—	21.9	—	21.9
Share issuance (Note 13)	86	8.1	241,787	—	—	—	—	19.3	—	—	27.4	—	27.4
Preferred stock conversion (Note 13)	(194)	(5.4)	194,200	—	—	—	—	5.4	—	—	—	—	—
Net income (loss)	—	—	—	—	—	—	—	—	375.8	—	375.8	(0.1)	375.7
Other	—	—	—	—	—	—	—	(9.4)	—	—	(9.4)	—	(9.4)
Balance as of September 30, 2021	775	$ 25.8	157,045,294	$ 1.6	—	$ —	$ (28.4)	$ 3,204.4	$ (131.5)	$ —	$ 3,071.9	$ (0.5)	$ 3,071.4

See accompanying notes to the unaudited Consolidated Financial Statements.

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

	For the nine months ended September 30,	
(in millions)	**2022**	**2021**
Operating activities		
Net income	$ 200.9	$ 375.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	417.2	246.9
Amortization of debt discount and debt issuance costs	7.0	16.9
Noncash interest expense	20.0	12.1
Noncash operating lease expense	67.8	117.1
Gain on acquisition of Sam Houston	—	(29.9)
Holding loss (gain) on equity securities	66.4	(8.7)
Loss on sale or disposal of property and equipment	7.0	0.1
Gain on Hurricane Laura	(10.7)	—
Income from unconsolidated affiliates	(17.1)	(27.8)
Return on investment from unconsolidated affiliates	27.5	23.9
Deferred income taxes	(146.1)	19.4
Stock-based compensation	45.1	21.9
Impairment losses	104.6	—
Loss on early extinguishment of debt	10.4	—
Changes in operating assets and liabilities, net of businesses acquired		
Accounts receivable	9.1	(57.3)
Prepaid expenses and other current assets	(24.5)	(21.8)
Other assets	10.7	(3.9)
Accounts payable	(12.6)	(1.2)
Accrued expenses	19.0	131.6
Income taxes	19.3	11.1
Operating lease liabilities	(63.6)	(97.6)
Other current and long-term liabilities	(10.0)	47.4
Other	12.6	3.1
Net cash provided by operating activities	760.0	779.0
Investing activities		
Capital expenditures	(189.6)	(137.8)
Proceeds from sale of property and equipment	4.9	0.7
Hurricane Laura insurance proceeds	25.4	—
Consideration paid for acquisitions of businesses, net of cash acquired	—	(34.4)
Consideration paid for remaining interest of Sam Houston	—	(42.0)
Acquisition of equity securities	—	(26.0)
Consideration paid for a cost method investment	(15.0)	—
Consideration paid for gaming licenses and other intangible assets	(4.1)	(20.6)
Other	(1.6)	(9.4)
Net cash used in investing activities	(180.0)	(269.5)

(in millions)	For the nine months ended September 30, 2022	2021
Financing activities		
Proceeds from issuance of long-term debt, net of discounts	1,545.0	400.0
Repayments on credit facilities (Note 8)	(1,543.2)	—
Principal payments on long-term debt	(29.9)	(48.3)
Debt issuance costs	(18.2)	(7.5)
Proceeds from other long-term obligations	—	72.5
Payments of other long-term obligations	(9.2)	(8.6)
Principal payments on financing obligations	(47.5)	(26.8)
Principal payments on finance leases	(81.9)	(6.1)
Proceeds from exercise of options	3.1	8.8
Repurchase of common stock	(510.1)	—
Proceeds from insurance financing	—	26.6
Payments on insurance financing	—	(25.6)
Other	(13.3)	(9.8)
Net cash (used in) provided by financing activities	(705.2)	375.2
Effect of currency rate changes on cash, cash equivalents, and restricted cash	(2.0)	—
Change in cash, cash equivalents, and restricted cash	(127.2)	884.7
Cash, cash equivalents and restricted cash at the beginning of the year	1,880.1	1,870.4
Cash, cash equivalents and restricted cash at the end of the period	$ 1,752.9	$ 2,755.1
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 1,728.4	$ 2,729.3
Restricted cash included in Other current assets	23.3	24.6
Restricted cash included in Other assets	1.2	1.2
Total cash, cash equivalents and restricted cash	$ 1,752.9	$ 2,755.1
Supplemental disclosure:		
Cash paid for interest, net of amounts capitalized	$ 535.2	$ 418.9
Cash payments related to income taxes, net	$ 46.3	$ 75.6
Non-cash activities:		
Commencement of operating leases	$ 39.4	$ 31.6
Commencement of finance leases	$ 1,417.3	$ 102.9
Accrued capital expenditures	$ 28.7	$ 25.0

See accompanying notes to the unaudited Consolidated Financial Statements.

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

Note 1—Organization and Basis of Presentation

Organization: On August 4, 2022, Penn National Gaming, Inc. was renamed PENN Entertainment, Inc. PENN Entertainment, Inc., together with its subsidiaries ("PENN," the "Company," "we," "our," or "us"), is North America's leading provider of integrated entertainment, sports content, and casino gaming experiences. PENN operates 43 properties in 20 states, online sports betting in 14 jurisdictions and iCasino in five jurisdictions, under a portfolio of well-recognized brands including Hollywood Casino®, L'Auberge®, Barstool Sportsbook®, and theScore Bet Sportsbook and Casino®. PENN's highly differentiated strategy, which is focused on organic cross-sell opportunities, is reinforced by its investments in market-leading retail casinos, sports media assets, technology, including a state-of-the-art, fully integrated digital sports and online casino betting platform, and an in-house iCasino content studio. The Company's portfolio is further bolstered by its industry-leading my**choice**® customer loyalty program (the "my**choice** program"), which offers our approximately 26 million members a unique set of rewards and experiences across business channels.

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 9, "Leases," and collectively referred to as the "Master Leases"), with Gaming and Leisure Properties, Inc. (Nasdaq: GLPI) ("GLPI"), a real estate investment trust ("REIT").

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

Results of operations and cash flows for the interim periods presented herein are not necessarily indicative of the results that would be achieved during a full year of operations or in future periods. These unaudited Consolidated Financial Statements and notes thereto should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Note 2—Significant Accounting Policies

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

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

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

Segment Information: We have five reportable segments: Northeast, South, West, Midwest, and Interactive. Our gaming and racing properties are grouped by geographic location, and each is viewed as an operating segment with the exception of our two properties in Jackpot, Nevada, which are viewed as one operating segment. We consider our combined Video Gaming Terminal ("VGT") operations, by state, to be separate operating segments. Interactive includes all of our iCasino and online sports betting operations, management of retail sports betting, media, and our proportionate share of earnings attributable to our equity method investment in Barstool Sports, Inc. ("Barstool"). See Note 16, "Segment Information," for further information. For financial reporting purposes, we aggregate our operating segments into the following reportable segments:

	Location	Real Estate Assets Lease or Ownership Structure
Northeast segment		
Ameristar East Chicago	East Chicago, Indiana	Pinnacle Master Lease
Hollywood Casino at Greektown	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 Morgantown	Morgantown, Pennsylvania	Morgantown Lease
Hollywood Casino at PENN National Race Course	Grantville, Pennsylvania	PENN Master Lease
Hollywood Casino Perryville	Perryville, Maryland	Perryville Lease
Hollywood Casino Toledo	Toledo, Ohio	PENN Master Lease
Hollywood Casino York	York, Pennsylvania	Operating Lease (not with REIT Landlord)
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
Hollywood Casino at The Meadows	Washington, Pennsylvania	Meadows Lease
Plainridge Park Casino	Plainville, Massachusetts	Pinnacle Master Lease
South segment		
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 Spa Casino	Henderson, Nevada	PENN Master Lease
Tropicana Las Vegas (2)	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) On September 26, 2022, PENN sold its equity interest in the Tropicana Las Vegas Hotel and Casino Inc. ("Tropicana"), which consisted of the gaming license to operate the property as described in Note 6, "Acquisitions and Dispositions", and as a result of the sale, the Tropicana Lease (as defined in Note 9, "Leases") was terminated.

(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.

Revenue Recognition: Our revenue from contracts with customers consists primarily of gaming wagers, inclusive of sports betting and iCasino products, food and beverage transactions, retail transactions, hotel room sales, racing wagers, and third-party revenue sharing agreements. See Note 5, "Revenue Disaggregation," for information on our revenue by type and geographic location.

Complimentaries Associated with Gaming Contracts

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

	For the three months ended September 30,		For the nine months ended September 30,	
(in millions)	2022	2021	2022	2021
Food and beverage	$ 54.0	$ 46.1	$ 156.8	$ 126.3
Hotel	37.6	35.7	106.4	92.8
Other	4.0	3.2	9.3	7.2
Total complimentaries associated with gaming contracts	$ 95.6	$ 85.0	$ 272.5	$ 226.3

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 iCasino market access.

Our my**choice** program allows members to earn loyalty points that are redeemable for slot play and complimentaries, such as food and beverage at our restaurants, lodging at our hotels, my**choice** redemption mall, 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 priority access, discounts, gifts, and free play. The obligation associated with our my**choice** program, which is included in "Accrued expenses and other current liabilities" within our unaudited Consolidated Balance Sheets, was $35.8 million and $37.6 million as of September 30, 2022 and December 31, 2021, respectively, and consisted principally of the obligation associated with the loyalty points. Our loyalty point obligations are generally settled within six months of issuance. Changes between the opening and closing balances primarily relate to the timing of our customers' election to redeem loyalty points as well as the timing of when our customers receive their earned tier status benefits.

The Company's advance payments on goods and services yet to be provided and for unpaid wagers primarily consist of the following: (i) deposits on rooms and convention space, (ii) money deposited on behalf of a customer in advance of their property visit (referred to as "safekeeping" or "front money"), (iii) money deposited in an online wallet not yet wagered or wagered and not yet withdrawn, (iv) outstanding tickets generated by slot machine play or pari-mutuel wagering, (v) outstanding chip liabilities, (vi) unclaimed jackpots, and (vii) gift cards redeemable at our properties. Unpaid wagers generally represent obligations stemming from prior wagering events, of which revenue was previously recognized. The Company's advance payments on goods and services yet to be provided and for unpaid wagers were $115.9 million and $112.0 million as of September 30, 2022 and December 31, 2021, respectively. Advance payments on goods and services yet to be provided and for unpaid wagers are included in "Accrued expenses and other current liabilities" within our unaudited Consolidated Balance Sheets.

PENN Interactive Ventures, LLC ("PENN Interactive") enters into multi-year agreements with sports betting operators for online sports betting and iCasino market access across our portfolio of properties. Deferred revenue associated with third-party sports betting operators for online sports betting and iCasino market access, which is included in "Other long-term liabilities" within our unaudited Consolidated Balance Sheets was $55.0 million and $52.2 million as of September 30, 2022 and December 31, 2021, respectively.

Advertising: The Company expenses advertising costs the first time the advertising takes place or as incurred. Advertising expenses, which generally relate to media placement costs and are primarily included in “Gaming” expenses within the unaudited Consolidated Statements of Operations, were $27.1 million, and $69.7 million for the three and nine months ended September 30, 2022, respectively, as compared to $26.4 million and $58.8 million for the three and nine months ended September 30, 2021, respectively.

Gaming and Pari-mutuel Taxes: We are subject to gaming and pari-mutuel taxes based on gross gaming revenue and pari-mutuel revenue in the jurisdictions in which we operate, as well as taxes on revenues derived from arrangements which allow for third-party partners to operate online casinos and online sportsbooks under our gaming licenses. The Company primarily recognizes gaming and pari-mutuel tax expense based on the statutorily required percentage of revenue that is required to be paid to state and local jurisdictions in the states where or in which the wagering occurs. Also, included in gaming and pari-mutuel taxes are costs to support the operations of local regulatory authorities which some states require us to pay. Gaming and pari-mutuel taxes are recorded in “Gaming” expense or “Food, beverage, hotel, and other” expenses within the unaudited Consolidated Statements of Operations, and were $540.3 million and $1.6 billion for the three and nine months ended September 30, 2022, respectively, as compared to $505.8 million and $1.4 billion for the three and nine months ended September 30, 2021, respectively.

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

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

Earnings Per Share: Basic earnings per share (“EPS”) is computed by dividing net income 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”) and restricted stock units (“RSUs”) (collectively with RSAs, “restricted stock”), outstanding convertible preferred stock and convertible debt.

Holders of the Company’s Series D Preferred Stock (as defined in Note 10, “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 14, “Earnings per Share,” for more information.

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 10, “Investments in and Advances to Unconsolidated Affiliates.”

Note 3—New Accounting Pronouncements

In June 2022, the FASB issued ASU 2022-03, “Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions” (“ASU 2020-03”). ASU 2020-03 clarifies the guidance on the fair value measurement of an equity security that is subject to a contractual sale restriction and requires specific disclosures related to such an equity security. Specifically, ASU 2022-03 clarifies that a “contractual sale restriction prohibiting the sale of an equity security is a characteristic of the reporting entity holding the equity security” and is not included in the equity security’s unit of account. Accordingly, the Company is no longer permitted to apply a discount related to the contractual sale restriction, or lack of marketability, when measuring the equity security’s fair value. In addition, ASU 2020-03 prohibits an entity from recognizing a contractual sale restriction as a separate unit of account. ASU 2020-03 will be effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2020-03 on our Consolidated Financial Statements.

In March 2020, the FASB issued ASU 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 an optional expedient and exceptions for applying GAAP 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. The interest rates associated with the Company’s previous borrowings under its Senior Secured Credit Facilities (as defined in Note 8, “Long-term Debt”) were tied to LIBOR. Subsequent to the amendment of the Senior Secured Credit Facilities on May 3, 2022, the Company’s borrowings are tied to SOFR (see Note 8, “Long-term Debt”), upon which the Company adopted ASU 2020-04. The adoption of ASU 2020-04 did not have an impact on our unaudited Consolidated Financial Statements.

In August 2020, the FASB issued ASU 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 an effort to increase financial reporting transparency.

The new standard impacts the Company’s existing 2.75% convertible senior notes due May 2026 (“Convertible Notes”) which prior to adoption of the new standard, were accounted for under the cash conversion feature model. The cash conversion feature model is eliminated under the new standard and entities will no longer separately present in stockholders’ equity an embedded conversion feature of a debt instrument.

The new guidance also requires the use of the if-converted method when calculating diluted EPS for convertible instruments and the treasury stock method should no longer be used. Under the new guidance, convertible instruments that may be settled in cash or shares (e.g., the Company’s Convertible Notes) are to be included in the calculation of diluted EPS if the effect is more dilutive, with no option for rebutting the presumption of share settlement based on stated policy or past experience. Each of these requirements are consistent with the Company’s previous method for calculating diluted EPS.

The Company adopted ASU 2020-06 effective January 1, 2022, using the modified retrospective approach. Adoption of ASU 2020-06 resulted in reclassification of the $88.2 million cash conversion feature related to the Company’s Convertible Notes, from stockholders’ equity to liabilities. As a result of the adoption, the Company recognized as a cumulative effect adjustment an increase to the January 1, 2022 opening balance of retained earnings of $18.9 million, net of taxes.

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, that covers business interruption, including lost profits, and covers the repair or replacement of assets that suffered losses.

The Company recorded a receivable relating to our estimate of repairs and maintenance costs which have been incurred and property and equipment which have been written off, and for which we deem the recovery of such costs and property and equipment from our insurers to be probable. The insurance recovery receivable was included in “Accounts Receivable, net” within the unaudited Consolidated Balance Sheets. As we deemed it 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. Timing differences 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 unaudited Consolidated Financial Statements.

As of December 31, 2021, the receivable was $28.7 million. During the three and nine months ended September 30, 2022, we received additional insurance claim proceeds totaling $1.9 million and $39.4 million, respectively, resulting in a gain of $1.9 million and $10.7 million, respectively, which is included in "General and administrative" within our unaudited Consolidated Statements of Operations.

As of November 3, 2022, the insurance claim remains open, and we expect to receive additional future proceeds.

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 September 30, 2022.

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

(in millions)	September 30, 2022	December 31, 2021
Insurance proceeds received through the end of the period	$ 86.9	$ 47.5
Deductible	$ 15.0	$ 15.0
Coinsurance	$ 2.5	$ 2.5
Clean-up, restoration, and other costs	$ 52.8	$ 52.8
Fixed asset write-off	$ 23.2	$ 23.2
Inventory write-off	$ 0.2	$ 0.2
Insurance receivable	$ —	$ 28.7

Note 5—Revenue Disaggregation

Our revenues are generated principally by providing the following types of services: (i) gaming, including iCasino, retail and online sports betting; (ii) food and beverage; (iii) hotel; and (iv) other. Other revenues are principally comprised of ancillary gaming-related activities, such as commissions received on ATM transactions, racing, PENN Interactive's social gaming, and revenue from third-party sports betting operators and the related gross-up for taxes. Our revenue is disaggregated by type of revenue and geographic location of the related properties, which is consistent with our reportable segments, as follows:

	For the three months ended September 30, 2022							
(in millions)	Northeast	South	West	Midwest	Interactive (1)	Other	Intersegment Eliminations (2)	Total
Revenues:								
Gaming	$ 616.8	$ 260.0	$ 102.8	$ 268.7	$ 69.2	$ —	$ —	$ 1,317.5
Food and beverage	32.6	32.8	21.7	13.7	—	0.5	—	101.3
Hotel	13.0	26.4	25.7	9.1	—	—	—	74.2
Other	23.0	10.6	6.3	6.9	89.5	3.7	(8.0)	132.0
Total revenues	$ 685.4	$ 329.8	$ 156.5	$ 298.4	$ 158.7	$ 4.2	$ (8.0)	$ 1,625.0

	For the three months ended September 30, 2021							
(in millions)	Northeast	South	West	Midwest	Interactive (1)	Other	Intersegment Eliminations (2)	Total
Revenues:								
Gaming	$ 616.2	$ 253.0	$ 96.7	$ 259.3	$ 31.0	$ —	$ —	$ 1,256.2
Food and beverage	28.0	28.7	19.5	11.0	—	0.4	—	87.6
Hotel	8.2	26.8	23.9	8.8	—	—	—	67.7
Other	20.0	9.7	5.6	6.6	62.0	3.1	(6.7)	100.3
Total revenues	$ 672.4	$ 318.2	$ 145.7	$ 285.7	$ 93.0	$ 3.5	$ (6.7)	$ 1,511.8

(in millions)	For the nine months ended September 30, 2022 Northeast	South	West	Midwest	Interactive [1]	Other	Intersegment Eliminations [2]	Total
Revenues:								
Gaming	$ 1,837.3	$ 807.6	$ 295.8	$ 792.2	$ 201.4	$ —	$ —	$ 3,934.3
Food and beverage	96.0	96.8	62.6	39.4	—	3.0	—	297.8
Hotel	31.4	74.4	74.4	25.8	—	—	—	206.0
Other	64.1	31.0	18.4	20.2	253.7	14.4	(23.8)	378.0
Total revenues	$ 2,028.8	$ 1,009.8	$ 451.2	$ 877.6	$ 455.1	$ 17.4	$ (23.8)	$ 4,816.1

(in millions)	For the nine months ended September 30, 2021 Northeast	South	West	Midwest	Interactive [1]	Other	Intersegment Eliminations [2]	Total
Revenues:								
Gaming	$ 1,745.7	$ 802.8	$ 262.5	$ 748.3	$ 84.4	$ —	$ —	$ 3,643.7
Food and beverage	73.0	81.2	49.6	27.7	—	0.7	—	232.2
Hotel	20.7	70.5	56.3	21.7	—	—	—	169.2
Other	56.4	27.8	14.3	17.5	190.9	6.1	(25.6)	287.4
Total revenues	$ 1,895.8	$ 982.3	$ 382.7	$ 815.2	$ 275.3	$ 6.8	$ (25.6)	$ 4,332.5

(1) Other revenues within the Interactive segment are inclusive of gaming tax reimbursement amounts charged to third-party partners for online sports betting and iCasino market access of $63.0 million and $168.7 million for the three and nine months ended September 30, 2022, respectively, as compared to $44.0 million and $129.5 million for the three and nine months ended September 30, 2021, respectively.

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

Note 6—Acquisitions and Dispositions

Tropicana Las Vegas

On January 11, 2022, PENN entered into a definitive purchase agreement to sell its outstanding equity interest in Tropicana, which has the gaming license and operates the Tropicana, to Bally’s Corporation (“Bally’s”). The transaction closed on September 26, 2022.

Score Media and Gaming Inc.

On October 19, 2021, we acquired 100% of Score Media and Gaming, Inc. (“theScore”) for a purchase price of approximately $2.1 billion. The acquisition provides us with the technology, resources and audience reach to accelerate our media and sports betting strategy across North America. Under the terms of the agreement, 1317774 B.C. Ltd. (the “Purchaser”), an indirectly wholly owned subsidiary of PENN, acquired each of the issued and outstanding theScore shares (other than those held by PENN and its subsidiaries) for US$17.00 per share in cash consideration, totaling $922.8 million, and either 0.2398 of a share of common stock, par value $0.01 of PENN Common Stock or, if validly elected, 0.2398 of an exchangeable share in the capital of the Purchaser (each whole share, an “Exchangeable Share”), totaling 12,319,340 shares of PENN Common Stock and 697,539 Exchangeable Shares for approximately $1.0 billion. Each Exchangeable Share will be exchangeable into one share of PENN Common Stock at the option of the holder, subject to certain adjustments. In addition, Purchaser may redeem all outstanding Exchangeable Shares in exchange for shares of PENN Common Stock at any time following the fifth anniversary of the closing, or earlier under certain circumstances. See Note 13, “Stockholders’ Equity and Stock-Based Compensation” for further information.

The Company held shares of theScore common stock prior to the acquisition and, as such, the acquisition date estimated fair value of this previously held investment was a component of the purchase consideration. Based on the acquisition date fair value of this investment of $58.9 million, the Company recorded a gain of $2.9 million related to remeasurement of the equity security investment immediately prior to the acquisition date which was included in “Other” within our Consolidated Statements of Operations.

