
**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): **February 14, 2019**

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

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

On February 14, 2019, the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Penn National Gaming, Inc. (the “Company”) adopted the Performance Share Program II (the “Performance Share Program II”) pursuant to the Company’s 2018 Long Term Incentive Compensation Plan (the “LTIP”). The Performance Share Program II was adopted to assist in attracting, motivating and retaining key employees who are expected to contribute meaningfully to the development and growth of the Company by providing such individuals with additional equity-based incentive tied directly to the Company’s financial performance.

Under the Performance Share Program II, the Committee will establish annual performance share awards in the form of restricted stock and/or phantom stock units for each eligible participant. The awards will be denominated at target as performance shares and/or phantom stock units equal to a determined percentage of the participant’s base salary in effect at the date of grant. Each award will have a three-year award period consisting of three one-year performance periods and a three-year service period.

The performance goal for each performance period will be determined by the Committee and set forth in the participant’s award certificate. At the end of each performance period, the Committee will determine whether the performance goals have been achieved for such performance period and the level of achievement. The number of performance shares or phantom stock units credited will increase or decrease from the target award depending on the level of achievement of the performance goal. For example, if for any performance period the threshold performance level is not achieved, no performance shares or phantom stock units will be credited for the performance period; if the threshold performance level is achieved, 50% of the target performance shares and/or phantom stock units will be credited for that performance period; if the target performance level is achieved, 100% of the target performance shares and/or phantom stock units will be credited for that performance period; and if the maximum performance level is achieved, 150% of the target performance shares and/or phantom stock units will be credited for that performance period. For performance levels falling between the threshold and maximum, the number of performance shares and/or phantom stock units will be determined in accordance with straight line interpolation and adjusted accordingly.

All credited performance shares and phantom stock units will remain subject to forfeiture during the full three-year service period, subject to lapse of such forfeiture restrictions earlier in the event of a change in control of the Company, involuntary termination of service without cause, death, disability or retirement, in each case as described in the Performance Share Program II and the LTIP. At the end of the service period, performance payments will be made with respect to phantom stock units credited to the participant’s account. All performance share and phantom stock unit awards will be made under the LTIP and remain subject to its terms, including, without limitation, the maximum award limitations set forth therein.

In connection with the adoption of the Performance Share Program II, the Committee approved a form of Combination Award Certificate for the three-year award period commencing January 1,

2019 that contemplates performance goals based on synergies from the Pinnacle merger and adjusted EBITDA after Lease Payments for the first performance period. The threshold, target and maximum performance levels will be set at 85%, 100% and 115% of target performance. The number of performance shares and/or phantom stock units to be credited at the threshold, target and maximum levels will be 50%, 100% and 150% of the award amount. As discussed above, interpolation will be used to calculate the number of performance shares and phantom stock units to be credited for performance between threshold and maximum.

This is only a summary of the Performance Share Program II and the form of Combination Award Certificate adopted thereunder. The Performance Share Program II and the form of Combination Award Certificate pursuant thereto are attached as Exhibit 10.1 and Exhibit 10.2, respectively, to this Current Report on Form 8-K and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	Penn National Gaming, Inc. Performance Share Program II
10.2	Form of Combination Award Certificate for the Penn National Gaming, Inc. Performance Share Program II
10.3	Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on June 13, 2018). (SEC File No. 000-24206)

* * *

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 hereunto duly authorized.

Dated: February 21, 2019

PENN NATIONAL GAMING, INC.

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

**PENN NATIONAL GAMING, INC.
PERFORMANCE SHARE PROGRAM II**

**ARTICLE 1.
PURPOSE**

This Penn National Gaming, Inc. Performance Share Program II (as it may be amended or restated from time to time, the “Program”) has been adopted by the Compensation Committee of the Board of Directors of Penn National Gaming, Inc. (the “Company”), as a defined program under the Company’s 2018 Long Term Incentive Compensation Plan (as amended from time to time, the “LTIP”), and is intended to assist in attracting, motivating and retaining key Employees who are expected to contribute meaningfully to the development and growth of the Company by providing such individuals with an additional equity-based incentive for outstanding performance, in this case, one tied directly to the Company’s financial performance. The Program and Awards hereunder are made under and are subject to the terms of the LTIP, including the limitation on the maximum Award that may be granted to a Participant pursuant to Sections 7.2 and 8.2 of the LTIP.

