# 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): September 24, 2020**

# PENN NATIONAL GAMING, INC.

**(Exact name of registrant as specified in its charter)**

| **Pennsylvania** | **0-24206** | **23-2234473** |
|---|---|---|
| **(State or Other Jurisdiction of Incorporation)** | **(Commission File Number)** | **(IRS Employer Identification No.)** |

**825 Berkshire Blvd., Suite 200**
**Wyomissing, PA 19610**
**(Address of principal executive offices including 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))

Securities registered pursuant to Section 12(b) of the Act:

| **Title of each class** | **Trading symbol** | **Name of each exchange on which registered** |
|---|---|---|
| **Common Stock, $0.01 par value per share** | **PENN** | **The Nasdaq Stock Market LLC** |

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 1.01. Entry into a Material Definitive Agreement.**

On September 24, 2020, Penn National Gaming, Inc. (the "Company") entered into an Underwriting Agreement with Goldman Sachs & Co. LLC, BofA Securities, Inc. and J.P. Morgan Securities LLC, as representatives of the several underwriters listed therein (the "Underwriting Agreement"), pursuant to which the Company agreed to sell, and the underwriters listed therein agreed to purchase, subject to the terms and conditions set forth therein, 14,000,000 shares of the Company's common stock and, at the option of the underwriters listed therein, an additional 2,100,000 shares of the Company's common stock.

The Underwriting Agreement contains customary representations, warranties and agreements of the Company, conditions to closing, indemnification rights and obligations of the parties and termination provisions. The description of the Underwriting Agreement set forth above is qualified in its entirety by reference to the full text of the Underwriting Agreement, a copy of which is filed as Exhibit 1.1 to this Current Report on Form 8-K and incorporated herein by reference.

**Item 7.01. Regulation FD Disclosure.**

On September 29, 2020, the Company issued a press release announcing the closing of the offering described in Item 8.01 of this Current Report on Form 8-K and the publication of an investor presentation, which include financial guidance regarding the Company's expected financial results for the third quarter of 2020. Copies of the press release and investor presentation are attached hereto as Exhibits 99.1 and 99.2, respectively, and incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in Item 7.01 of this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in Item 7.01 of this Current Report on Form 8-K shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

**Item 8.01. Other Events.**

On September 25, 2020, the underwriters fully exercised their option to purchase the additional 2,100,000 shares of the Company's common stock in accordance with the terms of the Underwriting Agreement.

On September 29, 2020, the Company completed the public offering of 16,100,000 shares of the Company's common stock at a public offering price of $61.00 per share (the "Offering"). The Company completed the Offering pursuant to the Underwriting Agreement filed as Exhibit 1.1 to this Current Report on Form 8-K. The Company expects to use the net proceeds from the Offering for general corporate purposes, which may include, among other things, investments in long-term growth initiatives, its brick and mortar properties and its omni-channel strategy.

The Offering was registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to a registration statement on Form S-3 (Registration No. 333-238149) (the "Registration Statement"), filed with the Securities and Exchange Commission (the "Commission") on May 11, 2020. The material terms of the Offering are described in the prospectus supplement, dated September 24, 2020, filed by the Company with the Commission on September 28, 2020, pursuant to Rule 424(b)(5) of the Securities Act, which relates to the offer and sale of the shares of common stock and supplements the preliminary prospectus supplement relating to the Offering, dated September 24, 2020, that constitutes a part of the Registration Statement.

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

(d) Exhibits.

| Exhibit No. | Description of Exhibit |
|---|---|
| 1.1 | Underwriting Agreement, dated as of September 24, 2020, by and among the Company, Goldman Sachs & Co. LLC, BofA Securities, Inc. and J.P. Morgan Securities LLC, as representatives of the several Underwriters named on Schedule I thereto.* |
| 5.1 | Opinion of Ballard Spahr LLP. |
| 23.1 | Consent of Ballard Spahr LLP (contained in Exhibit 5.1 hereto). |
| 99.1 | Press Release of Penn National Gaming, Inc. dated September 29, 2020. (furnished under Item 7.01). |
| 99.2 | Investor Presentation of Penn National Gaming, Inc. dated September 24, 2020 (furnished under Item 7.01). |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

* Annexes, schedules and/or exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Penn National agrees to furnish supplementally a copy of any omitted attachment to the SEC on a confidential basis upon request.

**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: September 29, 2020

**PENN NATIONAL GAMING, INC.**

By: /s/ Carl Sottosanti
Carl Sottosanti
Executive Vice President, General Counsel and Secretary

**Exhibit 1.1**

*Execution Version*

**Penn National Gaming, Inc.**

**14,000,000 Shares of Common Stock**

**Underwriting Agreement**

September 24, 2020

Goldman Sachs & Co. LLC
BofA Securities, Inc.
J.P. Morgan Securities LLC
As representatives (the "Representatives", or "you") of the several Underwriters named in Schedule I hereto,

c/o Goldman Sachs & Co. LLC
200 West Street
New York, New York 10282

c/o BofA Securities, Inc.
One Bryant Park
New York, NY 10036

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, NY 10179

Ladies and Gentlemen:

Penn National Gaming, Inc., a Pennsylvania corporation (the "Company"), proposes, subject to the terms and conditions stated in this agreement (this "Agreement"), to issue and sell to the Underwriters named in Schedule I hereto (the "Underwriters") an aggregate of 14,000,000 shares (the "Firm Securities") and, at the election of the Underwriters, up to 2,100,000 additional shares (the "Optional Securities") of common stock, par value $0.01 per share ("Stock") of the Company (the Firm Securities and the Optional Securities that the Underwriters elect to purchase pursuant to Section 2 hereof being collectively called the "Securities").

1. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(a) An "automatic shelf registration statement" as defined under Rule 405 under the Securities Act of 1933, as amended (the "Act") on Form S-3 (File No. 333-238149) in respect of the Securities has been filed with the Securities and Exchange Commission (the "Commission") not earlier than three years prior to the date hereof; such registration statement, and any post-effective amendment thereto, became effective on filing; and no stop order suspending the effectiveness of such registration statement or any part thereof has been issued and no proceeding for that purpose has been initiated or, to the knowledge of the Company, threatened by the Commission, and no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act has been received by the Company (the base prospectus filed as part of such registration statement, in the form in which it has most recently been filed with the Commission on or prior to the date of this Agreement, is hereinafter called the "Basic Prospectus"; any preliminary prospectus (including any preliminary prospectus supplement) relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act is hereinafter called a "Preliminary Prospectus"; the various parts of such registration statement, including all exhibits thereto but excluding Form T-1 and including any prospectus supplement relating to the Securities that is filed with the Commission and deemed by virtue of Rule 430B to be part of such registration statement, each as amended at the time such part of the registration statement became effective, are hereinafter collectively called the "Registration Statement"; the Basic Prospectus, as amended and supplemented immediately prior to the Applicable Time (as defined in Section 1(c) hereof), is hereinafter called the "Pricing Prospectus"; the form of the final prospectus relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof is hereinafter called the "Prospectus"; any reference herein to the Basic Prospectus, the Pricing Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act, as of the date of such prospectus; any reference to any amendment or supplement to the Basic Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any post-effective amendment to the Registration Statement, any prospectus supplement relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act and any documents filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and incorporated therein, in each case after the date of the Basic Prospectus, such Preliminary Prospectus, or the Prospectus, as the case may be; any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; any oral or written communication with potential investors undertaken in reliance on Rule 163B under the Act is hereinafter called a "Testing-the-Waters Communication"; and any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Act is hereinafter called a "Written Testing-the-Waters Communication"; and any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Securities is hereinafter called an "Issuer Free Writing Prospectus");

