

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **October 19, 2016**

PENN NATIONAL GAMING, INC.

Commission file number **0-24206**

Incorporated Pursuant to the Laws of the Commonwealth of Pennsylvania

IRS Employer Identification No. **23-2234473**

825 Berkshire Blvd., Suite 200
Wyomissing, PA 19610
610-373-2400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On October 19, 2016, Penn National Gaming, Inc. (the "Company") was notified by Saul V. Reibstein, the Company's Executive Vice President, Finance, Chief Financial Officer and Treasurer, of his intention to retire at the end of 2016. William J. Fair, currently Executive Vice President, Chief Development Officer, has been appointed to succeed Mr. Reibstein as Executive Vice President, Chief Financial Officer and Treasurer, effective January 1, 2017, subject to customary regulatory approvals.

Mr. Fair, 54, has served as the Company's Executive Vice President, Chief Development Officer since 2014. Previously, Mr. Fair held executive management positions at several leading publicly traded hospitality companies, including Universal Studios and Disney Development Company. Most recently prior to joining the Company, Mr. Fair was the President and Chief Executive Officer of the American Skiing Company, where he had oversight of ten ski mountain resorts which included ski operations, nine hotels, condominium operations, food and beverage operations, retail and rental operations, real estate brokerage and development.

On October 19, 2016, the Company entered into an executive agreement (the "Executive Agreement") with Mr. Fair. The Executive Agreement is effective as of January 1, 2017 and has a term of three years, unless earlier terminated. Mr. Fair will receive an initial annual base salary of \$700,000, will participate in the annual incentive compensation plan for similarly situated senior executives, is eligible to receive options or other equity or equity-based compensation pursuant to the Company's equity compensation plan, and will receive other benefits and perquisites made available to similarly situated senior executives of the Company. In the event Mr. Fair's employment is terminated without cause (as defined in the Executive Agreement) or by non-renewal of the Executive Agreement at the end of the term, Mr. Fair will be entitled to severance payments equal to (i) 24 months of his annual base salary as of such date, paid in accordance with the Company's regular payroll procedures, and (ii) 1.5 times the average of the last two full years' bonuses paid to Mr. Fair based on the actual performance of the Company, paid at the time such next bonuses are paid to similarly situated executives after the termination date.

If, within 12 months after a change in control (as defined in the Executive Agreement), Mr. Fair is terminated without cause or resigns for good reason (as defined in the Executive Agreement), he will be entitled to receive a cash payment equal to two times the sum of (i) his annual base salary and (ii) the amount of his targeted bonus compensation, at the rate in effect at the time of the change of control or the termination date, whichever is greater. To the extent that Mr. Fair receives a change in control payment, he will not be eligible to receive any additional cash severance in the event of a termination of employment during the employment term. Prior to receipt of any severance payments, Mr. Fair 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. Fair has agreed not to disclose or use the Company's confidential information for a period of two years following termination. In addition, Mr. Fair has agreed not to compete with the Company within 150 miles of any facility in which the Company or its affiliates owns or operates or is actively seeking to own or operate a facility for a period of (i) 12 months if Mr. Fair is terminated in a manner in which no severance is paid or (ii) 24 months if Mr. Fair receives severance upon termination. Mr. Fair has agreed not to solicit or hire an executive or management level employee of the Company for a period of 18 months following termination.

To facilitate the transition of his duties, Mr. Reibstein has agreed, pursuant to the terms of a Transition Services Agreement (the "Transition Agreement"), to remain employed by the Company from January 1, 2017 to December 31, 2017 (the "Transition Period") as an Executive Advisor to the Chief Executive Officer and Chief Financial Officer. In his capacity as Executive Advisor, Mr. Reibstein will provide a variety of services to the Company. During the Transition Period, Mr. Reibstein will receive cash compensation representing eighteen months of his current annual base salary, payable in equal installments over the Transition Period and in accordance with the Company's regular payroll practices. In addition, Mr. Reibstein will be eligible to receive an annual short-term incentive bonus for fiscal year 2016 based on the actual performance of the Company at 150% of the target amounts previously fixed for Mr. Reibstein. The Transition Period will terminate upon the death or disability of Mr. Reibstein and either party may terminate the Transition Period prior to its scheduled expiration upon 10 days' prior written notice in the event of the other party's material breach of the Transition Agreement. Mr. Reibstein's outstanding equity awards will continue to vest through the Transition Period and will become fully vested as of the last day of

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the Transition Period. In the event of Mr. Reibstein's death or disability during the Transition Period, all of his outstanding equity awards will become fully vested.

The above descriptions of the Executive Agreement and the Transition Agreement are qualified in their entirety by reference to Exhibits 10.1 and 10.2 hereto which are incorporated herein by reference.

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Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	Executive Agreement, dated as of October 19, 2016, by and between Penn National Gaming, Inc. and William J. Fair
10.2	Transition Services Agreement, dated as of October 19, 2016, by and between Penn National Gaming, Inc. and Saul V. Reibstein
99.1	Press Release dated October 20, 2016 of Penn National Gaming, Inc.

* * *

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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.

Dated: October 20, 2016

PENN NATIONAL GAMING, INC.