**ARTICLE 2.
DEFINITIONS AND CONSTRUCTION**

The defined terms used in this Program without definition shall have the meanings set forth in the LTIP, unless varied in this Program. In addition, wherever the following terms are used in the Program, they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 “Applicable Law” means any applicable law, including without limitation: (a) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, state, local or foreign; and (c) rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

2.2 “Award Certificate” means the Certificate setting forth the specific terms of each Award granted under this Program.

2.3 “Award Period” means three consecutive Performance Periods, beginning with the first day (January 1) of the first such Performance Period, and ending within 90 days after the third such consecutive Performance Period on the date the Committee makes its determination with respect to final vesting of the Award or, if earlier, the date of the Committee determination following a Change of Control in accordance with Article XIII of the LTIP. Notwithstanding the foregoing, no new Award Period shall commence on or after the date upon which a Change of Control occurs, unless otherwise determined by the Committee.

2.4 “Award Target” means, with respect to each Participant for an Award Period, a percentage of such Participant’s total target long-term incentive value calculated at the beginning of the Award Period and expressed as a number of Performance Shares and/or Phantom Stock Units. One-third of the Award Target will apply to each of the Performance Periods in an Award Period.

- 2.5 “Eligible Employee” means any person who is an Employee and determined by the Committee to be eligible to participate in the Program.
- 2.6 “Maximum Performance” means, with respect to a Performance Period, an achievement percentage above Target Performance (but not in excess of 150%), determined by the Committee, of the Performance Goal established by the Committee with respect to such Performance Period.
- 2.7 “Participant” means an Eligible Employee who has received an Award under the Program pursuant to Article 3. For purposes of the LTIP, references to “Grantee” in the LTIP will refer to a Participant hereunder.
- 2.8 “Performance Goal” means, with respect to each Performance Period, the performance objective(s) determined by Committee that must be achieved in order for a Participant’s Performance Shares and/or Phantom Stock Units to be credited to his or her account. Achievement of the Performance Goal for a Performance Period means that the Threshold Performance level for that Performance Goal has been achieved or exceeded.
- 2.9 “Performance Shares” means the number of shares of Restricted Stock equal to the Award Target, calculated by dividing the Award Target amount by the closing price of the Company’s Common Stock, as of the day immediately prior to the date the Award is granted.
- 2.10 “Performance Payment” means a payment equal to the cash value of the Shares underlying the Phantom Stock Units.
- 2.11 “Performance Period” means each one-year period commencing on the first day of the first, second and third calendar year in each Award Period and ending on the last day of such calendar year or, if earlier, the date of Participant’s Termination of Service following a Change of Control in accordance with Article XIII of the LTIP.
- 2.12 “Phantom Stock Units” means the number of Phantom Stock Units equal to the Award Target, calculated by dividing the Award Target amount by the closing price of the Company’s Common Stock, as of the day immediately prior to the date the Award is granted.
- 2.13 “Restriction Period” means the period beginning on the date an Award is made and ending at the end of the applicable Award Period, subject to acceleration as set forth in Section 4.3.
- 2.14 “Shares” means shares of Common Stock.
- 2.15 “Target Performance” means, with respect to a Performance Period, 100% of the Performance Goal established by the Committee with respect to such Performance Period.
- 2.16 “Termination of Service” means the time when the employee-employer relationship between a Participant and the Company or any Subsidiary is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding terminations where the Participant simultaneously commences or remains in employment or service with the Company or any Subsidiary. The Committee, in its

sole discretion, shall determine the effect of all matters and questions relating to any Termination of Service, including, without limitation, the question of whether a Termination of Service resulted from a discharge for Cause and all questions of whether particular leaves of absence constitute a Termination of Service; provided, however, for purposes of the Program, a Participant's employee-employer relationship shall be deemed to be terminated in the event that the Subsidiary employing with such Participant ceases to remain a Subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

2.17 "Threshold Performance" means, with respect to a Performance Period, an achievement percentage below Target Performance (but not less than 50%), determined by the Committee, of the Performance Goal established by the Committee with respect to such Performance Period.