(b) (A) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission, and (B) each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information (as defined in Section 9(b));

(c) For the purposes of this Agreement, the "Applicable Time" is 6:03 p.m. (Eastern time) on the date of this Agreement. The Pricing Prospectus, as supplemented by the information listed on Schedule II(c) hereto, taken together (collectively, the "Pricing Disclosure Package"), as of the Applicable Time did not, and as of each Time of Delivery (as defined in Section 4(a) of this Agreement) will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus and each Written Testing-the-Waters Communication does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each Issuer Free Writing Prospectus and each Written Testing-the-Waters Communication, as supplemented by and taken together with the Pricing Disclosure Package as of the Applicable Time, did not, and as of each Time of Delivery will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements or omissions made in an Issuer Free Writing Prospectus in reliance upon and in conformity with the Underwriter Information;

(d) The documents incorporated by reference in the Pricing Prospectus and the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; any further documents so filed and incorporated by reference in the Pricing Prospectus and the Prospectus or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information; and no such documents were filed with the Commission since the Commission's close of business on the business day immediately prior to the date of this Agreement and prior to the execution of this Agreement, except as set forth on Schedule II(c) hereto;

(e) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to each part of the Registration Statement, as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, and as of each Time of Delivery, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(f) The financial statements of the Company and the related notes thereto included or incorporated by reference in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus present fairly the financial position of the Company and its consolidated subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; and such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods covered thereby, except as disclosed in such financial statements or in the Registration Statement, the Pricing Disclosure Package and the Prospectus; the selected historical financial data and the Company's summary historical financial information included or incorporated by reference in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus has been derived from the historical financial records of the Company and its consolidated subsidiaries and presents fairly the information shown thereby. The interactive data in eXtensbile Business Reporting Language included or incorporated by reference in each of Registration Statement, the Pricing Disclosure Package and the Prospectus fairly presents the information called for in all material respects and is prepared in accordance with the Commission's rules and guidelines applicable thereto;

(g) Since the date of the most recent financial statements of the Company included or incorporated by reference in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, (i) there has not been (x) any dividend or distribution of any kind declared, set aside for payment, paid or made by the Company on any class of capital stock or (y) any material adverse change or any development involving a prospective material adverse change, in or affecting the business, properties, management, condition (financial or otherwise), results of operations or business prospects of the Company and its subsidiaries taken as a whole; (ii) neither the Company nor any of its subsidiaries has entered into any transaction or agreement that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole; and (iii) neither the Company nor any of its significant subsidiaries has sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, except, in each case as otherwise disclosed in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus;

(h) The Company and each of its significant subsidiaries have been duly incorporated or formed, as applicable, and are validly existing and in good standing under the laws of their respective jurisdictions of incorporation or formation, as applicable, are duly qualified to do business and are in good standing in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all requisite corporate, limited liability company or limited partnership, as applicable, power and authority necessary to own or lease their respective properties and to conduct the businesses in which they are engaged, except where the failure to be so qualified, in good standing or have such power or authority would not, individually or in the aggregate, have a material adverse effect on the business, properties, management, condition (financial or otherwise), results of operations or business prospects of the Company and its subsidiaries taken as a whole or on the performance by the Company of its obligations under this Agreement (a "Material Adverse Effect"). The subsidiaries listed in Schedule III to this Agreement are the only significant subsidiaries (as such term is defined in Rule 1-02 of Regulation S-X) of the Company;

(i) The Company had as of June 30, 2020, the capitalization as set forth in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus under the heading "Capitalization" in the column "Actual;" all of the outstanding shares of capital stock or other equity interests of each significant subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable (to the extent that these concepts apply in the case of non-corporate significant subsidiaries) and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party (collectively, "Liens"), except for Liens pursuant to, or not prohibited by, that certain Amended and Restated Credit Agreement, dated as of January 19, 2017, among the Company, the guarantors from time to time party thereto (the "Guarantors"), Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent"), Bank of America, N.A., as collateral agent (in such capacity, the "Collateral Agent"), the other agent parties thereto, and the lenders from time to time party thereto (as amended by that certain First Amendment, dated as of February 23, 2018, as modified by that certain Incremental Joinder Agreement No. 1, dated as of October 15, 2019, and as further amended by that certain Second Amendment, dated as of April 14, 2020) (the "Amended and Restated Credit Agreement");

(j) The Company has requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

(k) The unissued Securities to be issued and sold by the Company to the Underwriters hereunder have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued and fully paid and non-assessable and will conform to the description of the Securities contained in the Prospectus;

(l) This Agreement has been duly authorized, executed and delivered by the Company;

(m) This Agreement, the Master Lease by and between GLP Capital L.P. and Penn Tenant LLC, dated as of November 1, 2013, as amended from time to time, and the Master Lease by and between Gold Merger Sub, LLC and Pinnacle MLS, LLC, dated as of April 28, 2016, as amended from time to time, conforms in all material respects to the description thereof contained in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus insofar as they purport to present summaries thereof;

(n) Neither the Company nor any of its significant subsidiaries is (i) in violation of its charter or by-laws (or similar organizational documents), (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its significant subsidiaries is a party or by which the Company or any of its significant subsidiaries is bound or to which any property or asset of the Company or any of its significant subsidiaries is subject or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (ii) and (iii) above, for any such default or violation that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(o) The execution, delivery and performance by the Company of the transactions contemplated in this Agreement or the Pricing Disclosure Package and the Prospectus, the issuance and sale of the Securities by the Company and the consummation of the transactions contemplated in this Agreement or the Pricing Disclosure Package and the Prospectus will not (i) conflict with or result in a breach of, a default under (or an event that with notice or passage of time or both would constitute a default under), the violation of the terms or provisions of, or the termination, modification or acceleration of any indenture, mortgage, deed of trust, loan agreement, note, lease, license, franchise agreement, permit, certificate, contract or other agreement or instrument to which the Company or any of its significant subsidiaries is a party or to which any of their respective properties or assets is subject, except for any such conflict, breach, violation, termination, modification, acceleration, default or event that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (ii) result in any violation of the provisions of the charter or by-laws or similar organizational documents of the Company or any of its significant subsidiaries, (iii) result in the creation or imposition of any Lien upon any property, right or asset of the Company or any of its significant subsidiaries or (iv) (assuming compliance with all applicable state securities or "Blue Sky" laws and assuming that the Underwriters comply with the agreements in Section 5 hereof) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except for any such conflict, breach, violation, default or Lien that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(p) No consent, approval, authorization, order, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required by or with respect to the Company for the execution, delivery and performance by the Company of each of this Agreement and the Securities, the issuance and sale of the Securities by the Company and compliance by the Company with the terms thereof and the consummation of the transactions contemplated by this Agreement, except for such consents, approvals, authorizations, orders and registrations or qualifications (i) as have been obtained, (ii) post-closing notices to certain state regulatory bodies that the transactions contemplated by this Agreement have been consummated, (iii) such approvals, registrations, notices and qualifications as may be required under applicable state securities or "Blue Sky" laws in connection with the purchase and resale of the Securities by the Underwriters, and (iv) filings with, notices to or approvals from the applicable gaming authorities, which have been made or obtained or will be obtained at or prior to the Closing Date;

