

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 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): **December 17, 2017**

**PENN NATIONAL GAMING, INC.**

(Exact name of registrant as specified in its charter)

**Pennsylvania**

(State or other jurisdiction  
of incorporation)

**0-24206**

(Commission  
File Number)

**23-2234473**

(I.R.S. Employer  
Identification No.)

**825 Berkshire Blvd., Suite 200**

**Wyomissing, PA 19610**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(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 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

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.**

On December 18, 2017, Penn National Gaming, Inc., a Pennsylvania corporation ("Penn National") and Pinnacle Entertainment, Inc., a Delaware corporation ("Pinnacle"), issued a joint press release announcing, among other things: (i) the execution of an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which Franchise Merger Sub, Inc., a Delaware corporation ("Merger Sub") and a wholly owned subsidiary of Penn National, will be merged with and into Pinnacle with Pinnacle continuing as the surviving entity and as a wholly owned subsidiary of Penn National; (ii) the execution of a Membership Interest Purchase Agreement (the "Membership Interest Purchase Agreement") with Boyd Gaming Corporation ("Boyd") pursuant to which a subsidiary of Boyd will acquire the gaming and related operations of Ameristar St. Charles (Missouri), Ameristar Kansas City (Missouri), Belterra Casino Resort in Florence, Indiana, and Belterra Park in Cincinnati, Ohio ("Belterra Park"), in connection with the Merger; (iii) the entry into definitive agreements with a subsidiary of Gaming and Leisure Properties, Inc. ("GLPI") pursuant to which GLPI's subsidiary will acquire the real estate associated with Belterra Park and Plainridge Park Casino in Plainville, Massachusetts; and (iv) that at the closing of the transactions contemplated by the Membership Interest Purchase Agreement, GLPI and Boyd will enter into a master lease agreement for the gaming operations acquired by Boyd and Penn National will assume

Pinnacle's existing lease for Meadows Casino and Racetrack in Pennsylvania and Pinnacle's existing master lease and enter into certain amendments thereto. A copy of the joint press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

On December 18, 2017, Penn National also provided supplemental information regarding the proposed transaction in connection with a presentation to investors. A copy of the investor presentation is attached hereto as Exhibit 99.2 and incorporated by reference herein.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u>                                    |
|--------------------|---|
| 99.1               | Joint press release, dated as of December 18, 2017.   |
| 99.2               | Investor presentation, dated as of December 18, 2017. |

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**EXHIBIT INDEX**

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| 99.1               | <a href="#">Joint press release, dated December 18, 2017.</a>   |
| 99.2               | <a href="#">Investor presentation, dated December 18, 2017.</a> |

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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 thereunto duly authorized.

PENN NATIONAL GAMING, INC.

Date: December 18, 2017

By: /s/ William J. Fair  
Name: William J. Fair  
Title: Executive Vice President and Chief Financial Officer

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## Penn National Gaming to Acquire Pinnacle Entertainment

*Pinnacle Shareholders to Receive \$20.00 Per Share in Cash and 0.42 Shares of Penn National Common Stock for Each Pinnacle Share in Transaction Valued at Approximately \$2.8 Billion*

*Enhances Penn National's Position as North America's Leading Regional Gaming Operator and Further Diversifies Its Best-in-Class Portfolio of Gaming Assets*

*Immediately Accretive to Free Cash Flow Per Share; Expected to Generate \$100 Million in Annual Run-Rate Cost Synergies*

*Definitive Agreements with Gaming and Leisure Properties on Master Lease Amendments and Sale-Leaseback Transactions and with Boyd Gaming on Planned Divestitures Provide Clear Path to Completion*

*Post-Synergy Acquisition Multiple of 6.6x LTM EBITDA*

*Penn National and Pinnacle to Host Joint Conference Call and Webcast at 8:00 a.m. ET Today*

WYOMISSING, PA and LAS VEGAS, December 18, 2017 — Penn National Gaming, Inc. (NASDAQ: PENN) (“Penn National”) and Pinnacle Entertainment, Inc. (NASDAQ: PNK) (“Pinnacle”) announced today that they have entered into a definitive agreement under which Penn National will acquire Pinnacle in a cash and stock transaction valued at approximately \$2.8 billion. Under the terms of the agreement, Pinnacle shareholders will receive \$20.00 in cash and 0.42 shares of Penn National common stock for each Pinnacle share, which implies a total purchase price of \$32.47 per Pinnacle share based on Penn National’s closing price on December 15, 2017. The transaction reflects a 36% premium for Pinnacle shareholders based on Pinnacle’s closing price of \$21.86 and Penn National’s closing price of \$22.91 on October 4, 2017. The transaction has been approved by the boards of directors of both companies and is expected to close in the second half of 2018.

Pinnacle owns and operates 16 gaming and entertainment facilities in 11 jurisdictions across the United States. Following the acquisition of Pinnacle and the planned divestiture of four of its properties to Boyd Gaming Corporation (NYSE: BYD) (“Boyd”) (as described below), Penn National will have significantly greater operational and geographic diversity and operate a combined 41 properties in 20 jurisdictions throughout North America. The transaction is expected to generate \$100 million in annual run-rate cost synergies following integration and is anticipated to be immediately accretive to free cash flow in the first year. Pro forma for the divestitures and synergies, the acquisition reflects a multiple of 6.6x LTM EBITDA.

Timothy J. Wilmott, Chief Executive Officer of Penn National Gaming, commented, “By combining our highly complementary portfolios and similar operating philosophies, we will be able to leverage the strengths of both our companies and create an unparalleled experience for our regional gaming customers, while generating significant value for our shareholders and business partners.”

Mr. Wilmott continued, “The combined company will benefit from enhanced scale, additional growth opportunities and best-in-class operations, creating a more efficient integrated gaming company. Going forward, we will have the financial and operational flexibility to further execute on our strategic objectives, while maintaining our track record of industry-leading profit margins and generating

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significant cash flow to reduce leverage over time. We look forward to welcoming Pinnacle’s talented employees to our team and to further enhancing our status as North America’s leading regional gaming operator.”

Anthony Sanfilippo, Chairman and Chief Executive Officer of Pinnacle Entertainment, said, “Pinnacle is a terrific company whose success is due to the efforts of our more than 16,000 team members that focus every day on providing great service and memorable experiences for our guests. Tim and the Penn National team lead a high-quality organization that, like Pinnacle, has a long track record of operational excellence and accretive growth. We believe the combination will produce an even stronger gaming entertainment platform that builds on the individual accomplishments of both companies and benefits our collective team members, shareholders and guests.”

