



## **Penn National Gaming Announces Pricing of Upsized Public Offering of Common Stock and 2.75% Convertible Senior Notes Due 2026**

May 12, 2020

WYOMISSING, Pa.--(BUSINESS WIRE)--May 12, 2020-- Penn National Gaming, Inc. (PENN: Nasdaq) ("Penn National" or the "Company") today announced that it has priced its underwritten public offering of 16,666,667 shares of its common stock, \$0.01 par value per share, at a public offering price of \$18.00 per share (the "Common Stock Offering") and its underwritten public offering of \$300 million aggregate principal amount of 2.75% Convertible Senior Notes due 2026 (the "Convertible Notes" and such offering, the "Convertible Notes Offering"). The size of the Common Stock Offering was increased from the previously announced \$250 million of common stock of the Company, and the aggregate principal amount of the Convertible Notes Offering was increased from the previously announced \$250 million. The gross proceeds to the Company from the Common Stock Offering and the Convertible Notes Offering, before deducting underwriting discounts and other offering expenses, are expected to be approximately \$600 million (or approximately \$690 million if the underwriters in the offerings fully exercise their options to purchase additional shares of common stock and Convertible Notes as described below).

In addition, the Company has granted the underwriters a 30-day option to purchase up to 2,500,000 of additional shares of its common stock at the public offering price less the underwriting discount in the Common Stock Offering (reflecting an increase from the previously announced option of up to \$37.5 million additional shares of common stock) and a 30-day option to purchase up to \$45 million aggregate principal amount of additional Convertible Notes, solely to cover over-allotments, in the Convertible Notes Offering (reflecting an increase from the previously announced option of up to \$37.5 million aggregate principal amount of additional Convertible Notes).

The Convertible Notes will be convertible by holders if certain conditions are met, and during certain periods, based on an initial conversion rate of 42.7350 shares of common stock per \$1,000 principal amount of the Convertible Notes, which is equivalent to a conversion price of approximately \$23.40 per share, representing a premium of 30.0% above the offering price per share in the Common Stock Offering. The Company will settle conversions of the Convertible Notes in cash, shares of common stock, or a combination thereof at the Company's election. The Company expects to use the net proceeds from the Common Stock Offering and the Convertible Notes Offering for general corporate purposes that will significantly enhance our liquidity while providing the company with the flexibility to invest in our long term growth initiatives. Subject to the satisfaction of customary conditions, the offerings are expected to close on May 14, 2020. Neither of the closings of the Common Stock Offering or the Convertible Notes Offering is conditioned upon the closing of the other offering.

Goldman Sachs & Co. LLC and BofA Securities are acting as joint book-running managers and representatives of the underwriters, and J.P. Morgan, Fifth Third Securities and Wells Fargo Securities are also serving as book-running managers for the Common Stock Offering and the Convertible Notes Offering. Barclays, BTIG, Citizens Capital Markets, Macquarie Capital, Morgan Stanley, Stifel, SunTrust Robinson Humphrey and TD Securities are acting as co-managers for the Common Stock Offering. Barclays, Citizens Capital Markets, Macquarie Capital, Morgan Stanley, Stifel, SunTrust Robinson Humphrey, TD Securities and US Bancorp are acting as co-managers for the Convertible Notes Offering. A shelf registration statement relating to these securities has been filed with the U.S. Securities and Exchange Commission ("SEC") and has become effective. Each of the Common Stock Offering and the Convertible Notes Offering may be made only by means of a prospectus supplement and an accompanying base prospectus. The preliminary prospectus supplements and accompanying base prospectus relating to each of the Common Stock Offering and the Convertible Notes Offering will be filed with the SEC and will be available on the SEC's website at [www.sec.gov](http://www.sec.gov). Copies of the preliminary prospectus supplements and accompanying base prospectus relating to the Common Stock Offering and the Convertible Notes Offering may be obtained from Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282, Attention: Prospectus Department, by telephone at (866) 471-2526, or by email at [prospectus-ny@ny.email.gs.com](mailto:prospectus-ny@ny.email.gs.com) or BofA Securities, NC1-004-03-43, 200 North College Street, 3rd floor, Charlotte NC 28255-0001, Attention: Prospectus Department, or via email: [dg.prospectus\\_requests@bofa.com](mailto:dg.prospectus_requests@bofa.com).

This press release does not constitute an offer to sell, or the solicitation of an offer to buy, any share of common stock, any Convertible Notes or any other security and shall not constitute any offer, solicitation or sale in any jurisdiction in which such offer, solicitation, purchase or sale is unlawful. Before investing, please read the applicable prospectus supplement and accompanying base prospectus and other documents Penn National has filed with the SEC for more complete information about Penn National.

### **About Penn National Gaming**

Penn National Gaming owns, operates or has ownership interests in 41 gaming and racing properties in 19 jurisdictions and video gaming terminal operations with a focus on slot machine entertainment. We also offer live sports betting at our properties in Indiana, Iowa, Michigan, Mississippi, Pennsylvania and West Virginia. In total, Penn National's properties feature approximately 50,000 gaming machines, 1,300 table games and 8,800 hotel rooms. In addition, the Company operates an interactive gaming division through its subsidiary, Penn Interactive Ventures, LLC, which launched iCasino in Pennsylvania and, through strategic partnerships, operates online sports betting in Indiana, Pennsylvania and West Virginia. The Company also has a leading customer loyalty program, mychoice, with over five million active customers.