(q) Except as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no legal, governmental or regulatory investigations, actions, demands, claims, suits, arbitrations, inquiries or proceedings ("Actions") pending to which the Company or any of its subsidiaries is or, to the knowledge of the Company, may be, a party that, or to which any property, right or asset of the Company or any of its subsidiaries is or, to the knowledge of the Company, may be, the subject of that, individually or in the aggregate, if determined adversely to the Company or any of its subsidiaries, would reasonably be expected to have a Material Adverse Effect; and to the knowledge of the Company, no such Actions are threatened by any governmental or regulatory authority or by others;

(r) Deloitte & Touche LLP, which has certified certain financial statements of the Company and its subsidiaries, is an independent registered public accounting firm with respect to the Company and its subsidiaries within the applicable rules and regulations adopted by the Commission and the Public Company Accounting Oversight Board (United States) and as required by the Securities Act;

(s) The Company and its significant subsidiaries have good and marketable title in fee simple to, or have valid rights to lease or otherwise use, all items of real and personal property that are material to the respective businesses of the Company and its significant subsidiaries, in each case free and clear of all Liens except those that (i) are described in the Registration Statement, the Pricing Disclosure Package or the Prospectus, (ii) do not materially interfere with the use made and proposed to be made of such property by the Company and its significant subsidiaries or (iii) would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(t) (i) The Company and its significant subsidiaries own or have the right to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, domain names and other source indicators, copyrights and copyrightable works, know-how, trade secrets, systems, procedures, proprietary or confidential information and all other worldwide intellectual property, industrial property and proprietary rights (collectively, "Intellectual Property") used in the conduct of their respective businesses; (ii) to the knowledge of the Company, the Company and its subsidiaries' conduct of their respective businesses does not infringe, misappropriate or otherwise violate any Intellectual Property of any person; (iii) the Company and its significant subsidiaries have not received any written notice of any infringement claim relating to Intellectual Property; and (iv) to the knowledge of the Company, the Intellectual Property of the Company and its significant subsidiaries is not being infringed, misappropriated or otherwise violated by any person, except in the case of each of clauses (i)-(iv) where the failure to own or have the right to use such Intellectual Property or such infringement, misappropriation or violation (if the subject of an unfavorable ruling or decision as to the Company or any subsidiary) would not reasonably be expected to have a Material Adverse Effect;

(u) The Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in each of the Pricing Disclosure Package and the Prospectus, will not be, an "investment company," or an entity "controlled" by an "investment company" within the meaning of such terms as defined in the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Investment Company Act");

(v) The Company and its significant subsidiaries have (A) paid all federal, state, local and foreign taxes required to be paid by each of them through the date hereof, except with respect to matters contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP, and (B) filed all tax returns required to be filed by each of them through the date hereof, in each case, except where the failure to so pay or file would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and except as otherwise disclosed in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, there is no tax deficiency that has been asserted against the Company or any of its significant subsidiaries or any of their respective properties or assets which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(w) Except as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company and its significant subsidiaries possess all licenses, sub-licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in each of the Pricing Prospectus and the Prospectus, except where the failure to possess or make the same would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and except as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, neither the Company nor any of its significant subsidiaries has received notice of any revocation or modification of any such license, sub-license, certificate, permit or authorization or has any reason to believe that any such license, sub-license, certificate, permit or authorization will not be renewed in the ordinary course, which, in each case, individually or in the aggregate, if the subject of an unfavorable ruling or decision as to the Company or a significant subsidiary, would reasonably be expected to have a Material Adverse Effect;

(x) Except as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, no labor disturbance by or dispute with employees of the Company or any of its significant subsidiaries exists or, to the knowledge of the Company, is threatened which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(y) Except as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus and except such matters as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i) the Company and its significant subsidiaries, (x) to the knowledge of the Company after due inquiry, are, and at all prior times were, in compliance with all applicable federal, state, local and foreign laws, rules, regulations, requirements, decisions, judgments, decrees and orders relating to the protection of human health or safety, the environment, natural resources, hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "Environmental Laws"), (y) to the knowledge of the Company, have received and are in compliance with all permits, licenses, certificates or other authorizations or approvals required of them under applicable Environmental Laws to conduct their respective businesses, and (z) to the knowledge of the Company, have not received notice of any actual or potential liability under or relating to any Environmental Laws, including for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, and have no knowledge of any event or condition that would reasonably be expected to result in any such notice, and (ii) there are no costs or liabilities associated with Environmental Laws of or relating to the Company or its significant subsidiaries; and (iii) to the knowledge of the Company, there are no proceedings that are pending, or that are known to be contemplated, against the Company or any of its significant subsidiaries under any Environmental Laws in which a governmental entity is also a party, other than such proceedings regarding which it is reasonably believed no monetary sanctions of $100,000 or more will be imposed;

(z) The Company maintains an effective system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Exchange Act) that is designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. The Company has carried out evaluations of the effectiveness of their disclosure controls and procedures as required by Rule 13a-15 of the Exchange Act;

(aa) The Company maintains systems of "internal control over financial reporting" (as such term is defined in Rule 13a-15(f) under the Exchange Act) that comply with the requirements of the Exchange Act, and have been designed by, or under the supervision of, its principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company maintains internal accounting controls sufficient to provide reasonable assurance that (A) transactions are executed in accordance with management's general or specific authorizations; (B) transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and to maintain asset accountability; (C) access to assets is permitted only in accordance with management's general or specific authorization; (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (E) interactive data eXtensible Business Reporting Language included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus is prepared in accordance with the Commission's rules and guidelines applicable thereto. There are no material weaknesses or significant deficiencies in the Company's internal controls as of or after December 31, 2019;

(bb) The Company and each of its significant subsidiaries is insured by insurers of recognized financial responsibility (determined as of the date such insurance was obtained) against such losses and risks (other than wind and flood damage) and in such amounts as are prudent and customary in the businesses in which it is engaged, except to the extent that such insurance is not available on commercially reasonable terms;

(cc) Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee, affiliate or other person acting on behalf of the Company or any of its subsidiaries has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or taken an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment or benefit to any foreign or domestic government official or employee from corporate funds, including of any government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offense under the Bribery Act 2010 of the United Kingdom, or any other applicable anti-bribery or anti-corruption law; or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful payment or benefit. The Company and its subsidiaries, and to the knowledge of the Company, its controlled affiliates, have instituted, maintain and enforce, and will continue to maintain and enforce, policies and procedures designed to promote and ensure compliance with all applicable anti-bribery and anti-corruption laws;

(dd) The operations of the Company and its subsidiaries are and have been conducted during the prior five years in material compliance with applicable financial recordkeeping and reporting requirements, including those of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable money laundering statutes of all jurisdictions where the Company or any of its subsidiaries conduct business, and the rules and regulations thereunder and any related guidelines issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened;

(ee) Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate or other person acting on behalf of the Company or any of its subsidiaries is currently the subject or the target of any sanctions administered or enforced by the U.S. government, (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC"), or the U.S. Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person," the United Nations Security Council, the European Union, Her Majesty's Treasury, the United Nations Security Council, or other relevant sanctions authority (collectively, "Sanctions"), nor is the Company, any of its subsidiaries or any of the Guarantors located, organized or resident in a country or territory that is the subject or target of Sanctions, including, without limitation, Cuba, Iran, North Korea, Sudan, Syria and Crimea (each, a "Sanctioned Country")); and the Company will not directly or indirectly use the proceeds of the offering of the Securities hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person, that, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business in any Sanctioned Country or (iii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions. For the past five years, the Company and its subsidiaries have not knowingly engaged in, are not now knowingly engaged in any dealings or transactions with any person that at the time of the dealing or transaction is or was the subject or the target of Sanctions or with any Sanctioned Country;

