Form **8937**
(December 2011)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-2224

Part I Reporting Issuer

1 Issuer's name Penn National Gaming, Inc.			2 Issuer's employer identification number (EIN) 23-2234473
3 Name of contact for additional information Joseph N. Jaffoni	4 Telephone No. of contact (212) 835-8500		5 Email address of contact penn@jcir.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 825 Berkshire Blvd., Suite 200			7 City, town, or post office, state, and Zip code of contact Wyomissing, PA 19610
8 Date of action November 1, 2013	9 Classification and description Common Stock		
10 CUSIP number 707569109 & 36467J108	11 Serial number(s) N/A	12 Ticker symbol PENN and GLPI	13 Account number(s) N/A

Part II Organizational Action

Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ See Attachment

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See Attachment

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See Attachment

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Attachment

18 Can any resulting loss be recognized? ▶ See Attachment

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attachment

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ Brian T. DeMild Date ▶ 12/4/13

Print your name ▶ Brian T. DeMild, CPA Title ▶ Vice President of Tax

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

PENN NATIONAL GAMING, INC.
EIN: 23-2234473
ATTACHMENT TO IRS FORM 8937 – PART II
REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

CONSULT YOUR TAX ADVISOR

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Distribution (as defined below) on the tax basis of Penn National Gaming, Inc. ("Penn") stock and the allocation of tax basis between the stock of Penn and Gaming and Leisure Properties, Inc. ("GLPI") following the Distribution. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Neither Penn nor GLPI provides tax advice to its shareholders. The example provided below is illustrative and is being provided pursuant to Section 6045B of the Code and as a convenience to shareholders and their tax advisors when establishing their specific tax position. You are urged to consult your own tax advisor regarding the particular consequences of the Distribution to you, including the applicability and effect of all U.S. federal, state and local and foreign tax laws. We urge you to read the amended registration statement on Form S-11 of GLPI, as filed with the Securities and Exchange Commission on October 4, 2013 (the "Form S-11"), as amended, noting especially the discussion on page 36 therein under the heading "Material U.S. Federal Income Tax Consequences of the Spin-Off". You may access the Form S-11 at www.sec.gov.

This notice does not apply to shares of Penn common stock sold, exchanged or otherwise disposed of prior to the time of the Distribution.

14. Describe the organization action, and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:

On November 1, 2013, pursuant to the terms and conditions of the Separation and Distribution Agreement dated November 1, 2013 between Penn and GLPI, Penn distributed to its shareholders all of the outstanding common stock of GLPI owned by Penn at that time (the "Distribution").

GLPI's common shares trade under the ticker symbol "GLPI", whereas common shares of Penn will continue to trade under the ticker symbol "PENN".

Each Penn shareholder received one share of GLPI common stock for each common share of Penn held by such Penn shareholder of record on October 16, 2013.

15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

As a result of the Distribution, Penn shareholders will be required to allocate the aggregate tax basis in their Penn common shares held immediately before the Distribution among the GLPI common shares received in the distribution and their Penn common shares held immediately after the distribution. A stockholder's aggregate tax basis in his or her shares of Penn common stock held immediately prior to the Distribution should be allocated in proportion to the relative fair market value of the Penn common stock and the GLPI common stock. Stockholders that acquired Penn common stock at different times or different prices will need to calculate their tax basis in each block of stock and then allocate a portion of that tax basis to the Penn common stock and the GLPI common stock received with respect thereto.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the Penn common stock and the GLPI common stock for purposes of allocating your tax basis. You should consult your tax advisor to determine what measure of fair market value is appropriate.

There are several possible methods for determining the fair market values of Penn common stock and GLPI common stock. One possible approach is to utilize the NASDAQ market closing price on November 1, 2013 for Penn common stock ($13.33 per share), and the NASDAQ market closing price on November 1, 2013 for GLPI common stock ($45.64 per share) as an indication of the fair market value. Based on that approach and the assumptions and calculations set forth in Item 16 below, 22.6047% of a Penn stockholder's aggregate tax basis in his or her shares of Penn common stock prior to the Distribution would be allocated to such stockholder's shares of Penn common stock and 77.3953% would be allocated to such stockholder's shares of GLPI common stock. You are not bound by this approach and may, in consultation with your tax advisor, use another approach in determining fair market values for Penn and GLPI common stock.

16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates:

The following is an example of how the previously-described approach to basis allocation would be applied:

<u>Assumptions:</u>

- Shares of Penn common stock owned: **1,000**
- Penn stockholder's aggregate tax basis (assumed to be $40 per share): **$40,000**
- Shares of GLPI common stock received in the Distribution (1,000 shares of Penn common stock multiplied by the distribution ratio of 1): **1,000**

Tax basis allocation:

	# Shares Owned	Assumed Beginning Basis (A)	Price	FMV of Shares Owned Post Distribution	Percentage of Total FMV (B)	Allocated Tax Basis = (A) x (B)
Penn common stock	1,000	$40,000.00	$13.33[1]	$13,330.00[3]	22.6047%[5]	$9,041.88
GLPI common stock	1,000		$45.64[2]	$45.640.00[4]	77.3953%[6]	$30,958.12
Total				$58,970.00	100.00%	$40,000.00

[1] Closing market price of Penn common stock on November 1, 2013.
[2] Closing market price of GLPI common stock on November 1, 2013.
[3] 1,000 x $13.33
[4] 1,000 x $45.64
[5] $13,330/$58,970
[6] $45,640/58,970

17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:

Penn stockholders will not recognize income, gain or loss for U.S. federal income tax purposes on the receipt of the GLPI stock pursuant to the Distribution pursuant to Sections 355(a)(1)(A) and 368(a)(1)(D) of the Code. The tax basis calculations resulting from the Distribution are governed by Sections 358(a) and (b) of the Code.
You should consult your own tax advisor as to the particular consequences of the spin-off to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as foreign tax laws, which may result in the spin-off being taxable to you.

18. Can any resulting loss be recognized?

No loss may be recognized.

19. Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The Distribution was effective on November 1, 2013. For a Penn shareholder whose taxable year is a calendar year, the reportable tax year is 2013.

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The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending any transaction or matter addressed herein.