By: /s/ Timothy J. Wilmott
Name: Timothy J. Wilmott
Title: President & Chief Executive Officer

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EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
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- 10.1 Executive Agreement, dated as of October 19, 2016, by and between Penn National Gaming, Inc. and William J. Fair
- 10.2 Transition Services Agreement, dated as of October 19, 2016, by and between Penn National Gaming, Inc. and Saul V. Reibstein
- 99.1 Press Release dated October 20, 2016 of Penn National Gaming, Inc.

EXECUTIVE AGREEMENT

This EXECUTIVE AGREEMENT (this "Agreement") is entered into on this 19 day of October, 2016 and shall be effective as of January 1, 2017 (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 wish 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).

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") and the Chief Executive Officer have determined that it is in the best interests of the Company and its stockholders to enter into this Agreement and Executive is willing to serve as an employee of the Company subject to the terms and conditions of this Agreement.

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. His Executive Agreement with the Company, dated January 6, 2014, has expired without any further obligation by either party.

1.1. **Duties and Responsibilities.** Executive shall serve as Executive Vice President, Chief Financial Officer and Treasurer of the Company. Executive shall perform all duties and accept all responsibilities incident to such position as may be reasonably assigned to him by the Chief Executive Officer of the Company or the Board of Directors of the Company ("Board"). Executive's principal place of employment shall be in Wyomissing, Pennsylvania.

1.2. **Term.** The term of this Agreement shall begin on the Effective Date and shall terminate on the earlier of the third anniversary of the Effective Date ("Term") or the termination of Executive's employment with the Company; provided, however, notwithstanding anything in this Agreement to the contrary, Sections 6 through 22 shall survive until the expiration of any applicable time periods set forth in Sections 7, 8 and 9.

1.3. **Extent of Service.** Executive agrees to use Executive's best efforts to carry out Executive's duties and responsibilities and, consistent with the other provisions of this Agreement, to devote substantially all of Executive's business time, attention and energy thereto. The foregoing shall not be construed as preventing Executive from serving on the board of philanthropic organizations, commercial entities (but only if and to the extent that Executive is so serving as of the date hereof) or providing oversight with respect to his personal investments, so long as such service does not materially interfere with Executive's duties hereunder.

2. **Compensation.** For all services rendered by Executive to the Company during the Employment Term, the Company shall compensate Executive as set forth below.

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2.1. **Base Salary.** The Company shall pay to Executive an initial base salary at the annual rate of Seven Hundred Thousand dollars (\$700,000), payable in accordance with the Company's payroll practices as in effect from time to time. Executive's Base Salary shall be reviewed annually by the Company, subject to approval of the Board or the Compensation Committee. The term "Base Salary" as utilized in this Agreement shall refer to the base salary in effect from time to time.

2.2. **Bonus.** Executive shall participate in the Company's annual incentive compensation plan applicable to other similarly situated senior executives ("Peer Executives"), as approved by the Compensation Committee.

2.3. **Equity Compensation.** The Company may grant to Executive options or other equity or equity-based compensation pursuant to, and subject to the terms and conditions of, the then current equity compensation plan of Penn National Gaming, Inc. The Company shall set the amount and terms of such options or other equity or equity-based compensation, subject to approval of the Board or the Compensation Committee if required.

2.4. **Other Benefits.** Executive shall be entitled to participate in all other employee benefit plans and programs, including, without limitation, health, vacation, retirement, deferred compensation or SERP, made available generally to other Peer Executives, as such plans and programs may be in effect from time to time and subject to the eligibility requirements and other terms of each plan. Nothing in this Agreement shall prevent the Company from amending or terminating any retirement, welfare or other employee benefit plans or programs from time to time, as the Company deems appropriate.

2.5. **Vacation, Sick Leave and Holidays.** Executive shall be entitled in each calendar year to twenty (20) days of paid vacation time. Each vacation day shall be taken by Executive at such time or times as agreed upon by the Company and Executive, and any portion of Executive's allowable vacation time not used during the calendar year shall be subject to the Company's payroll policies regarding carryover vacation days. Executive shall be entitled to holiday and sick leave in accordance with the Company's holiday and other pay for time not worked policies.

2.6. **Reimbursement of Expenses.** During the Employment Term, the Company shall reimburse Executive for all reasonable expenses incurred by him in the performance of his duties in accordance with the Company's policies applicable to Peer Executives.

3. **Termination by the Company.**

(a) **Termination.** The Company may terminate Executive's employment 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) effective immediately upon delivery of written notice to Executive, which notice shall set forth the effective date of such termination.

(c) With Cause. The Company may terminate Executive's employment at any time for Cause effective immediately upon delivery of written notice to Executive. As used herein, the term "Cause" shall mean:

- (i) Executive shall have been convicted of, or pled guilty or nolo contendere to, a criminal offense involving allegations of fraud, dishonesty or physical harm during the term of this Agreement;
- (ii) Executive is found (or is reasonably likely to be found) disqualified or not suitable to hold a casino or other gaming license by a governmental gaming authority in any jurisdiction where Executive is required to be found qualified, suitable or licensed;
- (iii) Executive breaches any significant Company policy or term of this Agreement, including, without limitation, Sections 6 through 8 of this Agreement and, in each case, fails to cure such breach within 15 days after receipt of written notice thereof (to the extent curable);
- (iv) Executive misappropriates corporate funds or resources as determined in good faith by the Audit Committee of the Board;
- (v) the Company's reasonable determination of Executive's failure to perform Executive's duties with the Company (other than any such failure resulting from incapacity due to physical disability or mental illness) or repeated insubordination; or
- (vi) the Company's reasonable determination of 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.