(ff) On and immediately after the Closing Date, the Company (on a consolidated basis with its subsidiaries and after giving effect to the issuance and sale of the Securities and the other transactions related thereto as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus) will be Solvent. As used in this paragraph, the term "Solvent" means, with respect to a particular date and entity, that on such date (i) the fair value of the assets of such entity is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such entity, (ii) the present fair salable value of the assets of such entity is not less than the amount that will be required to pay the probable liability of such entity on its debts as they become absolute and matured, (iii) such entity does not intend to, and does not believe that it will, incur debts and liabilities beyond such entity's ability to pay as such debts and liabilities mature, (iv) such entity is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such entity's property would constitute an unreasonably small capital and (v) such entity is able to pay its debts as they become due and payable. For purposes of this definition, the amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability, without duplication;

(gg) With the exception of any restrictions or limitations imposed by applicable gaming laws, no subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock or similar ownership interest, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's properties or assets to the Company;

(hh) None of the Company, its subsidiaries or any agent acting on their behalf has taken or will take any action that would cause this Agreement or the sale of the Securities to violate Regulation T, U or X of the Board of Governors of the Federal Reserve System, in each case as in effect, or as the same may hereafter be in effect, on the Closing Date;

(ii) Nothing has come to the attention of the Company that has caused the Company to believe that the industry statistical and market-related data included or incorporated by reference in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus is not based on or derived from sources that the Company believes to be reliable and accurate in all material respects;

(jj) The Company and its officers and directors (in their capacity as such) are in compliance in all material respects with the provisions of the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations promulgated in connection therewith that are effective and are currently applicable to the Company and to such officers and directors, respectively;

(kk) The statements set forth in the Pricing Prospectus and the Prospectus under the caption "Description of Capital Stock," insofar as they purport to constitute a summary of the terms of the Stock are accurate, complete and fair in all material respects;

(ll) The statements set forth in the Pricing Prospectus and the Prospectus under the caption "Material U.S. Federal Income Tax Considerations for Non U.S. Holders of Common Stock," insofar as they purport to summarize certain U.S. federal income tax laws specifically referred to therein, and subject to the qualifications, exceptions, assumptions and limitations described herein and therein, are accurate in all material respects;

(mm) (A) (i) At the time of filing the Registration Statement, (ii) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus), and (iii) at the time the Company or any person acting on its behalf (within the meaning, for this clause only, of Rule 163(c) under the Act) made any offer relating to the Securities in reliance on the exemption of Rule 163 under the Act, the Company was a "well-known seasoned issuer" as defined in Rule 405 under the Act; and (B) at the time of filing the Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Securities, and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405 under the Act;

(nn) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting;

(oo) The Company has not taken, directly or indirectly, without giving effect to activities by the Underwriters or as contemplated by this Agreement, any action designed to or that would reasonably be expected to cause or result in any stabilization or manipulation of the price of the Securities;

(pp) No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) contained in the Registration Statement, the Pricing Disclosure Package or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith;

(qq) Except as disclosed in the Pricing Prospectus, neither the Company nor any of its subsidiaries is a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a valid claim against the Company or any of its subsidiaries or any Underwriter for a brokerage commission, finder's fee or like payment in connection with the offering and sale of the Securities;

(rr) No person has the right to require the Company or any of its subsidiaries to register any securities for sale under the Securities Act by reason of the filing of the Registration Statement with the Commission, the issuance and sale of the Securities, except as such rights have been waived or satisfied;

(ss) (A) There has been no security breach or incident, unauthorized access or disclosure, or other compromise of or relating to the Company or its subsidiaries information technology and computer systems, networks, hardware, software, data and databases (including the data and information of their respective customers, employees, suppliers, vendors and any third party data maintained, processed or stored by the Company and its subsidiaries, and any such data processed or stored by third parties on behalf of the Company and its subsidiaries), equipment or technology (collectively, "IT Systems and Data"); (B) neither the Company nor its subsidiaries have been notified of, and each of them have no knowledge of any event or condition that could result in, any security breach or incident, unauthorized access or disclosure or other compromise to their IT Systems and Data in any material respect and (C) the Company and its subsidiaries have implemented appropriate controls, policies, procedures, and technological safeguards to maintain and protect the integrity, continuous operation, redundancy and security of their IT Systems and Data reasonably consistent with industry standards and practices, or as required by applicable regulatory standards, in the case of each of clauses (A) and (C), except as would not, individually or in the aggregate, have a Material Adverse Effect. The Company and its subsidiaries are presently in material compliance with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, misappropriation or modification, except as would not, individually or in the aggregate, have a Material Adverse Effect.

2. Subject to the terms and conditions herein set forth, (a) the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of $59.475, the number of Firm Securities set forth opposite the name of such Underwriter in Schedule I hereto and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Securities as provided below, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the purchase price per share set forth in clause (a) of this Section 2 (provided that the purchase price per Optional Security shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Securities but not payable on the Optional Securities), that portion of the number of Optional Securities as to which such election shall have been exercised (to be adjusted by you so as to eliminate fractional shares) determined by multiplying such number of Optional Securities by a fraction, the numerator of which is the maximum number of Optional Securities which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Optional Securities that all of the Underwriters are entitled to purchase hereunder.

The Company hereby grants to the Underwriters the right to purchase at their election up to 2,100,000 Optional Securities, at the purchase price per share set forth in the paragraph above, provided that the purchase price per Optional Security shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Securities but not payable on the Optional Securities. Any such election to purchase Optional Securities may be exercised only by written notice from you to the Company, given within a period of 30 calendar days after the date of this Agreement, setting forth the aggregate number of Optional Securities to be purchased and the date on which such Optional Securities are to be delivered, as determined by you but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless you and the Company otherwise agree in writing, earlier than two or later than ten (10) business days after the date of such notice.

3. Upon the authorization by you of the release of the Firm Securities, the several Underwriters propose to offer the Firm Securities for sale upon the terms and conditions set forth in the Pricing Prospectus and the Prospectus.

4.

(a) The Securities to be purchased by each Underwriter hereunder, in definitive or book-entry form, and in such authorized denominations and registered in such names as the Representatives may request upon at least forty-eight (48) hours' prior notice to the Company shall be delivered by or on behalf of the Company to the Representatives, through the facilities of the Depository Trust Company ("DTC"), for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified by the Company to the Representatives at least forty-eight (48) hours in advance. The time and date of such delivery and payment shall be, with respect to the Firm Securities, 9:30 a.m., New York City time, on September 29, 2020 or such other time and date as you and the Company may agree upon in writing, and, with respect to the Optional Securities, 9:30 a.m., New York time, on the date specified by you in the written notice given by you of the Underwriters' election to purchase such Optional Securities, or such other time and date as you and the Company may agree upon in writing. Such time and date for delivery of the Firm Securities is herein called the "First Time of Delivery", such time and date for delivery of the Optional Securities, if not the First Time of Delivery, is herein called the "Second Time of Delivery", and each such time and date for delivery is herein called a "Time of Delivery".