ARTICLE 3. PARTICIPATION AND AWARDS

3.1 Participation. The Committee shall establish the Participants eligible to receive an Award under the Program prior to, or as soon as practicable after the beginning of, an Award Period for such Eligible Employee in its sole discretion (subject to the terms of any applicable employment agreement).

3.2 Awards and Award Certificates.

(a) Prior to or as soon as administratively feasible after the first day of each Award Period, the Committee shall establish in writing the Award terms, including the Award Target and the applicable Performance Goals, the levels of Threshold Performance, Target Performance and Maximum Performance for the first Performance Period (such that at all times the Maximum Performance is equal to or higher than the Target Performance, which in turn is equal to or higher than the Threshold Performance), the extent to which the Award consists of Performance Shares and/or Phantom Stock Units, and the Restriction Period. Thereafter, the Committee shall establish the applicable Performance Goals for each of the second and third Performance Period in an Award Period prior to, or as soon as practicable after the beginning of, each such Performance Period. The targets and other amounts established by the Committee pursuant to the preceding sentences shall in each case be subject to adjustment as determined by the Committee in its discretion as a result of changes in accounting principles and other significant extraordinary items or events.

(b) The Company shall provide an Award Certificate to each Eligible Employee who becomes a Participant with respect to an Award Period as promptly as practicable. After the Committee establishes the Performance Goals applicable to the second and third Performance Periods, the Company will notify the Participant in writing of such Performance Goals.

ARTICLE 4.
DETERMINATION OF PERFORMANCE GOAL ACHIEVEMENTS AND AWARD PAYOUTS

4.1 Determinations and Certification by the Committee.

(a) As soon as administratively feasible after the end of each Performance Period, the Committee shall determine whether the Performance Goals have been achieved for such Performance Period, and the level of such achievement. Upon such determination, the Participant will have credited to his or her account the number of Performance Shares and/or Phantom Stock Units for such Performance Period based upon the following:

- If the Performance Goal is less than the Threshold Performance level, no Performance Shares or Phantom Stock Units are credited to the Participant;
- If the Performance Goal is achieved at the Threshold Performance level, the number of Performance Shares and/or Phantom Stock Units credited for such Performance Period shall be 50% of one-third of the Award Target applicable to such Performance Period;
- If the Performance Goal is achieved at the Target Performance level, the number of Performance Shares and/or Phantom Stock Units credited for such Performance Period shall be 100% of one-third of the Award Target applicable to such Performance Period;
- If the Performance Goal is achieved at or above the Maximum Performance level, the number of Performance Shares and/or Phantom Stock Units credited for such Performance Period shall be 150% of one-third of the Award Target applicable to such Performance Period;
- If the Performance Goal is achieved at an amount between the Threshold Performance level and the Target Performance level, or between the Target Performance level and the Maximum Performance level, the number of credited Performance Shares and/or Phantom Stock Units shall be determined in accordance with straight line interpolation and adjusted accordingly. For example, if one-third of Award Target constitutes 8,000 Performance Shares and 8,000 Phantom Stock Units, the Maximum Performance level is set at 115%, and the Performance Goal is achieved at a 110% level, then 10,680 Performance Shares and 10,680 Phantom Stock Units would be credited for that Performance Period.

Any Performance Shares and/or Phantom Stock Units credited in accordance with this Section 4.1 shall remain subject to the Restriction Period until the end of the Award Period and the subsequent determination by the Committee of the Performance Goal achieved and Performance Shares and/or Phantom Stock Units credited for the third Performance Period, unless the lapse of the Restriction Period is accelerated as set forth in Section 4.3 of this Program. At the end of the

Restriction Period, Performance Payments will be made with respect to any Phantom Stock Units credited to the Participant's account.