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 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 non-renewal of this Agreement, 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. The Company shall pay to Executive an amount equal to 24 months (the "Severance Period") of base salary at the rate in effect on the date of Executive's separation from service (the "Termination Date"). Subject to Sections 5(d) and 22, such amount shall be paid in accordance with the Company's regular payroll procedures for similarly situated executives commencing on the Termination Date.

(b) Amount of Post-Employment Bonus. 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 shall be paid on the date such next bonus is paid to similarly situated executives after the Termination Date.

(c) Continued Medical Benefits Coverage. During the Severance Period, Executive and his 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 elected in a timely manner, the Company shall reimburse Executive for the full cost of purchasing COBRA coverage until the end of the Severance Period (or until such earlier date as Executive and his dependents cease to receive COBRA coverage).

(d) Release Agreement. Executive's entitlement to any severance pay and benefit entitlements under this Section 5 is conditioned upon Executive's first entering into a release substantially in the form attached as Exhibit A ("Release"), a draft of which shall be delivered to Executive within 7 days after the Termination 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. In no event shall any payment be made later than March 15 of the calendar year following the year in which such payment vests. Executive also acknowledges that any severance pay under this Section 5 is subject to the Company's then-current Executive Incentive Compensation Recoupment Policy.

6. No Conflicts of Interest. Executive agrees that throughout the period of Executive's employment hereunder, Executive will not perform any activities or services, or accept other employment that would materially interfere with or present a conflict of interest concerning Executive's employment with the Company. Executive agrees and acknowledges that Executive's employment is conditioned upon Executive adhering to and complying with the business practices and requirements of ethical conduct set forth in writing from time to time by the Company in its employee manual, code of conduct or similar publication. Executive represents and warrants that no other contract, agreement or understanding to which Executive is a party or may be subject to will be violated by the execution of this Agreement by Executive. Executive further agrees to not accept any position on the board of a for-profit company without the written consent of the Penn National Gaming, Inc. Chief Executive Officer.

7. Confidentiality.

(a) Definition. "Confidential Information" means data and information relating to the business of the Company or its affiliates, (i) which the Company or its affiliates have disclosed to Executive, or of which Executive became aware as a consequence of or in the course of his 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 his 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 his employment with the Company or its affiliates, whether or not the Confidential Information is in written or other tangible form. This restriction will continue to apply for a period of two (2) years after the Termination Date. Executive acknowledges and agrees that the prohibitions against disclosure and use of Confidential Information recited in this section are in addition to, and not in lieu of, any rights or remedies that the Company or its affiliates may have available under applicable laws.

8. Non-Competition.

(a) As used herein, 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 he is not entitled to payments under Section 5 or 10 or (ii) the Severance Period if Executive's employment terminates under circumstances where he 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 business or 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.

(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.

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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 level employee of the Company or any of its affiliates for any position as an employee, independent contractor, consultant or otherwise.

10. Change of Control.

(a) Definition. The term Change of Control ("COC") shall have the meaning given to such term in the Company's then current Long Term Incentive Compensation Plan.

(b) Payments. In the event of a Change of Control, and either (A) Executive's employment is terminated without Cause within 12 months after the effective date of the Change of Control or (B) Executive resigns from employment for Post-COC Good Reason (as such term is defined in subsection (f) below) within 12 months after the effective date of the Change of Control (the effective date of such termination or resignation, the "Trigger Date"), Executive shall be entitled to receive a cash payment in an amount equal to the product of two times the sum of the Executive's: (i) base salary and (ii) targeted amount of annual cash bonus, at the rate in effect coincident with the Change of Control or the Trigger Date, whichever is greater. Such payment shall be in lieu of any payment to which Executive would be entitled under Section 5, provided that Executive shall also be entitled to receive the benefits set forth in Section 5(c).

(c) Restrictive Provisions. As consideration for the foregoing payments, Executive agrees not to challenge the enforceability of any of the restrictions contained in Sections 7, 8 or 9 of this Agreement upon or after the occurrence of a Change of Control.

(d) Release Agreement and Payment Terms. Executive's entitlement to any severance pay and benefit entitlements under this Section 10 is conditioned upon Executive's first entering into a Release. 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. In no event shall any payment be made later than March 15 of the calendar year following the year in which such payment vests.

(e) Certain Other Terms. In the event that the Company announces that it has signed a definitive agreement with respect to a Change of Control or any potential acquirer has publicly announced its intent to consummate a Change of Control with respect to the Company, the provisions of this Section 10 shall continue to apply to Executive if, during the period after the public announcement and immediately preceding the date such transaction is consummated or terminated, the Company terminates Executive's employment without Cause; provided, however, that, in such event, any amount payable under this Section 10 shall be reduced by any payments received pursuant to Section 5.

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(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 sent by facsimile (with confirmation of transmission) 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)

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If to Executive, to:

His or her then current home address.

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 his 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 or 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.

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19. Beneficiaries/References. Executive shall be entitled, to the extent permitted under any applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit payable under this Agreement following Executive’s death or incapacity by giving the Company written

notice thereof. In the event of Executive's death or a judicial determination of Executive's incompetence, reference in this Agreement to Executive shall be deemed, where appropriate, to refer to Executive's beneficiary, estate or other legal representative. Except as provided in this provision or Company affiliates, no third party beneficiaries are intended.

