



## Penn National Gaming Reports Record Fourth Quarter Revenue, EBITDA And Net Income

February 4, 2002

WYOMISSING, Pa., Feb 4, 2002 (BUSINESS WIRE) --

### **- EBITDA Rises 72.6% on 48.1% Revenue Gain -**

- Fourth Quarter Earnings Per Diluted Share Rise 94.0% to \$0.35 -

Penn National Gaming, Inc. (PENN:Nasdaq) today reported record fourth quarter results for the period ended December 31, 2001.

Revenues for the quarter rose 48.1% to \$136.0 million, compared to \$91.8 million in the fourth quarter of 2000. Fourth quarter 2001 EBITDA (earnings before interest, taxes, depreciation and amortization), rose 72.6% to \$28.7 million, from \$16.6 million in the fourth quarter of 2000. Net income in the fourth quarter of 2001 rose 105.2% to \$5.6 million, or \$0.35 per diluted share, compared to net income of \$2.7 million, or \$0.18 per diluted share, in the fourth quarter of 2000.

Commenting on the results, Peter M. Carlino, Chief Executive Officer of Penn National said, "The fourth quarter net income gain of over 100% represents another record period for Penn National and demonstrates our ability to successfully integrate acquired properties into our operating structure. I am pleased that we have been able to drive earnings growth by applying our company's property development, marketing and management disciplines.

"We entered the fourth quarter guardedly optimistic in the face of the uncertain world economy and affairs, and local/regional employment trends. However, we delivered the second quarter in a row where each of the four properties/contracts acquired over the last eighteen months generated revenues and EBITDA above the levels of a year ago.

"Through property enhancements, a more player-friendly machine mix and targeted marketing efforts, Charles Town Races again delivered substantial top line and EBITDA growth of roughly 43% and 36%, respectively. Quarterly revenue and EBITDA gains were also achieved at Casino Magic Bay St. Louis as we overcame difficult market conditions, which have largely subsided. We are excited about the completion of the Casino Magic Bay St. Louis property expansion which includes a new 300 room hotel adjacent to the casino, as we believe this property is evolving into one of the most complete resorts in the region. In our second full quarter of operation since completing its acquisition earlier this year, Penn National's Casino Rouge riverboat gaming facility in Baton Rouge, Louisiana generated gains in revenue and EBITDA over the levels achieved by the former owners in the fourth quarter of 2000. We continue to remain encouraged by the improvements derived at Boomtown Biloxi where an 11.7% rise in revenues combined with effective cost containment measures, resulted in an impressive 39.6% EBITDA increase over the levels achieved during our first full quarter of operation a year ago. Our Pennsylvania operations delivered modest top line and EBITDA improvements over last year's fourth quarter, while higher revenues and controlled expenses at our New Jersey joint venture resulted in a significantly higher EBITDA contribution.

"With regionally diverse operations, Penn National Gaming ended 2001 a formidable middle market, rapidly growing, gaming company. We entered 2002 with solid prospects for further growth from owned and operated assets and we will continue to pursue acquisition opportunities which meet our financial and strategic criteria for growth."

Penn National is hosting a conference call and simultaneous webcast at 10:00 am EST today, both of which are open to the general public. The conference call number is 212/896-6081 or 415/904-7342; please call five minutes in advance to ensure that you are connected prior to the presentation. Questions and answers will be reserved for call-in analysts and investors. Interested parties may also access the live call on the Internet at Interested parties may also access the live call on the Internet at [www.companyboardroom.com](http://www.companyboardroom.com); allow 15 minutes to register and download and install any necessary software. Following its completion, a replay of the call can be accessed until February 18, by dialing 800/633-8284 or 858/812-6440 (international callers). The access code for the replay is 20318213. A replay of the call can also be accessed for thirty days on the Internet via [www.companyboardroom.com](http://www.companyboardroom.com).

Penn National Gaming owns and operates Charles Town Races in Charles Town, West Virginia, which presently features 2,000 gaming machines; two Mississippi casinos, the Casino Magic hotel, casino, golf resort and marina in Bay St. Louis and the Boomtown Biloxi casino in Biloxi; and the Casino Rouge, a riverboat gaming facility in Baton Rouge, Louisiana. Penn National also owns two racetracks and eleven off-track wagering facilities in Pennsylvania and the racetrack at Charles Town Races in West Virginia, and operates the Casino Rama, a gaming facility located approximately 90 miles north of Toronto, Canada, pursuant to a management contract. In August 2001, Penn National agreed to acquire Bullwhackers Casino, the adjoining Bullpen Sports Casino, and Silver Hawk Saloon and Casino in Black Hawk, Colorado.

In addition to historical facts or statements of current condition, this press release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Some of these statements are those regarding our prospects for future growth, our expectation of continued acquisitions and our optimism in light of current economic conditions. These statements are subject to a number of risks and uncertainties that could cause the statements made to be incorrect and the actual results to differ materially. The Company describes certain of these risks and uncertainties in its filings with the Securities and Exchange Commission, including its Annual Report on Form 10K for the year ended December 31, 2000. Some of these risks include those relating to the ability of the Company to integrate and manage facilities it acquires, risks relating to the development and expansion of properties, risks of increased competition and risks relating to the fact that we are heavily regulated by gaming authorities. Furthermore, the Company does not intend to update publicly any forward-looking statements except as required by law. The cautionary advice in this paragraph is permitted by the Private Securities Litigation Reform Act of 1995.