Mr. Sanfilippo continued, “Pinnacle shareholders will receive immediate value from the cash consideration, as well as participation in the longer-term growth of Penn National that we expect will occur from the integration of these two great companies into a more efficient, larger-scale gaming entertainment platform. We are also pleased that Boyd Gaming will be acquiring our Ameristar properties in St. Charles and Kansas City, along with Belterra Casino Resort and Belterra Park. We look forward to working closely with Penn National and Boyd to seamlessly transition the Pinnacle businesses to their respective new owners.”

### Compelling Strategic and Financial Benefits

- **Increased Scale and Broader Geographic Diversification:** The acquisition will further establish Penn National as North America’s leading regional gaming operator, benefitting from a broader, deeper base of properties, greater economies of scale and increased purchasing power. The combined company will operate 41 properties across 20 jurisdictions with approximately 53,500 slots, 1,300 tables and 8,300 hotel rooms, and will have more than 35,000 employees. In addition, by combining two of the top customer loyalty programs in the industry, Penn National will be better positioned to drive play within its portfolio, in particular at Tropicana Las Vegas and M Resort.
- **Creates Opportunity for Meaningful Synergies:** Penn National has identified \$100 million in annual run-rate cost synergies driven by the elimination of corporate overhead redundancies and improved property level efficiencies, with limited incremental costs required to scale operations and integrate Pinnacle’s properties.
- **Enhances Innovative Growth Strategy:** The acquisition will leverage Penn National’s portfolio of regional and destination gaming properties and social gaming platforms across Pinnacle’s portfolio of complementary assets. The combined company will benefit from additional promotional opportunities in online and social gaming, which will help provide an additional boost to property level performance.

- **Immediately Accretive to Free Cash Flow:** Penn National expects the acquisition of Pinnacle to be immediately accretive to free cash flow per share in the first year. The strong free cash flow generation from the combined companies will enhance Penn National's ability to de-lever its balance sheet, pursue strategic opportunities and ultimately return capital to shareholders.
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## Divestitures

In connection with the transaction, Penn National has entered into a definitive agreement with Boyd in which Boyd will purchase Pinnacle's gaming operations at Ameristar Kansas City and Ameristar St. Charles in Missouri; Belterra Casino Resort in Indiana; and Belterra Park in Ohio, for approximately \$575 million in cash. These divestitures are anticipated to occur immediately prior to, and are conditioned upon, the completion of the Pinnacle acquisition.

## Definitive Agreements and Master Lease Amendments with Gaming and Leisure Properties

Gaming and Leisure Properties (NASDAQ: GLPI) ("GLPI"), the landlord for Penn National and Pinnacle under their respective master lease agreements, has entered into an agreement to amend the terms of the Pinnacle master lease to permit the divestitures. In connection with the transaction, Penn National, GLPI and Boyd have agreed to the following:

- Penn National and GLPI will enter into a sale and leaseback of the real estate associated with Belterra Park and Plainridge Park Casino for approximately \$315 million.
- An amendment to the terms of the Pinnacle master lease following closing of the merger to reflect an annual fixed rent payment of \$25 million for Plainridge Park Casino and \$13.9 million in incremental annual rent to adjust to market conditions.
- At closing, GLPI and Boyd will enter into a master lease agreement for the divestitures pursuant to which Boyd will lease the divested real property from GLPI (including the real property underlying Belterra Park).
- Penn National will assume the existing master lease and Pinnacle's existing lease for the Meadows Casino and Racetrack in Pennsylvania. Penn National's master lease with GLPI will not be affected by this transaction.

## Financing

Penn National has received committed financing for the transaction, subject to customary conditions, from BofA Merrill Lynch and Goldman Sachs Bank USA, and expects to fund the acquisition with a combination of the proceeds from the Boyd and GLPI transactions, existing cash on its balance sheet and new debt financing. Penn National anticipates that the additional cash flow resulting from the acquisition will allow it to pay down debt on an accelerated basis after closing.

## Approvals and Timing

The transaction is subject to approval of the shareholders of Penn National and Pinnacle, the approval of applicable gaming authorities, the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Act and other customary closing conditions. The companies expect the transaction to close in the second half of 2018.

Upon completion of the transaction Penn National and Pinnacle shareholders will hold 78 percent and 22 percent, respectively, of the combined company's outstanding shares.

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## Advisors

Goldman, Sachs & Co. LLC is acting as lead financial advisor, BofA Merrill Lynch is also acting as a financial advisor, and Wachtell, Lipton, Rosen & Katz is acting as legal advisor to Penn National in connection with the transaction. J.P. Morgan is acting as financial advisor and Skadden, Arps, Slate, Meagher & Flom LLP is acting as legal advisor to Pinnacle in connection with the transaction.

## Conference Call and Webcast

Penn National and Pinnacle will host a conference call and simultaneous webcast today, Monday, December 18, 2017 at 8:00 a.m. ET to review the transaction and host a question and answer session. To access the conference call, interested parties may dial 303-223-2685, conference ID 21877178 (domestic and international callers). Participants can also listen to a live webcast of the call from Penn National's website at [www.pngaming.com](http://www.pngaming.com) or Pinnacle's website at <http://investors.pnkinc.com>. During the conference call and webcast, management will review a presentation summarizing the proposed transaction which can be accessed at [www.pngaming.com](http://www.pngaming.com). A webcast replay will be available for 90 days following the live event at [www.pngaming.com](http://www.pngaming.com). Please call five minutes in advance to ensure that you are connected. Questions and answers will be taken only from participants on the conference call. For the webcast, please allow 15 minutes to register, download and install any necessary software.

## About Penn National

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. We have also recently expanded into social online gaming offerings via our Penn Interactive Ventures, LLC division and our recent acquisition of Rocket Speed, Inc. At September 30, 2017, 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 September 30, 2017, in aggregate, Penn National Gaming operated approximately 36,700 gaming machines, 820 table games and 4,800 hotel rooms.

## About Pinnacle

Pinnacle Entertainment, Inc. owns and operates 16 gaming entertainment businesses, located in Colorado, Indiana, Iowa, Louisiana, Mississippi, Missouri, Nevada, Ohio and Pennsylvania. In addition, Pinnacle holds a majority interest in the racing license owner, as well as a management contract, for Retama Park Racetrack outside of San Antonio, Texas.

## **About Boyd Gaming**

Headquartered in Las Vegas, Boyd Gaming Corporation (NYSE: BYD) is a leading diversified owner and operator of 24 gaming entertainment properties located in Nevada, Illinois, Indiana, Iowa, Kansas, Louisiana and Mississippi. Boyd Gaming press releases are available at [www.prnewswire.com](http://www.prnewswire.com). Additional news and information on Boyd Gaming can be found at [www.boydgaming.com](http://www.boydgaming.com).