20. Withholding. All payments under this Agreement shall be made subject to applicable tax withholding, and the Company shall withhold from any payments under this Agreement all federal, state and local taxes, as the Company is required to withhold pursuant to any law or governmental rule or regulation. Executive shall bear all expense of, and be solely responsible for, all federal, state and local taxes due with respect to any payment received under this Agreement.

21. Regulatory Compliance. The terms and provisions hereof shall be conditioned on and subject to compliance with all laws, rules, and regulations of all jurisdictions, or agencies, boards or commissions thereof, having regulatory jurisdiction over the employment or activities of Executive hereunder.

22. Section 409A. The payments due under this Agreement are intended to be exempt from Code Section 409A, but to the extent that such payments are not exempt, this Agreement is intended to comply with the requirements of Section 409A and shall be construed accordingly. Any payments or distributions to be made to Executive under this Agreement upon a separation from service (as defined in Section 409A) of amounts classified as "nonqualified deferred compensation" for purposes of Code Section 409A and do not satisfy an exemption from the time and form of payment requirements of Section 409A, shall in no event be made or commence until six months after such separation from service if Executive is a specified employee (as defined in Section 409A). Each payment of nonqualified deferred compensation under this Agreement shall be treated as a separate payment for purposes of Code Section 409A. Any reimbursements made pursuant to this Agreement shall be paid as soon as practicable but no later than 90 days after Executive submits evidence of such expenses to the Company (which payment date shall in no event be later than the last day of the calendar year following the calendar year in which the expense was incurred). The amount of such reimbursements during any calendar year shall not affect the benefits provided in any other calendar year, and the right to any such benefits shall not be subject to liquidation or exchange for another benefit. Notwithstanding anything herein to the contrary, the Company shall not have any liability to the Executive or to any other person if the payments and benefits provided in this Agreement that are intended to be exempt from or compliant with Code Section 409A are not so exempt or compliant.

[Signatures on the Following Page]

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

PENN NATIONAL GAMING, INC.

By: /s/ Timothy J. Wilmott
Name: Timothy J. Wilmott
Title: President & Chief Executive Officer

EXECUTIVE

/s/ William J. Fair
Name: William J. Fair
Title: Executive Vice President, Chief Financial Officer and Treasurer

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 Executive Agreement 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 his or her 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 they 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, companies, members, 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 he (on behalf of either himself or any other person or persons) ever had or now has against any and all of the Releasees, or which he (or his 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 his recruitment by, employment with, the termination of his employment with, his 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, he 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

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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.

5. Employee further certifies that he is not aware of any actual or attempted regulatory, SEC, EEOC or other legal violations by Employer and that his or her 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. 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.

8. Employee agrees that, except as specifically provided in this Agreement, there is no compensation, benefits, or other payments due or owed to him by each or any of the Releasees, including, without limitation, the Employer, and there are no payments due or owed to him in connection with his employment by or the termination of his 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 his separation date, he has no further rights under any bonus arrangement or option plan of Employer. Employee further acknowledges that he has not experienced or reported any work-related injury or illness.

9. Except where disclosure has been made by the Company pursuant to applicable federal or state law, rule or regulation, Employee agrees that the terms of this Agreement are confidential and that he 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 his spouse, his attorney, his accountant, and to a government agency for the purpose of payment or collection of taxes or application for unemployment compensation benefits. Employee agrees that his disclosure of the terms of this Agreement to his spouse, his attorney and his accountant shall be conditioned upon his 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. Further, Employer and Employee agree not to make any false, misleading, defamatory or disparaging communications, including blogs, posts on Facebook, twitter, other forms of social media or any such similar communications, about the other party (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 other party or the Releasees. Employee further agrees that he has disclosed to Employer all information, if any, in his possession, custody or control related to any legal, compliance or regulatory obligations of Employer and any failures to meet such obligations.

10. 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.

11. Sections 12 and 13 of the Executive Agreement shall also apply to this Agreement.

12. 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.

13. Employee is advised, and acknowledges that he has been advised, to consult with an attorney before signing this Agreement.

14. Employee acknowledges that he is signing this Agreement voluntarily, with full knowledge of the nature and consequences of its terms.

15. 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.

16. Employee acknowledges that he has been given up to twenty-one (21) days within which to consider this Agreement before signing it. Subject to paragraph 17 below, this Agreement will become effective on the date of Employee's signature hereof.

17. For a period of seven (7) calendar days following his 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 _____ 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. 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: _____



TRANSITION SERVICES AGREEMENT

This is a Transition Services Agreement (hereinafter referred to as the “Agreement”), dated as of October 19, 2016, between Saul V. Reibstein (hereinafter referred to as the “Employee”) and Penn National Gaming, Inc. 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. Retirement. Employer and Employee hereby agree that Employee will continue to serve in his current role (and receive compensation at the current level) as the Company’s Executive Vice President, Finance, Chief Financial Officer and Treasurer until December 31, 2016, as of which date Employee will retire from such position (“Officer Retirement Date”). Employee will be deemed to have resigned from all officer, director or other such positions at Employer and any of its subsidiaries and affiliates as of the Officer Retirement Date and shall execute any documents that Company may request to reflect such resignations.