The following table reflects the allocation of the purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed, with the excess recorded as goodwill. During the three months ended September 30, 2022, we made the following purchase price measurement period adjustment:

(in millions)	Estimated fair value, as previously reported [(1)]	Measurement period adjustments	Final fair value
Cash and cash equivalents	$ 160.3	$ —	$ 160.3
Other current assets	22.8	—	22.8
ROU assets	2.6	—	2.6
Property and equipment	1.8	—	1.8
Goodwill	1,690.2	1.5	1,691.7
Other intangible assets			
Gaming technology	160.0	—	160.0
Media technology	57.0	—	57.0
Tradename	100.0	—	100.0
Advertising relationships	11.0	—	11.0
Customer relationships	8.0	—	8.0
Re-acquired right	2.6	—	2.6
Other long-term assets	5.2	—	5.2
Total assets	$ 2,221.5	$ 1.5	$ 2,223.0
Accounts payable, accrued expenses and other current liabilities	$ 67.9	$ 1.5	$ 69.4
Deferred tax liabilities	69.2	—	69.2
Other non-current liabilities	1.7	—	1.7
Total liabilities	138.8	1.5	140.3
Net assets acquired	$ 2,082.7	$ —	$ 2,082.7

(1) Amounts were initially reported within the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 28, 2022.

The Company used the income, or cost approach 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.

Acquired identifiable intangible assets consist of gaming technology, media technology, tradename, advertising relationships, customer relationships, and a re-acquired right. Tradename is an indefinite-lived intangible asset. All other intangible assets are definite-lived with assigned useful lives primarily ranging from 1-7 years. The re-acquired right intangible asset was assigned a 17.8-year useful life based on the remaining term of a pre-acquisition market access contract between PENN and theScore.

Goodwill, none of which is deductible under the Canadian Income Tax Act, is approximately 81.2% of the net assets acquired and represents synergies, incremental market share capture and expansion into new markets not existing as of the acquisition date, and future technology development.

The following valuation approaches were utilized to determine the fair value of each intangible asset:

Intangible Asset	Valuation Approach
Gaming technology	Relief-from-royalty (variation of income approach)
Media technology	Replacement cost
Tradename	Relief-from-royalty (variation of income approach)
Advertising relationships	With-and-without (variation of income approach)
Customer relationships	Replacement cost
Re-acquired right	Replacement cost

Unaudited Pro Forma Financial Information

The following table includes unaudited pro forma consolidated financial information assuming our acquisition of Hitpoint Inc. and Lucky Point Inc. (collectively "Hitpoint"), Hollywood Casino Perryville ("Perryville"), Sam Houston Race Park and Valley Race Park (collectively "Sam Houston"), and theScore had occurred as of January 1, 2021. We acquired Hitpoint on May 11, 2021, Perryville on July 1, 2021, Sam Houston on August 1, 2021, and theScore on October 19, 2021. The pro forma amounts include the historical operating results of PENN and Hitpoint, Perryville, Sam Houston and theScore prior to our acquisitions. The pro forma financial information does not necessarily represent the results that may occur in the future. For the three and nine months ended September 30, 2021, pro forma adjustments directly attributable to the acquisitions include acquisition and transaction related costs of $15.8 million and $19.5 million, respectively, incurred by both PENN and the respective acquirees. For the three and nine months ended September 30, 2021, pro forma adjustments directly attributable to the acquisitions also include gains of $18.5 million and $53.4 million, respectively, related to our purchase of the remaining 50% of Sam Houston and a net unrealized gain on the equity security investment in theScore.

(in millions)	For the three months ended September 30,	For the nine months ended September 30,
	2021	
Revenues	$ 1,517.5	$ 4,404.3
Net income	$ 60.9	$ 288.6

Note 7—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	Interactive	Other	Total
Balance as of December 31, 2021							
Goodwill, gross	$ 923.5	$ 236.6	$ 216.8	$ 1,116.7	$ 1,724.0	$ 87.7	$ 4,305.3
Accumulated goodwill impairment losses	(761.4)	(61.0)	(16.6)	(556.1)	—	(87.7)	(1,482.8)
Goodwill, net	$ 162.1	$ 175.6	$ 200.2	$ 560.6	$ 1,724.0	$ —	$ 2,822.5
Effect of foreign currency exchange rates	—	—	—	—	(124.8)	—	(124.8)
Impairment losses during year	(37.4)	—	—	—	—	—	(37.4)
Other (1)	—	—	—	—	1.5	—	1.5
Balance as of September 30, 2022							
Goodwill, gross	$ 923.5	$ 236.6	$ 216.8	$ 1,116.7	$ 1,600.7	$ 87.7	$ 4,182.0
Accumulated goodwill impairment losses	(798.8)	(61.0)	(16.6)	(556.1)	—	(87.7)	(1,520.2)
Goodwill, net	$ 124.7	$ 175.6	$ 200.2	$ 560.6	$ 1,600.7	$ —	$ 2,661.8

(1) Amount relates to theScore purchase price measurement period adjustment. See Note 6, "Acquisitions and Dispositions".

2022 Interim Assessment for Impairment

During the third quarter of 2022, we identified an indicator of impairment on goodwill and other intangible assets at the Hollywood Casino at Greektown reporting unit due to the majority of the hotel being out of service as a result of a longer than anticipated hotel room renovation related to water damage. As a result, we revised the cash flow projections for the reporting unit to be reflective of current operating results and the related economic environment. As a result of the interim assessment for impairment, during the third quarter of 2022, we recognized impairment charges on our goodwill and gaming licenses of $37.4 million and $65.4 million, respectively. The estimated fair value of the reporting unit was determined through a combination of a discounted cash flow model and a market-based approach, which utilized Level 3 inputs. The estimated fair value of the gaming license was determined by using a discounted cash flow model, which utilized Level 3 inputs. There were no other impairment charges recorded to goodwill and other intangible assets during the three and nine months ended September 30, 2022 and 2021.

The goodwill and gaming license impairment charges of $37.4 million and $65.4 million, respectively, pertained to our Northeast segment.

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

	September 30, 2022			December 31, 2021		
(in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets						
Gaming licenses	$ 1,220.0	$ —	$ 1,220.0	$ 1,285.4	$ —	$ 1,285.4
Trademarks	330.5	—	330.5	338.2	—	338.2
Other	0.7	—	0.7	0.7	—	0.7
Amortizing intangible assets						
Customer relationships	114.2	(100.3)	13.9	114.9	(91.4)	23.5
Technology	241.6	(68.9)	172.7	252.7	(40.5)	212.2
Other	26.6	(9.8)	16.8	19.4	(6.8)	12.6
Total other intangible assets	$ 1,933.6	$ (179.0)	$ 1,754.6	$ 2,011.3	$ (138.7)	$ 1,872.6

Amortization expense related to our amortizing intangible assets was $14.3 million and $44.2 million for the three and nine months ended September 30, 2022, respectively, as compared to $2.0 million and $6.7 million for the three and nine months ended September 30, 2021, respectively. The following table presents the estimated amortization expense based on our amortizing intangible assets as of September 30, 2022 (in millions):

Years ending December 31,	
2022 (excluding the nine months ended September 30, 2022)	$ 13.2
2023	48.3
2024	44.4
2025	29.4
2026	22.9
Thereafter	45.2
Total	$ 203.4

Note 8—Long-term Debt

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

(in millions)	September 30, 2022	December 31, 2021
Senior Secured Credit Facilities:		
Amended Revolving Credit Facility due 2027	$ —	$ —
Amended Term Loan A Facility due 2027	543.1	—
Amended Term Loan B Facility due 2029	997.5	—
Term Loan A Facility due 2023	—	583.8
Term Loan B-1 Facility due 2025	—	979.9
5.625% Notes due 2027	400.0	400.0
4.125% Notes due 2029	400.0	400.0
2.75% Convertible Notes due 2026	330.5	330.5
Other long-term obligations	157.2	146.3
	2,828.3	2,840.5
Less: Current maturities of long-term debt	(55.8)	(99.5)
Less: Debt discounts	(4.7)	(73.1)
Less: Debt issuance costs	(37.6)	(30.6)
	$ 2,730.2	$ 2,637.3

The following is a schedule of future minimum repayments of long-term debt as of September 30, 2022 (in millions):

Years ending December 31:	
2022 (excluding the nine months ended September 30, 2022)	$ 18.1
2023	56.2
2024	47.6
2025	38.2
2026	479.2
Thereafter	2,189.0
Total minimum payments	$ 2,828.3

Senior Secured Credit Facilities

In January 2017, the Company entered into an agreement to amend and restate its previous credit agreement, dated October 30, 2013, as amended (the “Credit Agreement”), which provided for: (i) a five-year $700 million revolving credit facility (the “Revolving Facility”); (ii) a five-year $300 million Term Loan A facility (the “Term Loan A Facility”); and (iii) a seven-year $500 million Term Loan B facility (the “Term Loan B Facility” and collectively with the Revolving Facility and the Term Loan A Facility, the “Senior Secured Credit Facilities”).

On October 15, 2018, in connection with the acquisition of Pinnacle Entertainment, Inc. (“Pinnacle”), we entered into an incremental joinder agreement (the “Incremental Joinder”), which amended the Credit Agreement (the “Amended 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 $1.1 billion of loans as a new tranche having new terms (the “Term Loan B-1 Facility”). With the exception of extending the maturity date, the Incremental Joinder did not impact the Revolving Facility.

On May 3, 2022, the Company entered into a Second Amended and Restated Credit Agreement with its various lenders (the “Second Amended and Restated Credit Agreement”). The Second Amended and Restated Credit Agreement provides for a $1.0 billion revolving credit facility, undrawn at close, (the “Amended Revolving Credit Facility”), a five-year $550.0 million term loan A facility (the “Amended Term Loan A Facility”) and a seven-year $1.0 billion term loan B facility (the “Amended Term Loan B Facility”) (together, the “Amended Credit Facilities”). The proceeds from the Amended Credit Facilities were used to repay the existing Term Loan A Facility and Term Loan B-1 Facility balances.

The interest rates per annum applicable to loans under the Amended Credit Facilities are, at the Company's option, equal to either an adjusted secured overnight financing rate ("Term SOFR") or a base rate, plus an applicable margin. The applicable margin for each of the Amended Revolving Credit Facility and the Amended Term Loan A Facility is initially 1.75% for Term SOFR loans and 0.75% for base rate loans until the Company provides financial reports for the first full fiscal quarter following closing and, thereafter, will range from 2.25% to 1.50% per annum for Term SOFR loans and 1.25% to 0.50% per annum for base rate loans, in each case depending on the Company's total net leverage ratio (as defined within the Second Amended and Restated Credit Agreement). The applicable margin for the Amended Term Loan B Facility is 2.75% per annum for Term SOFR loans and 1.75% per annum for base rate loans. The Amended Term Loan B Facility is subject to a Term SOFR "floor" of 0.50% per annum and a base rate "floor" of 1.50% per annum. In addition, the Company will pay a commitment fee on the unused portion of the commitments under the Amended Revolving Credit Facility at a rate that is initially 0.25% per annum, until the Company provides financial reports for the first full fiscal quarter following closing, and thereafter, will range from 0.35% to 0.20% per annum, depending on the Company's total net leverage ratio.

The Amended Credit Facilities contain customary covenants that, among other things, restrict, subject to certain exceptions, the ability of the Company and certain of its subsidiaries to grant liens on their assets, incur indebtedness, sell assets, make investments, engage in acquisitions, mergers or consolidations, pay dividends and make other restricted payments and prepay certain indebtedness that is subordinated in right of payment to the obligations under the Amended Credit Facilities. The Amended Credit Facilities contain two financial covenants: a maximum total net leverage ratio (as defined within the Second Amended and Restated Credit Agreement) of 4.50 to 1.00, which is subject to a step up to 5.00 to 1.00 in the case of certain significant acquisitions, and a minimum interest coverage ratio (as defined within the Second Amended and Restated Credit Agreement) of 2.00 to 1.00. The Amended Credit Facilities also contain certain customary affirmative covenants and events of default, including the occurrence of a change of control (as defined in the documents governing the Second Amended and Restated Credit Agreement), termination and certain defaults under the PENN Master Lease and the Pinnacle Master Lease (both of which are defined in Note 9, "Leases").

In connection with the repayment of the previous Senior Secured Credit Facilities, the Company recorded $1.3 million in refinancing costs and a $10.4 million loss on the early extinguishment of debt for the nine months ended September 30, 2022 which is included in "Other" within our unaudited Consolidated Statements of Operations. In addition, we recorded $5.0 million of original issue discount related to the Amended Term Loan B Facility which will be amortized to interest expense over the life of the Amended Term Loan B Facility.

As of September 30, 2022, the Company had conditional obligations under letters of credit issued pursuant to the Amended Credit Facilities with face amounts aggregating to $22.7 million resulting in $977.3 million of available borrowing capacity under the Amended Revolving Credit Facility.

As of December 31, 2021, the Company had conditional obligations under letters of credit issued pursuant to the Senior Security Credit Facilities with face amounts aggregating to $26.0 million resulting in $674.0 million of available borrowing capacity under the Revolving Facility.

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 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.

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 September 30, 2022, 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 $174.6 million.

Starting in the fourth quarter of 2020 and prior to February 15, 2026, at their election, holders of the Convertible Notes may convert outstanding notes if the trading price of the Company's common stock exceeds 130% of the initial 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.

As of September 30, 2022 and December 31, 2021, no Convertible Notes have been converted into the Company's common stock.

The Convertible Notes contain a cash conversion feature, and as a result, the Company 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, 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.

On January 1, 2022, the Company adopted ASU 2020-06, which resulted in a reclassification of the $88.2 million cash conversion feature related to the Company's Convertible Notes, from stockholders' equity to liabilities as under ASU 2020-06, bifurcation for a cash conversion feature is no longer permitted. As a result of the adoption, the Company recognized as a cumulative effect adjustment, an increase to the January 1, 2022 opening balance of retained earnings of $18.9 million, net of taxes.

The Convertible Notes consisted of the following components:

(in millions)	September 30, 2022	December 31, 2021
Liability component:		
Principal	$ 330.5	$ 330.5
Unamortized debt discount	—	(71.7)
Unamortized debt issuance costs	(6.6)	(5.3)
Net carrying amount	$ 323.9	$ 253.5
Carrying amount of equity component	$ —	$ 88.2

Interest expense, net

The table below presents interest expense, net:

	For the three months ended September 30,		For the nine months ended September 30,	
(in millions)	2022	2021	2022	2021
Interest expense	$ 199.1	$ 146.1	$ 556.0	$ 421.8
Interest income	(5.2)	(0.3)	(7.0)	(0.7)
Capitalized interest	(0.6)	(0.9)	(1.3)	(2.5)
Interest expense, net	$ 193.3	$ 144.9	$ 547.7	$ 418.6

The table below presents interest expense related to the Convertible Notes:

	For the three months ended September 30,		For the nine months ended September 30,	
(in millions)	2022	2021	2022	2021
Coupon interest	$ 2.3	$ 2.3	$ 6.8	$ 6.8
Amortization of debt discount	—	3.2	—	9.4
Amortization of debt issuance costs	0.5	0.2	1.3	0.7
Convertible Notes interest expense	$ 2.8	$ 5.7	$ 8.1	$ 16.9

Subsequent to the adoption of ASU 2020-06, the debt issuance costs attributable to the liability component continues to be amortized to interest expense over the term of the Convertible Notes at an effective interest rate of 3.329%. The remaining term of the Convertible Notes was 3.6 years as of September 30, 2022.

Covenants

Our Amended Credit Facilities, 5.625% Notes and 4.125% Notes, require us, among other obligations, to maintain specified financial ratios and to satisfy certain financial tests. In addition, our Amended Credit Facilities, 5.625% Notes and 4.125% 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 (both of which are defined in Note 9, "Leases"), each with GLPI. If we are unable to meet our financial covenants or in the event of a cross-default, it could trigger an acceleration of payment terms.

As of September 30, 2022, the Company was in compliance with all required financial covenants. The Company believes that it will remain in compliance with all of its required financial covenants for at least the next twelve months following the date of filing this Quarterly Report on Form 10-Q with the SEC.

Other Long-Term Obligations

Other Long-term Obligation

In February 2021, we entered into a financing arrangement providing the Company with upfront cash proceeds while permitting us to participate in future proceeds on certain claims. The financing obligation has been classified as a non-current liability, which is expected to be settled in a future period of which the principal is contingent and predicated on other events. Consistent with an obligor's accounting under a debt instrument, period interest will be accreted using an effective interest rate of 27.0% and until such time that the claims and related obligation is settled. The amount included in interest expense related to this obligation was $7.1 million and $20.0 million for the three and nine months ended September 30, 2022, respectively, as compared to $6.9 million and $12.1 million for the three and nine months ended September 30, 2021, respectively.

Ohio Relocation Fees

Other long-term obligations included $36.1 million and $44.5 million as of September 30, 2022 and December 31, 2021, respectively, related to the relocation fees for Hollywood Gaming at Dayton Raceway ("Dayton") and Hollywood Gaming at Mahoning Valley Race Course ("Mahoning Valley"), which opened in August 2014 and September 2014, respectively. The relocation fee for each facility is payable as follows: $7.5 million upon the opening of the facilities and eighteen semi-annual payments of $4.8 million beginning one year after the commencement of operations. This obligation is accreted to interest expense at an effective yield of 5.0%.

Event Center

As of September 30, 2022 and December 31, 2021, other long-term obligations included $10.7 million and $11.4 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%.

Note 9—Leases

Master Leases

The components contained within the Master Leases are accounted for as either (i) operating leases, (ii) finance leases, or (iii) financing obligations. Changes to future lease payments 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 Right-of-use ("ROU") assets and corresponding lease liabilities with respect to operating and finance leases or (ii) record the incremental variable payment associated with the financing obligation to interest expense. 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

Pursuant to the 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. The Company has determined that the lease term is 35 years.

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 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.

As a result of the annual escalator effective November 1, 2022, for the lease year ended October 31, 2022, the fixed component of rent increased by $5.7 million. The next PENN Percentage Rent reset is scheduled to occur on November 1, 2023.

On January 14, 2022, the ninth amendment to the PENN Master Lease between the Company and GLPI became effective. The ninth amendment restates the definition of "Net Revenue" to clarify the inclusion of online-based revenues derived when a patron is physically present at a leased property, establishes a "floor" with respect to the Hollywood Casino at PENN National Race Course Net Revenue amount used in the calculation of the annual rent escalator and PENN Percentage Rent, and modifies the rent calculations upon a lease termination event as defined in the amendment. The lease term and the four five-year optional renewal periods, which if exercised would extend the PENN Master Lease through October 31, 2048, were not modified in the ninth amendment.

We concluded the ninth amendment constituted a modification event under ASC Topic 842, "Leases" ("ASC 842"), which required us to reassess the classifications of the lease components and remeasure the associated lease liabilities. As a result of our reassessment of the lease classifications, (i) the land components of substantially all of the PENN Master Lease properties, which were previously classified as operating leases, are now primarily classified as finance leases, and (ii) the land and building components associated with the operations of Dayton and Mahoning Valley, which were previously classified as finance leases, are now classified as operating leases. As a result of our measurement of the associated lease liabilities, we recognized additional ROU assets and corresponding lease liabilities of $455.4 million. The building components of substantially all of the PENN Master Lease properties continue to be classified as financing obligations.

Subsequent to quarter end, on October 9, 2022, the Company entered into a binding term sheet (the "Term Sheet") with GLPI. Pursuant to the Term Sheet, the Company and GLPI agreed to amend the PENN Master Lease to (i) remove the land and buildings for Hollywood Casino Aurora ("Aurora"), Hollywood Casino Joliet ("Joliet"), Columbus, Toledo and the M Resort Spa Casino ("M Resort") and (ii) make associated adjustments to the rent under the PENN Master Lease, after which the initial Rent in the PENN Master Lease will be $284.1 million, consisting of $208.2 million of Building Base Rent, $43.0 million of Land Base Rent and $32.9 million of Percentage Rent (as such terms are defined in the PENN Master Lease).

We preliminarily concluded the pending amendment that will result from the Term Sheet (expected to be effective on January 1, 2023), constitutes a modification event under ASC 842 and are currently reassessing, remeasuring, and quantifying the impact of the modification to the Consolidated Financial Statements, which will be material. The modification event is expected to result in (i) a non-cash debt extinguishment charge recorded to our Consolidated Statements of Operations and corresponding change in our financing obligations on our Consolidated Balance Sheets; and (ii) a revaluation of our lease ROU assets and corresponding lease liabilities on our Consolidated Balance Sheets.

New Lease

Subsequent to quarter end, as part of the Term Sheet and concurrent with the PENN Master Lease amendment described above, the Company and GLPI agreed to enter into a new master lease (the “New Lease”), expected to be effective January 1, 2023, specific to the property associated with Aurora, Joliet, Columbus, Toledo, M Resort, Hollywood Casino at The Meadows (“Meadows”), and Perryville. The New Lease will be cross-defaulted, cross-collateralized and coterminous with the PENN Master Lease, and subject to a parent guarantee.

The New Lease will include a base rent (the “New Lease Base Rent”) equal to $232.2 million and additional rent (together with the New Lease Base Rent, the “New Lease Rent”) equal to (i) 7.75% of any project funding received by PENN from GLPI for an anticipated relocation of PENN’s riverboat casino and related developments with respect to Aurora (the “Aurora Project”) and (ii) a percentage, based on then-current market conditions, of any project funding received by PENN from GLPI for certain anticipated development projects with respect to Joliet, Columbus and M Resort (the “Other Development Projects”). GLPI will fund up to $225 million for the Aurora Project, and GLPI has committed to fund, upon PENN’s request, up to $350 million in the aggregate for the Other Development Projects, in accordance with certain terms and conditions set forth in the Term Sheet. The New Lease Rent will be subject to a one-time increase of $1.4 million, effective the fifth anniversary of the effective date. The New Lease Rent will be further subject to a fixed escalator of 1.5% on November 1, 2023 and annually thereafter. PENN may elect not to proceed with or to abandon any development project, provided that GLPI will be reimbursed for any out-of-pocket costs associated with an abandoned project. The Aurora Project and the Other Development projects are all subject to necessary regulatory and other government approvals.

Pinnacle Master Lease

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

The payment structure under the Pinnacle Master Lease includes a fixed component, a portion of which is subject to an annual escalator of up to 2%, depending on the Adjusted Revenue to Rent Ratio (as defined in the Pinnacle Master Lease) of 1.8:1, and a component that is based on performance, 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”).