## **About GLPI**

GLPI is engaged in the business of acquiring, financing, and owning real estate property to be leased to gaming operators in triple-net lease arrangements, pursuant to which the tenant is responsible for all facility maintenance, insurance required in connection with the leased properties and the business conducted on the leased properties, taxes levied on or with respect to the leased properties and all utilities and other services necessary or appropriate for the leased properties and the business

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conducted on the leased properties. GLPI expects to grow its portfolio by pursuing opportunities to acquire additional gaming facilities to lease to gaming operators. GLPI also intends to diversify its portfolio over time, including by acquiring properties outside the gaming industry to lease to third parties. GLPI elected to be taxed as a REIT for United States federal income tax purposes commencing with the 2014 taxable year and is the first gaming-focused REIT in North America.

## **Forward-looking Statements**

This communication may contain certain forward-looking statements, including certain plans, expectations, goals, projections, and statements about the benefits of the proposed transaction, Penn National's and Pinnacle's plans, objectives, expectations and intentions, the expected timing of completion of the transaction, and other statements that are not historical facts. Such statements are subject to numerous assumptions, risks, and uncertainties. Statements that do not describe historical or current facts, including statements about beliefs and expectations, are forward-looking statements. Forward-looking statements may be identified by words such as "expect," "anticipate," "believe," "intend," "estimate," "plan," "target," "goal," or similar expressions, or future or conditional verbs such as "will," "may," "might," "should," "would," "could," or similar variations. The forward-looking statements are intended to be subject to the safe harbor provided by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ materially from those contained or implied in the forward-looking statements including: risks related to the acquisition of Pinnacle by Penn National and the integration of the businesses and assets to be acquired; the possibility that the proposed transaction does not close when expected or at all because required regulatory, shareholder or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all; the risk that the financing required to fund the transaction is not obtained on the terms anticipated or at all; the possibility that the Boyd and/or GLPI deals do not close in a timely fashion or at all; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the transaction; potential litigation challenging the transaction; the possibility that the anticipated benefits of the transaction are not realized when expected or at all, including as a result of the impact of, or issues arising from, the integration of the two companies; the possibility that the anticipated divestitures are not completed in the anticipated timeframe or at all; the possibility that additional divestitures may be required; the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events; diversion of management's attention from ongoing business operations and opportunities; litigation relating to the transaction; risks associated with increased leverage from the transaction; and additional factors discussed in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Penn National' and Pinnacle' respective most recent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K as filed with the Securities and Exchange Commission. Other unknown or unpredictable factors may also cause actual results to differ materially from those projected by the forward-looking statements. Most of these factors are difficult to anticipate and are generally beyond the control of Penn National and Pinnacle. Neither Penn National nor Pinnacle undertakes any obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless required to do so by law.

## **Additional Information**

This communication does not constitute an offer to buy or solicitation of an offer to sell any securities. In connection with the proposed transaction, Penn National intends to file with the SEC a registration

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statement on Form S-4 that will include a joint proxy statement of Penn National and Pinnacle that also constitutes a prospectus of Penn National. Penn National and Pinnacle also plan to file other relevant documents with the SEC regarding the proposed transaction. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. You may obtain a free copy of the joint proxy statement/prospectus (if and when it becomes available) and other relevant documents filed by Penn National and Pinnacle with the SEC at the SEC's website at [www.sec.gov](http://www.sec.gov).

## **Certain Information Regarding Participants**

Penn National and Pinnacle and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction under the rules of the SEC. Investors may obtain information regarding the names, affiliations and interests of Penn National' directors and executive officers in Penn National' Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on February 24, 2017, and its proxy statement for its 2017 Annual Meeting, which was filed with the SEC on April 25, 2017. Investors may obtain information regarding the names, affiliations and interests of Pinnacle' directors and executive officers in Pinnacle' Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on February 28, 2017, and its proxy statement for its 2017 Annual Meeting, which was filed with the SEC

on March 14, 2017. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC regarding the proposed transaction if and when they become available. Investors should read the joint proxy statement/prospectus carefully and in its entirety when it becomes available before making any voting or investment decisions. You may obtain free copies of these documents at the SEC's website at [www.sec.gov](http://www.sec.gov).

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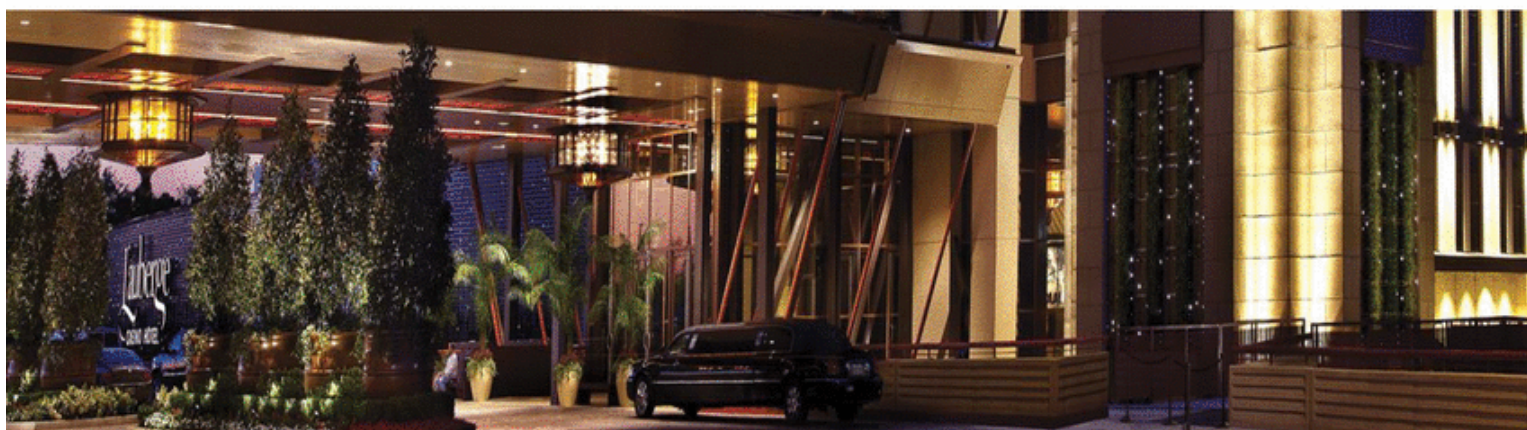
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# Penn National's Transformational Acquisition of Pinnacle Entertainment