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 8 hereof, including the cross-receipt for the Securities and any additional documents requested by the Underwriters pursuant to Section 8(l) hereof, will be delivered at the offices of Latham & Watkins LLP, 10250 Constellation Blvd., Suite 1100, Los Angeles, California, 90067 (the "Closing Location"), and the Securities will be delivered at the office of DTC or its designated location in accordance with its customary procedures, all at such Time of Delivery. A meeting will be held at the Closing Location at 10:00 a.m., New York City time, on the next New York Business Day preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Section 4, "New York Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City are generally authorized or obligated by law or executive order to close.

5. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by you and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement; to make no further amendment or any supplement to the Registration Statement, the Basic Prospectus or the Prospectus prior to the last Time of Delivery which shall be disapproved by you promptly after reasonable notice thereof; to advise you, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish you with copies thereof; to file promptly all other material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required in connection with the offering or sale of the Securities; to advise you, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Securities, of any notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act, of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus or suspending any such qualification, to promptly use its reasonable best efforts to obtain the withdrawal of such order; and in the event of any such issuance of a notice of objection, promptly use its reasonable best efforts to take such steps including, without limitation, amending the Registration Statement or filing a new registration statement, at its own expense, as may be necessary to permit offers and sales of the Securities by the Underwriters (references herein to the Registration Statement shall include any such amendment or new registration statement);

(b) If required by Rule 430B(h) under the Act, to prepare a form of prospectus in a form approved by you and to file such form of prospectus pursuant to Rule 424(b) under the Act not later than may be required by Rule 424(b) under the Act; and to make no further amendment or supplement to such form of prospectus which shall be disapproved by you promptly after reasonable notice thereof;

(c) If by the third anniversary (the "Renewal Deadline") of the initial effective date of the Registration Statement, any of the Securities remain unsold by the Underwriters, the Company will file, if it has not already done so and is eligible to do so, a new automatic shelf registration statement relating to the Securities, in a form reasonably satisfactory to you. If at the Renewal Deadline the Company is no longer eligible to file an automatic shelf registration statement, the Company will, if it has not already done so, file a new shelf registration statement relating to the Securities, in a form reasonably satisfactory to you and will use its reasonable best efforts to cause such registration statement to be declared effective within 180 days after the Renewal Deadline. The Company will take all other action necessary or appropriate to permit the public offering and sale of the Securities to continue as contemplated in the expired registration statement relating to the Securities. References herein to the Registration Statement shall include such new automatic shelf registration statement or such new shelf registration statement, as the case may be;

(d) Promptly from time to time to take such action as you may reasonably request to qualify the Securities for offering and sale under the securities laws of such jurisdictions as you may reasonably request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Securities, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction or subject itself to taxation in respect of doing business in any jurisdiction where it is not presently so subject;

(e) Prior to 10:00 a.m., New York City time, on the New York Business Day next succeeding the date of this Agreement (or such later time as may be agreed to by the Company and the Underwriters) and from time to time, to furnish the Underwriters with written and electronic copies of the Prospectus in New York City in such quantities as you may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required at any time prior to the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Securities and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act or the Exchange Act, to notify you and upon your request to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many written and electronic copies as you may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Securities at any time nine months or more after the time of issue of the Prospectus, upon your request but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many written and electronic copies as you may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(f) To make generally available to its securityholders as soon as practicable (which may be satisfied by filing with the Commission's Electronic Data Gathering Analysis and Retrieval System ("EDGAR")), but in any event not later than sixteen (16) months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(g) During the period beginning from the date hereof and continuing to and including the date 60 days after the date of the Prospectus, not to (i) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, or file with the Commission a registration statement under the Act relating to, any securities of the Company that are substantially similar to the Securities, including but not limited to any options or warrants to purchase shares of Stock or any securities that are convertible into or exchangeable for, or that represent the right to receive, Stock or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Stock or such other securities, in cash or otherwise (other than the Securities to be sold hereunder, under the other underwriting agreement dated the date hereof between the Company and the Underwriters or pursuant to equity plans or employment agreements existing on, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of, the date of this Agreement), without your prior written consent;

(h) To pay the required Commission filing fees relating to the Securities within the time required by Rule 456(b)(1) under the Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Act;

(i) To use the net proceeds received by it from the sale of the Securities pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption "Use of Proceeds";

(j) To use its reasonable best efforts to list for quotation the Securities on the Nasdaq Stock Market Inc.'s National Market ("NASDAQ"); and

(k) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Company's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Securities (the "License"); *provided, however*, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred.

6.

(a) The Company represents and agrees that, without the prior consent of the Representatives, it has not made and will not make any offer relating to the Securities that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; each Underwriter represents and agrees that, without the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Securities that would constitute a free writing prospectus required to be filed with the Commission; any such free writing prospectus the use of which has been consented to by the Company, and the Representatives is listed on Schedule II(a) or Schedule II(c) hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending;

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus or Written Testing-the-Waters Communication any event occurred or occurs as a result of which such Issuer Free Writing Prospectus or Written Testing-the-Waters Communication would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus, Written Testing-the-Waters Communication or other document which will correct such conflict, statement or omission; provided, however, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with the Underwriter Information;

(d) The Company represents and agrees that (i) it has not engaged in, or authorized any other person to engage in, any Testing-the-Waters Communications, other than Testing-the-Waters Communications with the prior consent of the Representatives with entities that the Company reasonably believes are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Act; and (ii) it has not distributed, or authorized any other person to distribute, any Written Testing-the-Waters Communication, other than those distributed with the prior consent of the Representatives that are listed on Schedule II(d) hereto; and the Company reconfirms that the Underwriters have been authorized to act on its behalf in engaging in Testing-the-Waters Communications; and

(e) Each Underwriter represents and agrees that any Testing-the-Waters Communications undertaken by it were with entities that such Underwriter reasonably believes are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Act.

7. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Securities under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, any Written Testing-the-Waters Communication, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, the Blue Sky Memorandum, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iii) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 5(c) hereof, including the reasonable and customary fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky survey; (iv) all fees and expenses in connection with listing the Securities on NASDAQ; (v) the filing fees incident to, and the reasonable and customary fees and disbursements of counsel for the Underwriters in connection with, any required review by the Financial Industry Regulatory Authority ("FINRA") of the terms of the sale of the Securities; (vi) the cost of preparing the stock certificates; (vii) the cost and charges of any transfer agent or registrar; and (viii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, and Sections 9 and 12 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, transfer taxes on resale of any of the Securities by them, and any advertising expenses connected with any offers they may make.

8. The obligations of the Underwriters hereunder, as to the Securities to be delivered at each Time of Delivery, shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of the Applicable Time and such Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; all material required to be filed by the Company pursuant to Rule 433(d) under the Act, shall have been filed with the Commission within the applicable time periods prescribed for such filings by Rule 433; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or, to the knowledge of the Company, threatened by the Commission and no notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act shall have been received; no stop order suspending or preventing the use of the Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus shall have been initiated or, to the knowledge of the Company, threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction;

(b) Latham & Watkins LLP, counsel for the Underwriters, shall have furnished to you such written opinion or opinions, dated such Time of Delivery, in form and substance reasonably satisfactory to you, with respect to such matters as you may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Wachtell, Lipton, Rosen & Katz, counsel for the Company, shall have furnished to you their written opinion (a form of such opinion is attached as Annex II(a) hereto), dated such Time of Delivery;

(d) Ballard Spahr LLP, Pennsylvania counsel for the Company, shall have furnished to you their written opinion (a form of such opinion is attached as Annex II(b) hereto), dated such Time of Delivery;