2. Transition Services.

(a) Commencing on the first day after the Officer Retirement Date through December 31, 2017 (the “Transition Period”), Employee shall serve as an Executive Advisor to Employer. The Transition Period shall terminate immediately upon the death or Disability (as defined below) of Employee. In addition, either party may terminate the Transition Period prior to its scheduled expiration upon 10 days’ prior written notice in the event of the other party’s material breach of this Agreement. For purposes of this Agreement, “Disability” shall mean the unavailability of Employee for the Employee’s duties hereunder for 30 consecutive days as a result of incapacity due to mental or physical illness. In the event of the termination of this Agreement prior to the end of the Transition Period in connection with the death, Disability or suitability of Employee, Employee will receive no further cash payments and all of Employee’s outstanding equity awards described on Schedule 1 hereto (the “Outstanding Equity Awards”) shall become fully vested as of such termination date. In addition, for the avoidance of doubt, upon termination or expiration of this Agreement, no payments shall be made to Employee or his estate, heirs or assigns pursuant to the Employment Agreement, dated November 25, 2013, as amended (the “Employment Agreement”), by and between Employer and Employee, including any payments under Section 3.4 of the Employment Agreement.

(b) In his capacity as Executive Advisor, Employee shall render such services as may be requested from time to time by the Chief Executive Officer or the Chief Financial Officer of Employer, at such times and locations as may be reasonably requested by Employer through the Transition Period. Employee shall be treated as an employee of the Employer during the entire Transition Period.

(c) In consideration of the foregoing, Employer shall pay Employee cash compensation representing eighteen months of his current base salary, payable in equal installments over the Transition Period and in accordance with the Employer’s regular payroll practices for employees, and shall reimburse Employee for all reasonable expenses incurred by Employee in accordance with the Employer’s policies during the Transition Period. During the

Transition Period, Employer shall provide health benefits to Employee in the same manner and cost provided to other similarly situated employees, after which time Employer, if and to the extent applicable, shall make COBRA available at then current costs and terms for a period of eighteen months. In addition, during the Transition Period, Employee shall continue to be eligible to participate in Employer’s retirement and deferred compensation plans and shall be entitled to ten (10) days of paid vacation time. As an employee of the Employer, all of Employee’s Outstanding Equity Awards shall continue to vest in accordance with their terms through the Transition Period. In recognition of Employee’s service as Employer’s Executive Vice President, Finance, Chief Financial Officer and Treasurer since 2013, all Outstanding Equity Awards shall become fully vested on December 31, 2017. All Outstanding Equity Awards that are stock options will be exercisable for the remainder of the term of the applicable stock option award. All Outstanding Equity Awards that are settled in cash will be paid out on the last day of the Transition Period.

(d) In addition, in recognition of Employee’s service as Employer’s Executive Vice President, Finance, Chief Financial Officer and Treasurer throughout 2016, Employee shall be eligible to receive an annual short-term (EBITDA-based) incentive bonus for fiscal year 2016 under Employer’s annual short-term incentive plan in an amount calculated on a consistent basis with amounts paid to Employer’s Executive Vice Presidents and at such time as any such short-term incentive bonus is paid to Employer’s Executive Vice Presidents; provided, that the percentage of Employee’s base salary payable at the applicable performance thresholds under the annual short-term incentive bonus shall be multiplied by 150% from the percentages previously fixed by the Compensation Committee of Employer’s Board of Directors (for example, a 50% percent bonus result, would translate into a 75% bonus result). Employee will not be eligible to receive any cash bonus award (including pursuant to Employer’s annual short-term incentive plan) or any additional equity award (including performance shares for the 2017 and 2018 performance periods under Employer’s Performance Share Program) during, or in connection with, the Transition Period. In addition, for the avoidance of doubt, Employee shall not be entitled to any payment upon a change of control of the Company, including pursuant to Section 8 of the Employment Agreement.

(e) Employee and Employer agree that the mutual representations, promises and agreements set out in the remainder of this Agreement shall constitute further consideration for the settlement and release of all claims as referred to in this Agreement.

(f) For purposes of Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”), each payment made hereunder shall be considered a separate payment. Notwithstanding any provision of this Agreement to the contrary, the Officer Retirement Date shall not constitute a separation from service for purposes of Section 409A. If Employee is considered a “specified employee” for purposes of Section 409A, and if any payment under this Agreement is required to be delayed for a period six (6) months after separation from service as defined in and pursuant to Section 409A, such payment shall be delayed as required by Section 409A, and the accumulated payment amounts shall be paid in a lump sum payment within ten (10) days after the end of the six (6) month period. If Employee dies during the postponement period and prior to payment, the amounts withheld on account of Section 409A shall be paid to the personal representative of Employee’s estate within sixty (60) days after the date of Employee’s death. With regard to any provision herein that provides for

reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits, to be provided in any other taxable year, and (iii) such payments shall be made on or before the last day of Employee's taxable year following the taxable year in which the expense was incurred. Notwithstanding anything in this Agreement or otherwise to the contrary, in no event shall Employer be liable for any additional tax, interest or penalty that may be imposed on Employee pursuant to Section 409A, or for any damages for failing to comply with Section 409A. Subject to the foregoing sentence, in the event that either: (1) the Internal Revenue Service issues any regulation interpreting Section 409A, or (2) a court of binding, competent jurisdiction makes a determination regarding Section 409A that would otherwise trigger the Employee's payment of the excise tax thereunder, the Employer agrees to negotiate with the Employee to modify the timing and manner of such payment to comply with Section 409A, if possible, so as to avoid the imposition of such Section 409A interest and penalties.

