



## **Penn National Gaming Acquires M Resort**

June 1, 2011

**- Anthony Marnell III, M Resort Developer and Founder, to Serve as Facility's President -**

LAS VEGAS & WYOMISSING, Pa., Jun 01, 2011 (BUSINESS WIRE) --

Penn National Gaming, Inc. (Nasdaq: PENN) announced today that following its October 2010 purchase of all of the outstanding debt of M Resort for \$230.5 million and the receipt of requisite regulatory approvals, it has acquired the business in exchange for the debt. Penn National purchased the M Resort debt from Bank of Scotland plc in October 2010 at which time the Company also secured the right to acquire the business of M Resort in exchange for the property's outstanding debt obligations. M Resort was developed by Anthony Marnell III, who will serve as President of the property following its acquisition by Penn National.

Peter M. Carlino, Chief Executive Officer of Penn National commented, "The acquisition of M Resort is another compelling opportunity to deliver growth and returns to our shareholders by diversifying our asset base through prudent deployment of our exceptional balance sheet and adhering to our focus on operating discipline. Through this transaction, M Resort has emerged as a financially sound, debt free, upscale locals and destination-oriented casino resort with extensive high-quality amenities. Located ten miles south of the Las Vegas Strip with access to I-15, M Resort is a premiere locals-oriented facility as well as a great property to be marketed to Southern California customers as well as to meeting and convention groups. In addition, M Resort is an attractive asset that we plan to continue marketing to our database of over 12 million regional gaming customers by offering them a world-class Las Vegas gaming experience. Since sending M Resort hotel offers to some of our highest value players earlier this year, the facility has booked over 1,300 incremental room nights which increased occupancy by almost 4 percent and contributed to first quarter property revenue of \$39.8 million and EBITDA of \$6.2 million."

Opened in March 2009, the M Resort Spa Casino is situated on over 90 acres at the southeast corner of Las Vegas Boulevard and St. Rose Parkway. The resort features over 92,000 square feet of gaming space including 1,900 slot machines, 64 table games, 14 poker tables and a race and sports book. M Resort also offers 390 guest rooms and suites, nine restaurants, five destination bars, more than 60,000 square feet of meeting and conference space, a 4,700 space parking facility, a state-of-the-art spa and fitness center and a 100,000 square foot events piazza. M Resort's master plan includes the potential to develop up to one million square feet of retail space and a multi-screen digital movie entertainment complex. In the twelve month period ended March 31, 2011, M Resort recorded revenue of \$159.0 million and EBITDA (earnings before interest taxes, depreciation and amortization) of \$16.7 million.

Mr. Carlino added, "M Resort is a unique, differentiated property and we expect to continue improving its operating results even with a slow rebound of the local Las Vegas economy. Over time, we expect M Resort and the local economy to benefit from the core attributes that contributed to the growth of Las Vegas into one of the world's pre-eminent entertainment destinations, including its favorable climate and low taxes. We are also confident that our operating discipline, rationalized approach to marketing and growing database of regional gaming customers, many of whom already visit Las Vegas, can further improve the property's financial performance. We are actively working with Anthony Marnell and his team to develop other plans to drive profitable revenue at the property while maintaining the excellent customer experience and strong brand established by Anthony and his team since the facility opened in 2009."

Anthony Marnell commented, "The staff and management of M Resort are delighted to be joining forces with Penn National as they share our commitment to delivering exceptional guest service throughout their broad portfolio of regional gaming facilities. Penn National has brought financial stability to the facility and we look forward to welcoming Penn National customers from other markets and providing them with a first class Las Vegas experience while continuing to serve our loyal base of local customers."

### **About Penn National Gaming**

Penn National Gaming owns, operates or has ownership interests in gaming and racing facilities with a focus on slot machine entertainment. The Company presently operates twenty-six facilities in eighteen jurisdictions, including Colorado, Florida, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Mississippi, Missouri, Nevada, New Jersey, New Mexico, Ohio, Pennsylvania, Texas, West Virginia, and Ontario. In aggregate, Penn National's operated facilities feature approximately 29,000 gaming machines, 560 table games, 2,400 hotel rooms and 1.1 million square feet of gaming floor space.

Through a joint venture, Penn National is developing a full casino at Kansas Speedway in Kansas City, which is anticipated to open in the first quarter of 2012, and is also developing casinos in Toledo and Columbus, Ohio, with openings targeted for 2012.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may vary materially from expectations. Penn 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, 2010. Meaningful factors that could cause actual results to differ from expectations include, but are not limited to, risks related to the following: our ability to receive, or delays in obtaining, the regulatory approvals required to own, develop and/or operate our facilities, or other delays or impediments to completing our planned acquisitions or projects, including favorable resolution of any related litigation and/or enforcement of contingent settlement agreements; our ability to secure state and local permits and approvals necessary for construction; construction factors, including delays, unexpected remediation costs, local opposition and increased cost of labor and materials; 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 business (such as a smoking ban at any of our facilities) or in jurisdictions where we seek to do business; 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; the activities of our competitors and the emergence of new competitors; our ability to identify attractive

acquisition and development opportunities and to agree to terms with partners for such transactions; 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; our expectations for the continued availability and cost of capital; the maintenance of agreements with our horsemen, pari-mutuel clerks and other organized labor groups; the outcome of pending legal proceedings; changes in accounting standards; our dependence on key personnel; the impact of terrorism and other international hostilities; the impact of weather; and other factors as discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2010, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K as filed with the SEC. The Company does not intend to update publicly any forward-looking statements except as required by law.

SOURCE: Penn National Gaming, Inc.

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