On January 14, 2022, the fifth amendment to the Pinnacle Master Lease between the Company and GLPI became effective. The fifth amendment restates the definition of “Net Revenue” to clarify the inclusion of online-based revenues derived when a patron is physically present at a leased property and modifies the rent calculations upon a lease termination event as defined in the amendment. The lease term and the five five-year optional renewal periods, which if exercised would extend the Pinnacle Master Lease through April 30, 2051, were not modified in the fifth amendment.

We concluded the fifth amendment to the Pinnacle Master Lease constituted a modification event under ASC 842 (collectively with the ninth amendment to the PENN Master Lease, the “Lease Modification”). As a result of the modification, the land components of substantially all of the Pinnacle Master Lease properties, which were previously classified as operating leases, are now primarily classified as finance leases. As a result of our measurement of the associated lease liabilities, we recognized additional ROU assets and corresponding lease liabilities of $937.6 million. The building components of substantially all of the Pinnacle Master Lease properties continue to be classified as financing obligations.

As a result of the annual escalator, effective as of May 1, 2022 for the lease year ended April 30, 2022, the fixed component of rent increased by $4.6 million and an additional ROU asset and corresponding lease liability of $33.2 million were recognized associated with the finance lease components of the Pinnacle Master Lease. The next annual escalator test date is scheduled to occur on May 1, 2023.

The May 1, 2022 Pinnacle Percentage Rent reset resulted in an annual rent increase of $1.9 million, which will be in effect until the next Pinnacle Percentage Rent reset, scheduled to occur on May 1, 2024. Upon reset of the Pinnacle Percentage Rent, effective May 1, 2022, we recognized an additional finance lease ROU asset and corresponding lease liability of $26.1 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 which were utilized to pay rent under the Master Leases, Meadows Lease, and the Morgantown Lease.

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

Perryville Lease

In conjunction with the acquisition of the operations of Perryville on July 1, 2021, the Company entered into a triple net lease with GLPI for the real estate assets associated with the property (“Perryville Lease”) for initial annual rent of $7.8 million per year subject to escalation.

The initial term of the Perryville Lease is 20 years with three subsequent, five-year renewal periods, exercisable at the Company’s option. The building portion of the annual rent is subject to a fixed annual escalation of 1.50% in each of the following three years, with subsequent annual escalations of either (i) 1.25%, if the consumer price index increase is greater than 0.50%, or (ii) zero, if the consumer price index increase is less than 0.50%.

Subsequent to quarter end, as part of the Term Sheet and in conjunction with entering into the New Lease as described above, the Company agreed with GLPI that the Perryville Lease will be terminated effective on the expected date of January 1, 2023.

Operating Leases

In addition to any operating lease components contained within the Master Leases, 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 (the “Tropicana Lease” which was terminated on September 26, 2022) and Hollywood Casino at The Meadows (the “Meadows Lease”), (ii) individual triple net leases with VICI Properties Inc. (NYSE: VICI) (“VICI”) for the real estate assets used in the operations of Margaritaville Resort Casino (the “Margaritaville Lease”) and Hollywood Casino at Greektown (the “Greektown Lease” and collectively with the Master Leases’ operating lease components, 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.

Subsequent to quarter end, as part of the Term Sheet and in conjunction with entering into the New Lease as described above, the Company agreed with GLPI that the Meadows Lease will be terminated effective on the expected date of January 1, 2023.

On January 14, 2022, the second amendment to the Meadows Lease between the Company and GLPI became effective. The second amendment restates the definition of “Net Revenue” to clarify the inclusion of online-based revenues derived when a patron is physically present at the facility. This amendment did not result in a modification event under ASC 842.

On February 1, 2022, the Margaritaville Lease annual escalator test resulted in an annual rent increase of $0.4 million, and the recognition of an additional operating lease ROU asset and corresponding lease liability of $2.9 million. We did not incur an annual escalator for the lease year ended January 31, 2021. The next annual escalator and Margaritaville Percentage Rent reset are scheduled to occur on February 1, 2023.

In May 2020, the Greektown 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). In April 2022, the lease was further amended to provide for a Net Revenue to Rent coverage floor to be mutually agreed upon prior to the commencement of the fifth lease year (June 1, 2023).

The following is a maturity analysis of our operating leases, finance leases and financing obligations as of September 30, 2022:

(in millions)	Operating Leases	Finance Leases	Financing Obligations
Year ended December 31,			
2022 (excluding the nine months ended September 30, 2022)	$ 31.9	$ 94.6	$ 93.2
2023	125.3	375.2	369.8
2024	119.8	351.4	355.3
2025	116.6	346.9	355.4
2026	112.1	347.0	355.4
Thereafter	1,339.9	7,874.0	8,285.6
Total lease payments	1,845.6	9,389.1	9,814.7
Less: Imputed interest	(798.4)	(4,355.2)	(5,765.0)
Present value of future lease payments	1,047.2	5,033.9	4,049.7
Less: Current portion of lease obligations	(71.7)	(117.0)	(65.0)
Long-term portion of lease obligations	$ 975.5	$ 4,916.9	$ 3,984.7

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

	For the three months ended September 30,		For the nine months ended September 30,	
(in millions)	2022	2021	2022	2021
PENN Master Lease	$ 120.2	$ 118.4	$ 360.0	$ 357.1
Pinnacle Master Lease	84.2	82.4	250.1	245.8
Perryville Lease	1.9	1.9	5.8	1.9
Meadows Lease	6.2	6.2	18.6	18.6
Margaritaville Lease	5.9	5.9	17.8	17.6
Greektown Lease	12.8	12.9	38.5	40.3
Morgantown Lease	0.8	0.8	2.3	2.3
Total [(1)]	$ 232.0	$ 228.5	$ 693.1	$ 683.6

(1) Rent payable under the Tropicana Lease was nominal prior to termination on September 26, 2022. Therefore, it has been excluded from the table above.

The components of lease expense were as follows:

(in millions)	Location on unaudited Consolidated Statements of Operations	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Operating Lease Costs					
Rent expense associated with triple net operating leases (1)	General and administrative	$ 31.5	$ 116.0	$ 119.6	$ 342.9
Operating lease cost (2)	Primarily General and administrative	4.9	4.1	14.8	11.9
Short-term lease cost	Primarily Gaming expense	19.7	17.0	56.3	45.8
Variable lease cost (2)	Primarily Gaming expense	1.0	1.3	3.3	3.4
Total		$ 57.1	$ 138.4	$ 194.0	$ 404.0
Finance Lease Costs					
Interest on lease liabilities (3)	Interest expense, net	$ 72.0	$ 4.7	$ 187.2	$ 12.1
Amortization of ROU assets (3)	Depreciation and amortization	50.1	3.3	131.0	7.3
Total		$ 122.1	$ 8.0	$ 318.2	$ 19.4
Financing Obligation Costs					
Interest on financing obligations (4)	Interest expense, net	$ 86.2	$ 104.5	$ 261.0	$ 312.4

(1) Pertains to the operating lease components contained within the Master Leases, inclusive of the variable expense associated with Columbus and Toledo for the operating lease components, the Meadows Lease, the Margaritaville Lease, the Greektown Lease, and the Tropicana Lease. The Tropicana Lease was terminated on September 26, 2022.

Prior to the Lease Modification, the operating lease components contained within the Master Leases primarily consisted of the land, inclusive of the variable expense associated with Columbus and Toledo.

Subsequent to the Lease Modification, the operating lease components contained within the Master Leases consist of the land and building components associated with the operations of Dayton and Mahoning Valley.

(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) Pertains to the finance lease components contained within the Master Leases, and the Perryville Lease which results in interest expense and amortization expense (as opposed to rent expense).

Prior to the Lease Modification, the finance lease components contained within the Master Leases consisted of the land and building components associated with the operations of Dayton and Mahoning Valley.

Subsequent to the Lease Modification, the finance lease components contained within the Master Leases consist of the land, inclusive of the variable expense associated with Columbus and Toledo.

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

Note 10—Investments in and Advances to Unconsolidated Affiliates

As of September 30, 2022, investments in and advances to unconsolidated affiliates primarily consisted of the Company’s 36% interest in Barstool; its 50% investment in Kansas Entertainment, the joint venture with NASCAR that owns Hollywood Casino at Kansas Speedway; and its 50% interest in Freehold Raceway.

Investment in Barstool

As previously disclosed, in February 2020, we closed on our investment in Barstool pursuant to a stock purchase agreement with Barstool and certain stockholders of Barstool, in which we purchased 36% (inclusive of 1% on a delayed basis) of the common stock, par value $0.0001 per share, of Barstool for a purchase price of $161.2 million. The purchase price 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).

On October 1, 2021, the terms of the February 2020 stock purchase agreement were amended and restated (“Amended and Restated Stockholders’ Agreement”) to (i) set a definitive purchase price of $325.0 million on the second 50% of Barstool common stock, which eliminates the floor of 2.25 times the annual revenue of Barstool and (ii) fix a number of PENN common shares to be delivered to existing February 2020 employee holders of Barstool common stock, to the extent PENN’s stock price exceeds a specified value defined in the Amended and Restated Stockholders’ Agreement and PENN elects to settle using a combination of cash and equity.

On July 7, 2022, we entered into the first amendment to the Amended and Restated Stockholders' Agreement ("First Amendment"). The First Amendment updated the share price specified value used to calculate the fixed number of PENN common shares to be delivered to existing February 2020 employee holders of Barstool common stock, to the extent PENN's stock price exceeds the updated specified value and PENN elects to settle using a combination of cash and equity.

On August 17, 2022, the Company exercised its call rights to bring its ownership of Barstool to 100%. The acquisition of the remaining Barstool shares is expected to be completed in February 2023, after which Barstool will be a wholly-owned subsidiary of PENN. Completion of the acquisition at that time is subject to the satisfaction of certain conditions, including regulatory approval.

In conjunction with the February 20, 2020 stock purchase agreement, the Company issued 883 shares of Series D Preferred Stock, par value $0.01 (the "Series D Preferred Stock") to certain individual stockholders affiliated with Barstool. 1/1,000th of a share of Series D Preferred Stock is convertible into one share of PENN Common Stock. As of September 30, 2022, 51 shares of the Series D Preferred Stock can be converted into PENN Common Stock.

During the three months ended June 30, 2022 and the year ended December 31, 2021, the Company acquired an additional 0.3%, and 0.6% of Barstool common stock, par value $0.0001 per share, respectively, which represents a partial settlement of the 1% purchase on a delayed basis as noted above. The acquisitions of the acquired Barstool common stock that occurred during the three months ended June 30, 2022 and the year ended December 31, 2021, were settled through a predetermined number of PENN Common Stock and Series D Preferred Stock, respectively, as contained within the Amended and Restated Stockholders' Agreement (see Note 13, "Stockholders' Equity and Stock-Based Compensation," for further information).

As a part of the stock purchase agreement, we entered into a commercial agreement that provides us with access to Barstool's customer list and exclusive advertising on the Barstool 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 September 30, 2022 and December 31, 2021, we have an amortizing intangible asset pertaining to the customer list of $0.2 million and $0.8 million, respectively. As of September 30, 2022 and December 31, 2021, we have a prepaid expense pertaining to the advertising in the amount of $14.5 million, and $15.4 million respectively, of which $13.3 million and $14.2 million was classified as long-term, respectively. The long-term portion of the prepaid advertising expense is included in "Other assets" within our unaudited Consolidated Balance Sheets.

As of September 30, 2022 and December 31, 2021, our investment in Barstool was $160.2 million and $162.5 million, respectively. We record our proportionate share of Barstool's net income or loss one quarter in arrears.

The Company determined that Barstool qualified as a VIE as of September 30, 2022 and December 31, 2021. The Company did not consolidate the financial position of Barstool as of September 30, 2022 and December 31, 2021, nor the results of operations for the three and nine months ended September 30, 2022 and 2021, as the Company determined that it did not qualify as the primary beneficiary of Barstool either at the commencement date of its investment or for subsequent periods, primarily as a result of the Company not having the power to direct the activities of the VIE that most significantly affect Barstool's economic performance.

Kansas Joint Venture

As of September 30, 2022 and December 31, 2021, our investment in Kansas Entertainment was $79.9 million and $83.8 million, respectively. During the three and nine months ended September 30, 2022, the Company received distributions from Kansas Entertainment totaling $10.5 million and $27.5 million, respectively, as compared to $10.5 million and $23.9 million for the three and nine months ended September 30, 2021. The Company deems these distributions to be returns on its investment based on the source of those cash flows from the normal business operations of Kansas Entertainment.

The Company has determined that Kansas Entertainment does not qualify as a VIE. Using the guidance for entities that are not VIEs, the Company determined that it did not have a controlling financial interest in the joint venture, primarily as it did not have the ability to direct the activities of the joint venture that most significantly impacted the joint venture's economic performance without the input of NASCAR. Therefore, the Company did not consolidate the financial position of Kansas Entertainment as of September 30, 2022 and December 31, 2021, nor the results of operations for the three and nine months ended September 30, 2022 and 2021.

Note 11—Income Taxes

The Company calculates the provision for income taxes during interim reporting periods by applying an estimate of the annual effective tax rate to its year-to-date pretax book income or loss. The tax effects of discrete items, including but not limited to, excess tax benefits associated with stock-based compensation, are reported in the interim period in which they occur. The effective tax rate (income taxes as a percentage of income or loss before income taxes) including discrete items was 226.7% and (62.9%) for the three and nine months ended September 30, 2022, as compared to 29.7% and 22.7% for the three and nine months ended September 30, 2021. We excluded certain foreign losses from our worldwide effective tax rate calculation due to a year-to-date ordinary loss for which no benefit may be recognized. Our effective income tax rate can vary from period to period depending on, among other factors, the geographic and business mix of our earnings and changes to our valuation allowance. Certain of these and other factors, including our history and projections of pretax earnings, are considered in assessing our ability to realize our net deferred tax assets.

ASC 740 requires that deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amount and the tax basis of existing assets and liabilities and are measured at the prevailing enacted tax rates that will be in effect when these differences are realized or settled. As of June 30, 2022, and December 31, 2021, the Company had a valuation allowance of $187.2 million and $124.3 million, respectively, within its unaudited Consolidated Balance Sheets. The accounting guidance also requires analysis regarding whether valuation allowances should be established based on the consideration of all available evidence using a “more-likely-than-not” realization standard. We evaluate our deferred tax assets quarterly to determine if valuation allowances are required. The realization of the deferred tax assets ultimately depends upon the existence of sufficient taxable income in future periods. We established a full valuation allowance against our deferred tax assets beginning in the first quarter of 2020 because of the mandated property-wide closures resulting in zero revenues for an extended period. The Company routinely analyzes all available positive and negative evidence in determining the continuing need for a valuation allowance. Our evaluation process considered, among other factors, historical retail operating results, our three-year cumulative earnings position, projections of future sustained profitability and the duration of statutory carryforward periods.

As of September 30, 2022, the Company determined that a valuation allowance was no longer required against its federal, foreign, and state net deferred tax assets for the portion that will be realized. As a result, the Company released $172.7 million of its total valuation allowance during the three and nine months ended September 30, 2022, due to the positive evidence outweighing the negative evidence thereby allowing the Company to achieve the “more-likely-than-not” realization standard. This reversal is reflected in our income tax benefit in the accompanying unaudited Consolidated Statements of Operations. When a change in valuation allowance is recognized during an interim period, a portion of the valuation allowance to be reversed must be allocated to the remaining interim periods. The Company continues to maintain a valuation allowance of approximately $14.5 million as of September 30, 2022 within its unaudited Consolidated Balance Sheets, for federal and foreign tax attributes in addition to certain state filing groups.

The most significant positive evidence that led to the reversal of the valuation allowance during this interim period includes the following:

Achievement and sustained growth in our three-year cumulative pretax earnings. We anticipate emerging from a three-year cumulative pretax loss position during the fourth quarter of this year. The Company has demonstrated profitability consecutively in the prior seven quarters including approximately $224.4 million and approximately $559.0 million of pretax book income for the nine months ended September 30, 2022 and for the year ended December 31 2021, respectively.

Substantial total revenue and earnings growth for the retail operating segment over the last seven quarters. Total revenue and earnings for the retail operating segment increased 58.3% and 87.2%, respectively, from 2020 to 2021 showcasing a strong finish to a transformative year in a post pandemic environment. The Company continued to have strong growth in total revenue and earnings for the retail operating segment for the nine months ended September 30, 2022.

Lack of significant asset impairment charges expected to be indicative of the Company’s retail business operations or projections for the foreseeable future. The Company had experienced significant impairment charges as a result of mandated property-wide closures pursuant to various orders from state gaming regulators or governmental authorities to combat the rapid spread of COVID-19. The Company recorded impairment charges totaling $623.4 million during the year ended December 31, 2020. There were no impairments recorded in 2021 and for the nine months ended September 30, 2022, the Company recorded impairment of $104.6 million. The impairment charge recorded in the third quarter of 2022 relates to an individual property and is specific to a prolonged hotel room renovation causing the majority of the hotel to be closed subsequent to the property reopening from the COVID-19 mandated closure, leading to amended cash flow projections to reflect the current operating results and the related economic environment.

As of September 30, 2022, and December 31, 2021, prepaid income taxes of $23.2 million and $42.5 million, respectively, were included in “Prepaid expenses” within our unaudited Consolidated Balance Sheets. The reduction in prepaid income taxes is primarily related to an Internal Revenue Service refund of $28.2 million related to the Company’s carryback claim under the CARES Act.

On July 8, 2022, the Pennsylvania House Bill 1342 was signed into law that reduces the corporate income tax rate over the next nine years from the current rate of 9.99% to 4.99% by 2031. The tax law change is accounted for in the period of enactment and therefore, we recognized an impact of approximately $10.3 million of additional expense during the three months ended September 30, 2022.

Note 12—Commitments and Contingencies

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

Note 13—Stockholders’ Equity and Stock-Based Compensation

Common and Preferred Stock

On May 11, 2021, as part of the acquisition of Hitpoint, the Company issued 43,684 shares for a total of $3.5 million. On July 8, 2022, the Company issued 4,055 shares, in connection with the achievement of the first of three annual mutual goals established by the Company and Hitpoint for a total of $0.2 million.

On June 17, 2021, the Company filed its Second Amended and Restated Articles of Incorporation with the Department of State of the Commonwealth of Pennsylvania. These Articles of Incorporation, as amended and restated and approved by the Company’s shareholders at the 2021 Annual Meeting of Shareholders, increase the number of authorized shares of common stock from 200,000,000 to 400,000,000.

On August 1, 2021, as part of the acquisition of Sam Houston, the Company issued 198,103 shares for a total of $15.8 million.

On October 19, 2021, as part of the acquisition of theScore, the Company issued 12,319,340 shares of common stock and authorized and issued 697,539 Exchangeable Shares for approximately $1.0 billion, each with a par value of $0.01, as discussed in Note 6, “Acquisitions and Dispositions.” As of September 30, 2022 and December 31, 2021, there were 620,353 and 653,059 Exchangeable Shares outstanding, respectively.

On each of February 22, 2021 and August 23, 2021, the Company issued 43 shares of Series D Preferred Stock in conjunction with acquiring additional shares of Barstool common stock. On June 1, 2022, the Company issued 64,000 shares of common stock in conjunction with acquiring additional shares of Barstool common stock from certain individual stockholders affiliated with Barstool. The issuances were exempt from registration pursuant to Section 4(a)(2) of the Securities Act. The acquisition of the incremental Barstool common stock represents a partial settlement of the 1% purchase on a delayed basis as described in Note 10, “Investments in and Advances to Unconsolidated Affiliates.”

On February 22, 2021 and August 23, 2021, 151 shares of Series D Preferred Stock and 43 shares of Series D Preferred Stock, respectively, were converted to common stock. As a result of the conversion, the Company issued 151,200 shares of common stock and 43,000 shares of common stock, respectively, each with a par value of $0.01. On February 23, 2022 and February 24, 2022, 43 shares of Series D Preferred Stock and 151 shares of Series D Preferred Stock, respectively, were converted to common stock. As a result of the conversion, the Company issued 43,000 shares of common stock and 151,200 shares of common stock, respectively, each with a par value of $0.01. The issuances were exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

As of September 30, 2022 and December 31, 2021, there were 5,000 shares authorized of Series D Preferred Stock, of which 581 shares and 775 shares were outstanding, respectively.

Share Repurchase Authorization

On February 1, 2022, the Board of Directors of PENN approved a $750.0 million share repurchase authorization. The three-year authorization expires on January 31, 2025. Repurchases by the Company will be subject to available liquidity, general market and economic conditions, alternate uses for the capital and other factors. Share repurchases may be made from time to time through a 10b5-1 trading plan, open market transactions, block trades or in private transactions in accordance with applicable securities laws and regulations and other legal requirements. There is no minimum number of shares that the Company is required to repurchase and the repurchase authorization may be suspended or discontinued at any time without prior notice.

During the three months ended September 30, 2022, the Company repurchased 5,348,809 shares of its common stock in open market transactions for $168.0 million at an average price of $31.40 per share. During the nine months ended September 30, 2022, the Company repurchased 14,690,394 shares of its common stock in open market transactions for $510.1 million at an average price of $34.72 per share. The cost of all repurchased shares is recorded as “Treasury stock” within our unaudited Consolidated Balance Sheets.

Subsequent to the quarter ended September 30, 2022, the Company repurchased 1,005,188 shares of its common stock at an average price of $28.95 per share for an aggregate amount of $29.1 million. The remaining availability under our $750.0 million share repurchase authorization was $211.1 million as of November 2, 2022.

2022 Long Term Incentive Compensation Plan

On June 7, 2022, the Company’s shareholders, upon the recommendation of the Company’s Board of Directors, approved the Company’s 2022 Long Term Incentive Compensation Plan (the “2022 Plan”). The 2022 Plan permits the Company to issue stock options (incentive and/or non-qualified), SARs, RSAs, RSUs, performance and other equity and cash awards to executive directors and other employees of the Company and its subsidiaries. Non-employee directors and consultants are eligible to receive all such awards, other than incentive stock options. Pursuant to the 2022 Plan, 6,870,000 shares of the Company’s common stock are reserved for issuance, plus any shares of common stock subject to outstanding awards under the 2018 Plan or theScore Plan (both as defined below) as of June 7, 2022, that are forfeited or settled for cash. For purposes of determining the number of shares available for issuance under the 2022 Plan, stock options, restricted stock and SARs (except cash-settled SARs) count against the 6,870,000 limit as one share of common stock for each share granted. Any awards that are not settled in shares of common stock are not counted against the share limit. As of September 30, 2022, there are 6,575,083 shares available for future grants under the 2022 Plan.