(b) Maximum Award Limitation. Notwithstanding any provision of this Program, in no event shall the Restricted Stock awarded under the Program to a Participant exceed the limitation set forth in Section 7.2 of the LTIP, and in no event shall the Phantom Stock Units awarded under the Program to a Participant exceed the limitation set forth in Section 8.2 of the LTIP.

4.2 Continued Eligibility for and Forfeiture of Awards.

(a) Continued Eligibility. Except as provided in Section 4.3, each Participant who receives an Award must remain continuously employed by the Company or any Subsidiary from the date he or she receives such Award until the last day of the Award Period.

(b) Forfeiture. Except as provided under Section 4.3, if a Participant has a Termination of Service prior to the last day of an Award Period, then such Participant shall not be entitled to receive any payment under the Program with respect to his or her Award for any Performance Periods within that Award Period, regardless of whether any Performance Shares and/or Phantom Stock Units have been credited to his or her account under Section 4.1.

4.3 Lapse of Forfeiture Restrictions on Awards. Forfeiture restrictions shall lapse upon a Participant's Termination of Service following a Change of Control according to the terms of the LTIP. Additionally, such restrictions shall lapse upon the following:

(a) Involuntary Termination of Service. If a Participant has an involuntary Termination of Service without Cause prior to the last day of an Award Period, such Participant shall be entitled to receive the issuance of Performance Shares credited to his or her account, free of restrictions, and/or receive payment of the Performance Payment with respect to the Performance Period(s) that have been completed as of the date of his or her termination. The Committee has the discretion to vary this Section 4.3(a) prior to the date of termination. All remaining Performance Shares and Phantom Stock Units that were not credited to the Participant's account and do not have the forfeiture restrictions lapse shall be forfeited on the date of termination.

(b) Death and Disability. A Participant who dies or becomes Disabled prior to the last day of an Award Period shall be entitled to receive the issuance of Performance Shares credited to his or her account, free of restrictions, and/or receive payment of the Performance Payment with respect to the Performance Period(s) that have been completed as of the date of his or her death or Disability, and a pro-rata portion of the Performance Shares or Performance Payment applicable to the Performance Period in which such death or Disability occurs, but which has not been completed. The forfeiture restrictions applicable to all Performance Shares and/or Phantom Stock Units credited to the Participant's account shall lapse on the date of death or Disability, and the Company shall issue such Performance Shares or pay such Performance Payment promptly to the Participant or to his or her estate. The Performance Shares and/or Phantom Stock Units for which a Performance Period has not yet been completed shall continue in full force and effect until the end of the applicable Performance Period and until the

Committee makes the determination with respect to the achievement of the Performance Goal, at which point the pro-rata calculation shall be made at the same time as issued to other Participants, and the Performance Shares issued or Performance Payment made promptly thereafter. All remaining Performance Shares and/or Phantom Stock Units that were not credited to the Participant's account and with respect to which the forfeiture restrictions have not lapsed shall be forfeited on the date of the Committee's determination.

(c) Retirement. A Participant who Retires from service prior to the last day of an Award Period shall be entitled to receive the issuance of Performance Shares credited to the Participant's account, free of restrictions, and/or receive any Performance Payment with respect to the Performance Period(s) that have been completed as of the date of his or her Retirement, and a pro-rata portion of the Performance Shares or Performance Payment applicable to the Performance Period in which such Retirement occurs, but which has not been completed. The forfeiture restrictions applicable to all Performance Shares and/or Phantom Stock Units credited to the Participant's account shall lapse on the date of Retirement, and the Company shall issue such Performance Shares or pay such Performance Payment promptly to the Participant (and, in the case of a Performance Payment, only if such Retirement constitutes a "separation from service" within the meaning of Section 409A of the Code, and subject to the six-month delay provision in Section 10.4 of the LTIP). The Performance Shares and/or Phantom Stock Units for which a Performance Period has not yet been completed shall continue in full force and effect until the end of the applicable Performance Period and until the Committee makes the determination with respect to the achievement of the Performance Goal, at which point the pro-rata calculation shall be made and the Performance Shares issued or Performance Payment made at the same time as issued to other Participants (subject, in the case of a Performance Payment, to Section 10.4 of the LTIP). All remaining Performance Shares and/or Phantom Stock Units that were not credited to the Participant's account and do not have the forfeiture restrictions lapse shall be forfeited on the date of the Committee's determination.