December 18, 2017



# Forward-Looking Statements

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# Important Information For Investors

## Additional Information

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# Transaction Overview

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|--|---|
| <b>Transaction Summary</b>                             | <ul style="list-style-type: none"> <li>■ Penn National Gaming Inc. ("Penn National") to acquire Pinnacle Entertainment, Inc. ("Pinnacle")</li> <li>■ Pinnacle shareholders to receive \$20.00 per share in cash and 0.420 shares of Penn National per Pinnacle share (the "Pinnacle Transaction")             <ul style="list-style-type: none"> <li>— Transaction is valued at approximately \$2.8 billion</li> <li>— Implies \$32.47 per share of total consideration based on Penn National's closing share price on December 15, 2017</li> <li>— Implies a 36% premium to Pinnacle share price of \$21.86 as of October 4, 2017<sup>(1)</sup></li> </ul> </li> <li>■ Immediately accretive to free cash flow per share</li> <li>■ Pro forma for the Pinnacle Transaction, existing Penn National shareholders will own 78% of the combined company</li> </ul> |
| <b>Divestiture Assets</b>                              | <ul style="list-style-type: none"> <li>■ Concurrent with the closing of the Pinnacle Transaction, the gaming operations of 4 existing Pinnacle properties (the "Divestiture Assets") will be sold to Boyd Gaming Corp. ("Boyd") for \$575 million in cash</li> <li>■ The Divestiture Assets consist of: Ameristar Kansas City, Ameristar St. Charles, Belterra Park (OpCo) and Belterra Casino Resort</li> </ul>  |
| <b>Sale Leasebacks and Adjustments to Master Lease</b> | <ul style="list-style-type: none"> <li>■ Concurrent with the closing of the Pinnacle Transaction, Penn National has agreed to sell the real estate assets of Plainridge Park and Belterra Park to Gaming and Leisure Properties, Inc. ("GLPI") for \$315 million in cash</li> <li>■ The amended Pinnacle Master Lease will be adjusted for incremental rent of \$13.9 million to adjust to market conditions</li> </ul>   |
| <b>Anticipated Synergies</b>                           | <ul style="list-style-type: none"> <li>■ \$100 million of anticipated run-rate cost synergies, achieved within 24 months of closing</li> <li>■ Additional growth opportunities are expected to drive incremental upside, including increased Las Vegas visitation, enhanced scale of player database and higher social gaming revenues</li> </ul>   |
| <b>Effective Pinnacle Purchase Price</b>               | <ul style="list-style-type: none"> <li>■ Pro forma for the Divestiture Assets and sale leasebacks, the effective Pinnacle purchase price is \$1,714 million</li> <li>■ Acquisition multiple of 6.6x LTM EBITDA<sup>(2)</sup> pro forma for \$100 million of anticipated run-rate cost synergies and Master Lease rent adjustments</li> </ul>  |
| <b>Financing and Other</b>                             | <ul style="list-style-type: none"> <li>■ Fully committed financing from BofA Merrill Lynch and Goldman Sachs</li> <li>■ Transaction subject to regulatory approvals, Penn National and Pinnacle shareholder votes and other customary closing conditions</li> <li>■ Expected closing in 2H 2018</li> </ul>  |



(1) Based on Pinnacle's closing price of \$21.86 and Penn National's closing price of \$22.91 on October 4, 2017, the last trading day prior to press speculation regarding a transaction.

(2) Based on effective price of \$1,714mm and EBITDA of \$261mm. See Page 17.

# Summary Transaction Components

**Penn National, Pinnacle, Boyd and GLPI worked together towards an actionable transaction that creates value for all shareholders**

## Penn National Acquires Pinnacle Entertainment



PENN NATIONAL  
GAMING, INC.

*Pinnacle*  
Entertainment

- Acquisition of Pinnacle, except Divestiture Assets, for 6.6x LTM EBITDA<sup>(1)</sup> pro forma for \$100 million of anticipated run-rate cost synergies and Master Lease rent adjustments
- Estimated \$100 million of run-rate cost synergies, with potential for further upside
- Will continue to have 2 distinct Master Leases for legacy Penn National and Pinnacle assets, and assume Meadows Lease
- Expected closing in 2H 2018

## Sale of Divestiture Assets to Boyd Gaming

**BOYD**  
GAMING

- Boyd to acquire Divestiture Assets for \$575 million in cash<sup>(2)</sup>
  - Multiple of 6.25x on 2017E Adjusted Property EBITDA
- Boyd enters into a separate Master Lease with GLPI
- Pinnacle's current rent obligation under its existing Master Lease will be allocated proportionally<sup>(3)</sup> between Penn National and Boyd based on the Adjusted EBITDAR contributions of the respective properties acquired as of FY 2017
- Divestitures are anticipated to occur immediately prior to, and are conditioned upon, the completion of the Pinnacle Transaction

## Sale Leasebacks and Master Lease Adjustments with GLPI



GAMING & LEISURE  
PROPERTY, LLC

- Sale leaseback of Plainridge Park and Belterra Park for \$315 million in cash<sup>(2)</sup>
  - Blended multiple of 9.8x on rent
  - Plainridge Park will be incorporated into the amended Pinnacle Master Lease
- Annual amended Pinnacle Master Lease payments will include fixed increases of \$25 million for Plainridge Park and \$13.9 million of incremental rent to adjust to market conditions
- Sale leasebacks are anticipated to occur immediately prior to, and are conditioned upon, the completion of the Pinnacle Transaction



(1) Based on effective price of \$1,714mm and EBITDA of \$261mm. See Page 17.

(2) Prior to impact of applicable taxes.

(3) The allocation only applies to assets currently under the Pinnacle Master Lease. Belterra Park lease payment is determined through a 1.8x rent coverage ratio as of FY 2017.