2018 Long Term Incentive Compensation Plan

The Company’s 2018 Long Term Incentive Compensation Plan, as amended (the “2018 Plan”) permitted it to issue stock options (incentive and/or non-qualified), stock appreciation rights (“SARs”), RSAs, RSUs, cash-settled phantom stock units (“CPSUs”) and other equity and cash awards to employees and any consultant or advisor to the Company or subsidiary. Non-employee directors were 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 were reserved for issuance. For purposes of determining the number of shares available for issuance under the 2018 Plan, stock options and SARs (except cash-settled SARs) counted 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 are counted as 2.30 shares of common stock for each share granted. Any awards that were not settled in shares of common stock were not counted against the share limit. In connection with the approval of the 2022 Plan, the 2018 Plan remains in place until all of the awards previously granted thereunder have been paid, forfeited or expired. However, the shares which remained available for issuance under the 2018 Plan are no longer available for issuance and all future equity awards will be granted pursuant to the 2022 Plan.

Score Media And Gaming Inc. Second Amended And Restated Stock Option And Restricted Stock Unit Plan (“theScore Plan”)

In connection with the acquisition of theScore on October 19, 2021, the Company registered theScore Plan. theScore Plan permitted the Company to issue non-qualified stock options and RSUs to employees and service providers affiliated with theScore prior to the acquisition date. At the date of acquisition, the Company rolled over all outstanding, non-vested and unexercised stock options and non-vested RSUs equivalent to 853,904 shares of the Company. Each rollover option and RSU were subject to substantially the same terms and conditions applicable to the award immediately prior to the acquisition. In connection with the transaction, the vesting provisions of unvested options and RSUs, awarded under the theScore Plan prior to August 4, 2021, were amended to provide for a new acceleration right for legacy theScore employees and service providers. The amendment provides that, if an involuntary termination without cause occurs at any time prior to April 19, 2023, unvested options and RSUs will automatically accelerate and become fully vested on the effective date of termination. In connection with the approval of the 2022 Plan, theScore Plan remains in place until all of the awards previously granted thereunder have been paid, forfeited or expired. However, the shares which remained available for future grants under theScore Plan are no longer available for issuance and all future equity awards will be pursuant to the 2022 Plan.

Performance Share Program

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. An aggregate of 244,955 RSUs and 95,276 RSAs and RSUs with performance-based vesting conditions, at target, were granted during the nine months ended September 30, 2022 and September 30, 2021, respectively, under the Performance Share Program II, with the grant having a three-year award period consisting of three one-year performance periods and a three-year service period. The performance threshold for vesting of these awards is 50% of target and, based on the level of achievement, up to 150% of target.

Stock-based Compensation Expense

Stock-based compensation expense, which pertains principally to our stock options, RSAs and RSUs, for the three and nine months ended September 30, 2022 was $13.6 million and $45.1 million, respectively, as compared to $8.5 million and $21.9 million for the three and nine months ended September 30, 2021 and is included within the unaudited Consolidated Statements of Operations under "General and administrative."

Stock Options

The Company granted 1,516 and 397,881 stock options during the three and nine months ended September 30, 2022, respectively, as compared to 736 and 230,901 stock options during the three and nine months ended September 30, 2021, respectively.

Cash-settled Phantom Stock Units

Our outstanding CPSUs entitle plan recipients to receive cash based on the fair value of the Company's common stock on the vesting date. Our CPSUs vest over a period of three or four years. The cash-settled CPSUs 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 unaudited Consolidated Balance Sheets, associated with its cash-settled CPSUs of $1.1 million and $8.6 million as of September 30, 2022 and December 31, 2021, respectively.

For CPSUs, there was $4.2 million of total unrecognized compensation cost as of September 30, 2022 that will be recognized over the awards remaining weighted-average vesting period of 0.8 years. For the three and nine months ended September 30, 2022 the Company recognized $1.0 million and $2.4 million of compensation expense associated with these awards, respectively, as compared to $5.5 million and $11.2 million for the three and nine months ended September 30, 2021, respectively. Compensation expense associated with our CPSUs is recorded in "General and administrative" within the unaudited Consolidated Statements of Operations. We paid $9.9 million and $13.5 million for the nine months ended September 30, 2022 and 2021, respectively, pertaining to cash-settled CPSUs.

Stock Appreciation Rights

Our outstanding 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 unaudited Consolidated Balance Sheets, associated with its cash-settled SARs of $7.1 million and $18.5 million as of September 30, 2022 and December 31, 2021, respectively.

For SARs, there was $7.8 million of total unrecognized compensation cost as of September 30, 2022 that will be recognized over the awards remaining weighted-average vesting period of 1.9 years. The Company recognized a reduction to compensation expense of $1.3 million and $8.1 million for the three and nine months ended September 30, 2022, and recognized compensation expense of $3.2 million and $13.6 million for the three and nine months ended September 30, 2021, respectively. Compensation expense associated with our SARs is recorded in "General and administrative" within the unaudited Consolidated Statements of Operations. We paid $2.8 million and $38.8 million during the nine months ended September 30, 2022 and 2021, respectively, related to cash-settled SARs.

Other

In the second quarter of 2021, the Company entered into two promissory notes with shareholders for a total of $9.0 million. The promissory notes are unsecured and bear interest of 2.25%. As of September 30, 2022 and December 31, 2021, the receivable is recorded as a reduction of equity within "Additional paid-in capital" in our unaudited Consolidated Balance Sheets.

Note 14—Earnings per Share

For the three and nine months ended September 30, 2022, and 2021 we recorded net income attributable to PENN. As such, we used diluted weighted-average common shares outstanding when calculating diluted income per share. Stock options, restricted stock, convertible preferred shares and convertible debt that could potentially dilute basic EPS in the future are included in the computation of diluted income per share.

The following table sets forth the allocation of net income for the three and nine months ended September 30, 2022 and 2021 under the two-class method.

	For the three months ended September 30,		For the nine months ended September 30,	
(in millions)	**2022**	**2021**	**2022**	**2021**
Net income attributable to PENN Entertainment	$ 123.5	$ 86.1	$ 201.3	$ 375.8
Net income applicable to preferred stock	0.5	0.4	0.8	1.9
Net income applicable to common stock	$ 123.0	$ 85.7	$ 200.5	$ 373.9

The following table reconciles the weighted-average common shares outstanding used in the calculation of basic EPS to the weighted-average common shares outstanding used in the calculation of diluted EPS for the three and nine months ended September 30, 2022 and 2021:

	For the three months ended September 30,		For the nine months ended September 30,	
(in millions)	**2022**	**2021**	**2022**	**2021**
Weighted-average common shares outstanding	157.6	156.1	163.5	155.9
Assumed conversion of:				
Dilutive stock options	1.0	2.1	1.2	2.3
Dilutive restricted stock	0.3	0.4	0.2	0.4
Convertible debt	14.1	14.1	14.1	14.1
Weighted-average common shares outstanding - Diluted	173.0	172.7	179.0	172.7

Restricted stock with performance and market based vesting conditions that have not been met as of September 30, 2022 were excluded from the computation of diluted earnings per share.

Options to purchase 0.9 million and 0.8 million shares were outstanding during the three and nine months ended September 30, 2022, respectively, compared to 0.2 million during both the three and nine months ended September 30, 2021, but were not included in the computation of diluted earnings per share because they were anti-dilutive.

The assumed conversion of 0.6 million preferred shares were excluded from the computation of diluted earnings per share for both the three and nine months ended September 30, 2022, as compared to 0.8 million preferred shares for both the three and nine months ended September 30, 2021, because including them would have been anti-dilutive.

The Company’s calculation of weighted-average common shares outstanding includes the Exchangeable Shares issued in connection with theScore acquisition, as discussed in Note 6, “Acquisitions and Dispositions” and Note 13, “Stockholders’ Equity and Stock-Based Compensation.” The following table presents the calculation of basic and diluted earnings per share for the Company’s common stock for the three and nine months ended September 30, 2022 and 2021:

(in millions, except per share data)	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Calculation of basic earnings per share:				
Net income applicable to common stock	$ 123.0	$ 85.7	$ 200.5	$ 373.9
Weighted-average shares outstanding - PENN Entertainment	157.0	156.1	162.9	155.9
Weighted-average shares outstanding - Exchangeable Shares	0.6	—	0.6	—
Weighted-average common shares outstanding - basic	157.6	156.1	163.5	155.9
Basic earnings per share	$ 0.78	$ 0.55	$ 1.23	$ 2.40
Calculation of diluted earnings per share:				
Net income applicable to common stock	$ 123.0	$ 85.7	$ 200.5	$ 373.9
Interest expense, net of tax [(1)]:				
Convertible Notes	1.8	4.4	5.4	13.0
Diluted income applicable to common stock	$ 124.8	$ 90.1	$ 205.9	$ 386.9
Weighted-average common shares outstanding - diluted	173.0	172.7	179.0	172.7
Diluted earnings per share	$ 0.72	$ 0.52	$ 1.15	$ 2.24

(1) The three and nine months ended September 30, 2022 were tax-affected at a rate of 21%. The three and nine months ended September 30, 2021, were tax-affected at a rate of 20%.

Note 15—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 September 30, 2022 and December 31, 2021, we held $20.6 million and $84.3 million in equity securities of ordinary shares, respectively, which are reported as “Other assets” in our unaudited 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 iCasino market access across our portfolio.

During the three and nine months ended September 30, 2022, we recognized holding losses of $10.8 million and $66.4 million related to these equity securities, respectively, compared to a holding gains of $10.1 million and $28.9 million for the three and nine months ended September 30, 2021, respectively, which is included in "Other," as reported in "Other income (expenses)" within our unaudited Consolidated Statements of Operations. During the quarter ended September 30, 2021, all warrants were exercised for ordinary shares which resulted in a loss of $20.1 million included in "Other," as reported in "Other income (expenses)" within our unaudited Consolidated Statements of Operations.

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 previously associated with the exercised 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 September 30, 2022 and December 31, 2021, PRP held $7.9 million and $15.1 million in promissory notes issued by RDC, respectively. As of September 30, 2022 and December 31, 2021, PRP held $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 September 30, 2022 and December 31, 2021, the promissory notes and the local government corporation bonds were included in "Other assets" within our unaudited Consolidated Balance Sheets.

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, Amended Term Loan A Facility, Amended Term Loan B Facility, 5.625% Notes, 4.125% Notes, and the Convertible Notes is estimated based on quoted prices in active markets and is classified as a Level 1 measurement.

Other long-term obligations as of September 30, 2022 and December 31, 2021 included a financing arrangement entered in February of 2021, the relocation fees for Dayton and Mahoning Valley, and the repayment obligation of the hotel and event center located near Hollywood Casino Lawrenceburg. See Note 8, "Long-term Debt" for details. The fair values of the Dayton and Mahoning Valley relocation fees and the Lawrenceburg repayment obligation 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.

Additionally, in February 2021, we entered into a financing arrangement providing the Company with upfront cash proceeds while permitting us to participate in future proceeds on certain claims. The financing obligation has been classified as a non-current liability and the fair value of the financing obligation is based on what we expect to be settled in a future period of which the principal is contingent and predicated on other events, plus accreted period non-cash interest using an effective interest rate of 27.0% until the claims and related obligation is settled. The financing obligation has been classified as a Level 3 measurement and is included within our unaudited Consolidated Balance Sheets in "Long-term debt, net of current maturities, debt discount and debt issuance costs." See Note 8, "Long-term Debt."

Other Liabilities

Other liabilities as of September 30, 2022 and December 31, 2021 includes contingent purchase price liabilities related to Plainridge Park Casino and Hitpoint, of which Hitpoint was acquired on May 11, 2021. The Hitpoint contingent purchase price liability is payable in installments up to a maximum of $1.0 million in the form of cash and equity, on the first three anniversaries of the acquisition close date and is based on the achievement of mutual goals established by the Company and Hitpoint. As of September 30, 2022, there are two annual achievement periods remaining. The Plainridge Park Casino contingent purchase price liability is calculated based on earnings of the gaming operations over the first ten years of operations, which commenced on June 24, 2015. As of September 30, 2022, we were contractually obligated to make three additional annual payments. The fair value of the Plainridge Park Casino contingent purchase price liability is estimated based on an income approach using a discounted cash flow model. These contingent purchase price liabilities have been classified as a Level 3 measurement and are included within our unaudited 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:

	September 30, 2022				
(in millions)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 1,728.4	$ 1,728.4	$ 1,728.4	$ —	$ —
Equity securities	$ 20.6	$ 20.6	$ —	$ 20.6	$ —
Held-to-maturity securities	$ 6.7	$ 6.7	$ —	$ 6.7	$ —
Promissory notes	$ 7.9	$ 7.9	$ —	$ 7.9	$ —
Financial liabilities:					
Long-term debt					
Senior Secured Credit Facilities	$ 1,511.7	$ 1,491.1	$ 1,491.1	$ —	$ —
5.625% Notes	$ 399.6	$ 353.6	$ 353.6	$ —	$ —
4.125% Notes	$ 393.6	$ 306.6	$ 306.6	$ —	$ —
Convertible Notes	$ 323.9	$ 457.8	$ 457.8	$ —	$ —
Other long-term obligations	$ 157.2	$ 155.4	$ —	$ 45.0	$ 110.4
Other liabilities	$ 9.7	$ 9.4	$ —	$ 2.5	$ 6.9
Puts and calls related to certain Barstool shares	$ 0.4	$ 0.4	$ —	$ 0.4	$ —

	December 31, 2021				
(in millions)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 1,863.9	$ 1,863.9	$ 1,863.9	$ —	$ —
Equity securities	$ 84.3	$ 84.3	$ —	$ 84.3	$ —
Held-to-maturity securities	$ 6.7	$ 6.7	$ —	$ 6.7	$ —
Promissory notes	$ 15.1	$ 15.1	$ —	$ 15.1	$ —
Puts and calls related to certain Barstool shares	$ 1.9	$ 1.9	$ —	$ 1.9	$ —
Financial liabilities:					
Long-term debt					
Senior Secured Credit Facilities	$ 1,544.5	$ 1,559.6	$ 1,559.6	$ —	$ —
5.625% Notes	$ 399.6	$ 411.5	$ 411.5	$ —	$ —
4.125% Notes	$ 392.9	$ 389.5	$ 389.5	$ —	$ —
Convertible notes	$ 253.5	$ 780.0	$ 780.0	$ —	$ —
Other long-term obligations	$ 146.3	$ 144.3	$ —	$ 53.9	$ 90.4
Other liabilities	$ 13.3	$ 13.2	$ —	$ 2.7	$ 10.5

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

(in millions)	Other Liabilities
Balance as of January 1, 2022	$ 100.9
Interest	20.0
Payment installments	(2.7)
Included in earnings [1]	(0.9)
Balance as of September 30, 2022	$ 117.3

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

The following table sets forth the assets measured at fair value on a non-recurring basis as of September 30, 2022, which were all at the Hollywood Casino at Greektown reporting unit:

(in millions)	Valuation Date	Valuation Technique	Level 1	Level 2	Level 3	Total Balance	Total Reduction in Fair Value Recorded
Goodwill	9/30/2022	Discounted cash flow and market approach	$ —	$ —	$ 199.2	$ 199.2	$ 37.4
Gaming licenses	9/30/2022	Discounted cash flow	$ —	$ —	$ 101.1	$ 101.1	$ 65.4
Trademarks	9/30/2022	Discounted cash flow	$ —	$ —	$ 42.7	$ 42.7	$ —

The following table summarizes the significant unobservable inputs used in calculating fair value for our Level 3 liabilities on a recurring basis as of September 30, 2022:

	Valuation Technique	Unobservable Input	Discount Rate
Other long-term obligation	Discounted cash flow	Discount rate	27.0%
Contingent purchase price - Plainridge Park Casino	Discounted cash flow	Discount rate	8.9%

As discussed in Note 7, "Goodwill and Other Intangible Assets," we recorded impairments on goodwill and our gaming licenses, which are indefinite-lived intangible assets, at the Hollywood Casino at Greektown reporting unit as a result of the third quarter of 2022 interim assessment for impairment. 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 September 30, 2022				
Goodwill	$ 199.2	Discounted cash flow	Discount rate	12.0 %
			Long-term revenue growth rate	2.0 %
Gaming licenses	$ 101.1	Discounted cash flow	Discount rate	13.0 %
			Long-term revenue growth rate	2.0 %

Note 16—Segment Information

We have aggregated our operating segments into five reportable segments. Retail operating segments are based on the similar characteristics within the regions in which they operate: Northeast, South, West, and Midwest. Our Interactive segment includes all of our iCasino and online sports betting operations, management of retail sports betting, media, and our proportionate share of earnings attributable to our equity method investment in Barstool. The Other category is included in the following tables 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.

(in millions)	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Revenues:				
Northeast segment	$ 685.4	$ 672.4	$ 2,028.8	$ 1,895.8
South segment	329.8	318.2	1,009.8	982.3
West segment	156.5	145.7	451.2	382.7
Midwest segment	298.4	285.7	877.6	815.2
Interactive segment	158.7	93.0	455.1	275.3
Other (1)	4.2	3.5	17.4	6.8
Intersegment eliminations (2)	(8.0)	(6.7)	(23.8)	(25.6)
Total	$ 1,625.0	$ 1,511.8	$ 4,816.1	$ 4,332.5
Adjusted EBITDAR (3):				
Northeast segment	$ 217.9	$ 221.1	$ 637.5	$ 645.9
South segment	139.9	137.0	429.7	448.0
West segment	60.5	54.5	171.4	151.1
Midwest segment	129.4	125.8	386.2	374.0
Interactive segment	(49.3)	(32.0)	(80.1)	(29.5)
Other (1)	(26.5)	(26.1)	(73.6)	(75.6)
Total (3)	471.9	480.3	1,471.1	1,513.9
Other operating benefits (costs) and other income (expenses):				
Rent expense associated with triple net operating leases (4)	(31.5)	(116.0)	(119.6)	(342.9)
Stock-based compensation	(13.6)	(8.5)	(45.1)	(21.9)
Cash-settled stock-based awards variance	3.8	(5.2)	16.2	(14.3)
Gain (loss) on disposal of assets	0.2	(0.3)	(7.0)	(0.1)
Contingent purchase price	(0.1)	(0.6)	0.9	(1.9)
Pre-opening expenses (5)	(0.5)	(1.6)	(4.1)	(2.8)
Depreciation and amortization	(148.7)	(83.7)	(417.2)	(246.9)
Impairment losses (6)	(104.6)	—	(104.6)	—
Insurance recoveries, net of deductible charges	1.9	—	10.7	—
Non-operating items of equity method investments (7)	(2.6)	(3.0)	(4.7)	(6.0)
Interest expense, net	(193.3)	(144.9)	(547.7)	(418.6)
Other (5)(8)	(41.7)	6.0	(126.1)	27.3
Income (loss) before income taxes	(58.8)	122.5	122.8	485.8
Income tax benefit (expense)	182.0	(36.4)	78.1	(110.1)
Net income	$ 123.2	$ 86.1	$ 200.9	$ 375.7

(1) The Other category consists of the Company’s stand-alone racing operations, namely Sanford-Orlando Kennel Club, Sam Houston and Valley Race Parks (the remaining 50% was acquired by PENN on August 1, 2021), the Company’s joint venture interests in Freehold Raceway, and our management contract for Retama Park Racetrack. Expenses incurred for corporate and shared services activities that are directly attributable to a property or are otherwise incurred to support a property are allocated to each property. The Other category also includes corporate overhead 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.

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

(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, which is included in “Other” (see footnote (8) below), impairment losses, insurance recoveries, net of deductible charges, changes in the estimated fair value of our contingent purchase price obligations, gain or loss on disposal of assets, the difference between budget and actual expense for cash-settled stock-based awards, pre-opening expenses (see footnote (5) below), and other. Adjusted EBITDAR is also inclusive of income or loss from

unconsolidated affiliates, with our share of non-operating items (see footnote (7) below) added back for Barstool and our Kansas Entertainment joint venture.

(4) Solely comprised of rent expense associated with the operating lease components contained within our triple net master lease dated November 1, 2013 with GLPI and the triple net master lease assumed in connection with our acquisition of Pinnacle Entertainment, Inc., our individual triple net leases with GLPI for the real estate assets used in the operation of Tropicana (on September 26, 2022, we sold the equity interests to Bally's) and Hollywood Casino at The Meadows, and our individual triple net leases with VICI for the real estate assets used in the operations of Margaritaville Resort Casino and Hollywood Casino at Greektown (of which the Tropicana Lease, Meadows Lease, Margaritaville Lease and the Greektown Lease are defined in "Note 9, Leases") and are referred to collectively as our "triple net operating leases".

As a result of the Lease Modification defined in Note 9, "Leases", the land and building components associated with the operations of Dayton and Mahoning Valley are classified as operating leases which is recorded to rent expense, as compared to prior to the Lease Modification, whereby the land components of substantially all of the Master Lease properties were classified as operating leases and recorded to rent expense. Subsequent to the Lease Modification, the land components associated with the Master Lease properties are primarily classified as finance leases.

(5) During the first quarter of 2021, acquisition costs were included within pre-opening and acquisition costs. Beginning with the quarter ended June 30, 2021, acquisition costs are presented as part of other expenses.

(6) Amount primarily relates to a $102.8 million impairment charge in the Northeast segment.

(7) Consists principally of interest expense, net, income taxes, depreciation and amortization, and stock-based compensation expense associated with Barstool and our Kansas Entertainment joint venture. We record our portion of Barstool's net income or loss, including adjustments to arrive at Adjusted EBITDAR, one quarter in arrears.

(8) Includes holding losses on our equity securities of $10.8 million and $66.4 million for the three and nine months ended September 30, 2022, respectively, and holding gains on our equity securities of $10.1 million and $28.9 million for the three and nine months ended September 30, 2021, respectively, which are discussed in Note 15, "Fair Value Measurements." Also consists of non-recurring acquisition and transaction costs of $31.9 million and $46.3 million for the three and nine months ended September 30, 2022, respectively, and $12.9 million and $14.7 million for the three and nine months ended September 30, 2021, respectively, finance transformation costs associated with the implementation of our new Enterprise Resource Management system, and a $10.4 million debt extinguishment and financing charge incurred in the second quarter of 2022, which is discussed in Note 8, "Long-term Debt."