ARTICLE 5.
ADDITIONAL TERMS OF AWARDS

5.1 Applicable Provisions of the LTIP. The provisions of the LTIP shall apply to this Program. In the event of an inconsistency between the LTIP and this Program, this Program will control.

5.2 Conditions to Issuance of Shares.

(a) All share certificates delivered pursuant to the Program and all Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with Applicable Law. The Committee may place legends on any share certificate or book entry to reference restrictions applicable to the Shares.

(b) No fractional Shares shall be issued and the Committee, in its sole discretion, shall determine whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding up or down.

ARTICLE 6.
MISCELLANEOUS PROVISIONS

6.1 Amendment, Suspension or Termination of the Program. Subject to the terms of this Section 6.1, the Committee may amend the Program at any time and from time to time, and the Committee may at any time terminate the Program with respect to Performance Periods that have not commenced as of the date of such Committee action; provided, however, the Program may not be amended in a manner that would impair the rights of any Participant with respect to any outstanding Award without the consent of such Participant.

PENN NATIONAL GAMING, INC.

PERFORMANCE SHARE PROGRAM II

COMBINATION AWARD CERTIFICATE

This COMBINATION AWARD CERTIFICATE (the "Award Certificate") represents the Award of Restricted Stock and Phantom Stock Units made as of [] by Penn National Gaming, Inc., a Pennsylvania corporation (the "Company"), to [] ("Participant").

On [] (the "Date of Grant"), the Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board"), made an Award of (a) [] shares of Restricted Stock with performance-based requirements (the "Performance Shares") of the Company's common stock, par value \$0.01 per share (the "Common Stock"), and (b) [] Phantom Stock Units with performance-based requirements. Each vested Phantom Stock Unit is payable in cash in an amount equal to the fair market value of one share of Common Stock, determined at the end of the Award Period. You have no right to receive shares of Common Stock of the Company under the Phantom Stock Unit portion of this Award.

The Performance Shares and Phantom Stock Units are granted under and subject to the terms and conditions of the Penn National Gaming, Inc. 2018 Long Term Incentive Compensation Plan, as amended (the "LTIP"), and the Performance Share Program II (the "Program") adopted by the Committee under the LTIP on [] 2019. Copies of the Program, the LTIP and the related prospectus are available on [link/reference]. All capitalized terms used in this Award Certificate without definition have the meanings set forth in the Program or the LTIP.

1. Award Period; Performance Periods, Restriction Period and Performance Goals.

The Award Period with respect to this Award began on January 1, 20 , and continues for three years until December 31, 20 . The Award Period consists of three separate Performance Periods, and the number of Performance Shares and Phantom Stock Units are evenly divided among the three Performance Periods. The Restriction Period applicable to this Award began on the Date of Grant and extends until [, 20].

The Performance Goals for the first Performance Period are set forth below. For each of the second and third Performance Periods, the Committee or its designee will establish the Performance Goals for such Performance Period and they will be communicated to you by the Company as an addendum to this Award Certificate.

First Performance Period

January 1, 20 to December 31, 20

Performance Goal #1: Achievement of Synergies (%)

Threshold Performance for Synergies	\$	(85%)
Target Performance for Synergies	\$	(100%)
Maximum Performance for Synergies	\$	(115%)

Performance Goal #2: Achievement of Adjusted EBITDA After Lease Payments (%)

Threshold Performance for Adjusted EBITDA After Lease Payments	\$	(85%)
Target Performance for Adjusted EBITDA After Lease Payments	\$	(100%)
Maximum Performance for Adjusted EBITDA After Lease Payments	\$	(115%)

For purposes of this Award Certificate, “Synergies” means the levels of cost savings specified by the Committee achieved during the Performance Period due to the Company’s efforts to reduce redundant costs and increase efficiencies after the merger of the Company with Pinnacle Entertainment. Synergies will be tracked at the department level and at the corporate level against actual expenses incurred during the 20 calendar year. Tracked expenses and cost savings include, but are not limited to, those related to employee headcount and payroll, contracts (corporate and property procurement), consulting arrangements, healthcare, marketing and corporate.