# Compelling Strategic Rationale

1

Enhances Penn National's position as the leading US regional gaming operator

2

Increases geographic diversification with highly complementary properties

3

Best-in-class regional properties enhanced by the Company's Las Vegas assets

4

Meaningful realizable synergies to drive free cash flow accretion

5

Accelerates innovative growth strategy and enhanced customer experience



1

# Enhances Penn National's Position as the Leading US Regional Gaming Operator



|                   |   | Penn National Gaming, Inc.                    | Pinnacle Entertainment                        | Divestiture Assets <sup>(1)</sup> | Pro Forma <sup>(2)</sup>  |
|-------------------|---|---|---|-----------------------------------|---|
| Financial Metrics | 3Q 2017 LTM Net Revenue                         | \$ 3,122 million <sup>(3)</sup>               | \$ 2,578 million                              | \$674 million                     | \$5,026 million   |
|                   | 3Q 2017 LTM Adj. EBITDAR                        | \$ 859 million <sup>(3)</sup>                 | \$ 703 million                                | \$197 million                     | \$1,465 million   |
|                   | 3Q 2017 LTM Adj. EBITDA (net of lease payments) | \$ 407 million <sup>(3)</sup>                 | \$ 299 million                                | \$92 million                      | \$668 million   |
|                   | Net Leverage                                    | 2.6 x (Conventional)<br>5.3 x (Rent-Adjusted) | 2.3 x (Conventional)<br>5.7 x (Rent-Adjusted) | NA                                | 2.7 x (Conventional) <sup>(4)</sup><br>5.4 x (Rent-Adjusted) <sup>(4)</sup> |
| Portfolio Metrics | Number of Properties <sup>(5)</sup>             | 29  | 16  | 4                                 | 41  |
|                   | Number of Jurisdictions                         | 17  | 11  | 3                                 | 20  |
|                   | Top 3 Assets (% of Total GGR)                   | 28 %  | 34 %  | NA                                | 19 %  |

(1) Based on 2017E estimates for Divestiture Assets.  
 (2) Pro Forma EBITDAR includes \$100 million of anticipated run-rate cost synergies.  
 Pro Forma EBITDA reflects an additional \$13.9 million fixed increase in annual rent and \$32 million in rent from Plainridge Park and Belterra Park (OpCo).  
 (3) Includes contributions from our May 1, 2017 acquisition of 1<sup>st</sup> Jackpot Casino Tunica (f/k/a Bally's Resorts Tunica) and Resorts Casino Tunica.  
 (4) At assumed close in 2H 2018. Assumes 8.0x rent multiple for lease payments on Meadows, Plainridge Park, Belterra Park, and \$13.9 million Pinnacle Master Lease rent adjustment.  
 (5) Includes Penn National joint venture assets.



1

# Enhances Penn National's Position as the Leading US Regional Gaming Operator

## 3Q 2017 LTM Net Revenue (\$ millions)



## 3Q 2017 LTM Adj. EBITDAR (\$ millions)



Source: Company filings

Note: Caesars, Las Vegas Sands, MGM, and Wynn excluded given their significant exposure to destination-market properties.

(1) Pro forma for Divestiture Assets acquired.

(2) Excludes Revenue and EBITDA contribution of Big Fish Games, which is under contract to be sold.

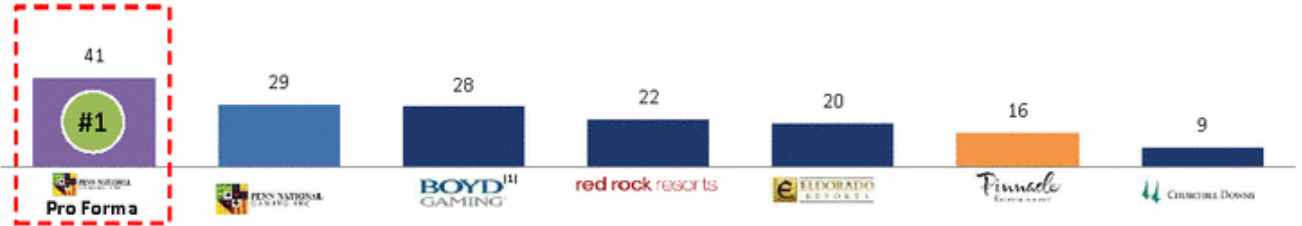
(3) Pro Forma for \$35 million estimated synergies announced from the ISLE acquisition, of which \$12.5 million have been realized through September 30, 2017 per public filings.