The table below presents capital expenditures by segment:

	For the three months ended September 30,		For the nine months ended September 30,	
(in millions)	**2022**	**2021**	**2022**	**2021**
Capital expenditures:				
Northeast segment	$ 26.4	$ 35.1	$ 82.1	$ 71.3
South segment	14.8	16.4	51.1	24.5
West segment	3.3	2.3	7.3	5.5
Midwest segment	11.3	7.3	25.5	12.8
Interactive segment	6.5	2.7	9.7	4.1
Other	1.7	9.4	13.9	19.6
Total capital expenditures	$ 64.0	$ 73.2	$ 189.6	$ 137.8

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

(in millions)	Northeast	South	West	Midwest	Interactive	Other (1)	Total
Balance sheet as of September 30, 2022							
Investment in and advances to unconsolidated affiliates	$ 0.1	$ —	$ —	$ 79.9	$ 160.2	$ 6.1	$ 246.3
Total assets	$ 2,172.8	$ 1,169.7	$ 375.0	$ 1,382.4	$ 4,228.8	$ 8,206.4	$ 17,535.1
Balance sheet as of December 31, 2021							
Investment in and advances to unconsolidated affiliates	$ 0.1	$ —	$ —	$ 83.8	$ 164.4	$ 6.8	$ 255.1
Total assets	$ 2,283.6	$ 1,224.6	$ 394.8	$ 1,215.8	$ 2,618.3	$ 9,135.0	$ 16,872.1

(1) The 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, are included within the Other category.

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

The following discussion and analysis of financial condition, results of operations, liquidity and capital resources should be read in conjunction with, and is qualified in its entirety by, the unaudited Consolidated Financial Statements and the notes thereto included in this Quarterly Report on Form 10-Q, and the Consolidated Financial Statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2021.

EXECUTIVE OVERVIEW

Our Business

On August 4, 2022, Penn National Gaming, Inc. was renamed PENN Entertainment, Inc. PENN Entertainment, Inc., together with its subsidiaries ("PENN," the "Company," "we," "our," or "us"), is North America's leading provider of integrated entertainment, sports content, and casino gaming experiences. PENN operates 43 properties in 20 states, online sports betting in 14 jurisdictions and iCasino in five jurisdictions, under a portfolio of well-recognized brands including Hollywood Casino®, L'Auberge®, Barstool Sportsbook®, and theScore Bet Sportsbook and Casino®. PENN's highly differentiated strategy, which is focused on organic cross-sell opportunities, is reinforced by its investments in market-leading retail casinos, sports media assets, technology, including a state-of-the-art, fully integrated digital sports and online casino betting platform, and an in-house iCasino content studio. The Company's portfolio is further bolstered by its industry-leading my**choice**® customer loyalty program (the "my**choice** program"), which offers our approximately 26 million members a unique set of rewards and experiences across business channels.

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").

Recent Acquisitions, Development Projects and Other

On January 11, 2022, PENN entered into a definitive purchase agreement to sell its outstanding equity interest in Tropicana Las Vegas Hotel and Casino, Inc. ("Tropicana"), which has the gaming license and operates the Tropicana, to Bally's Corporation. The transaction closed on September 26, 2022.

On August 17, 2022, the Company exercised its call rights to bring its ownership of Barstool Sports Inc. ("Barstool") to 100%. The acquisition of the remaining Barstool shares is expected to be completed in February 2023, after which Barstool will be a wholly-owned subsidiary of PENN. Completion of the acquisition at that time is subject to the satisfaction of certain conditions, including regulatory approval.

Subsequent to quarter end, on October 9, 2022, as described in Note 9, "Leases," in the notes to our unaudited Consolidated Financial Statements, the Company entered into a binding term sheet (the "Term Sheet") with GLPI. As part of the Term Sheet, PENN plans to relocate its riverboat casinos to new land-based facilities at Hollywood Casino Aurora ("Aurora") and Hollywood Casino Joliet ("Joliet"), and to build a hotel at Hollywood Casino Columbus ("Columbus") and a second hotel tower at the M Resort Spa Casino ("M Resort").

Pursuant to the Term Sheet, the Company and GLPI agreed to amend the PENN Master Lease to (i) remove the land and buildings for Aurora, Joliet, Columbus, Hollywood Casino Toledo ("Toledo") and M Resort and (ii) make associated adjustments to the rent under the PENN Master Lease; (iii) terminate the existing leases associated with Hollywood Casino at The Meadows ("Meadows") and Hollywood Casino Perryville ("Perryville"); and (iv) enter into a new master lease (the "New Lease"), effective on the expected date of January 1, 2023, specific to the property associated with Aurora, Joliet, Columbus, Toledo, M Resort, Meadows and Perryville. The New Lease will be cross-defaulted, cross-collateralized and coterminous with the PENN Master Lease, and subject to a parent guarantee.

The New Lease will include a base rent (the "New Lease Base Rent") equal to $232.2 million and additional rent (together with the New Lease Base Rent, the "New Lease Rent") equal to (i) 7.75% of any project funding received by PENN from GLPI for an anticipated relocation of PENN's riverboat casino and related developments with respect to Aurora (the "Aurora Project") and (ii) a percentage, based on then-current market conditions, of any project funding received by PENN from GLPI for certain anticipated development projects with respect to Joliet, Columbus and M Resort (the "Other Development Projects"). GLPI will fund up to $225 million for the Aurora Project, and GLPI has committed to fund, upon PENN's request, up to $350 million in the aggregate for the Other Development Projects, in accordance with certain terms and conditions set forth in the Term Sheet. The New Lease Rent will be subject to a one-time increase of $1.4 million, effective the fifth anniversary of the effective date. The New Lease Rent will be further subject to a fixed escalator of 1.5% on November 1, 2023 and annually thereafter. PENN may elect not to proceed with or to abandon any development project, provided that GLPI will be reimbursed for any out-of-pocket costs associated with an abandoned project. The Aurora Project and the Other Development projects are all subject to necessary regulatory and other government approvals.

We believe that our portfolio of assets provides us with the benefit of geographically-diversified cash flow from operations. We expect to continue to expand our gaming operations through the implementation and execution of a disciplined capital expenditure program at our existing properties, the pursuit of strategic acquisitions and investments, and the development of new gaming properties. In addition, the partnership with Barstool and the acquisition of Score Media and Gaming, Inc. ("theScore") reflect 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; improvements, expansions or relocations of our existing properties; entrance into new jurisdictions; expansions of gaming in existing jurisdictions; and strategic investments and acquisitions. 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 continue to adjust operations, offerings, and cost structures at our properties to reflect changing economic and health and safety conditions. We also continue to focus on revenue and cost synergies from recent acquisitions, technology enhancements, and offering our customers additional gaming experiences through our omni-channel distribution strategy. We seek to grow our customer database by partnering with third-party operators to expand our loyalty program, such as Choice Hotels International, Inc., as well as through accretive investments or acquisitions, such as Barstool and theScore, to capitalize on organic growth opportunities from the development of new properties or the expansion of recently-developed business lines, and to develop partnerships that allow us to enter new jurisdictions for iCasino 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" (which includes online sports betting and online social casino, bingo, and iCasino products); 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 three and nine months ended September 30, 2022 and 2021" 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 or on our iGaming products 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 recessions, inflation, rising interest rate environments, high unemployment levels, higher income taxes, low levels of consumer confidence, weakness in the housing market, high fuel or other transportation costs, and the effects of the COVID-19 pandemic. 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 83% and 85% of our gaming revenue for the nine months ended September 30, 2022 and 2021, respectively) and, to a lesser extent, table games and sports betting. Aside from gaming revenue, our revenues are primarily derived from our hotel, dining, retail, commissions, program sales, admissions, concessions and certain other ancillary activities, and our racing operations.

Key performance indicators related to gaming revenue are slot handle and table game drop, which are volume indicators, and “win” or “hold” percentage. Our typical property slot win percentage is in the range of approximately 7% to 11% of slot handle, and our typical table game hold percentage is in the range of approximately 15% 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 since 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, sports betting 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, repurchase our common stock, fund new capital projects at existing properties and provide excess cash for future development and acquisitions. Additional information regarding our capital projects is discussed in “Liquidity and Capital Resources” below.

Reportable Segments

We have aggregated our operating segments into five reportable segments. Retail operating segments are based on the similar characteristics within the regions in which they operate: Northeast, South, West, and Midwest. Our Interactive segment includes all of our iCasino and online sports betting operations, management of retail sports betting, media, and our proportionate share of earnings attributable to our equity method investment in Barstool. 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 Video Gaming Terminal (“VGT”) operations, by state, to be separate operating segments. For a listing of our gaming properties and VGT operations included in each reportable segment, see Note 2, “Significant Accounting Policies,” in the notes to our unaudited Consolidated Financial Statements.

RESULTS OF OPERATIONS

The following table highlights our revenues, net income, and Adjusted EBITDA, on a consolidated basis, as well as our revenues and Adjusted EBITDAR by reportable segment. Such segment reporting is consistent with how we measure our business and allocate resources internally. We consider net income 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 EBITDA margin, Adjusted EBITDAR, and Adjusted EBITDAR margin; as well as a reconciliation of net income to Adjusted EBITDA and Adjusted EBITDAR and related margins.

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Revenues:				
Northeast segment	$ 685.4	$ 672.4	$ 2,028.8	$ 1,895.8
South segment	329.8	318.2	1,009.8	982.3
West segment	156.5	145.7	451.2	382.7
Midwest segment	298.4	285.7	877.6	815.2
Interactive segment	158.7	93.0	455.1	275.3
Other [1]	4.2	3.5	17.4	6.8
Intersegment eliminations [2]	(8.0)	(6.7)	(23.8)	(25.6)
Total	$ 1,625.0	$ 1,511.8	$ 4,816.1	$ 4,332.5
Net income	$ 123.2	$ 86.1	$ 200.9	$ 375.7
Adjusted EBITDAR:				
Northeast segment	$ 217.9	$ 221.1	$ 637.5	$ 645.9
South segment	139.9	137.0	429.7	448.0
West segment	60.5	54.5	171.4	151.1
Midwest segment	129.4	125.8	386.2	374.0
Interactive segment	(49.3)	(32.0)	(80.1)	(29.5)
Other [1]	(26.5)	(26.1)	(73.6)	(75.6)
Total [3]	471.9	480.3	1,471.1	1,513.9
Rent expense associated with triple net operating leases [4]	(31.5)	(116.0)	(119.6)	(342.9)
Adjusted EBITDA	$ 440.4	$ 364.3	$ 1,351.5	$ 1,171.0
Net income margin	7.6 %	5.7 %	4.2 %	8.7 %
Adjusted EBITDAR margin	29.0 %	31.8 %	30.5 %	34.9 %
Adjusted EBITDA margin	27.1 %	24.1 %	28.1 %	27.0 %

(1) The Other category consists of the Company's stand-alone racing operations, namely Sanford-Orlando Kennel Club, and Sam Houston and Valley Race Parks (the remaining 50% was acquired by PENN on August 1, 2021), the Company's joint venture interests in Freehold Raceway, and our management contract for Retama Park Racetrack. Expenses incurred for corporate and shared services activities that are directly attributable to a property or are otherwise incurred to support a property are allocated to each property. The Other category also includes corporate overhead 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.

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

(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 our triple net master lease dated November 1, 2013 with GLPI and the triple net master lease assumed in connection with our acquisition of Pinnacle Entertainment, Inc., our individual triple net leases with GLPI for the real estate assets used in the operation of Tropicana (terminated on September 26, 2022) and Hollywood Casino at The Meadows, and our individual triple net leases with VICI Properties Inc. (NYSE: VICI) ("VICI") for the real estate assets used in the operations of

Margaritaville Resort Casino and Hollywood Casino at Greektown (of which the Tropicana Lease, Meadows Lease, Margaritaville Lease and the Greektown Lease are defined in "Liquidity and Capital Resources") and are referred to collectively as our "triple net operating leases".

As a result of the Lease Modification defined in Note 9, "Leases" to our unaudited Consolidated Financial Statements, the land and building components associated with the operations of Hollywood Gaming at Dayton Raceway and Hollywood Gaming at Mahoning Valley Race Course are classified as operating leases which is recorded to rent expense, as compared to prior to the Lease Modification, whereby the land components of substantially all of the Master Lease properties were classified as operating leases and recorded to rent expense. Subsequent to the Lease Modification, the land components associated with the Master Lease properties are primarily classified as finance leases.

Consolidated comparison of the three and nine months ended September 30, 2022 and 2021

Revenues

The following table presents our consolidated revenues:

(dollars in millions)	For the three months ended September 30, 2022	For the three months ended September 30, 2021	Change $	Change %	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021	Change $	Change %
Revenues								
Gaming	$ 1,317.5	$ 1,256.2	$ 61.3	4.9 %	$ 3,934.3	$ 3,643.7	$ 290.6	8.0 %
Food, beverage, hotel and other	307.5	255.6	51.9	20.3 %	881.8	688.8	193.0	28.0 %
Total revenues	$ 1,625.0	$ 1,511.8	$ 113.2	7.5 %	$ 4,816.1	$ 4,332.5	$ 483.6	11.2 %

Gaming revenues for the three months ended September 30, 2022 increased $61.3 million compared to the prior year period, primarily due to increases in our Interactive segment resulting from continued growth in our online revenues, partially due to the acquisition of theScore on October 19, 2021, and the inclusion of the full quarter operating results of two new properties: Hollywood Casino York, which opened August 12, 2021, and Hollywood Casino Morgantown, which opened December 22, 2021.

For the nine months ended September 30, 2022, gaming revenues increased by $290.6 million primarily due to increases in our Interactive segment resulting from continued growth in our online revenues, partially due to the acquisition of theScore, the inclusion of the full period operating results of three new properties, including Hollywood Casino Perryville, which was acquired on July 1, 2021, Hollywood Casino York, and Hollywood Casino Morgantown, and increases in gaming revenues in most of our properties in the West and Midwest segments, partially offset by decreases in gaming revenues in our Northeast segment properties primarily related to our Ameristar East Chicago property due to increased competition in the Indiana region.

Food, beverage, hotel and other revenues for the three and nine months ended September 30, 2022 increased $51.9 million and $193.0 million, respectively, compared to the prior year corresponding periods, primarily due to increases in gaming tax reimbursement amounts charged to third-party partners for online sports betting and iCasino market access, the inclusion of the operating results from our new properties as discussed above, and revenues from theScore, as well as the impact of easing of restrictions, strong visitation levels to our food and beverage outlets, and increased offerings and hours of operations from the prior periods.

See "Segment comparison of the three and nine months ended September 30, 2022 and 2021" below for more detailed explanations of the fluctuations in revenues.

Operating expenses

The following table presents our consolidated operating expenses:

(dollars in millions)	For the three months ended September 30, 2022	For the three months ended September 30, 2021	Change $	Change %	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021	Change $	Change %
Operating expenses								
Gaming	$ 757.9	$ 652.4	$ 105.5	16.2 %	$ 2,158.1	$ 1,801.1	$ 357.0	19.8 %
Food, beverage, hotel and other	199.2	160.1	39.1	24.4 %	557.9	431.8	126.1	29.2 %
General and administrative	277.9	376.5	(98.6)	(26.2)%	847.2	1,019.2	(172.0)	(16.9)%
Depreciation and amortization	148.7	83.7	65.0	77.7 %	417.2	246.9	170.3	69.0 %
Impairment losses	104.6	—	104.6	— %	104.6	—	104.6	— %
Total operating expenses	$ 1,488.3	$ 1,272.7	$ 215.6	16.9 %	$ 4,085.0	$ 3,499.0	$ 586.0	16.7 %

Gaming expenses consist primarily of gaming taxes, payroll, marketing and promotional, and other expenses associated with our gaming operations. Gaming expenses for the three and nine months ended September 30, 2022 increased $105.5 million and $357.0 million, respectively, compared to the prior year corresponding periods, primarily due to higher third-party service provider fees from higher online gaming activity, higher payroll expenses, and an increase in gaming taxes resulting from the increase in gaming revenues. Also included in gaming expenses are non-recurring transaction costs of $26.0 million for both the three and nine months ended September 30, 2022, related to third-party contract termination fees as we execute on our strategy to deploy our internally built technology stack, consisting of a player account management system and proprietary risk and trading platform, specific to the Interactive segment. Additionally, the nine months ended September 30, 2022 includes increased variable marketing and promotional expenses compared to the prior period.

Food, beverage, hotel and other expenses consist primarily of payroll expenses, costs of goods sold and other costs associated with our food, beverage, hotel, retail, racing, and interactive operations. Food, beverage, hotel and other expenses for the three and nine months ended September 30, 2022 increased $39.1 million and $126.1 million, respectively, compared to the prior year corresponding periods, primarily due to increased volumes, which resulted in increases in payroll expenses and cost of sales, and increases in gaming tax reimbursement amounts charged to third-party partners for online sports betting and iCasino market access.

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 expenses; acquisition and transaction costs; gains and losses on disposal of assets; insurance recoveries, net of deductible charges; changes in the fair value of our contingent purchase price obligations; expense associated with cash-settled stock-based awards (including changes in fair value thereto); and rent expense associated with our triple net operating leases.

For the three and nine months ended September 30, 2022, general and administrative expenses decreased by $98.6 million and $172.0 million, respectively, primarily due to a decrease in rent costs associated with our Master Leases of $84.5 million and $223.3 million, respectively, representing changes in lease classifications from operating to finance as a result of the Lease Modification as described in Note 9, "Leases" to our unaudited Consolidated Financial Statements. For the nine months ended September 30, 2022, the decrease was partially offset by increased payroll costs of $35.4 million, which reflect the current operating environment, a $12.4 million increase in facility costs due to increased volumes, and a $6.4 million loss on the sale of land.

Depreciation and amortization for the three and nine months ended September 30, 2022 increased period over period primarily due to increased amortization costs associated with our Master Leases of $46.8 million and $123.7 million, respectively, representing changes in lease classifications from operating to finance as a result of the Lease Modification as described in Note 9, "Leases" to our unaudited Consolidated Financial Statements. In addition, for the three and nine months ended September 30, 2022, amortization on other intangible assets increased by $12.3 million and $37.5 million, respectively, primarily due to the amortization of other intangible assets that resulted from our acquisition of theScore.

Impairment losses for both the three and nine months ended September 30, 2022 primarily relate to impairment charges at our Hollywood Casino at Greektown property for goodwill and other intangible assets of $37.4 million and $65.4 million, respectively, as a result of an interim impairment assessment during the third quarter of 2022. See Note 7, "Goodwill and Other Intangible Assets" to our unaudited Consolidated Financial Statements for further discussion. There were no impairment losses during the three and nine months ended September 30, 2021.

Other income (expenses)

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

	For the three months ended September 30,		Change		For the nine months ended September 30,		Change	
(dollars in millions)	2022	2021	$	%	2022	2021	$	%
Other income (expenses)								
Interest expense, net	$ (193.3)	$ (144.9)	$ (48.4)	33.4 %	$ (547.7)	$ (418.6)	$ (129.1)	30.8 %
Income from unconsolidated affiliates	$ 6.6	$ 9.1	$ (2.5)	(27.5)%	$ 17.1	$ 27.8	$ (10.7)	(38.5)%
Other	$ (8.8)	$ 19.2	$ (28.0)	N/M	$ (77.7)	$ 43.1	$ (120.8)	N/M
Income tax benefit (expense)	$ 182.0	$ (36.4)	$ 218.4	N/M	$ 78.1	$ (110.1)	$ 188.2	N/M

N/M - Not meaningful

Interest expense, net increased for the three and nine months ended September 30, 2022 as compared to the prior year corresponding periods, primarily due to a net increase in Master Lease interest costs due to changes in lease classifications as a result of the Lease Modification as described in Note 9, "Leases" to our unaudited Consolidated Financial Statements of $49.0 million and $123.7 million, respectively.

Income from unconsolidated affiliates relates principally to our investment in Barstool and our Kansas Entertainment and Freehold Raceway joint ventures. The decrease for the three and nine months ended September 30, 2022, compared to the prior year corresponding periods, is due to lower income earned from our investments in unconsolidated affiliates. We record our proportionate share of Barstool's net income or loss one quarter in arrears.

Other primarily relates to realized and unrealized gains and losses on equity securities (including warrants), held by PENN Interactive, losses on early retirement of debt, unrealized gains and losses related to certain Barstool shares as well as miscellaneous income and expense items. Equity securities were provided to the Company in conjunction with entering into multi-year agreements with sports betting operators for online sports betting and iCasino market access across our portfolio. For the three months ended September 30, 2022, other income primarily consisted of unrealized holding losses of $10.8 million. For the three months ended September 30, 2021, other income primarily consisted of a realized loss of $20.1 million offset by an unrealized holding gain of $10.1 million, and a $29.9 million gain related to the valuation of our joint venture investment in Sam Houston and Valley Race Parks prior to the acquisition of the remaining 50% on August 1, 2021.

For the nine months ended September 30, 2022, other income primarily consisted of unrealized holding losses of $66.4 million on equity shares, as well as a $10.4 million loss on the early extinguishment of debt in connection with refinancing our Senior Secured Credit Facilities, as described in "Liquidity and Capital Resources." For the nine months ended September 30, 2021, other income primarily consisted of a realized loss of $20.1 million offset by an unrealized holding gain of $28.9 million, and a $29.9 million gain related to our investment in Sam Houston and Valley Race Parks as previously described.

Income tax benefit (expense) was a $182.0 million and $78.1 million benefit for the three and nine months ended September 30, 2022, respectively, as compared to a $36.4 million and $110.1 million expense for the three and nine months ended September 30, 2021, respectively. Our effective tax rate (income taxes as a percentage of income from operations before income taxes) including discrete items was 226.7% and (62.9%) for the three and nine months ended September 30, 2022 as compared to 29.7% and 22.7% for the three and nine months ended September 30, 2021, respectively. The change in the effective rate for both the three and nine months ended September 30, 2022 as compared to the prior year corresponding periods was primarily due to the decreases to income before taxes and the release of our valuation allowance.