3. Certain Defined Terms.

(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, 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. Release.

(a) In consideration of the promises of the Employer set forth in this 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 he (on behalf of either himself or any other person or persons) ever had or now has against any and all of the Releasees, or which he (or his 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 Pennsylvania 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

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to his recruitment by, employment with, the termination of his employment with, his performance of any services in any capacity for, or any business transaction with, each or any of the Releasees. Employee also understands, that by signing this Agreement, he 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. Equal Employment Opportunity Commission ("EEOC"), the National Labor Relations Board or any state agency or to participate in an investigation or proceeding conducted by the EEOC or any state agency. 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. In addition, by accepting the benefits conferred upon Employee by this Agreement during the Transition Period, Employee will be deemed to reaffirm the release contained in this Section 4 as of the last day of the Transition Period.

(b) Notwithstanding the foregoing, this Agreement will not release any right of Employee (x) in his capacity as a shareholder or owner in Employer or any of its affiliates or with respect to any equity awards held by Employee, (y) to be indemnified for any act or omission in his capacity as an employee, officer or director of Employer or any of its affiliates (whether arising under contract, the governing documents of the entity, state law or otherwise), or (z) in respect of the benefits owed to him under this Agreement and vested benefits under Employer's retirement or deferred compensation plans.

5. Certain Covenants by Employee.

(a) 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. However, the parties agree that this provision does not apply to any action filed by Employee which is narrowly limited to seeking a determination of the validity of this Agreement and/or the general release set forth in Section 4, above.

(b) Employee further certifies that he is not aware of any actual or attempted regulatory, SEC, EEOC or other legal violations by Employer and that his retirement is not a result of retaliation based on the exercise of any legal rights or opposition to any illegal practice.

(c) Employee agrees to not directly or indirectly make false, misleading, defamatory or derogatory statements about Employer, Employer's employees or Employer's products or services.

(d) Employee agrees to provide reasonable additional transition assistance to Employer (including without limitation assistance on regulatory matters, operational matters and in connection with litigation) for a period of 12 months after the expiration 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).

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6. No Other Compensation or Benefits. Employee agrees that, except as expressly provided in this Agreement, there is no compensation, benefits, or other payments due or owed to him by each or any of the Releasees, including, without limitation, the Employer, and that he will not seek any additional compensation, benefits or accommodations (including any that may arise from a characterization of his separation as a retirement under any Employer plans).

7. Confidentiality. Employee acknowledges that, as an integral part of Employer's business, Employer and its affiliates have developed, and will develop, at a considerable investment of time and expense, plans, procedures, methods of operation, financial data, lists of actual and potential customers and suppliers, marketing strategies, plans for development and expansion, customer and supplier data and other confidential and sensitive information (collectively the "Employer Confidential Information"). Employee acknowledges that Employer and its affiliates have legitimate business interests in protecting the confidentiality of that information. Employee acknowledges that in his position he has been and will be entrusted with that information. Therefore, Employee acknowledges a continuing responsibility to protect that information and agrees as follows:

(a) Definition of Trade Secrets. "Trade Secrets" means data and information that Employer or any of its affiliates owns or licenses including, but not limited to, technical or nontechnical data, formulae, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans or lists of actual or potential customers or suppliers, which (i) derive economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons or entities who can obtain economic value from their disclosure or use, (ii) are the subject of efforts that are reasonable under the circumstances to maintain their secrecy, and (iii) are protected as trade secrets under applicable state law.

(b) Definition of Confidential Information. "Confidential Information" means data and information relating to the business of Employer or its affiliates, (i) which Employer or its affiliates have disclosed to Employee, or of which Employee became aware as a consequence of or in the course of his employment with Employer, (ii) which have value to Employer or its affiliates, and (iii) which are not generally known to its competitors, including but not limited to the Employer's Confidential Information. Confidential Information will not include any data or information that Employer or its affiliates have voluntarily disclosed to the public (except where Employee 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.

(c) Restrictions. Employee agrees to treat as confidential and will not, without the prior written approval of Employer in each instance, use (other than in the performance of his duties of employment with Employer or its affiliates), publish, disclose, copyright or authorize anyone else to use, publish, disclose or copyright, any Confidential Information or any Trade Secrets obtained during his employment with Employer or its affiliates, whether or not the Confidential Information or Trade Secrets are in written or other tangible form. Additionally, this restriction will continue to apply for a period of 2 years after the last day of the Transition Period (and, in the case of a Trade Secret, for as long as that information

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remains a Trade Secret). Employee 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 Employer or its affiliates may have available under applicable state laws to prevent the disclosure of Trade Secrets. Employee understands that, notwithstanding any other provision of this Agreement, Employee is not prohibited or in any way restricted from reporting possible violations of law to a governmental agency or entity, and Employee is not required to inform Employer if he makes such reports.