### **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," "goal," "seeks," "may," "will," "should," or "anticipates" or the negative or other variations of these or similar words, or by discussions of future events, strategies or risks and uncertainties. Such statements are all subject to risks, uncertainties and changes in circumstances that could significantly affect the Company's future financial results and business. Accordingly, the Company cautions that the forward-looking statements contained herein are qualified by

important factors that could cause actual results to differ materially from those reflected by such statements. Such factors include, but are not limited to, risks related to the following: (a) market conditions for the Company's common stock and corporate debt generally, for the securities of gaming, hospitality and entertainment companies; (b) the anticipated terms of the proposed Common Stock Offering and Convertible Notes Offering; (c) the timing and ability of the Company to consummate the Common Stock Offering and Convertible Notes Offering; (d) the anticipated use of proceeds and difficulties, delays or unexpected costs in offering the Common Stock Offering and Convertible Notes Offering; (e) the magnitude and duration of the impact of the COVID-19 pandemic on capital markets, general economic conditions, unemployment, consumer spending and the Company's liquidity, financial condition, supply chain, operations and personnel; (f) industry, market, economic, political, regulatory and health conditions; (g) disruptions in operations from data protection breaches, cyberattacks, extreme weather conditions, medical epidemics or pandemics such as COVID-19, and other natural or manmade disasters or catastrophic events; (h) the reopening of the Company's gaming properties are subject to various conditions, including numerous regulatory approvals and potential delays and operational restrictions; (i) our ability to access additional capital on favorable terms or at all; (j) our ability to remain in compliance with the financial covenants of our debt obligations; (k) the consummation of the proposed Morgantown and Perryville transactions with GLPI are subject to various conditions, including third -party agreements and approvals, and accordingly may be delayed or may not occur at all; (l) actions to reduce costs and improve efficiencies to mitigate losses as a result of the COVID-19 pandemic could negatively impact guest loyalty and our ability to attract and retain employees; (m) the outcome of any legal proceedings that may be instituted against the Company or its directors, officers or employees; (n) the impact of new or changes in current laws, regulations, rules or other industry standards; (o) the ability of our operating teams to drive revenue and margins; (p) the impact of significant competition from other gaming and entertainment operations; (q) our ability to obtain timely regulatory approvals required to own, develop and/or operate our properties, or other delays, approvals or impediments to completing our planned acquisitions or projects, construction factors, including delays, and increased costs; (r) the passage of state, federal or local legislation (including referenda) that would expand, restrict, further tax, prevent or negatively impact operations in or adjacent to the jurisdictions in which we do or seek to do business (such as a smoking ban at any of our properties or the award of additional gaming licenses proximate to our properties, as recently occurred with Illinois and Pennsylvania legislation); (s) the effects of local and national economic, credit, capital market, housing, and energy conditions on the economy in general and on the gaming and lodging industries in particular; (t) the activities of our competitors (commercial and tribal) and the rapid emergence of new competitors (traditional, internet, social, sweepstakes based and VGTs in bars and truck stops); (u) increases in the effective rate of taxation for any of our operations or at the corporate level; (v) our ability to identify attractive acquisition and development opportunities (especially in new business lines) and to agree to terms with, and maintain good relationships with partners/municipalities for such transactions; (w) the costs and risks involved in the pursuit of such opportunities and our ability to complete the acquisition or development of, and achieve the expected returns from, such opportunities; (x) our expectations for the continued availability and cost of capital; (y) the impact of weather, including flooding, hurricanes and tornadoes; (z) changes in accounting standards; (aa) the risk of failing to maintain the integrity of our information technology infrastructure and safeguard our business, employee and customer data (particularly as our iGaming division grows); (bb) with respect to our iGaming and sports betting endeavors, the impact of significant competition from other companies for online sports betting, iGaming and sportsbooks, our ability to achieve the expected financial returns related to our investment in Barstool Sports, our ability to obtain timely regulatory approvals required to own, develop and/or operate sportsbooks may be delayed and there may be impediments and increased costs to launching the online betting, iGaming and sportsbooks, including delays, and increased costs, intellectual property and legal and regulatory challenges, as well as our ability to successfully develop innovative products that attract and retain a significant number of players in order to grow our revenues and earnings, our ability to establish key partnerships, our ability to generate meaningful returns and the risks inherent in any new business; (cc) with respect to our proposed Pennsylvania Category 4 casinos in York and Berks counties, risks relating to construction, and our ability to achieve our expected budgets, timelines and investment returns, including the ultimate location of other gaming properties in the Commonwealth of Pennsylvania; and (dd) other factors included in "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2019, the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the U.S. Securities and Exchange Commission. The Company does not intend to update publicly any forward-looking statements except as required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this press release may not occur.

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