The reversal of our valuation allowance during the three and nine months ended September 30, 2022 was primarily due to (i) sustained growth in our three-year cumulative pretax earnings; (ii) substantial total revenues and earnings growth for the retail operating segment measured over prior periods, and (iii) lack of significant asset impairment charges. Accordingly, the valuation allowance has been reduced by $172.7 million resulting in a substantial decrease to income tax expense for the three and nine months ended September 30, 2022. See Note 11, "Income Taxes" to our unaudited Consolidated Financial Statements for further discussion.

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.

Segment comparison of the three and nine months ended September 30, 2022 and 2021

Northeast Segment

	For the three months ended September 30,		Change		For the nine months ended September 30,		Change	
(dollars in millions)	**2022**	**2021**	**$**	**%**	**2022**	**2021**	**$**	**%**
Revenues								
Gaming	$ 616.8	$ 616.2	$ 0.6	0.1 %	$ 1,837.3	$ 1,745.7	$ 91.6	5.2 %
Food, beverage, hotel and other	68.6	56.2	12.4	22.1 %	191.5	150.1	41.4	27.6 %
Total revenues	$ 685.4	$ 672.4	$ 13.0	1.9 %	$ 2,028.8	$ 1,895.8	$ 133.0	7.0 %
Adjusted EBITDAR	$ 217.9	$ 221.1	$ (3.2)	(1.4)%	$ 637.5	$ 645.9	$ (8.4)	(1.3)%
Adjusted EBITDAR margin	31.8 %	32.9 %		-110 bps	31.4 %	34.1 %		-270 bps

The Northeast segment's revenues for the three months ended September 30, 2022 increased by $13.0 million over the prior year period, primarily due to inclusion of full quarter operating results of two new properties: Hollywood Casino York, which opened August 12, 2021, and Hollywood Casino Morgantown, which opened December 22, 2021, partially offset by a decrease in total revenues at our Ameristar East Chicago property due to increased competition in the Indiana region.

The Northeast segment's revenues for the nine months ended September 30, 2022 increased by $133.0 million over the prior year period, primarily due to the inclusion of the operating results of the two new properties discussed above as well as the inclusion of Perryville, which was acquired on July 1, 2021. In addition, food, beverage, hotel and other revenues increased as we operated with increased offerings and extended hours of operations, and were partially offset by a decrease in gaming revenues at our Ameristar East Chicago property mentioned above.

For the nine months ended September 30, 2021, our Northeast segment's operating results were negatively impacted as our properties operated within locally-restricted gaming capacity and limited food and beverage and other amenity offerings. Additionally, our Pennsylvania properties were temporarily closed for three days in January 2021, due to COVID-19 restrictions.

For the three months ended September 30, 2022, the Northeast segment's Adjusted EBITDAR decreased $3.2 million, and Adjusted EBITDAR margin decreased to 31.8%, primarily due to additional payroll costs.

For the nine months ended September 30, 2022, the Northeast segment's Adjusted EBITDAR decreased $8.4 million, primarily due to increased gaming taxes, variable marketing and promotional expenses, which remain below pre-pandemic levels, and payroll expenses, resulting in an Adjusted EBITDAR margin of 31.4%.

South Segment

	For the three months ended September 30,		Change		For the nine months ended September 30,		Change	
(dollars in millions)	**2022**	**2021**	**$**	**%**	**2022**	**2021**	**$**	**%**
Revenues								
Gaming	$ 260.0	$ 253.0	$ 7.0	2.8 %	$ 807.6	$ 802.8	$ 4.8	0.6 %
Food, beverage, hotel and other	69.8	65.2	4.6	7.1 %	202.2	179.5	22.7	12.6 %
Total revenues	$ 329.8	$ 318.2	$ 11.6	3.6 %	$ 1,009.8	$ 982.3	$ 27.5	2.8 %
Adjusted EBITDAR	$ 139.9	$ 137.0	$ 2.9	2.1 %	$ 429.7	$ 448.0	$ (18.3)	(4.1)%
Adjusted EBITDAR margin	42.4 %	43.1 %		-70 bps	42.6 %	45.6 %		-300 bps

The South segment's revenues for the three months ended September 30, 2022 increased by $11.6 million from the prior year period, primarily due to the negative impact of temporary closures during the hurricane season for the three months ended September 30, 2021. Revenues for the nine months ended September 30, 2022 increased by $27.5 million from the prior year period, primarily due to strong visitation levels to our food and beverage outlets, and increased spend per guest during the first quarter of 2022.

For the three months ended September 30, 2022, the South segment's Adjusted EBITDAR of $139.9 million and Adjusted EBITDAR margin of 42.4% remained relatively unchanged compared to the prior year quarter. For the nine months ended September 30, 2022, the South segment's Adjusted EBITDAR decreased $18.3 million and Adjusted EBITDAR margin decreased to 42.6% primarily due to higher payroll expenses associated with hotel and food and beverage offerings and higher variable marketing and promotional expenses in previous quarters, which remain below pre-pandemic levels.

West Segment

	For the three months ended September 30,		Change		For the nine months ended September 30,		Change	
(dollars in millions)	2022	2021	$	%	2022	2021	$	%
Revenues								
Gaming	$ 102.8	$ 96.7	$ 6.1	6.3 %	$ 295.8	$ 262.5	$ 33.3	12.7 %
Food, beverage, hotel and other	53.7	49.0	4.7	9.6 %	155.4	120.2	35.2	29.3 %
Total revenues	$ 156.5	$ 145.7	$ 10.8	7.4 %	$ 451.2	$ 382.7	$ 68.5	17.9 %
Adjusted EBITDAR	$ 60.5	$ 54.5	$ 6.0	11.0 %	$ 171.4	$ 151.1	$ 20.3	13.4 %
Adjusted EBITDAR margin	38.7 %	37.4 %		130 bps	38.0 %	39.5 %		-150 bps

The West segment's revenues for the three months ended September 30, 2022 increased by $10.8 million over the prior year period, primarily due to increased spend per guest. Revenues for the nine months ended September 30, 2022 increased by $68.5 million over the prior year period, primarily due to increased visitation.

During the nine months ended September 30, 2021, our West segment's operating results were negatively impacted by the temporary closure of our Zia Park property due to the COVID-19 pandemic, which remained closed until March 5, 2021 and for an additional thirteen days in April of 2021, and our properties operated within locally restricted gaming and hotel capacity and limited food and beverage and other amenities offerings.

For the three months ended September 30, 2022, the West segment's Adjusted EBITDAR increased $6.0 million and Adjusted EBITDAR margin increased to 38.7%, primarily due to increases in gaming and non gaming revenues from the prior year quarter.

For the nine months ended September 30, 2022, the West segment's Adjusted EBITDAR increased $20.3 million primarily due to increases in gaming and non gaming revenues, offset by higher payroll expenses related to volume increases and higher variable marketing and promotional expenses, which remain below pre-pandemic levels, reflected in Adjusted EBITDAR margin, which decreased by 150 basis points to 38.0%.

Midwest Segment

	For the three months ended September 30,		Change		For the nine months ended September 30,		Change	
(dollars in millions)	2022	2021	$	%	2022	2021	$	%
Revenues								
Gaming	$ 268.7	$ 259.3	$ 9.4	3.6 %	$ 792.2	$ 748.3	$ 43.9	5.9 %
Food, beverage, hotel and other	29.7	26.4	3.3	12.5 %	85.4	66.9	18.5	27.7 %
Total revenues	$ 298.4	$ 285.7	$ 12.7	4.4 %	$ 877.6	$ 815.2	$ 62.4	7.7 %
Adjusted EBITDAR	$ 129.4	$ 125.8	$ 3.6	2.9 %	$ 386.2	$ 374.0	$ 12.2	3.3 %
Adjusted EBITDAR margin	43.4 %	44.0 %		-60 bps	44.0 %	45.9 %		-190 bps

The Midwest segment's revenues for the three months ended September 30, 2022 increased by $12.7 million over the prior year period. The Midwest segment's revenues for the nine months ended September 30, 2022 increased by $62.4 million over the prior year period, due to increased length of play and increased spend per guest, particularly at table games. During the nine months ended September 30, 2021, our Midwest segment's operating results were negatively impacted as our properties operated within locally-restricted gaming capacity and limited food and beverage and other amenity offerings. Additionally, our

Illinois properties were temporarily closed for periods between fifteen and twenty-two days in January 2021, due to COVID-19 restrictions.

For the three months ended September 30, 2022, the Midwest segment's Adjusted EBITDAR increased $3.6 million primarily due to increased gaming and non gaming revenues, partially offset by higher payroll expenses, reflected in Adjusted EBITDAR margin, which decreased by 60 basis points to 43.4%.

For the nine months ended September 30, 2022, the Midwest segment's Adjusted EBITDAR increased $12.2 million primarily due to increases in gaming and non gaming revenues, offset by higher payroll expenses and higher variable marketing and promotional expenses, which remain below pre-pandemic levels, reflected in Adjusted EBITDAR margin, which decreased by 190 basis points to 44.0%.

Interactive Segment

	For the three months ended September 30,		Change		For the nine months ended September 30,		Change	
(dollars in millions)	2022	2021	$	%	2022	2021	$	%
Revenues								
Gaming	$ 69.2	$ 31.0	$ 38.2	123.2 %	$ 201.4	$ 84.4	$ 117.0	138.6 %
Food, beverage, hotel and other	89.5	62.0	27.5	44.4 %	253.7	190.9	62.8	32.9 %
Total revenues	$ 158.7	$ 93.0	$ 65.7	70.6 %	$ 455.1	$ 275.3	$ 179.8	65.3 %
Adjusted EBITDAR	$ (49.3)	$ (32.0)	$ (17.3)	54.1 %	$ (80.1)	$ (29.5)	$ (50.6)	171.5 %
Adjusted EBITDAR margin	(31.1)%	(34.4)%		330 bps	(17.6)%	(10.7)%		-690 bps

The Interactive segment's revenues for the three and nine months ended September 30, 2022 increased by $65.7 million and $179.8 million, respectively, over the prior year corresponding periods, primarily due to continued increases in online activity with the launch of theScore Bet Sportsbook and Casino in Ontario and the Barstool Sportsbook in additional states, as well as the inclusion of revenues from theScore, which was acquired on October 19, 2021. Additionally, revenues are inclusive of a tax gross-up of $63.0 million and $168.7 million for the three and nine months ended September 30, 2022, respectively, compared to $44.0 million and $129.5 million for the three and nine months ended September 30, 2021, respectively.

For the three months ended September 30, 2022, the Interactive segment's Adjusted EBITDAR decreased primarily due to increased expenses associated with the launch of online sports betting in Kansas, as well as increased expenses due to increased marketing initiatives related to our first football season in the Ontario and Louisiana markets. For the three months ended September 30, 2022, Adjusted EBITDAR margin increased due to revenues increasing at a higher rate than expenses.

For the nine months ended September 30, 2022, the Interactive segment's Adjusted EBITDAR and Adjusted EBITDAR margin decreased primarily due to increased expenses related to ramping and launching theScore Bet Sportsbook and Casino in Ontario and the Barstool Sportsbook in additional states.

Other

	For the three months ended September 30,		Change		For the nine months ended September 30,		Change	
(dollars in millions)	2022	2021	$	%	2022	2021	$	%
Revenues								
Food, beverage, and other	$ 4.2	$ 3.5	$ 0.7	20.0 %	$ 17.4	$ 6.8	$ 10.6	155.9 %
Total revenues	$ 4.2	$ 3.5	$ 0.7	20.0 %	$ 17.4	$ 6.8	$ 10.6	155.9 %
Adjusted EBITDAR	$ (26.5)	$ (26.1)	$ (0.4)	1.5 %	$ (73.6)	$ (75.6)	$ 2.0	2.6 %

Other consists of the Company's stand-alone racing operations, as well as corporate overhead costs, which primarily includes 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. Revenues for the three and nine months ended September 30, 2022 have increased as compared to the prior year corresponding periods, primarily due to the acquisition of Sam Houston, the remaining 50% of which was acquired on August 1, 2021.

Changes in Adjusted EBITDAR for the three and nine months ended September 30, 2022 primarily relate to changes in corporate overhead costs, which are reflective of the current operating environment.

Non-GAAP Financial Measures

Use and Definitions

In addition to GAAP financial measures, management uses Adjusted EBITDA, Adjusted EBITDAR, Adjusted EBITDA margin, 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 (which are included in “other (income) expenses”); impairment losses; insurance recoveries, net of deductible charges; changes in the estimated fair value of our contingent purchase price obligations; gain or loss on disposal of assets; the difference between budget and actual expense for cash-settled stock-based awards; pre-opening expenses; and other. 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, Inc. and our Kansas Entertainment, LLC joint venture. Adjusted EBITDA is inclusive of rent expense associated with our triple net operating leases (the operating lease components contained within our triple net master lease dated November 1, 2013 with GLPI and the triple net master lease assumed in connection with our acquisition of Pinnacle Entertainment, Inc., our individual triple net leases with GLPI for the real estate assets used in the operation of Tropicana Las Vegas Hotel and Casino (terminated on September 26, 2022), Inc. and Hollywood Casino at The Meadows, and our individual triple net leases with VICI for the real estate assets used in the operations of Margaritaville Casino Resort and Hollywood Casino at Greektown). 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. We define Adjusted EBITDA margin as Adjusted EBITDA divided by consolidated revenues.

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 of 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 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, which is determined in accordance with GAAP, to Adjusted EBITDA and Adjusted EBITDAR, which are non-GAAP financial measures, as well as related margins:

	For the three months ended September 30,		For the nine months ended September 30,	
(dollars in millions)	2022	2021	2022	2021
Net income	$ 123.2	$ 86.1	$ 200.9	$ 375.7
Income tax (benefit) expense	(182.0)	36.4	(78.1)	110.1
Income from unconsolidated affiliates	(6.6)	(9.1)	(17.1)	(27.8)
Interest expense, net	193.3	144.9	547.7	418.6
Other (income) expenses	8.8	(19.2)	77.7	(43.1)
Operating income	136.7	239.1	731.1	833.5
Stock-based compensation (1)	13.6	8.5	45.1	21.9
Cash-settled stock-based award variance (1)(2)	(3.8)	5.2	(16.2)	14.3
Loss (gain) on disposal of assets (1)	(0.2)	0.3	7.0	0.1
Contingent purchase price (1)	0.1	0.6	(0.9)	1.9
Pre-opening expenses (1)(3)	0.5	1.6	4.1	2.8
Depreciation and amortization	148.7	83.7	417.2	246.9
Impairment losses (4)	104.6	—	104.6	—
Insurance recoveries, net of deductible charges (1)	(1.9)	—	(10.7)	—
Income from unconsolidated affiliates	6.6	9.1	17.1	27.8
Non-operating items of equity method investments (5)	2.6	3.0	4.7	6.0
Other expenses (1)(3)(6)	32.9	13.2	48.4	15.8
Adjusted EBITDA	440.4	364.3	1,351.5	1,171.0
Rent expense associated with triple net operating leases (1)	31.5	116.0	119.6	342.9
Adjusted EBITDAR	$ 471.9	$ 480.3	$ 1,471.1	$ 1,513.9
Net income margin	7.6 %	5.7 %	4.2 %	8.7 %
Adjusted EBITDA margin	27.1 %	24.1 %	28.1 %	27.0 %
Adjusted EBITDAR margin	29.0 %	31.8 %	30.5 %	34.9 %

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

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

(3) During the first quarter of 2021, acquisition costs were included within pre-opening and acquisition costs. Beginning with the quarter ended June 30, 2021, acquisition costs are presented as part of other expenses.

(4) Amount primarily relates to a $102.8 million impairment charge in the Northeast segment.

(5) Consists principally of interest expense, net, income taxes, depreciation and amortization, and stock-based compensation expense associated with Barstool and our Kansas Entertainment joint venture. We record our portion of Barstool’s net income or loss, including adjustments to arrive at Adjusted EBITDAR, one quarter in arrears.

(6) Consists of non-recurring acquisition and transaction costs, and finance transformation costs associated with the implementation of our new Enterprise Resource Management system.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity and capital resources have been and are expected to be cash flow from operations, borrowings from banks, and proceeds from the issuance of debt and equity securities. Our ongoing liquidity will depend on a number of factors, including available cash resources, cash flow from operations, acquisitions or investments, funding of construction for development projects, and our compliance with covenants contained under our debt agreements.

	For the nine months ended September 30,		Change	
(dollars in millions)	2022	2021	$	%
Net cash provided by operating activities	$ 760.0	$ 779.0	$ (19.0)	(2.4)%
Net cash used in investing activities	$ (180.0)	$ (269.5)	$ 89.5	(33.2)%
Net cash (used in) provided by financing activities	$ (705.2)	$ 375.2	$ (1,080.4)	N/M

N/M - Not meaningful

Operating Cash Flow

Trends in our operating cash flows tend to follow trends in operating income, excluding non-cash charges, but can be affected by changes in working capital, the timing of significant interest payments, tax payments or refunds, and distributions from unconsolidated affiliates. Net cash provided by operating activities decreased by $19.0 million for the nine months ended September 30, 2022, primarily due to a negative impact in changes in working capital related to gaming taxes and other gaming liabilities and payroll related liabilities, partially offset by a decrease in cash paid for taxes.

Investing Cash Flow

Cash used in investing activities for the nine months ended September 30, 2022 of $180.0 million is primarily due to capital expenditures of $189.6 million and the acquisition of a $15.0 million cost method investment, offset by insurance proceeds received for losses incurred due to Hurricane Laura in 2020. For the nine months ended September 30, 2021, cash used in investing activities of $269.5 million was primarily due to the acquisitions of HitPoint, Perryville, and the remaining 50% interest of Sam Houston, purchases of gaming licenses, and capital expenditures.

Capital Expenditures

Capital expenditures are accounted for as either project capital (new facilities, expansions or return generating growth projects) or maintenance (replacement) capital expenditures. Cash provided by operating activities, as well as cash available under our Amended Revolving Credit Facility and Revolving Facility, was available to fund our capital expenditures for the nine months ended September 30, 2022 and 2021, respectively.

Capital expenditures for the nine months ended September 30, 2022 and 2021 were $189.6 million and $137.8 million, respectively. Capital expenditures related to our York and Morgantown development projects were $15.2 million and $46.6 million for the nine months ended September 30, 2022 and 2021, respectively. During the nine months ended September 30, 2022, capital expenditures also included $20.8 million in construction costs related to hurricane damage sustained at our Lake Charles property of which insurance proceeds were previously received. For the year ending December 31, 2022, our anticipated capital expenditures are approximately $300 million, which include capital expenditures of $189.6 million incurred for the nine months ended September 30, 2022 and capital expenditures required under our Triple Net Leases, which require us to spend a specified percentage of net revenues.

Financing Cash Flow

For the nine months ended September 30, 2022, net cash used in financing activities totaled $705.2 million, primarily related to $510.1 million common stock repurchases, net debt repayments of $28.1 million, $18.2 million in debt issuance costs, and $129.4 million in principal payments on our finance leases and finance obligations.

During the nine months ended September 30, 2021, cash provided by financing activities of $375.2 million was primarily due to net cash proceeds of $400.0 million related to the issuance of our 4.125% Notes due 2029.

Borrowings and Repayments of Long-term Debt

On May 3, 2022, the Company entered into a Second Amended and Restated Credit Agreement with its various lenders (the "Second Amended and Restated Credit Agreement"). The Second Amended and Restated Credit Agreement provides for a $1.0 billion revolving credit facility, undrawn at close, (the "Amended Revolving Credit Facility"), a five-year $550.0 million term loan A facility (the "Amended Term Loan A Facility") and a seven-year $1.0 billion term loan B facility (the "Amended Term Loan B Facility") (together, the "Amended Credit Facilities"). The proceeds from the Amended Credit Facilities were used to repay the existing Term Loan A Facility and Term Loan B-1 Facility balances.

At September 30, 2022, we had $2.8 billion in aggregate principal amount of indebtedness, including $1.5 billion outstanding under our Amended Credit Facilities, $400.0 million outstanding under our 5.625% senior unsecured notes, $400.0 million outstanding under our 4.125% senior unsecured notes, $330.5 million outstanding under our 2.75% Convertible Notes, and $157.2 million outstanding in other long-term obligations. No amounts were drawn on our Amended Revolving Credit Facility. After the refinancing of our Senior Secured Credit Facilities discussed above, we have no debt maturing prior to 2026. As of September 30, 2022 we had conditional obligations under letters of credit issued pursuant to the Amended Credit Facilities with face amounts aggregating to $22.7 million resulting in $977.3 million available borrowing capacity under our Amended Revolving Credit Facility.

Covenants

Our Amended Credit Facilities, 5.625% Notes and 4.125% Notes require us, among other obligations, to maintain specified financial ratios and to satisfy certain financial tests. In addition, our Amended Credit Facilities, 5.625% Notes and 4.125% 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 (both of which are defined in Note 9, "Leases" to our unaudited Consolidated Financial Statements), 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 September 30, 2022, the Company was in compliance with all required financial covenants. The Company believes that it will remain in compliance with all of its required financial covenants for at least the next twelve months following the date of filing this Quarterly Report on Form 10-Q with the SEC.

See Note 8, "Long-term Debt," in the notes to our unaudited Consolidated Financial Statements for additional information of the Company's debt and other long-term obligations.

Share Repurchase Authorization

On February 1, 2022, the Board of Directors of PENN approved a $750.0 million share repurchase authorization. The three-year authorization expires on January 31, 2025. Repurchases by the Company will be subject to available liquidity, general market and economic conditions, alternate uses for the capital and other factors. Share repurchases may be made from time to time through a 10b5-1 trading plan, open market transactions, block trades or in private transactions in accordance with applicable securities laws and regulations and other legal requirements. There is no minimum number of shares that the Company is required to repurchase and the repurchase authorization may be suspended or discontinued at any time without prior notice.

During the three months ended September 30, 2022, the Company repurchased 5,348,809 shares of its common stock in open market transactions for $168.0 million at an average price of $31.40 per share. During the nine months ended September 30, 2022, the Company repurchased 14,690,394 shares of its common stock in open market transactions for $510.1 million at an average price of $34.72 per share. The cost of all repurchased shares is recorded as "Treasury stock" within our unaudited Consolidated Balance Sheets.

Subsequent to the quarter ended September 30, 2022, the Company repurchased 1,005,188 million shares of its common stock at an average price of $28.95 per share for an aggregate amount of $29.1 million. The remaining availability under our $750.0 million share repurchase authorization was $211.1 million as of November 2, 2022.