(e) On the date of the Prospectus at a time prior to the execution of this Agreement, at 9:30 a.m., New York City time, on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and also at each Time of Delivery in accordance with customary practices, Deloitte & Touche LLP shall have furnished to you a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you, (the executed copy of the letter delivered prior to the execution of this Agreement is attached as Annex I hereto);

(f) No event or condition of a type described in Section 1(g) hereof shall have occurred or shall exist, which event or condition is not described in each of the Pricing Prospectus and the Prospectus the effect of which in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Securities on the terms and in the manner contemplated by this Agreement, the Pricing Prospectus and the Prospectus;

(g) On or after the Applicable Time (i) no downgrading shall have occurred in the rating accorded the Company's debt securities or preferred stock by any "nationally recognized statistical rating organization", as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities or preferred stock;

(h) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; or on the NASDAQ; (ii) a suspension or material limitation in trading in the Company's securities on the NASDAQ; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in your judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(i) [Reserved];

(j) The Securities shall have been duly listed for quotation on NASDAQ;

(k) The "lock-up" agreements, each substantially in the form of Annex IV hereto, between you and certain shareholders, officers and directors of the Company relating to sales and certain other dispositions of shares of Stock or certain other securities, delivered to you on or before the date hereof, shall be full force and effect on the Closing Date or Additional Closing Date, as the case may be; and

(l) The Representatives shall have received on and as of such Time of Delivery a certificate of an executive officer of the Company who has specific knowledge of the Company's financial matters and is satisfactory to the Representatives (i) confirming that such officer has carefully reviewed the Pricing Prospectus and the Prospectus and, to the knowledge of such officer, the representations set forth in Sections 1(b)(B), (c) and (e) hereof are true and correct and (ii) confirming that the representations and warranties of the Company in this Agreement are true and correct in all respects and that the Company has complied with all agreements and satisfied all conditions on their part to be performed or satisfied hereunder at or prior to such Time of Delivery and (iii) to the effect set forth in paragraphs (f) and (g) above.

(m) At the date of this Agreement, the Representatives shall have received a certificate of the Chief Financial Officer of the Company, dated such date, substantially in the form of Annex V.

(n) At the Closing Date, the Representatives shall have received a certificate of the Chief Financial Officer of the Company, dated as of the Closing Date, to the effect that the Chief Financial Officer reaffirms the statements made in the certificate furnished pursuant to subsection (n) of this Section 8.

9.

(a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any "roadshow" as defined in Rule 433(h) under the Act (a "roadshow"), any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act or any Testing-the-Waters Communication, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, any roadshow or any Testing-the-Waters Communication, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow, or any Testing-the-Waters Communication, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus or any such amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow or any Testing-the-Waters Communication, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred. As used in this Agreement with respect to an Underwriter and an applicable document, "Underwriter Information" shall mean the written information furnished to the Company by such Underwriter through the Representatives expressly for use therein; it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: (i) the legal and marketing names of the Underwriters on the front cover page of the Pricing Prospectus and the Prospectus and in the table showing the aggregate dollar amount of shares of common stock to be purchased by the Underwriters under the caption "Underwriting," (ii) the concession and reallowance figures appearing in the second paragraph under the caption "Underwriting—Underwriting Discounts and Expenses" (iii) the first paragraph (excluding the second to last sentence of such paragraph), the first and second sentences of the second paragraph and the third paragraph under the caption "Underwriting—Price Stabilization and Short Positions" and (iv) the first sentence of the first paragraph under the caption "Underwriting—Certain Relationships."

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; provided that the failure to notify the indemnifying party shall not relieve it from any liability that it may have under the preceding paragraphs of this Section 9 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under the preceding paragraphs of this Section 9. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party (not to be unreasonably delayed), be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. It is understood and agreed that the indemnifying party shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all indemnified parties, and that all such fees and expenses shall be reimbursed as they are incurred. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party. No indemnifying party shall, without the written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnification could have been sought hereunder by such indemnified party, unless such settlement (x) includes an unconditional release of such indemnified party, in form and substance reasonably satisfactory to such indemnified party, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Securities. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section 9 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each employee, officer and director of each Underwriter, each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer or other affiliate of any Underwriter; and the obligations of the Underwriters under this Section 9 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company (including any person who, with his or her consent, is named in the Registration Statement as about to become a director of the Company) and to each person, if any, who controls the Company within the meaning of the Act.

10.

(a) If any Underwriter shall default in its obligation to purchase the Securities which it has agreed to purchase hereunder at a Time of Delivery, the non-defaulting Underwriter(s) may in its or their discretion arrange for you or another party or other parties to purchase such Securities on the terms contained herein. If within thirty six (36) hours after such default by any Underwriter you do not arrange for the purchase of such Securities, then the Company shall be entitled to a further period of thirty six (36) hours within which to procure another party or other parties satisfactory to the non-defaulting Underwriter(s) to purchase such Securities on such terms. In the event that, within the respective prescribed periods, the non-defaulting Underwriter(s) notify the Company that it or they have so arranged for the purchase of such Securities, or the Company notifies it or them that it has so arranged for the purchase of such Securities, such non-defaulting Underwriter(s) or the Company shall have the right to postpone such Time of Delivery for a period of not more than seven (7) days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in your opinion may thereby be made necessary. The term “Underwriter” as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Securities.

(b) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by you and the Company as provided in subsection (a) above, the aggregate number of such Securities which remains unpurchased does not exceed one-eleventh (1/11th) of the aggregate number of all the Securities to be purchased at such Time of Delivery, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Securities which such Underwriter agreed to purchase hereunder) of the Securities of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by you and the Company as provided in subsection (a) above, the aggregate number of such Securities which remains unpurchased exceeds one-eleventh (1/11th) of the aggregate number of all the Securities to be purchased at such Time of Delivery, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Securities of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to the Second Time of Delivery, the obligations of the Underwriters to purchase and of the Company to sell the Optional Securities) shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Securities.

12. If this Agreement shall be terminated pursuant to Section 10 hereof, the Company shall not then be under any liability to any Underwriter except as provided in Sections 7 and 9 hereof; but, if for any other reason, any of the Securities are not delivered by or on behalf of the Company as provided herein (other than solely by reason of a default by the Underwriters of their obligations hereunder after all conditions hereunder have been satisfied in accordance herewith), the Company will reimburse the Underwriters through you for all out of pocket expenses approved in writing by you, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Securities not so delivered, but the Company shall then be under no further liability to any Underwriter except as provided in Sections 7 and 9 hereof.

13. In all dealings hereunder, you shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by you.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to Goldman Sachs & Co. LLC at 200 West Street, New York, New York 10282-2198, Attention: Registration Department, BofA Securities, Inc., One Bryant Park, New York, NY 10036, Facsimile: (646) 855 3073, Attention: Syndicate Department and J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179; and if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth in the Registration Statement, Attention: Secretary; provided, however, that any notice to an Underwriter pursuant to Section 9(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or telex constituting such Questionnaire, which address will be supplied to the Company by you upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

14. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and, to the extent provided in Sections 9 and 11 hereof, the officers and directors of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Securities from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

15. Time shall be of the essence of this Agreement. As used herein, the term “business day” shall mean any day when the Commission's office in Washington, D.C. is open for business.