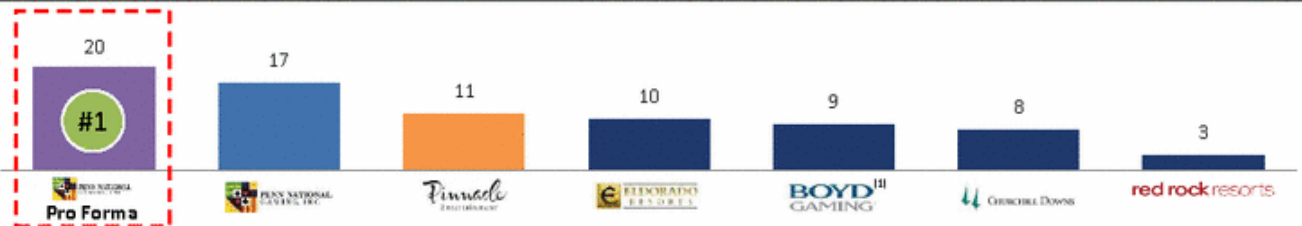
1

# Enhances Penn National's Position as the Leading US Regional Gaming Operator

## Number of Properties



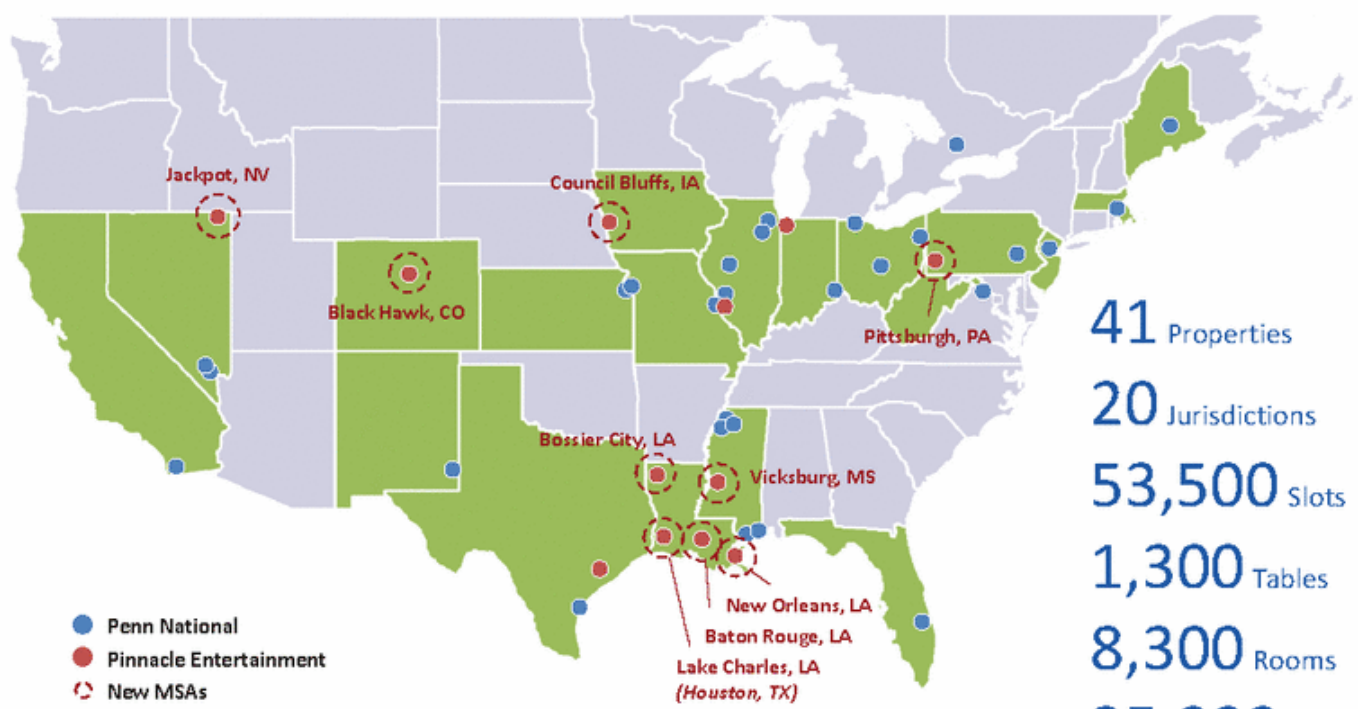
## Number of Jurisdictions



Source: Company filings  
 Note: Caesars, Las Vegas Sands, MGM, and Wynn excluded given their significant exposure to destination-market properties.  
 (1) Pro forma for Divestiture Assets acquired.

2

# Increases Geographic Diversification with Highly Complementary Properties



41 Properties  
20 Jurisdictions  
53,500 Slots  
1,300 Tables  
8,300 Rooms  
35,000+ Employees



Note: Excludes Divestiture Assets. Does not include Retail Gaming and Penn Interactive Ventures.



### 3 Best-in-Class Regional Properties



*L'Auberge Lake Charles (Lake Charles, LA)*



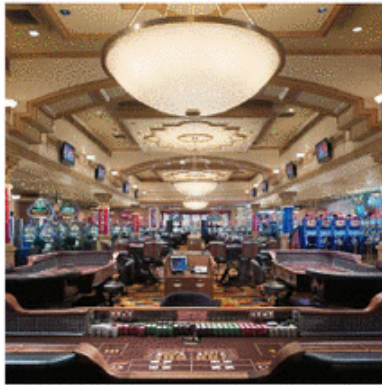
*L'Auberge Baton Rouge (Baton Rouge, LA)*



*Ameristar Black Hawk (Black Hawk, CO)*



*River City Casino & Hotel (St. Louis, MO)*



*Ameristar Council Bluffs (Council Bluffs, IA)*



*The Meadows Casino (Washington, PA)*



## 4 Meaningful Realizable Synergies

### Cost Synergies

#### Corporate Overhead

- Management will be comprised of the best qualified individuals
- Eliminate redundant corporate overhead functions
- Modest cost to scale operations and integrate properties

#### Operational Efficiencies

- Leverage economies of scale and enhanced purchasing power
- Marketing activities targeted to a larger customer base
- Opportunity for meaningful labor efficiencies and savings from procurement, energy projects, marketing activities, and sharing best practices
- Pinnacle's brands to be maintained; no significant expenses to integrate properties

### Additional Upside

- Increase Tropicana Las Vegas and M Resort upside by targeting an expanded population of regional gaming customers
- Broader portfolio enhances cross-property visitation
- Pro forma rewards program immediately becomes one of the industry's leading loyalty programs
- Social gaming upside from enhanced customer database

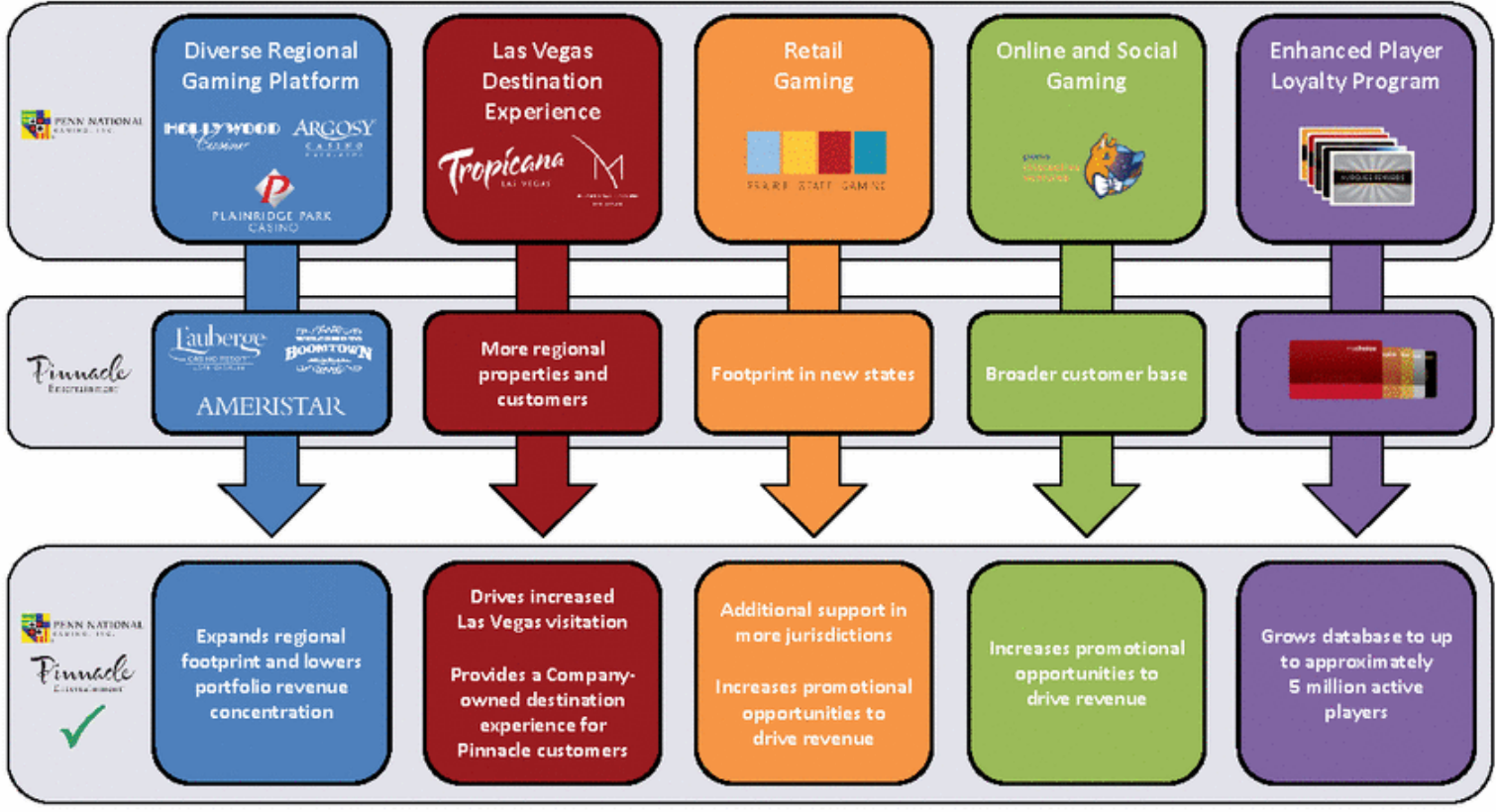
**\$100 million  
in estimated  
run-rate  
cost synergies**

