

**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): **May 25, 2018**

**PENN NATIONAL GAMING, INC.**

Commission file number **000-24206**

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 8.01 Other Events.**

As previously disclosed, on October 20, 2016, San Diego Gaming Ventures, LLC (“SDGV”), a wholly-owned subsidiary of Penn National Gaming, Inc. (together with SDGV, the “Company”), entered into an agreement to provide a \$98 million term loan C facility (the “Term Loan C”) to the Jamul Indian Village Development Corporation (“JIVDC”) and committed to make additional delayed draw term loans and to provide a limited completion guarantee to fund certain post-opening construction costs related to roadway improvements (together with the delayed draw term loans, the “JIVDC Commitments”). The Term Loan C is part of an approximately \$460 million credit facility obtained by the JIVDC (the “Credit Facility”). The Term Loan C and the JIVDC Commitments were made in connection with the development of Hollywood Casino Jamul-San Diego (the “Casino”) near San Diego, California, which opened to the public on October 10, 2016 and was managed by the Company pursuant to a management agreement with JIVDC.

The Term Loan C was subsequently subordinated under the terms of the Credit Facility, and the Company recorded impairment charges on the Term Loan C following the default of the JIVDC under the Credit Facility. In February 2018, the Company and the Jamul Indian Village of California mutually agreed that the Company would no longer manage or provide branding and development services to the Casino effective as of May 28, 2018.

On May 25, 2018, the Company entered into a purchase agreement (the "Purchase Agreement") with the senior lender under the Credit Facility to sell them all of the Company's outstanding obligations under the Term Loan C and the JIVDC Commitments. Pursuant to the Purchase Agreement and related agreements, the Company will receive \$10 million in cash for the Term Loan C and be relieved of any and all obligations with respect to the JIVDC Commitments, including its approximately \$29 million current obligation to fund road and other improvements. In addition, the Company will be paid approximately \$5 million in accrued and outstanding licensing fees under its branding and licensing agreement for the Casino.

The Company anticipates offsetting the capital loss associated with the sale of the Term Loan C and the JIVDC Commitments against the capital gains related to asset sales that are part of the Company's pending acquisition of Pinnacle Entertainment, Inc., which should result in a net tax benefit of approximately \$20 million. Additionally, the Company's second quarter results will include a recovery of previously recorded impairment charges of approximately \$16.5 million.

On May 29, 2018, the Company issued a press release with respect to the sale of its outstanding obligations under the Term Loan C and the JIVDC Commitments, a copy of which is attached as Exhibit 99.1 hereto.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#">Press Release dated May 29, 2018.</a>

2

**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: May 29, 2018

PENN NATIONAL GAMING, INC.

By: /s/ William J. Fair  
Name: William J. Fair  
Title: EVP, Chief Financial Officer

3

## News Announcement



## FOR IMMEDIATE RELEASE

**PENN NATIONAL GAMING ENTERS INTO AGREEMENTS TO EXIT JAMUL CASINO TERM LOAN C FACILITY AND THE PROJECT**

Wyomissing, Penn., (May 29, 2018) — Penn National Gaming, Inc. (PENN: Nasdaq) (“Penn National” or the “Company”) announced today that it has entered into a series of agreements with an affiliate of the Jamul Indian Village of California (“JIV” or the “Tribe”) and the JIV’s senior lender, which will complete Penn National’s separation from Hollywood Casino Jamul — San Diego (“JIV Casino”). In March 2018, Penn National disclosed plans for an orderly transition of the management of the JIV Casino to JIV, and the Company’s involvement in JIV Casino ended on May 28. These new agreements terminate substantially all of the Company’s remaining obligations and liabilities in connection with this project.

In October 2016, the Tribe obtained long term secured financing for the JIV Casino, consisting of revolving and term loan credit facilities (the “Credit Facilities”) totaling approximately \$460 million. The term loan C facility is held by the Company’s subsidiary, San Diego Gaming Ventures, LLC. The borrower is currently in default on its obligations under the loan and the Company’s loan is fully subordinated to the other lenders that have extended credit to the Tribe. At present, approximately \$95 million is outstanding on the term loan C facility, and the Company recorded charges of \$89.8 million related to the loan and related loan commitments in 2017. The net carrying value of the term loan C and related obligations totaled \$20.6 million at March 31, 2018.

As a result of the agreements, Penn National will receive a total of approximately \$15 million in cash proceeds for the sale of the loan and the payment of outstanding licensing fees and the Company will be relieved of its approximately \$29 million current funding obligation. The Company anticipates offsetting the capital loss associated with the sale of the loan against the capital gains related to asset sales that are part of the Company’s pending acquisition of Pinnacle Entertainment, Inc., which should result in a net tax benefit of approximately \$20 million.

**About Penn National Gaming**

Penn National Gaming owns, operates or has ownership interests in gaming and racing facilities and video gaming terminal operations with a focus on slot machine entertainment. At March 31, 2018, the Company operated twenty-nine facilities in seventeen jurisdictions, including California, Florida, Illinois, Indiana, Kansas, Maine, Massachusetts, Mississippi, Missouri, Nevada, New Jersey, New Mexico, Ohio, Pennsylvania, Texas, West Virginia, and Ontario, Canada. At March 31, 2018, in aggregate, Penn National Gaming operated approximately 36,100 gaming machines, 810 table games and 4,800 hotel rooms. The Company also offers social online gaming through its Penn Interactive Ventures division.

**Important Additional Information**

In connection with the proposed transaction, on February 8, 2018, Penn filed with the Securities and Exchange Commission (the “SEC”) a registration statement on Form S-4 that contains a joint proxy statement of Penn and Pinnacle and also constitutes a prospectus of Penn (the “joint proxy statement/prospectus”). The registration statement was declared effective by the SEC on February 28, 2018 and Penn and Pinnacle commenced mailing the definitive joint proxy statement/prospectus to their respective shareholders and stockholders on February 28, 2018. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. Shareholders of Penn and stockholders of Pinnacle are urged to read the definitive joint proxy statement/prospectus regarding the proposed transaction and any other relevant documents filed or that will be filed with the SEC, as well as any amendments or supplements to those documents, because they contain or will contain important information. Investors may obtain a free copy of the registration statement and the joint proxy statement/prospectus, as well as other filings containing information about Penn and Pinnacle, without charge, at the SEC’s website at [www.sec.gov](http://www.sec.gov). Copies of the documents filed with the SEC by Penn can be obtained, without charge, by directing a request to Justin Sebastiano, Penn National Gaming, Inc., 825 Berkshire Boulevard, Suite 200, Wyomissing, Pennsylvania 19610, Tel. No. (610) 401-2029. Copies of the documents filed with the SEC by Pinnacle can be obtained, without charge, by directing a request to Vincent Zahn, Pinnacle Entertainment, Inc., 3980 Howard Hughes Parkway, Las Vegas, Nevada 89169, Tel. No. (702) 541-7777.

**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,” “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. Although the Company believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business, there can be no assurance that actual results will not differ materially from our expectations. Meaningful factors that could cause actual results to differ from expectations include, but are not limited to, risks relating to the successful transition of the Company’s responsibilities and obligations with respect to the JIV Casino, the ability of the Company to utilize any capital loss tax benefits and unanticipated changes in tax laws, the various risks relating to the Company’s pending acquisition of Pinnacle Entertainment, Inc., and other factors as discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the United States 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.

**CONTACT:**

William J. Fair  
Chief Financial Officer  
610/373-2400

Joseph N. Jaffoni, Richard Land  
JCIR  
212/835-8500 or [penn@jcir.com](mailto:penn@jcir.com)