“Adjusted EBITDA After Lease Payments” means, on an annual basis, the Company’s Adjusted EBITDAR less Lease Payments, as calculated and adjusted by the Committee in its discretion.

“Adjusted EBITDAR” means the Company’s earnings before interest income and expense, income taxes, depreciation and amortization, rent expense associated with triple net operating leases (e.g., VICI and Greektown Leases), stock compensation, debt extinguishment and financing charges, impairment charges, insurance recoveries and deductible charges, changes in the estimated fair value of our contingent purchase price obligations, gain or loss on disposal of assets, the difference between budget and actual expense for cash-settled stock-based awards, pre-opening and acquisition costs, and other income or expenses. Adjusted EBITDAR is also inclusive of income or loss from unconsolidated affiliates, with the Company’s share of non-operating items (such as depreciation and amortization) added back for its joint venture in Kansas Entertainment. Adjusted EBITDAR excludes payments associated with Gaming and Leisure Properties, Inc. (GLPI) as these leases are accounted for as financing obligations. In addition, objective adjustments shall be made in determining Adjusted EBITDAR for items that will not properly reflect the Company’s operating segments’ financial performance, such as non-cash share-based compensation, asset impairment costs, write-downs, reserves, recoveries, severance expenses, litigation settlement costs, gain (loss) on sale of certain assets, loss on early extinguishment of debt, gain (loss) on sale of equity security investments, income (loss) from equity method investments, non-controlling interest, discontinued operations, other non-routine items and acquisitions and dispositions during the performance period. Consistent with the foregoing and as permitted under applicable tax guidance, the Company shall adjust the performance goals to reflect corporate transactions involving the Company such as a recapitalization, merger, or spinoff.

“Lease Payments” means lease payments made to the Company’s real estate investment trust (REIT) landlords under its triple net leases.

2. Determination of Earned Performance Shares and Performance Payments Under Phantom Stock Units.

Within 90 days after the end of each Performance Period, the Committee will determine whether, and to what extent, the Performance Goals are achieved for such Performance Period. The Performance Goals for each Performance Period are measured separately. Performance Shares and Phantom Stock Units will be credited to your account for each Performance Period, as follows even if the Performance Goals in a different Performance Period are not reached or are achieved at a different level:

- If the Performance Goals are achieved at less than the Threshold Performance level, no Performance Shares or Phantom Stock Units are credited to the Participant;
- If the Performance Goals are achieved at the Threshold Performance level, the number of Performance Shares and Phantom Stock Units credited for such Performance Period shall be 50% of one-third of the Award Target applicable to such Performance Period;
- If the Performance Goals are achieved at the Target Performance level, the number of Performance Shares and Phantom Stock Units credited for such Performance Period shall be 100% of one-third of the Award Target applicable to such Performance Period;
- If the Performance Goals are achieved at or above the Maximum Performance level, the number of Performance Shares and Phantom Stock Units credited for such Performance Period shall be 150% of one-third of the Award Target applicable to such Performance Period;
- If the Performance Goals are achieved at an amount between 85% (Threshold Performance level) and 100% (Target Performance level), or between 100% (Target Performance level) and 115% (Maximum Performance level), the number of credited Performance Shares and Phantom Stock Units shall be determined in accordance with straight line interpolation and adjusted accordingly. For example, if one-third of Award Target constitutes 8,000 Performance Shares and 8,000 Phantom Stock Units, and the Performance Goals are achieved at a 110% level, then the 10,860 Performance Shares and 10,860 Phantom Stock Units would be credited for that Performance Period;
- Each Performance Goal will be determined independently. For example, if the Synergies Performance Goal is achieved at the Target Performance level, and the Adjusted EBITDA After Lease Payments Performance Goal is achieved at the Maximum Performance level, the Performance Goals will be determined to have been achieved at the midpoint between Target and Maximum Performance (107.5%).