**Significant  
potential  
upside**



5

# Accelerates Innovative Growth Strategy and Enhanced Customer Experience



# Transaction Financing Summary



# Financing Overview

- Committed 13 month<sup>(1)</sup> financing package of \$1,980 million
- Closing rent-adjusted leverage anticipated to be 5.5x – 5.7x (5.3x – 5.5x net rent-adjusted leverage)
- Acquisition debt anticipated to be new incremental Term Loan B
- Near term focus on acquisition integration and prioritization of cash flow for debt reduction
- Closing anticipated in 2H 2018

## Anticipated Sources & Uses at Closing (\$ in millions)

| Sources   |                 | Uses                                  |                 |
|---|-----------------|---------------------------------------|-----------------|
| New Term Loan B                                 | \$ 1,250        | Purchase of Pinnacle Equity           | \$ 2,056        |
| Penn National Stock Consideration               | 790             | Repayment of Pinnacle Bank Debt       | 334             |
| Net After-Tax Proceeds from Asset Sales         | 837             | Redemption of Pinnacle Notes Due 2024 | 531             |
| Cash Flow from Operations / Balance Sheet (Net) | 194             | Estimated Fees and Expenses           | 150             |
| <b>Total Sources</b>                            | <b>\$ 3,071</b> | <b>Total Uses</b>                     | <b>\$ 3,071</b> |



(1) 10.5 month commitment with one 2.5 month extension

# Supplemental Information



# Illustrative Transaction Bridge

| (\$ in millions)                   | Acquisition of Pinnacle | Anticipated Run-Rate Synergies | Sale of Divestiture Assets to Boyd <sup>(1)</sup> | GLPI Master Lease Adjustments | Sale Leaseback with GLPI <sup>(2)</sup> | Est. Pinnacle FCF / Impact of Taxes <sup>(3)</sup> | Cumulative Net Impact |
|------------------------------------|-------------------------|--------------------------------|---|-------------------------------|---|--|-----------------------|
| Transaction Value                  | \$ 2,755                | --                             | \$(575)   | --                            | \$(315)                                 | \$(151)  | \$ 1,714              |
| LTM EBITDA as of 3Q 2017           | \$ 299                  | \$ 100                         | \$(92)  | \$(14)                        | \$(32)                                  | --   | \$ 261                |
| <b>Implied LTM EBITDA Multiple</b> | <b>9.2 x</b>            |                                |   |                               |   |  | <b>6.6 x</b>          |



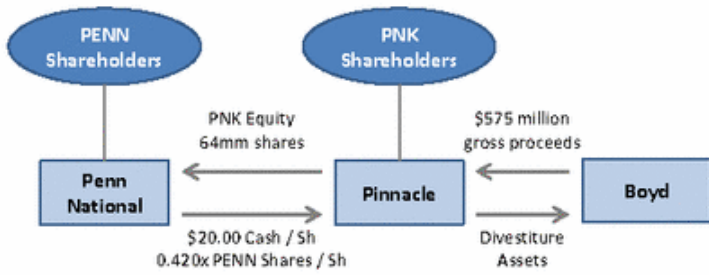
(1) Prior to impact of applicable taxes. Represents EBITDA from Divestiture Assets, net of lease payments.

(2) Prior to impact of applicable taxes. Represents rent from Plainridge Park and Belterra Park of \$25 million and \$7 million, respectively.

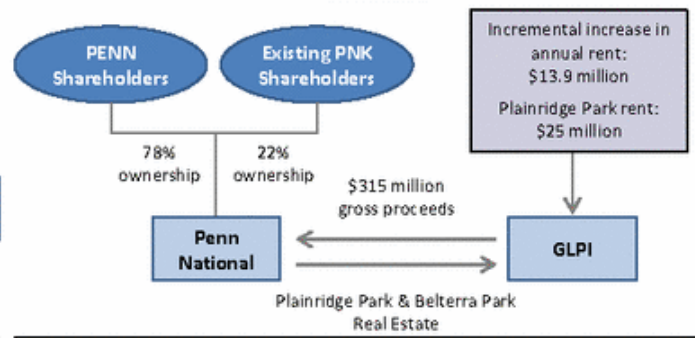
(3) Represents estimated cash flow of Pinnacle between announcement of Pinnacle Transaction to anticipated closing date in 2H 2018, net of estimated tax impact of asset sales.

# Summary Transaction Mechanics

## Acquisition of Pinnacle and Sale of Divestiture Assets to Boyd



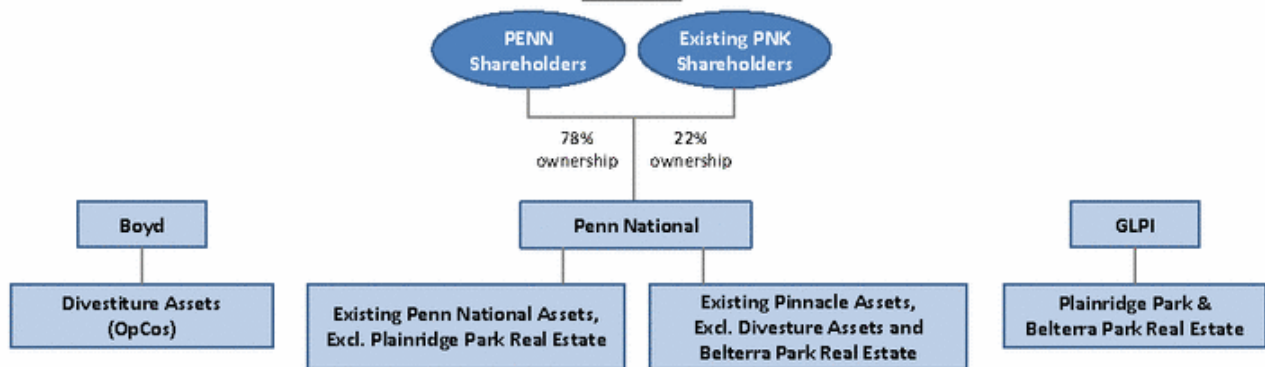
## Sale Leaseback and Master Lease Adjustments with GLPI



