



Penn National Gaming Completes Casino Magic Bay St. Louis Expansion On Time and On Budget

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BAY ST. LOUIS, Miss. & WYOMISSING, Penn., May 24, 2002 (BUSINESS WIRE) --

New 291 Room Hotel/Convention Center/Restaurant and Upgraded Gaming and Dining Facilities Position Property for Growth

Penn National Gaming, Inc. (PENN:Nasdaq) announced today that it completed the \$37 million expansion of its Casino Magic property in Bay St. Louis, Mississippi on time and on budget. With the public opening of the 14-story, 291-room Bay Tower Hotel on May 27, Casino Magic Bay St. Louis is the most comprehensive casino resort on the Mississippi Gulf Coast.

Penn National acquired Casino Magic Bay St. Louis in August 2000 and broke ground on the expansion project in April 2001.

Commenting on the project's completion, Peter M. Carlino, Chief Executive Officer of Penn National, said, "The Bay St. Louis expansion highlights our strong skills in property planning and development and construction management, and underscores our commitment to prudent capital investments in our properties. With nearly 500 total rooms, excellent restaurants, 40,000 square feet of casino space, a championship golf course, live entertainment and a host of great guest amenities, we believe Casino Magic has emerged as the ultimate resort in the region and we expect to derive solid returns from our investments."

Situated on approximately 600 acres along the Bay of St. Louis, the new tower hotel includes the Jourdan River Grille, the Cypress Cove Ballroom, Spa at the Bay, Tokens Gift Shop and additional property enhancements. The property presently offers a 24-hour casino, daily entertainment in the casino lobby, weekly concerts in the 22,000 square foot entertainment complex, five restaurants, an onsite Arnold Palmer championship 18-hole golf course, RV park, and a 201-room Inn. Casino Magic Bay St. Louis is approximately 46 miles east of New Orleans, Louisiana.

Penn National's Casino Magic hotel expansion has created approximately 200 new jobs in Hancock County. Currently, Casino Magic Bay St. Louis employs over 1,250 people. It is also expected that the upgrades will generate additional gaming taxes, property taxes and tourism taxes for the state and local governments and the area school district.

In addition to Casino Magic Bay St. Louis, Penn National Gaming owns and operates Charles Town Races in Charles Town, West Virginia, which presently features 2,000 gaming machines; the Boomtown Biloxi casino in Biloxi; the Casino Rouge, a riverboat gaming facility in Baton Rouge, Louisiana and the Bullwhackers properties in Black Hawk, Colorado. 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 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 and 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 10-K for the year ended December 31, 2001. 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.

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