Any Performance Shares and Phantom Stock Units credited to your account for a Performance Period will remain subject to the Restriction Period until the end of the Restriction Period, unless the forfeiture restrictions lapse earlier as described below. At the end of the Restriction Period, Performance Payments will be made with respect to the Phantom Stock Units credited to your account.

3. Forfeiture Restrictions and Lapse of Forfeiture. Your Performance Shares will remain as Restricted Stock until the end of the Restriction Period. You must remain employed by the Company or any of its subsidiaries until the end of the Restriction Period, or the Performance Shares, whether or not credited, and the performance-based Phantom Stock Units will be forfeited. Such forfeiture restrictions will lapse, and a designated portion of your Performance Shares will vest and be issued, and Performance Payments will be made with respect to a designated portion of your Phantom Stock Units, if one of the

following events occurs: involuntary Termination of Service without Cause; death or Disability; Retirement from service; or a Termination of Service following a Change of Control according to the LTIP. The Program and LTIP describe the impact of these events on your Award.

4. Share Certificates and Phantom Stock Units. In accordance with the LTIP, the Performance Shares will be issued as outstanding shares of Common Stock and credited to your account following each Performance Period. You will be entitled to vote and receive dividend equivalents, if and when declared, on such Performance Shares once credited to your account; however, the Company will retain the Performance Shares in escrow until the Restriction Period is ended.

Also in accordance with the LTIP, Phantom Stock Units will be credited to your account after the end of each Performance Period based on the level of achievement for that Performance Period. A Performance Payment will be made after the end of the Restriction Period based on the Phantom Stock Units credited to your account, and based on the value of such Phantom Stock Units at the time of payment. You will not have any rights as a shareholder with respect to any Phantom Stock Unit.

5. Survival of Terms. As consideration for the receipt of the Award described herein, the Participant and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors are bound by the terms of this Award Certificate.

6. Representations. Participant has reviewed with his or her own tax advisors the Federal, state, local and foreign tax consequences of this Award. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that he or she (and not the Company) shall be responsible for any tax liability that may arise as a result of this Award.

7. Award Certificate Not a Contract of Employment. Neither this Award Certificate nor any other action taken pursuant to this Award Certificate shall constitute or be evidence of any agreement or understanding, express or implied, that the Participant has a right to continue to provide services as an employee of or consultant to the Company or any parent, subsidiary or affiliate of the Company for any period of time or at any specific rate of compensation.

8. Authority of the Board. The Committee and the Board each have full authority to interpret and construe the terms of this Award Certificate. The determination of the Committee or the Board as to any such matter of interpretation or construction shall be final, binding and conclusive.

9. Restrictions on Transferability. No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any of the Performance Shares or performance-based Phantom Stock Units by any holder thereof will be valid, and the Company will not transfer any of said Performance Shares or performance-based Phantom Stock Units on its books unless and until the Restriction Period ends, except to the estate of or guardian, executor or other duly authorized personal representative of the Participant.

10. Amendment. Any amendment, revision or addendum to this Award Certificate that adversely affects the rights of the Participant under this Award shall require the approval of the Participant.

11. Governing Law. This Award Certificate shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to such state's choice of law provisions, except as superseded by applicable federal law.

By: _____
Name: _____
Title: _____

**ADDENDUM TO
PERFORMANCE SHARE PROGRAM II
COMBINATION AWARD CERTIFICATE**

, 20

On , 20 , the Compensation Committee of the Board of Directors of Penn National Gaming, Inc. (the "Company") approved the second Performance Period Performance Goals under your Combination Award made on , 20 (the "Award"). The Performance Goals are:

Second Performance Period

January 1, 2020 to December 31, 2020

All other terms of the Award remain in full force and effect. This Addendum supplements the Award.

**ADDENDUM TO
PERFORMANCE SHARE PROGRAM II
COMBINATION AWARD CERTIFICATE**

, 20

On , 20 , the Compensation Committee of the Board of Directors of Penn National Gaming, Inc. (the "Company") approved the third Performance Period Performance Goals under your Combination Award made on , 20 (the "Award"). The Performance Goals are:

Third Performance Period

January 1, 2021 to December 31, 2021

All other terms of the Award remain in full force and effect. This Addendum supplements the Award.