(d) Return of Materials. Employee agrees that all records, notes, files, drawings, documents, plans and like items, and all copies of them, relating to or containing or disclosing Confidential Information or Trade Secrets of Employer or its affiliates (i) which are made or kept by Employee, or (ii) which are disclosed to him or come into his possession, are and will remain the sole and exclusive property of Employer or its affiliates. Upon his termination of employment, Employer will deliver to his supervisor the originals and all copies of any and all of the items described above together with any material derived from, or containing portions of, any of the items described above.

8. Non-Competition.

(a) As used herein, the term "Restriction Period" shall mean the six month period immediately following the last day of the Transition Period.

(b) During the Transition Period and for the duration of the Restriction Period thereafter, Employee shall not, except with the prior written consent of Employer, 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 Employee's name to be used in connection with, any business or enterprise which owns or operates, or is actively seeking to own or operate, a gaming or pari-mutuel facility located within 100 miles of any gaming or pari-mutuel facility owned or operated by Employer or any of its affiliates at such time.

(c) The foregoing restrictions shall not be construed to prohibit Employee'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 Employee nor any group of persons including Employee 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 Employee's rights as a shareholder, or seeks to do any of the foregoing.

(d) Employee acknowledges that the covenants contained in Sections 7 through 9 hereof are reasonable and necessary to protect the legitimate interests of Employer 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 positions that Employee has held within Employer. Employee further agrees to disclose the existence and terms of such covenants to any employer that Employee works for during the Restriction Period.

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9. Non-Solicitation. During the Transition Period and for a period equal to one year after the last day of the Transition Period, Employee will not, except with the prior written consent of Employer, (i) 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 employee of Employer or any of its affiliates for any position as an employee, independent contractor, consultant or otherwise or (ii) divert or attempt to divert any existing business of Employer or any of its affiliates.

10. Miscellaneous.

(a) Employee agrees and acknowledges that this Agreement is not to be construed as an admission by Employer of any violation of any federal, state or local statute, ordinance or regulation, constitutional right, public policy, common law duty or contractual obligation. Employer specifically denies that it or any of its officers, directors or employees engaged in any wrongdoing concerning Employee. Accordingly, Employee agrees that this Agreement should be neither admissible as evidence, nor discoverable, in any judicial, administrative or other proceeding, except in a legal proceeding concerning the enforceability of this Agreement or any of its terms. Should Employee be requested to disclose this Agreement or its terms in connection with any judicial, administrative or other proceeding, Employee agrees to immediately notify Employer and its General Counsel of the request and further agrees that Employer has standing to object to the disclosure on his behalf, as well as its own. Assuming Employer objects to the request, Employee agrees to await the final outcome of the objection before making any disclosures about this Agreement or its terms.

(b) All provisions of this Agreement are severable and if any of them is determined to be invalid or unenforceable for any reason, the remaining provisions and portions of this Agreement shall be unaffected thereby and shall remain in full force to the fullest extent permitted by law. However, if the release provisions of Section 4(a) are determined to be invalid or unenforceable for any reason, then this entire Agreement shall be deemed null and void, and Employee will be obligated to return to the Employer all payments received under Section 2 and any other consideration obtained under the terms of this Agreement.

(c) This Agreement shall be governed by and interpreted under and in accordance with the laws of Pennsylvania, except to the extent that Federal law applies. Any suit, claim or cause of action arising under or related to this Agreement shall be submitted by the parties hereto to the exclusive jurisdiction of the courts of Pennsylvania or to the federal courts located therein if they otherwise have jurisdiction.

(d) This Agreement constitutes a complete and final agreement between the parties and supersedes and replaces all prior or contemporaneous agreements (including the Employment Agreement), offer letters, severance policies, Employer 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.

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(e) Employee is advised, and acknowledges that he has been advised, to consult with an attorney before signing this Agreement.

(f) Employee acknowledges that the Agreement is written in a manner that he understands, and that he is signing this Agreement voluntarily, with full knowledge of the nature and consequences of its terms.

(g) 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.

(h) Employee acknowledges that he has been given up to twenty-one (21) days within which to consider this Agreement before signing it and that any changes to this Agreement subsequently agreed upon by the parties, whether material or immaterial, do not restart the period for consideration. Subject to Section 10(i) below, this Agreement will become effective on the date of Employee's signature hereof.

(i) For a period of seven (7) calendar days following his 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 General Counsel and the Senior Vice President of Human Resources 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. No payment of any amount set forth in Section 2 above will be made prior to the expiration of the seven (7) day revocation period. The Agreement shall not become effective or enforceable until after this revocation period has expired.

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IN WITNESS WHEREOF, the Parties have read, understand and do voluntarily execute this Agreement, which consists of nine pages, as of the date first set forth above.