16. The Company acknowledges and agrees that (i) the purchase and sale of the Securities pursuant to this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or fiduciary of the Company, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement and (iv) the Company has consulted its own legal and financial advisors to the extent it deemed appropriate. The Company agrees that it will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

17. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

18. **This Agreement and any transaction contemplated by this Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflict of laws that would result in the application of any other law than the laws of the State of New York. The Company agrees that any suit or proceeding arising in respect of this Agreement or any transaction contemplated by this Agreement will be tried exclusively in the U.S. District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, in any state court located in The City and County of New York and the Company agrees to submit to the jurisdiction of, and to venue in, such courts.**

19. The Company and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

20. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

21. Notwithstanding anything herein to the contrary, the Company (and the Company's employees, representatives, and other agents) is authorized to disclose to any persons the "tax treatment" and "tax structure" (as those terms are defined in Treasury Regulations Section 1.6011-4(c))of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Company relating to that treatment and structure, without the Underwriters' imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws.

22. Recognition of the U.S. Special Resolution Regimes.

(a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

(c) As used in this section:

"BHC Act Affiliate" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"U.S. Special Resolution Regime" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with your understanding, please sign and return to us counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement between each of the Underwriters and the Company. It is understood that your acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of agreement among the Underwriters, the form of which shall be submitted to the Company for examination upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

**Penn National Gaming, Inc.**

By: /s/ Carl Sottosanti
Name: Carl Sottosanti
Title: Executive Vice President, General Counsel and Secretary

Accepted as of the date hereof:

**Goldman Sachs & Co. LLC**

By: /s/ Matthew Leavitt
Name: Matthew Leavitt
Title: Managing Director

**BofA Securities, Inc.**

By: /s/ Chris Porter
Name: Chris Porter
Title: Managing Director

**J.P. Morgan Securities LLC**

By: /s/ Haley Trethaway
Name: Haley Trethaway
Title: Vice President

On behalf of each of the Underwriters

**SCHEDULE I**

| Underwriter | Total Number of Firm Securities to be Purchased | Number of Optional Securities to be Purchased if Maximum Option Exercised |
|---|---|---|
| Goldman Sachs & Co. LLC | 2,800,000 | 420,000 |
| BofA Securities, Inc. | 2,100,000 | 315,000 |
| J.P. Morgan Securities LLC | 2,100,000 | 315,000 |
| Fifth Third Securities, Inc. | 1,400,000 | 210,000 |
| Wells Fargo Securities, LLC | 1,400,000 | 210,000 |
| Truist Securities, Inc. | 1,260,000 | 189,000 |
| BTIG, LLC | 560,000 | 84,000 |
| Citizens Capital Markets, Inc. | 280,000 | 42,000 |
| TD Securities (USA) LLC | 280,000 | 42,000 |
| Macquarie Capital (USA) Inc. | 280,000 | 42,000 |
| Barclays Capital Inc. | 280,000 | 42,000 |
| Morgan Stanley & Co., LLC | 280,000 | 42,000 |
| Stifel, Nicolaus and Company, Inc. | 280,000 | 42,000 |
| Union Gaming Securities, LLC | 280,000 | 42,000 |
| Craig-Hallum Capital Group LLC | 280,000 | 42,000 |
| Rosenblatt Securities Inc. | 140,000 | 21,000 |
| **Total** | 14,000,000 | 2,100,000 |

**SCHEDULE II**

(a) Issuer Free Writing Prospectuses not included in the Pricing Disclosure Package:

Electronic roadshow dated September 24, 2020

(b) Additional Documents Incorporated by Reference:

[None]

(c) Information other than the Pricing Prospectus that comprises the Pricing Disclosure Package:

The initial public offering price per share for the Shares is $ 61.00.

The number of Shares purchased by the Underwriters is 14,000,000.

The Company also granted the Underwriters an option to purchase up to 2.1 million of additional common shares from the Company at the public offering price, less the underwriting discount, within 30 days from the date hereof.

(d) Written Testing-the-Waters Communications

[None]

**SCHEDULE III**

**SIGNIFICANT SUBSIDIARIES**

1. Alton Casino, LLC
2. Ameristar Casino Black Hawk, LLC
3. Ameristar Casino Council Bluffs, LLC
4. Ameristar Casino East Chicago, LLC
5. Ameristar East Chicago Holdings, LLC
6. BCV (Intermediate), LLC
7. Boomtown, LLC
8. Bossier Casino Venture, LLC
9. BSLO, LLC
10. Central Ohio Gaming Ventures, LLC
11. CRC Holdings, Inc.
12. Dayton Real Estate Ventures, LLC
13. Delvest, LLC
14. Greektown Casino, L.L.C.
15. Greektown Holdings, L.L.C.
16. HC Aurora, LLC
17. HC Bangor, LLC
18. HC Joliet, LLC
19. HWCC-Tunica, LLC
20. Hollywood Casinos, LLC
21. Illinois Gaming Investors LLC
22. Indiana Gaming Company, LLC
23. Kansas Entertainment, LLC
24. Louisiana-I Gaming, a Louisiana Partnership in Commendam
25. LVGV, LLC
26. Maryland Gaming Ventures, Inc.
27. Massachusetts Gaming Ventures, LLC
28. Mountainview Thoroughbred Racing Association, LLC
29. Penn Hollywood Kansas, Inc.
30. Penn Interactive Ventures, LLC
31. Penn National Holdings, LLC
32. Penn National Turf Club, LLC
33. Penn Tenant, LLC
34. Penn Tenant II, LLC
35. Penn Tenant III, LLC
36. Pinnacle Entertainment, Inc.
37. Pinnacle MLS, LLC
38. Plainville Gaming and Redevelopment, LLC
39. PNGI Charles Town Gaming, LLC
40. PNK (Baton Rouge) Partnership
41. PNK (LAKE CHARLES), L.L.C.
42. PNK (River City), LLC
43. PNK Development 9, LLC

44. PNK Development 33, LLC
45. PNK Vicksburg, LLC
46. RIH Acquisitions MS II, LLC
47. St. Louis Gaming Ventures, LLC
48. The Missouri Gaming Company, LLC
49. Toledo Gaming Ventures, LLC
50. Tropicana Las Vegas Hotel and Casino, Inc.
51. Tropicana Intermediate Holdings Inc.
52. Tropicana Las Vegas, Inc.
53. Washington Trotting Association, LLC
54. Youngstown Real Estate Ventures, LLC
55. Zia Park LLC

**Exhibit 5.1**

Ballard Spahr LLP

1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599
TEL 215.665.8500
FAX 215.864.8999
www.ballardspahr.com

September 29, 2020

Penn National Gaming, Inc.
825 Berkshire Blvd., Suite 200
Wyomissing, Pennsylvania 30326

**Re: Offering of 16,100,000 shares of Common Stock, Par Value $0.01 per Share, of Penn National Gaming, Inc.**

Ladies and Gentlemen:

We have acted as counsel to Penn National Gaming, Inc., a Pennsylvania corporation (the "Company"), in connection with the offer and sale (the "Offering") by the Company of 16,100,000 shares of the Company's common stock, par value $0.01 (the "Shares"), pursuant to the Underwriting Agreement, dated September 24, 2020 (the "Underwriting Agreement"), entered into by and among the Company and Goldman Sachs & Co. LLC, BofA Securities, Inc. and J.P. Morgan Securities LLC, as representatives of the several underwriters named in Schedule I thereto (collectively, the "Underwriters"). The Shares have been offered for sale pursuant to a prospectus supplement, dated September 24, 2020, filed with the Securities and Exchange Commission (the "Commission") pursuant to Rule 424(b) promulgated under the Securities Act of 1933, as amended (the "Securities Act") on September 28, 2020 (the "Prospectus Supplement"), to the prospectus, dated May 11, 2020 (the "Base Prospectus"), that constitutes a part of the Company's Registration Statement on Form S-3 (File-No. 333-238149) (the "Registration Statement"), which became effective upon filing, on May 11, 2020, by the Company with the Commission under the Securities Act.