Barstool

On August 17, 2022, the Company exercised its call rights to bring its ownership of Barstool to 100%. The acquisition of the remaining Barstool shares, which can be settled in cash or a combination of cash and equity at PENN's election, is expected to be completed in February 2023, after which Barstool will be a wholly-owned subsidiary of PENN. Completion of the acquisition at that time is subject to the satisfaction of certain conditions, including regulatory approval. See Note 10, "Investments in and Advances to Unconsolidated Affiliates," in the notes to our unaudited Consolidated Financial Statements for further discussion.

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. In addition, six of the gaming facilities used in our operations are subject to individual triple net leases. We refer to the PENN Master Lease, the Pinnacle Master Lease, the Perryville Lease, the Meadows Lease, the Margaritaville Lease, the Greektown Lease, the Tropicana Lease (terminated September 26, 2022) and the Morgantown Lease, collectively, as our Triple Net Leases. The Company's Triple Net Leases are accounted for as either operating leases, finance leases, or financing obligations.

Subsequent to quarter end, on October 9, 2022, as described in Note 9, "Leases," in the notes to our unaudited Consolidated Financial Statements, the Company entered into the Term Sheet with GLPI. Pursuant to the Term Sheet, the Company and GLPI agreed to amend the PENN Master Lease to (i) remove the land and buildings for Aurora, Joliet, Columbus, Toledo, and M Resort and (ii) make associated adjustments to the rent under the PENN Master Lease; (iii) terminate the existing leases associated with Meadows and Perryville; and (iv) enter into the New Lease, effective on the expected date of January 1, 2023, specific to the property associated with Aurora, Joliet, Columbus, Toledo, M Resort, Meadows and Perryville. The New Lease will be cross-defaulted, cross-collateralized and coterminous with the PENN Master Lease, and subject to a parent guarantee.

The New Lease will include New Lease Base Rent equal to $232.2 million and additional rent equal to (i) 7.75% of any project funding received by PENN from GLPI for the Aurora Project and (ii) a percentage, based on then-current market conditions, of any project funding received by PENN from GLPI for the Other Development Projects. GLPI will fund up to $225 million for the Aurora Project, and GLPI has committed to fund, upon PENN's request, up to $350 million in the aggregate for the Other Development Projects, in accordance with certain terms and conditions set forth in the Term Sheet. The New Lease Rent will be subject to a one-time increase of $1.4 million, effective the fifth anniversary of the effective date. The New Lease Rent will be further subject to a fixed escalator of 1.5% on November 1, 2023 and annually thereafter.

Under our Triple Net Leases, in addition to lease payments for the real estate assets, we are required to pay the following, among other things: (i) all facility maintenance; (ii) all insurance required in connection with the leased properties and the business conducted on the leased properties; (iii) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor); (iv) all tenant capital improvements; and (v) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties. Additionally, our Triple Net Leases are subject to annual escalators and periodic percentage rent resets, as applicable. See Note 9, "Leases," in the notes to our unaudited Consolidated Financial Statements for further discussion and disclosure related to the Company's leases.

Payments to our REIT Landlords under Triple Net Leases

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

	For the three months ended September 30,		For the nine months ended September 30,	
(in millions)	**2022**	**2021**	**2022**	**2021**
PENN Master Lease	$ 120.2	$ 118.4	$ 360.0	$ 357.1
Pinnacle Master Lease	84.2	82.4	250.1	245.8
Perryville Lease	1.9	1.9	5.8	1.9
Meadows Lease	6.2	6.2	18.6	18.6
Margaritaville Lease	5.9	5.9	17.8	17.6
Greektown Lease	12.8	12.9	38.5	40.3
Morgantown Lease	0.8	0.8	2.3	2.3
Total [(1)]	$ 232.0	$ 228.5	$ 693.1	$ 683.6

(1) Rent payable under the Tropicana Lease was nominal prior to termination on September 26, 2022. Therefore, this lease has been excluded from the table above.

Outlook

Based on our current level of operations, we believe that cash generated from operations and cash on hand, together with amounts available under our Amended Credit Facilities, will be adequate to meet our anticipated obligations under our Triple Net Leases, debt service requirements, capital expenditures and working capital needs for the foreseeable future. However, our ability to generate sufficient cash flow from operations will depend on a range of economic, competitive and business factors, many of which are outside our control. We cannot be certain: (i) of the impact of global supply chain disruptions, price inflation, and rising interest rates on the U.S. economy and the ability of our business to maintain its recovery from the impacts of the COVID-19 pandemic; (ii) that our anticipated earnings projections will be realized; (iii) that we will achieve the expected synergies from our acquisitions; and (iv) that future borrowings will be available under our Amended Credit Facilities or otherwise will be available in the credit markets to enable us to service our indebtedness or to make anticipated capital expenditures. We caution you that the trends seen at our properties, such as strong visitation and increased length of play, 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; development projects; and jurisdictional expansions and property expansion in under-penetrated markets; there can be no assurance that this will be the case. If we consummate significant acquisitions in the future or undertake any significant property expansions, our cash requirements may increase significantly and we may need to make additional borrowings or complete equity or debt financings to meet these requirements. See Part I, Item 1A. “Risk Factors” of the Company’s Form 10-K for the year ended December 31, 2021 for a discussion of additional risks related to the Company’s capital structure.

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

CRITICAL ACCOUNTING ESTIMATES

A complete discussion of our critical accounting estimates is included in our Form 10-K for the year ended December 31, 2021. With the exception of the table below, which provides updated sensitivity on the impairment of goodwill and the gaming license at Hollywood Casino at Greektown, as discussed in Note 7, "Goodwill and Other Intangible Assets," and the income tax valuation allowance discussion below, there have been no significant changes in our critical accounting estimates during the nine months ended September 30, 2022.

		Increase (decrease) in the Recorded Amount of Impairment Loss as a Result of:	
(in millions)	Carrying Amount	Discount Rate +100 bps	Terminal Growth Rate -50 bps
Goodwill			
Hollywood Casino at Greektown	$ 67.4	$ 0.4	$ (0.1)
Gaming licenses			
Hollywood Casino at Greektown	$ 166.4	$ 14.0	$ 1.0

As of September 30, 2022, the Company determined that a valuation allowance was no longer required against its federal, foreign, and state net deferred tax assets for the portion that will be realized, as discussed in detail in Note 11, "Income Taxes". As a result, the Company released $172.7 million of its total valuation allowance during the three and nine months ended September 30, 2022, due to the positive evidence outweighing the negative evidence thereby allowing the Company to achieve the "more-likely-than-not" realization standard. The most significant positive evidence that led to the reversal of the valuation allowance during this interim period included the achievement and sustained growth in our three-year cumulative pretax earnings, substantial total revenue and earnings for the retail operating segment growth over the last seven quarters, and a lack of significant asset impairment charges expected for the Company's retail business operations or projections for the foreseeable future.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

IMPORTANT FACTORS REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified using forward-looking terminology such as "expects," "believes," "estimates," "projects," "intends," "plans," "goal," "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: the Company's expectations of future results of operations and financial condition, the assumptions provided regarding the guidance, including the scale and timing of the Company's product and technology investments; the Company's anticipated share repurchases; the Company's expectations regarding results, and the impact of competition, in retail/mobile/online sportsbooks, iGaming and land-based operations; the Company's development and launch of its Interactive segment's products in new jurisdictions and enhancements to existing Interactive segment products, including content for the Barstool and theScore Bet iCasino apps and the migration of the Barstool Sportsbook into both our player account management system and risk and trading platforms; the Company's expectations regarding its future investments and the future success of its products; the Company's expectations with respect to the integration and synergies related to the Company's acquisition of Barstool Sports; the continued growth and monetization of the Company's media business; the Company's expectations with respect to the ongoing introduction and the potential benefits of the cashless, cardless and contactless (3C's) technology; the Company's development projects, including the recently-announced prospective development projects at Hollywood Casinos Aurora, Joliet, Columbus, and the M Resort; our ability to obtain financing for our development projects on attractive terms; and the timing, cost and expected impact of planned capital expenditures on the Company's results of operations.

Such statements are all subject to risks, uncertainties and changes in circumstances that could significantly affect the Company's future financial results and business. Accordingly, the Company cautions that the forward-looking statements contained herein are qualified by important factors that could cause actual results to differ materially from those reflected by such statements. Such factors include: the effects of economic and market conditions in the markets in which the Company operates; competition with other entertainment, sports content, and casino gaming experiences; the timing, cost and expected impact of product and technology investments; risks relating to international operations, permits, licenses, financings, approvals and other contingencies in connection with growth in new or existing jurisdictions; and additional risks and uncertainties described in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the U.S. Securities and Exchange Commission. The Company does not intend to update publicly any forward-looking statements except as required by law. Considering these risks, uncertainties and assumptions, the forward-looking events discussed in this Form 10-Q may not occur.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to market risk from adverse changes in interest rates with respect to the short-term floating interest rates on borrowings under our Amended Credit Facilities. As of September 30, 2022, the Company's Amended Credit Facilities had a gross outstanding balance of $1.5 billion, consisting of a $543.1 million Amended Term Loan A Facility and a $997.5 million Amended Term Loan B Facility. As of September 30, 2022, we have $977.3 million of available borrowing capacity under our Amended Revolving Credit Facility.

The table below provides information as of September 30, 2022 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)	10/01/22 - 9/30/23	10/01/23 - 9/30/24	10/01/24 - 9/30/25	10/01/25 - 9/30/26	10/01/26 - 9/30/27	Thereafter	Total	Fair Value
Fixed rate	$ —	$ —	$ —	$ —	$ 400.0	$ —	$ 400.0	$ 353.6
Average interest rate					5.625 %			
Fixed rate	$ —	$ —	$ —	$ —	$ —	$ 400.0	$ 400.0	$ 306.6
Average interest rate						4.125 %		
Fixed rate	$ —	$ —	$ —	$ 330.5	$ —	$ —	$ 330.5	$ 457.8
Average interest rate				2.75 %				
Variable rate	$ 37.5	$ 37.5	$ 37.5	$ 37.5	$ 443.1	$ 947.5	$ 1,540.6	$ 1,491.1
Average interest rate (1)	5.51 %	5.46 %	5.41 %	5.37 %	5.06 %	6.16 %		

(1) Estimated rate, reflective of forward SOFR as of September 30, 2022 plus the spread over SOFR applicable to variable-rate borrowing.

Foreign Currency Exchange Rate Risk

We are exposed to currency translation risk because the results of our international entities are reported in local currency, which we then translate to U.S. dollars for inclusion in our unaudited Consolidated Financial Statements. As a result, changes between the foreign exchange rates, in particular the Canadian dollar compared to the U.S. dollar, affect the amounts we record for our foreign assets, liabilities, revenues and expenses, and could have a negative effect on our financial results. The results of theScore are reported in Canadian dollars, which we then translate to U.S. dollars for inclusion in our unaudited Consolidated Financial Statements. We do not currently enter into hedging arrangements to minimize the impact of foreign currency fluctuations on our operations. For the three and nine months ended September 30, 2022, we incurred an unrealized foreign currency translation adjustment loss of $119.8 million and $146.7 million, respectively.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, under the supervision and with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of September 30, 2022. 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 September 30, 2022 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.

During the quarter ended September 30, 2022, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

We refer you to our 2021 Annual Report on Form 10-K for a discussion of the risk factors that affect our business and financial results. There have been no material changes to those risk factors.

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

The following table presents the total number of shares of our common stock that we repurchased during the third quarter of 2022, the average price paid per share, the number of shares that we repurchased as part of our share repurchase program, and the approximate dollar value of shares that still could have been repurchased at the end of the applicable fiscal period pursuant to our share repurchase program:

(dollars in millions, except per share data)	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (2)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Program
July 1, 2022 - July 31, 2022	2,798,379	$ 31.26	2,798,008	$ 320.6
August 1, 2022 - August 31, 2022	1,210,946	$ 33.92	1,210,091	$ 279.6
September 1, 2022 - September 30, 2022	1,374,161	$ 29.44	1,340,710	$ 240.2
Total	5,383,486	$ 31.40	5,348,809	

(1) Includes 371, 855, and 33,451 shares withheld to pay taxes due upon the vesting of employee restricted stock for the months ended July 31, August 31, and September 30, 2022, respectively.

(2) On February 1, 2022, our Board of Directors authorized and announced the repurchase of up to $750.0 million of our common stock from time to time on the open market or in privately negotiated transactions. The share purchase authorization expires on January 31, 2025. Stock repurchases, if any, will be funded using our available liquidity. The timing and amount of stock repurchases will depend on a variety of factors, including the market conditions as well as corporate and regulatory considerations. As of September 30, 2022, we have repurchased a total of 14,690,394 shares of our common stock at an average price of $34.72.

ITEM 5. OTHER INFORMATION

The Company entered into a new Executive Agreement with its Chief Executive Officer, Jay Snowden on November 2, 2022. The Executive Agreement supersedes Mr. Snowden’s prior executive agreement (scheduled to expire on January 1, 2023), is effective as of November 2, 2022, and terminates on January 1, 2026 (the “Term”) unless earlier terminated by either party. The Executive Agreement provides that, effective January 1, 2023, Mr. Snowden’s annual base salary will be $1.8 million and his target annual bonus will be 250% of his base salary.

In the event Mr. Snowden’s employment is terminated without cause (as defined in the Executive Agreement), or Mr. Snowden resigns for good reason (as defined in the Executive Agreement), or the Executive Agreement is not renewed at the end of the Term, Mr. Snowden will be entitled to (i) severance payments equal to a multiple of the sum of (a) his annual base salary and (b) his target annual bonus, and (ii) pro rata annual bonus for the fiscal year in which termination occurs. The severance multiple is two times (2x) in the case of a termination that occurs outside of the CoC Protection Period and two and one-half times (2.5x) in the case of a termination that occurs during the twenty-four months following a change of control (the “CoC Protection Period”).

Prior to receipt of any severance payments, Mr. Snowden must execute a general release in favor of the Company and its affiliates.

The Executive Agreement also contains customary confidentiality, non-competition and non-solicitation provisions. Mr. Snowden has agreed not to disclose or use the Company’s confidential information. In addition, Mr. Snowden has agreed not to compete with the Company for a period of (i) twelve months following the termination date if he is terminated in a manner in which no severance is paid or (ii) the twenty-four months following the termination date if he receives severance. Mr. Snowden has agreed not to solicit or hire an executive or management level employee of the Company or its affiliates for a period of 18 months following termination.

The summary of the material terms of the Executive Agreement described above is qualified in its entirety by reference to the Executive Agreement, a copy of which is attached hereto as Exhibit 10.2 and is incorporated herein by reference.

The Company entered into a new Executive Agreement with its Executive Vice President – Operations, Todd George, on November 2, 2022. The Executive Agreement supersedes Mr. George's prior executive agreement (scheduled to expire on January 1, 2023), is effective as of November 2, 2022, and terminates on January 1, 2026 (the "Term") unless earlier terminated by either party. The Executive Agreement provides that, effective January 1, 2023, Mr. George's annual base salary will be $900,000 and his target annual bonus will be 100% of his base salary.

In the event Mr. George's employment is terminated without cause (as defined in the Executive Agreement), or Mr. George resigns for good reason (as defined in the Executive Agreement), or the Executive Agreement is not renewed at the end of the Term, Mr. George will be entitled to (i) severance payments equal to the sum of (a) two times his annual base salary and (b) and one and one half times his target annual bonus (or two times his target annual bonus if the termination occurs during the twenty-four months following a change of control), and (ii) pro rata annual bonus for the fiscal year in which termination occurs.

Prior to receipt of any severance payments, Mr. George must execute a general release in favor of the Company and its affiliates.

The Executive Agreement also contains customary confidentiality, non-competition and non-solicitation provisions. Mr. George has agreed not to disclose or use the Company's confidential information. In addition, Mr. George has agreed not to compete with the Company for a period of (i) twelve months following the termination date if he is terminated in a manner in which no severance is paid or (ii) the twenty-four months following the termination date if he receives severance. Mr. George has agreed not to solicit or hire an executive or management level employee of the Company or its affiliates for a period of 18 months following termination.

The summary of the material terms of the Executive Agreement described above is qualified in its entirety by reference to the Executive Agreement, a copy of which is attached hereto as Exhibit 10.3 and is incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
10.1*†	Executive Agreement, dated March 10, 2022 between PENN Entertainment, Inc. and Chris Rogers.
10.2*†	Executive Agreement, dated November 2, 2022 between PENN Entertainment, Inc. and Jay Snowden.
10.3*†	Executive Agreement, dated November 2, 2022 between PENN Entertainment, Inc. and Todd George.
31.1*	CEO Certification pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	CFO Certification pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	CEO Certification pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
32.2**	CFO Certification pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Inline XBRL File (included in Exhibit 101)
*	Filed herewith.
**	Furnished herewith.
†	Management contract or compensatory plan or arrangement

SIGNATURES

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

			PENN ENTERTAINMENT, INC.
Dated:	November 3, 2022	By:	/s/ Christine LaBombard
			Christine LaBombard
			Senior Vice President and Chief Accounting Officer

Exhibit 10.1

EXECUTIVE AGREEMENT

This EXECUTIVE AGREEMENT (this "Agreement") is entered into on this 10th day of March, 2022 and shall be effective as of June 30, 2022 (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. 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 current compensation, which will be reviewed periodically in the same manner as peer executives. The Company, at its sole discretion, reserves the right to review and to change or modify Employee's title, duties, responsibilities and/or reporting structure from time to time. Changes in title, duties, responsibilities or reporting structure shall not affect the validity of this Agreement.

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 supersede Executive's prior executive agreement 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 6 through 23 shall survive until the expiration of any applicable time periods set forth in Sections 7, 8 and 9. Upon the end of the Term, or any Renewal Term, this Agreement shall automatically renew for an additional twelve (12) months (each a "Renewal Term" and together with the Initial Term, the "Term"). If either Party does not wish for the Agreement to automatically renew at the end of the Initial Term, or any Renewal Term, that Party shall give the other Party at least 30 days written notice prior to the end of the Initial Term or any Renewal Term. The terms, conditions and provisions of this Agreement shall govern any Renewal Term.

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.

(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 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 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(e) 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 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 5(a) above, and subject to Section 5(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 5(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 5 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 5 is subject to the Company's then current 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 or General Counsel.

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.

(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.

8. Non-Competition.

(a) As used in this Section 8, the term "Restriction Period" shall mean a period equal to: (i) the twelve-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 “Activation Date”), subject to Section 10(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 5(a)-(b), provided that Executive shall also be entitled to receive the benefits set forth in Section 5(c).

(c) Injunction; Reasonableness of Covenants. Executive acknowledges and agrees that the Company is entitled to the benefits of the non-competition and non-solicitation covenants for the entire Restriction Period. Executive further agrees that if Executive violates such covenants and if the Company is required to seek judicial enforcement of the same, the Restriction Period, shall commence to run from the date of the stipulation, order, injunction or decree enforcing the Company's rights hereunder. Without limiting anything in this Agreement, Executive and Company agree that the restrictions and limitations contained in Section 8 are reasonable as to scope and duration and are necessary to protect Company's interests and to preserve for Company its competitive advantages including such advantages derived from its Confidential Information to which Executive will have knowledge and that the Company will be irrevocably damaged if such provision is not specifically enforced. In the event that any of the restrictions and/or limitations contained in Section 8 are deemed to exceed the time or geographic limitations permitted by Pennsylvania law then such provisions of Section 8 shall be reformed to the maximum time and geographical limitations permitted by Pennsylvania law. Executive agrees that, in addition to any other relief to which Company may be entitled in the form of actual or punitive damages, Company shall be entitled to injunctive relief from a court of competent jurisdiction for the purposes of restraining Executive from any actual or threatened breach of any or all of the provisions of this Agreement. Executive agrees to waive and hereby waives any requirement for Company to secure any bond in connection with the obtaining of such injunction or other equitable relief.

(d) 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.

(e) 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 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.

(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. 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.

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.

24. 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 ENTERTAINMENT, INC.

/s/ Jay A. Snowden

Jay A. Snowden
President and Chief Executive Officer

EXECUTIVE

/s/ Christopher Rogers

Christopher Rogers
Executive

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 10.2

EXECUTIVE AGREEMENT

This EXECUTIVE AGREEMENT (this "Agreement") is entered into on this 2nd day of November, 2022 ("Effective Date"), by PENN Entertainment, 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 23 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. Termination of Earlier Agreement. The Company and Executive hereby agree to extend Executive's employment beyond the term of his current July 30, 2019 employment agreement ("Earlier Agreement") in the manner described herein. Effective on the Effective Date, the Earlier Agreement will be deemed terminated and superseded by this Agreement.

2. Terms of Employment.

(a) Term. The term of this Agreement shall begin on the Effective Date and shall terminate on the earlier of January 1, 2026 ("Term") or the termination of Executive's employment with the Company; provided, however, notwithstanding anything in this Agreement to the contrary, Sections 7 through 25 shall survive until the expiration of any applicable time periods set forth in Sections 7, 8 and 9.

(b) Position and Duties. (i) During the Term, Executive shall (A) serve as the Chief Executive Officer of the Company, with such duties and responsibilities as are commensurate with such positions, and (B) report to the Board of Directors of the Company (the "Board"). Executive acknowledges that he may be required to travel in connection with the performance of his duties.

(c) Compensation. Effective as of the Effective Date, (i) Executive's annualized base salary shall be $1,800,000 (as in effect from time to time, "Base Salary") and Executive's annual target bonus shall be 250% of Base Salary ("Target Bonus"); provided that the Compensation Committee of the Board shall have discretion to increase the Base Salary during the Term; (ii) Executive will be entitled to life insurance in the amount of three times Executive's Base Salary; and (iii) Executive will be entitled to personal use of Company aircraft.

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.

(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 6 through 9 of this Agreement;

(iv) Executive misappropriates corporate funds or resources as determined in good faith by the Audit Committee of the Board;

(v) Executive's willful and continued failure to perform duties (except due to mental or physical incapacity); or

(vi) Executive's engagement in illegal conduct or gross misconduct which is or is reasonably expected to be materially injurious to the Company or one of its affiliates;

provided, that, in no event shall Executive's termination be for "Cause" pursuant to any of clauses (iii), (iv), (v) or (vi), unless (x) an event or circumstance constituting "Cause" shall have occurred and the Company provides Executive with written notice thereof, (y) Executive fails to cure the circumstance or event so identified (if curable) within fifteen (15) days after the receipt of such notice, and (z) within ninety (90) days of such notice there will have been delivered to Executive a copy of a resolution duly adopted by a majority of the members of the Board (or, following a Change of Control (as defined in the Company's then current Long Term Incentive Compensation Plan), a majority of the board of directors of the Company's ultimate parent entity), excluding Executive, after Executive is given an opportunity, together with counsel, to be heard before the Board, finding that, in the good faith opinion of such directors, Executive has engaged in conduct constituting Cause.