EMPLOYER

EMPLOYEE

By: /s/ Timothy J. Wilmott
Name: Timothy J. Wilmott
Title: President & Chief Executive Officer

/s/ Saul V. Reibstein
Saul V. Reibstein

SCHEDULE 1

Outstanding Equity Awards

Type of Award	Company	Grant	Exercise	Options	Outstanding
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		Date	Price	currently exercisable	Award Balance
Phantom Stock Units	PENN	2/19/2013	N/A	N/A	1,272
Phantom Stock Units	PENN	1/14/2014	N/A	N/A	25,000
Phantom Stock Units	PENN	7/23/2014	N/A	N/A	28,735
Non-Qualified Stock Options	PENN	1/6/2015	\$ 13.19	40,083	160,330
Non-Qualified Stock Options	PENN	2/9/2016	\$ 12.87	—	138,543
Performance Share Awards	PENN	2/9/2016	N/A	N/A	6,121
Phantom Stock Units	GLPI	2/19/2013	N/A	N/A	1,600



**PENN NATIONAL GAMING NAMES WILLIAM J. FAIR
CHIEF FINANCIAL OFFICER**

- Appointment Follows Announced Retirement of Saul V. Reibstein -

- Fair Brings Diverse 32-Year Background in Gaming, Resorts and Real Estate Development to New Role -

Wyomissing, PA (October 20, 2016) — Penn National Gaming, Inc. (PENN: NASDAQ) (“Penn” or the “Company”), announced today the appointment of William J. (“B.J.”) Fair, as Executive Vice President and Chief Financial Officer (“CFO”), effective January 1, 2017, subject to customary regulatory approvals. Mr. Fair, who has served as the Company’s Executive Vice President, Chief Development Officer since 2014, will continue to report directly to Penn’s Chief Executive Officer, Timothy J. Wilmott. Mr. Fair’s appointment follows today’s announced retirement at the end of this year of Saul V. Reibstein, who has served as Penn National’s CFO since December 2013. Mr. Reibstein will assume a transitional role with Penn National through 2017 to ensure a seamless transfer of his CFO responsibilities to Mr. Fair. In addition, the Company announced today that it has begun a search for a new Chief Development Officer.

Prior to joining Penn National, B.J. Fair served for 30 years in executive management positions in the hospitality industry, overseeing the financial operations and large-scale development projects for leading public companies, including American Skiing Company, Universal Studios and Disney Development Company. During his time at Penn National, Mr. Fair has played a significant role in overseeing and structuring the financing strategies for the Company’s major growth initiatives, including the acquisition and master plan development of Tropicana Las Vegas; the development and opening of Plainridge Park Casino in Massachusetts; the construction of Hollywood Casino Jamul-San Diego; and the Company’s entrance into the video gaming terminal (“VGT”) market in Illinois, commencing with the acquisition of Prairie State Gaming.

In his role as CFO, Mr. Fair will continue to oversee all corporate growth and development initiatives and the Company’s financial and treasury functions, including financial and periodic reporting to the Securities and Exchange Commission, bank relationships, conducting internal and industry analysis to support the Company’s goals for growth, investor relations, and transactional activities.

Penn National Gaming Chief Executive Officer, Timothy Wilmott, commented: “We want to express our deep gratitude to Saul for his extensive contributions to Penn National during a transformational period for our Company, in which we completed the successful separation of our gaming assets from our real estate assets in 2013, thus creating the gaming industry’s first real estate investment trust (“REIT”). Having previously worked closely with the Company for over 15 years in both an auditing and Board capacity, Saul helped Penn National maintain its long-term record of growth and success as we continued the expansion of our regional gaming platform, entered the Las Vegas market and leveraged our core competencies in new areas such as social and online gaming and the VGT market. In addition, Saul played a leading role in the Jamul Indian Village’s \$460 million refinancing of the Hollywood Casino-Jamul San Diego, which closed today and is the subject of a separate press release. On behalf of the Board of Directors and everyone at Penn National, we

wish him the very best in his retirement and thank him for ensuring that the transition is managed seamlessly and efficiently.”

Mr. Wilmott added, “BJ brings a solid record of corporate growth, strategic development and financial experience to his new role, and he’ll be working alongside a deep and experienced team of operations, marketing, project development and legal professionals to help him execute on our strategic growth initiatives and our near-term priorities to de-leverage and strengthen our balance sheet.”

Mr. Fair previously served as President and Chief Executive Officer of American Skiing Company where he had oversight of ten ski mountain resorts. Mr. Fair orchestrated the financial turn-around of the company, and oversaw the successful sale of the resorts. Prior to American Skiing, Mr. Fair was President and Director of Universal Studios Port Aventura in Tarragona, Spain, where he was responsible for establishing the company’s strategic direction, business planning and master planning. Mr. Fair also served in executive management roles with the Universal Creative Division of Universal Studios and with the Disney Development Company.

About Penn National Gaming

Penn National Gaming owns, operates or has ownership interests in gaming and racing facilities and video gaming terminal operations with a focus on slot machine entertainment. At June 30, 2016, the Company operated twenty-six facilities in sixteen jurisdictions, including Florida, Illinois, Indiana, Kansas, Maine, Massachusetts, Maryland, Mississippi, Missouri, Nevada, New Jersey, New Mexico, Ohio, Pennsylvania, Texas, West Virginia, and Ontario. At June 30, 2016, in aggregate, Penn National Gaming operated approximately 33,400 gaming machines, 800 table games and 4,600 hotel rooms.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the use of forward looking terminology such as “expects,” “believes,” “estimates,” “projects,” “intends,” “plans,” “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, including future plans, strategies, performance, developments, acquisitions, capital expenditures, and operating results. Actual results may vary materially from expectations. These forward looking statements are inherently subject to risks and, accordingly, any forward looking statements are qualified in their entirety by reference to the factors discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015, as well as any subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the United States Securities and Exchange Commission. The Company does not intend to update publicly any forward-looking statements except as required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this press release may not occur.

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