Penn National acquires Pinnacle and simultaneously agrees to sell the Divestiture Assets to Boyd for \$575 million

Penn National agrees to execute a sale leaseback of Plainridge Park and Belterra Park (OpCo to be owned by Boyd) with GLPI for \$315 million, and also agrees to increase annual Master Lease payments by \$25 million related to Plainridge Park and \$13.9 million to adjust to market conditions

## Outcome







# Summary Property Overview

## Penn National

| Property                                 | State | Machines      | Tables <sup>(1)</sup> | Rooms        |
|--|-------|---------------|-----------------------|--------------|
| Argosy Alton                             | IL    | 827           | 12                    | –            |
| Argosy Riverside                         | MO    | 1,513         | 38                    | 258          |
| Bally's Casino Tunica                    | MS    | 947           | 16                    | –            |
| Boomtown Biloxi                          | MS    | 897           | 14                    | –            |
| Casino Rama <sup>(3)</sup>               | ON    | 2,543         | 98                    | 289          |
| Freehold Raceway <sup>(2)</sup>          | NJ    | –             | –                     | –            |
| Hollywood Aurora                         | IL    | 1,100         | 21                    | –            |
| Hollywood Bangor                         | ME    | 778           | 14                    | 152          |
| Hollywood Charles Town                   | WV    | 2,527         | 86                    | 153          |
| Hollywood Columbus                       | OH    | 2,249         | 70                    | –            |
| Hollywood Dayton Raceway                 | OH    | 1,005         | –                     | –            |
| Hollywood Gulf Coast                     | MS    | 1,096         | 18                    | 291          |
| Hollywood Jamul <sup>(1)</sup>           | CA    | 1,731         | 40                    | –            |
| Hollywood Joliet                         | IL    | 1,100         | 18                    | 100          |
| Hollywood Kansas Speedway <sup>(2)</sup> | KS    | 2,000         | 41                    | –            |
| Hollywood Lawrenceburg                   | IN    | 1,758         | 62                    | 295          |
| Hollywood Mahoning Valley                | OH    | 986           | –                     | –            |
| Hollywood Penn Nat'l Race Course         | PA    | 2,389         | 56                    | –            |
| Hollywood St. Louis                      | MO    | 2,000         | 63                    | 502          |
| Hollywood Toledo                         | OH    | 2,044         | 59                    | –            |
| Hollywood Tunica                         | MS    | 1,040         | 17                    | 494          |
| M Resort                                 | NV    | 1,320         | 40                    | 390          |
| Plainridge Park                          | MA    | 1,250         | –                     | –            |
| Prairie State Gaming                     | IL    | 1,437         | –                     | –            |
| Resorts Casino Tunica                    | MS    | 800           | 9                     | 201          |
| Sam Houston Race Park <sup>(2)</sup>     | TX    | –             | –                     | –            |
| Sanford-Orlando Kennel Club              | FL    | –             | –                     | –            |
| Tropicana Las Vegas                      | NV    | 671           | 35                    | 1,470        |
| Zia Park Casino                          | NM    | 750           | –                     | 154          |
| <b>Total</b>                             |       | <b>36,758</b> | <b>802</b>            | <b>4,749</b> |

## Pinnacle

| Property                                  | State | Machines      | Tables     | Rooms        |
|---|-------|---------------|------------|--------------|
| Ameristar Black Hawk                      | CO    | 1,180         | 62         | 535          |
| Ameristar Council Bluffs                  | IA    | 1,465         | 24         | 444          |
| Ameristar East Chicago                    | IN    | 1,729         | 68         | 288          |
| Ameristar Kansas City                     | MO    | 2,154         | 71         | 184          |
| Ameristar St. Charles                     | MO    | 2,410         | 104        | 397          |
| Ameristar Vicksburg                       | MS    | 1,404         | 42         | 149          |
| Belterra Casino Resort                    | IN    | 1,165         | 47         | 662          |
| Belterra Park                             | OH    | 1,376         | –          | –            |
| Boomtown Bossier City                     | LA    | 865           | 16         | 187          |
| Boomtown New Orleans                      | LA    | 1,206         | 33         | 150          |
| Cactus Petes                              | NV    | 764           | 20         | 416          |
| L'Auberge Baton Rouge                     | LA    | 1,440         | 49         | 205          |
| L'Auberge Lake Charles                    | LA    | 1,547         | 75         | 995          |
| Meadows                                   | PA    | 3,114         | 67         | –            |
| Retama Park Racetrack <sup>(2,3)</sup>    | TX    | –             | –          | –            |
| River City                                | MO    | 1,938         | 52         | 200          |
| <b>Total</b>                              |       | <b>23,757</b> | <b>730</b> | <b>4,812</b> |
| <b>Total Excluding Divestiture Assets</b> |       | <b>16,652</b> | <b>508</b> | <b>3,569</b> |

-  Divestiture Assets
-  Sale Leaseback – Boyd Master Lease
-  Sale Leaseback – Amended Pinnacle Master Lease

Note: Properties sorted alphabetically.

(1) Excludes poker tables.

(2) Pursuant to a joint venture with a third party.

(3) Pursuant to a management contract.



# Summary of Pro Forma Leases

## Amended Pinnacle Master Lease (Operator: Penn National)

- Ameristar Council Bluffs
- Ameristar Black Hawk
- Ameristar East Chicago
- Ameristar Vicksburg
- Boomtown Bossier City
- Boomtown New Orleans
- Cactus Petes and Horseshu
- L'Auberge Baton Rouge
- L'Auberge Lake Charles
- River City
- Plainridge Park

## Penn National Master Lease (Operator: Penn National)

- Assets under existing Penn Master Lease

## Meadows Lease (Operator: Penn National)

- Meadows

## Boyd Master Lease (Operator: Boyd Gaming)

- Ameristar Kansas City
- Ameristar St. Charles
- Belterra Park
- Belterra Casino Resort