(d) Death. Executive's employment will terminate automatically upon Executive's death.

(e) Disability. The Company may terminate Executive's employment due to 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.

(a) Executive may voluntarily terminate employment without Good Reason effective upon 60 days' prior written notice to the Company, in which case no severance payments or benefits shall be due.

(b) Executive may terminate employment for Good Reason, in which case severance payments and benefits shall be due as set forth below. As used herein, the term "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 60 days following the applicable event or circumstance): (i) a material reduction in Executive's position (including status, titles and reporting requirements), authority, duties or responsibilities or the assignment to Executive of any duties 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, other than any reduction of compensation or benefits of ten percent or less (A) that applies to Executive and his direct reports and (B) that applies at a time other than the two years immediately following a Change of Control (such two-year period, the "CoC Protection Period"); (iii) any travel requirements, following a Change of Control, materially greater than Executive's travel requirements prior to the Change of Control; (iv) any requirement that Executive perform his duties from any particular location, or (v) any breach of any material term of this Agreement by the Company.

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), under Section 4(b) or by the Company's non-renewal of Executive's employment under this Agreement on 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) Severance. Subject to Sections 5(e) and 23:

(i) If the date of Executive's separation from service (the "Termination Date") occurs outside of the CoC Protection Period, the Company shall pay to Executive an amount equal to the product of two times the sum of Base Salary and Target Bonus, with each component based on the greater of (x) the amount in effect on the Termination Date, and (y) the amount set forth in Section 2(c), with such amount payable in equal installments over the Severance Period in accordance with the Company's regular payroll procedures for similarly situated executives following the Termination Date; or

(ii) If the Termination Date occurs during the CoC Protection Period, the Company shall pay to Executive an amount equal to the product of two and one half times the sum of Base Salary and Target Bonus, with each component based on the greatest of (x) the amount in effect on the Termination Date, (y) the amount set forth in Section 2(c) and (z) the amount in effect on the date of the Change of Control, such amount payable as follows: if the Change of Control is a 409A CoC or such payments can otherwise be made without violating Section 409A of the Code, on the 60th day following the Termination Date and otherwise, in equal installments over the Severance Period in accordance with the Company's regular payroll procedures for similarly situated executives following the Termination Date.

(b) Pro-Rata Bonus. The Company shall pay to Executive an annual bonus for the fiscal year in which the Termination Date occurs, pro-rated to cover the portion of the fiscal year from the first day of the fiscal year through the Termination Date, (i) if the Termination Date occurs outside of the CoC Protection Period, based on actual performance, determined by the Compensation Committee of the Board, and paid to Executive on the date annual bonuses are paid to similarly-situated executives after the Termination Date, but in no event later than March 15 of the year following the year in which the Termination Date occurs, and (ii) if the Termination Date occurs during the CoC Protection Period, based on the greater of (A) the Target Bonus in effect on the Termination Date and (B) the Target Bonus in effect on the date of the Change of Control, such amount pursuant to this clause (ii) to be paid on the 60th day following the Termination Date.

(c) Continued Medical Benefits Coverage. During the twenty-four months following the Termination Date (such period, 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) and any such reimbursement shall be imputed as income to the Executive.

(d) Accrued and Unpaid Annual Bonus for Last Completed Fiscal Year. If the Company has not paid an annual bonus for the fiscal year preceding the year in which the Termination Date occurs, the Company shall pay to Executive an annual bonus for such year based on actual performance, determined by the Compensation Committee of the Board.

(e) 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") and the Release becoming effective no later than the sixtieth day following the employment termination date, which 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 recoupment policy.

(f) No Mitigation. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive pursuant to this Section 5, and such amounts shall not be reduced whether or not the Executive obtains other employment; provided, however, that if Executive accepts any employment with the Company, or an affiliate or related entity of the Company, and becomes reemployed by the Company or an affiliate or related entity of the Company during the Severance Period, Executive acknowledges and agrees that Employee will forfeit all future severance payments from the date on which reemployment commences. Following a Change of Control, the Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from the Executive), to the full extent permitted by law, all legal fees and expenses that Executive may incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement).

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 Entertainment, Inc. Chief Legal Officer or Chairman of the Board.

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 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.

8. Non-Competition.

(a) As used in this Section 8, the term "Restriction Period" shall mean a period equal to: (i) the 12-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 (ii) the Severance Period if Executive's employment terminates under circumstances where Executive is entitled to payments under Section 5.

(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 and that the benefits provided to Executive under Section 5 are in consideration for Executive's agreement to be bound by the covenants contained in Sections 7 through 9. 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. Notwithstanding the foregoing, in no event will the following be a violation of this Section 9: (a) serving as a reference for any person or (b) placing a generalized advertisement (whether written, electronic or otherwise) not targeted at employees of the Company and its affiliates.

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. Indemnification. The Company shall indemnify Executive (including advancing the costs of reasonable attorney's fees and expenses incurred by Executive) to the maximum extent permitted under applicable law for acts taken within the scope of his employment and his service as an officer or director of the Company (including for the avoidance of doubt as a witness). To the extent that the Company obtains coverage under a director and officer indemnification policy, Executive will be entitled to such coverage on a basis that is no less favorable than the coverage provided to any other officer or director of the Company. The Company shall reimburse the Executive for all legal fees incurred in connection with the negotiation of this Agreement, subject to an aggregate limit of $30,000.

12. Reduction of Certain Payments. (a) For purposes of this Section 12: (a) a "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise; (b) "Agreement Payment" shall mean a Payment paid or payable pursuant to this Agreement (disregarding this Section 12); (c) "Net After-Tax Receipt" shall mean the Present Value of a Payment net of all taxes imposed on the Executive with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to the Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm (as defined below) determined to be likely to apply to the Executive in the relevant tax year(s); (d)

"Present Value" shall mean such value determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code; and (e) "Reduced Amount" shall mean the greatest amount of Agreement Payments that can be paid that would not result in the imposition of the excise tax under Section 4999 of the Code if the Accounting Firm determines to reduce Agreement Payments pursuant to Section 12(b).

(b) Anything in the Agreement to the contrary notwithstanding, in the event that Deloitte & Touche, LLP, or such other nationally recognized certified public accounting firm as may be designated by the Executive (the "Accounting Firm") shall determine that receipt of all Payments would subject the Executive to an excise tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Agreement Payments to the Reduced Amount. The Agreement Payments shall be reduced to the Reduced Amount only if the Accounting Firm determines that the Executive would have a greater Net After-Tax Receipt of aggregate Payments if the Agreement Payments were reduced to the Reduced Amount. If the Accounting Firm determines that the Executive would not have a greater Net After-Tax Receipt of aggregate Payments if the Executive's Agreement Payments were so reduced, the Executive shall receive all Agreement Payments to which the Executive is entitled under this Agreement.

(c) If the Accounting Firm determines that aggregate Agreement Payments should be reduced to the Reduced Amount, the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 12 shall be binding upon the Company and the Executive and shall be made within 25 days following the Date of Termination. For purposes of reducing the Agreement Payments to the Reduced Amount, only amounts payable under this Agreement (and no other Payments) shall be reduced. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the payments and benefits under the following sections in the following order: (i) Section 5(b), (iii) Section 5(a) and (iv) Section 5(c). All fees and expenses of the Accounting Firm shall be borne solely by the Company. To the extent instructed by the Executive, in performing its calculations hereunder, the Accounting Firm shall take into account any reasonable compensation for services rendered or to be rendered by the Executive (including any non-competition covenants).

13. 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.

14. 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.

15. 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 Entertainment, Inc.
825 Berkshire Boulevard, Suite 200
Wyomissing, Pennsylvania 19610
Attention: Chairman of the Board (with a copy to the Chief Legal Officer)

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 15.

16. 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 shall 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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. For purposes of this Agreement, "409A CoC" means a Change of Control that is also a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company as defined in Section 409A.

24. 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.

25. Clawback Policy. Executive acknowledges that he has reviewed the Company's Clawback Policy and agrees to be bound by it, as in effect on the date hereof, but including any changes to the policy made to comply with applicable regulatory requirements.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first above written.

PENN ENTERTAINMENT, INC.

/s/ David Handler
David Handler
Board Chair

EXECUTIVE

/s/ Jay A. Snowden
Jay A. Snowden
President and Chief Executive Officer

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 by the Employer or an affiliate or related entity of the Employer 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. Notwithstanding anything to the contrary set forth in this Section 4, Executive does not release, waive, or discharge Releasees from (i) any Claims to seek to enforce Executive's rights under Section 5(a)-(c) of the Employment Agreement, (ii) any Claims for indemnification (including advancement of expenses) or contribution with respect to any liability incurred by Executive as a director or officer of the Company, (iii) any rights or Claims under any directors and officers insurance policy maintained by the Company

[or (iv) any rights or Claims as a security holder in the Company or its affiliates or with respect to equity or equity-based compensation awards].[1]

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)][2] 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.

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[1] Inclusion of bracketed language subject to whether or not separation terms address treatment of then outstanding equity awards.
[2] Inclusion of bracketed language subject to whether or not separation terms address treatment of then outstanding equity awards.

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 13 and 14 (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 through 25, 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. For the avoidance of doubt, nothing in this Agreement shall prevent Employee from obtaining employment following the Termination Date (as defined in the Executive Agreement) so long as such employment does not breach any of Sections 7, 8 or 9 of the Executive Agreement ("Permitted Post-Termination Employment") and compensation from Permitted Post-Termination Employment shall not reduce the amount of any severance due to Employee pursuant to Section 5 of the Employment Agreement.

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 10.3

EXECUTIVE AGREEMENT

This EXECUTIVE AGREEMENT (this “Agreement”) is entered into on this 2nd day of November, 2022 (“Effective Date”), by PENN Entertainment, 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 23 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. Termination of Earlier Agreement. The Company and Executive hereby agree to extend Executive’s employment beyond the term of his current December 30, 2019 employment agreement (“Earlier Agreement”) in the manner described herein. Effective on the Effective Date, the Earlier Agreement will be deemed terminated and superseded by this Agreement.

2. Terms of Employment.

(a) Term. The term of this Agreement shall begin on the Effective Date and shall terminate on the earlier of January 1, 2026 (“Term”) or the termination of Executive’s employment with the Company; provided, however, notwithstanding anything in this Agreement to the contrary, Sections 7 through 25 shall survive until the expiration of any applicable time periods set forth in Sections 7, 8 and 9.

(b) Position and Duties. (i) During the Term, Executive shall (A) serve as the Executive Vice President, Operations, of the Company, with such duties and responsibilities as are commensurate with such positions, and (B) report to the Chief Executive Officer of the Company. Executive acknowledges that he may be required to travel in connection with the performance of his duties.

(c) Compensation. Effective as of the Effective Date, (i) Executive’s annualized base salary shall be $900,000 (as in effect from time to time, “Base Salary”) and Executive’s annual target bonus shall be 100% of Base Salary (“Target Bonus”); provided that the Compensation Committee of the Board shall have discretion to increase the Base Salary during the Term.

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.

(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 6 through 9 of this Agreement;

(iv) Executive misappropriates corporate funds or resources as determined in good faith by the Audit Committee of the Board;

(v) Executive's willful and continued failure to perform duties (except due to mental or physical incapacity); or

(vi) Executive's engagement in illegal conduct or gross misconduct which is or is reasonably expected to be materially injurious to the Company or one of its affiliates;

provided, that, in no event shall Executive's termination be for "Cause" pursuant to any of clauses (iii), (iv), (v) or (vi), unless (x) an event or circumstance constituting "Cause" shall have occurred and the Company provides Executive with written notice thereof, (y) Executive fails to cure the circumstance or event so identified (if curable) within fifteen (15) days after the receipt of such notice, and (z) within ninety (90) days of such notice there will have been delivered to Executive a copy of a resolution duly adopted by a majority of the members of the Board (or, following a Change of Control (as defined in the Company's then current Long Term Incentive Compensation Plan), a majority of the board of directors of the Company's ultimate parent entity), excluding Executive, after Executive is given an opportunity, together with counsel, to be heard before the Board, finding that, in the good faith opinion of such directors, Executive has engaged in conduct constituting Cause.

(d) Death. Executive's employment will terminate automatically upon Executive's death.

(e) Disability. The Company may terminate Executive's employment due to 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.

(a) Executive may voluntarily terminate employment without Good Reason effective upon 60 days' prior written notice to the Company, in which case no severance payments or benefits shall be due.

(b) Executive may terminate employment for Good Reason, in which case severance payments and benefits shall be due as set forth below. As used herein, the term "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 following the applicable event or circumstance): (i) a material reduction in Executive's authority, duties or responsibilities; (ii) any reduction in Executive's compensation or substantial reduction in Executive's benefits taken as a whole, other than any reduction of compensation or benefits of ten percent or less (A) that applies to Executive and other executives of the Company who report directly to the Chief Executive Officer of the Company and (B) that applies at a time other than the two years immediately following a Change of Control (such two-year period, the "CoC Protection Period"); (iii) any travel requirements, following a Change of Control, 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.

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), under Section 4(b) or by the Company's non-renewal of Executive's employment under this Agreement on 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) Severance. Subject to Sections 5(e) and 23:

(i) If the date of Executive's separation from service (the "Termination Date") occurs outside of the CoC Protection Period, the Company shall pay to Executive an amount equal to the sum of (A) two times Base Salary and (B) one and one half times Target Bonus, with each component based on the greater of (x) the amount in effect on the Termination Date, and (y) the amount set forth in Section 2(c), with such amount payable in equal installments over the Severance Period in accordance with the Company's regular payroll procedures for similarly situated executives following the Termination Date; or

(ii) If the Termination Date occurs during the CoC Protection Period, the Company shall pay to Executive an amount equal to the product of two times the sum of Base Salary and Target Bonus, with each component based on the greatest of (x) the amount in effect on the Termination Date, (y) the amount set forth in Section 2(c) and (z) the amount in effect on the date of the Change of Control, such amount payable as follows: if the Change of Control is a 409A CoC or such payments can otherwise be made without violating Section 409A of the Code, on the 60th day following the Termination Date and otherwise, in equal installments over the Severance Period in accordance with the Company's regular payroll procedures for similarly situated executives following the Termination Date.

(b) Pro-Rata Bonus. The Company shall pay to Executive an annual bonus for the fiscal year in which the Termination Date occurs, pro-rated to cover the portion of the fiscal year from the first day of the fiscal year through the Termination Date, (i) if the Termination Date occurs outside of the CoC Protection Period, based on actual performance, determined by the Compensation Committee of the Board, and paid to Executive on the date annual bonuses are paid to similarly-situated executives after the Termination Date, but in no event later than March 15 of the year following the year in which the Termination Date occurs, and (ii) if the Termination Date occurs during the CoC Protection Period, based on the greater of (A) the Target Bonus in effect on the Termination Date and (B) the Target Bonus in effect on the date of the Change of Control, such amount pursuant to this clause (ii) to be paid on the 60th day following the Termination Date.

(c) Continued Medical Benefits Coverage. During the twenty-four months following the Termination Date (such period, 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) and any such reimbursement shall be imputed as income to the Executive.

(d) Accrued and Unpaid Annual Bonus for Last Completed Fiscal Year. If the Company has not paid an annual bonus for the fiscal year preceding the year in which the Termination Date occurs, the Company shall pay to Executive an annual bonus for such year based on actual performance, determined by the Compensation Committee of the Board.

(e) 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") and the Release becoming effective no later than the sixtieth day following the employment termination date, which 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 recoupment policy.

(f) No Mitigation. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive pursuant to this Section 5, and such amounts shall not be reduced whether or not the Executive obtains other employment; provided, however, that if Executive accepts any employment with the Company, or an affiliate or related entity of the Company, and becomes reemployed by the Company or an affiliate or related entity of the Company during the Severance Period, Executive acknowledges and agrees that Employee will forfeit all future severance payments from the date on which reemployment commences. Following a Change of Control, the Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from the Executive), to the full extent permitted by law, all legal fees and expenses that Executive may incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement).

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 Entertainment, 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 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.

8. Non-Competition.

(a) As used in this Section 8, the term "Restriction Period" shall mean a period equal to: (i) the 12-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 (ii) the Severance Period if Executive's employment terminates under circumstances where Executive is entitled to payments under Section 5.

(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 and that the benefits provided to Executive under Section 5 are in consideration for Executive's agreement to be bound by the covenants contained in Sections 7 through 9. 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. Notwithstanding the foregoing, in no event will the following be a violation of this Section 9: (a) serving as a reference for any person or (b) placing a generalized advertisement (whether written, electronic or otherwise) not targeted at employees of the Company and its affiliates.

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. Indemnification. The Company shall indemnify Executive (including advancing the costs of reasonable attorney's fees and expenses incurred by Executive) to the maximum extent permitted under applicable law for acts taken within the scope of his employment and his service as an officer or director of the Company (including for the avoidance of doubt as a witness). To the extent that the Company obtains coverage under a director and officer indemnification policy, Executive will be entitled to such coverage on a basis that is no less favorable than the coverage provided to any other officer or director of the Company.

12. Reduction of Certain Payments. (a) For purposes of this Section 12: (a) a "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise; (b) "Agreement Payment" shall mean a Payment paid or payable pursuant to this Agreement (disregarding this Section 12); (c) "Net After-Tax Receipt" shall mean the Present Value of a Payment net of all taxes imposed on the

Executive with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to the Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm (as defined below) determined to be likely to apply to the Executive in the relevant tax year(s); (d) "Present Value" shall mean such value determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code; and (e) "Reduced Amount" shall mean the greatest amount of Agreement Payments that can be paid that would not result in the imposition of the excise tax under Section 4999 of the Code if the Accounting Firm determines to reduce Agreement Payments pursuant to Section 12(b).

(b) Anything in the Agreement to the contrary notwithstanding, in the event that Deloitte & Touche, LLP, or such other nationally recognized certified public accounting firm as may be designated by the Executive (the "Accounting Firm") shall determine that receipt of all Payments would subject the Executive to an excise tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Agreement Payments to the Reduced Amount. The Agreement Payments shall be reduced to the Reduced Amount only if the Accounting Firm determines that the Executive would have a greater Net After-Tax Receipt of aggregate Payments if the Agreement Payments were reduced to the Reduced Amount. If the Accounting Firm determines that the Executive would not have a greater Net After-Tax Receipt of aggregate Payments if the Executive's Agreement Payments were so reduced, the Executive shall receive all Agreement Payments to which the Executive is entitled under this Agreement.

(c) If the Accounting Firm determines that aggregate Agreement Payments should be reduced to the Reduced Amount, the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 12 shall be binding upon the Company and the Executive and shall be made within 25 days following the Date of Termination. For purposes of reducing the Agreement Payments to the Reduced Amount, only amounts payable under this Agreement (and no other Payments) shall be reduced. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the payments and benefits under the following sections in the following order: (i) Section 5(b), (iii) Section 5(a) and (iv) Section 5(c). All fees and expenses of the Accounting Firm shall be borne solely by the Company. To the extent instructed by the Executive, in performing its calculations hereunder, the Accounting Firm shall take into account any reasonable compensation for services rendered or to be rendered by the Executive (including any non-competition covenants).

13. 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.

14. 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.

15. 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 Entertainment, Inc.
825 Berkshire Boulevard, Suite 200
Wyomissing, Pennsylvania 19610
Attention: Chief Executive Officer (with a copy to the Chief Legal Officer)

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 15.

16. 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 shall 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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. For purposes of this Agreement, "409A CoC" means a Change of Control that is also a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company as defined in Section 409A.

24. 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.

25. Clawback Policy. Executive acknowledges that he has reviewed the Company's Clawback Policy and agrees to be bound by it, as in effect on the date hereof, but including any changes to the policy made to comply with applicable regulatory requirements.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first above written.

PENN ENTERTAINMENT, INC.

/s/ Jay A. Snowden

Jay A. Snowden
President and Chief Executive Officer

EXECUTIVE

/s/ Todd George

Todd George
Executive Vice President – Operations

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 by the Employer or an affiliate or related entity of the Employer 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. Notwithstanding anything to the contrary set forth in this Section 4, Executive does not release, waive, or discharge Releasees from (i) any Claims to seek to enforce Executive’s rights under Section 5(a)-(c) of the Employment Agreement, (ii) any Claims for indemnification (including advancement of expenses) or contribution with respect to any liability incurred by Executive as a director or officer of the Company, (iii) any rights or Claims under any directors and officers insurance policy maintained by the Company

[or (iv) any rights or Claims as a security holder in the Company or its affiliates or with respect to equity or equity-based compensation awards].[1]

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)][2] 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.

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[1] Inclusion of bracketed language subject to whether or not separation terms address treatment of then outstanding equity awards.
[2] Inclusion of bracketed language subject to whether or not separation terms address treatment of then outstanding equity awards.

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 13 and 14 (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 through 25, 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. For the avoidance of doubt, nothing in this Agreement shall prevent Employee from obtaining employment following the Termination Date (as defined in the Executive Agreement) so long as such employment does not breach any of Sections 7, 8 or 9 of the Executive Agreement ("Permitted Post-Termination Employment") and compensation from Permitted Post-Termination Employment shall not reduce the amount of any severance due to Employee pursuant to Section 5 of the Employment Agreement.

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 31.1

CERTIFICATION

I, Jay A. Snowden, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 3, 2022

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

Exhibit 31.2

CERTIFICATION

I, Felicia R. Hendrix, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 3, 2022

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

Exhibit 32.1

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

In connection with the Quarterly Report of PENN Entertainment, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2022 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: November 3, 2022

/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 Quarterly Report of PENN Entertainment, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2022 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Felicia R. Hendrix, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 that, to my knowledge:

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

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

Date: November 3, 2022	/s/ Felicia R. Hendrix
	Felicia R. Hendrix
	Executive Vice President and Chief Financial Officer
	(Principal Financial Officer)