PENN NATIONAL GAMING, INC. AND SUBSIDIARIES

Business Segment Information

(In thousands) (unaudited)

	REVENUES		EBITDA	
	Three Months Ended December 31,			
	2001	2000	2001	2000
Charles Town Races	\$ 50,329	\$35,096	\$ 12,282	\$ 8,999
Casino Magic - Bay St. Louis	19,930	19,208	3,750	3,657
Boomtown Biloxi - Biloxi	16,945	15,161	2,847	2,040
Casino Rouge	23,045	(a)	6,091	(a)
Casino Rama Management Contract	2,817	(a)	2,570	(a)
Penn National Race Course and its OTWs	14,435	14,425	1,517	1,842
Pocono Downs and its OTWs	8,875	8,256	1,595	1,251
Earnings from Pennwood Racing, Inc. (New Jersey)	-	-	511	77
Corporate eliminations (1)	(426)	(363)	-	-
Corporate overhead	7	6	(2,351)	(1,236)
Corporate overhead CRC Holdings	9	-	(109)	(a)
Total	135,966	91,789	28,703	16,630

	REVENUES		EBITDA	
	Twelve Months Ended December 31,			
	2001	2000	2001	2000
Charles Town Races	\$ 193,612	\$135,289	\$ 51,252	\$ 35,468
Casino Magic - Bay St. Louis(aa)	87,752	(aa)	18,658	(aa)
Boomtown Biloxi - Biloxi(aa)	70,370	(aa)	13,546	(aa)
Casino Rouge(aa)	61,981	(aa)	15,444	(aa)
Casino Rama Management Contract(aa)	8,297	(aa)	7,632	(aa)
Penn National Race Course and its OTWs #	59,821	64,364	7,582	10,380
Pocono Downs and its OTWs #	38,945	37,573	7,127	7,792
Earnings from Pennwood Racing, Inc. (New Jersey)	-	-	2,531	2,321

Corporate eliminations (1)	(1,775)	(1,717)	-	-
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Corporate overhead	359	88	(9,946)	(6,033)
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Corporate overhead CRC Holdings(aa)	30	-	(490)	
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Total	519,392	291,802	113,336	59,480
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(a) Casino Rouge and Casino Rama Management Contract were acquired by Penn National Gaming on April 27, 2001. In the year ago fourth quarter, under the former management, Casino Rouge generated revenues of \$22,448 and EBITDA of \$5,358 and Casino Rama generated management contract revenues of \$2,819 and EBITDA of \$2,426. Corporate overhead for CRC Holdings for the three months ended December 31, 2000 was \$2,725.

(aa) Casino Magic - Bay St. Louis and Boomtown Biloxi - Biloxi were acquired by Penn National Gaming on August 8, 2000. As such, full year 2000 revenue and EBITDA figures are not available. Casino Rouge and Casino Rama Management Contract were acquired by Penn National Gaming on April 27, 2001. As such, the figures presented for 2001 represent only a partial year under Penn National's management and full year 2000 revenue and EBITDA figures are not comparable.

# EBITDA for the twelve months ended December 31, 2000 included a \$1,600,000 aggregate subsidy from Pennsylvania related to the Company's pari-mutuel operations in the State.

(1) For intracompany transactions related to import/export simulcasting.

#### PENN NATIONAL GAMING, INC. AND SUBSIDIARIES

##### Summary Consolidated Statement Of Income

(In thousands, except per share data)

(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2001	2000	2001	2000
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Total revenues	\$135,966	\$91,789	\$519,392	\$291,802
Earnings from joint venture	511	77	2,531	2,321
Total operating expenses	107,774	75,236	408,587	234,643
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Earnings before interest, taxes, depreciation and amortization (EBITDA) #	28,703	16,630	113,336	59,480
Depreciation and amortization	9,458	5,137	34,537	13,594
Total other expenses(a)	(10,897)	(7,506)	(41,433)	(17,175)
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Income before income taxes	8,348	3,987	37,366	28,711
Taxes on income	2,754	1,261	12,958	10,137
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Net income before extraordinary item	5,594	2,726	24,408	18,574
Extraordinary item	- -	- -	- -	6,583
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Net Income #	\$5,594	\$2,726	\$24,408	\$11,991
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Per share data: #

Basic income before

extraordinary item	\$0.36	\$0.18	\$1.59	\$1.24
	=====	=====	=====	=====
Basic net income	\$0.36	\$0.18	\$1.59	\$0.80
	=====	=====	=====	=====
Diluted income before extraordinary item	\$0.35	\$0.18	\$1.53	\$1.20
	=====	=====	=====	=====
Diluted net income(a)	\$0.35	\$0.18	\$1.53	\$0.78
	=====	=====	=====	=====
Shares outstanding:				
Basic	15,492	15,026	15,327	14,968
	=====	=====	=====	=====
Diluted	16,147	15,539	15,918	15,443
	=====	=====	=====	=====

(a) The twelve months ended December 31, 2001 reflect additional after-tax net interest expense of approximately \$906,000 or \$0.06 per diluted share related to the delay in completing the CRC acquisition and approximately \$570,000 of pre-tax costs, or \$0.02 per diluted share after tax, related to the costs of replacing non-coin machines with coin-out machines at the Company's Charles Town operations.

# EBITDA, net income and earnings per share for the twelve months ended December 31, 2000 included an aggregate subsidy of \$1,600,000 pre-tax (\$944,000 net of taxes or \$0.06 per share after tax) from Pennsylvania related to the Company's pari-mutuel operations in the State.

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