In rendering this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the Amended and Restated Articles of Incorporation, as amended, of the Company; (ii) the Fourth Amended and Restated Bylaws of the Company; (iii) the Registration Statement and the exhibits thereto; (iv) the Base Prospectus; (v) the Prospectus Supplement; (vi) the Underwriting Agreement and (vii) the letter dated September 25, 2020, pursuant to which the Underwriters elected to exercise their option to purchase additional shares of the Company's common stock. We have also examined such corporate records and other agreements, documents, and instruments and such certificates or comparable documents of public officials and representatives of the Company, and have made such inquiries of such officers and representatives and have considered such matters of law as we have deemed appropriate as the basis for the opinions hereinafter set forth, including certain resolutions (or written consents, as applicable) adopted by the Board of Directors of the Company and the Pricing Committee of the Board of Directors relating to the offering and sale of the Shares and statements from certain officers of the Company.

In delivering this opinion, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, photostatic, or conformed copies, the authenticity of the originals of such latter documents, and the accuracy and completeness of all records, information, and statements submitted to us by officers and representatives of the Company. In making our examination of documents executed by parties other than the Company, we have assumed that such parties had the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization of all requisite action, corporate or other, and execution and delivery by such parties of such documents and the validity and binding effect thereof with respect to such parties. We have also assumed that the Shares will be issued and sold in compliance with applicable federal and state securities laws and in the manner stated in the Base Prospectus and Prospectus Supplement.

Based on the foregoing, and subject to the limitations, qualifications, exceptions, and assumptions set forth herein, we are of the opinion that the Shares to be issued and sold by the Company to the Underwriters as contemplated by the Underwriting Agreement have been duly authorized for issuance and, when issued and paid for in accordance with the terms and conditions of the Underwriting Agreement, will be legally issued, fully paid and non-assessable.

We express no opinion as to the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the Commonwealth of Pennsylvania.

This opinion is limited to the matters expressly stated herein. No implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. This opinion is given as of its date. We do not undertake to advise you or anyone else of any changes in the opinions expressed herein resulting from changes in law, changes in facts or any other matters that hereafter might occur or be brought to our attention.

We hereby consent to the filing of this opinion with the Commission as an exhibit to a Current Report on Form 8-K (and its incorporation by reference into the Registration Statement and the Prospectus Supplement) in accordance with the requirements of Item 601(b)(5) of Regulation S-K promulgated under the Securities Act, and to the use of our name in the Base Prospectus and Prospectus Supplement under the caption “Legal Matters.” In giving this consent, we do not admit that we are “experts” within the meaning of Section 11 of the Securities Act or within the category of persons whose consent is required under Section 7 of the Securities Act.

Very truly yours,

/s/ Ballard Spahr LLP

Ballard Spahr LLP

**Exhibit 99.1**

# PENN NATIONAL GAMING CLOSES PUBLIC OFFERING OF COMMON STOCK, RAISING GROSS PROCEEDS OF $982.1 MILLION

**FOR IMMEDIATE RELEASE**

**WYOMISSING, PA** (September 29, 2020) -- Penn National Gaming, Inc. (PENN: Nasdaq) ("Penn National" or the "Company") today announced that it has closed on its underwritten public offering of 16,100,000 shares of its common stock, $0.01 par value per share (the "Offering"). The Offering includes 14,000,000 shares of its common stock initially offered by the Company and 2,100,000 shares of its common stock issued pursuant to the option granted the underwriters, which the underwriters exercised in full on September 25, 2020.

"This successful offering provides our Company with additional resources to accelerate our unique omni-channel strategy, including launching the Barstool Sportsbook app in new markets, developing new products and features, establishing Barstool-branded sports bars and retail sportsbooks and reimagining the customer experience at our casinos, all while fortifying our balance sheet," said Jay Snowden, President and Chief Executive Officer of Penn National. Pro forma for the transaction, as of June 30, 2020, the Company had net traditional debt of approximately $1 billion, representing a significant reduction from pre-COVID-19 periods.

"This is a very exciting time for our Company," continued Mr. Snowden. "On September 18, we officially introduced the Barstool Sportsbook app in the state of Pennsylvania, which broke records for the most downloads ever for the launch of a new mobile sportsbook, and it generated impressive handle. This momentum has continued into our second week of operation, as this weekend's handle grew by 14% over our initial weekend despite continuing to spend $0 in external marketing. In addition, we are extremely pleased with the operating performance of our properties this quarter, despite continued occupancy restrictions. Penn National currently continues to expect 3Q20 consolidated revenues will range from $1,040 million to $1,145 million and 3Q20 consolidated Adjusted EBITDAR will range from $410 million to $450 million, consistent with the ranges previously reported in our prospectus supplement. In short, we believe our Company is incredibly well positioned for long-term success based on its highly differentiated approach to both land-based and interactive gaming and sports betting."

Penn National is making available today a new investor presentation. To download a copy of the investor presentation, please visit the Presentations section of the Company's investor relations website at https://pennnationalgaming.gcs-web.com/events-and-presentations/presentations.

Goldman Sachs & Co. LLC, BofA Securities and J.P. Morgan acted as book-running managers and representatives of the underwriters, and Fifth Third Securities, Wells Fargo Securities and Truist Securities acted as book-running managers. BTIG, Citizens Capital Markets, TD Securities, Macquarie Capital, Barclays, Morgan Stanley, Stifel, Union Gaming, Craig-Hallum Capital Group and Rosenblatt Securities acted as co-managers. The Offering was conducted pursuant to the Company's currently effective shelf registration statement, which was previously filed with the U.S. Securities and Exchange Commission ("SEC"). The Offering was made only by means of a prospectus supplement and an accompanying base prospectus. The preliminary and final prospectus supplements and accompanying base prospectus relating to the Offering were filed with the SEC and are available on the SEC's website at www.sec.gov. Copies of the preliminary and final prospectus supplement and accompanying base prospectus relating to the Offering may be obtained from Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282, Attention: Prospectus Department, by telephone at (866) 471-2526, or by email at prospectus-ny@ny.email.gs.com, from BofA Securities, NC1-004-03-43 200 North College Street, 3rd floor Charlotte, NC 28255-0001 Attn: Prospectus Department or by email at dg.prospectus_requests@bofa.com or from J.P. Morgan Securities LLC, Attention: Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, NY 11717, telephone: 1-866-803-9204.

This press release does not constitute an offer to sell, or the solicitation of an offer to buy, any share of common stock or any other security and shall not constitute any offer, solicitation or sale in any jurisdiction in which such offer, solicitation, purchase or sale is unlawful. Before investing, please read the applicable prospectus supplement and accompanying base prospectus and other documents Penn National has filed with the SEC for more complete information about Penn National.

# # #

**About Penn National Gaming**

With the nation's largest and most diversified regional gaming footprint, including 41 properties across 19 states, Penn National continues to evolve into a highly innovative omni-channel provider of retail and online gaming, live racing and sports betting entertainment. The Company's properties feature approximately 50,000 gaming machines, 1,300 table games and 8,800 hotel rooms, and operate under various well-known brands, including Hollywood, Ameristar, and L'Auberge. Our wholly-owned interactive division, Penn Interactive, operates retail sports betting across the Company's portfolio, as well online social casino, bingo, and iCasino products. In February 2020, Penn National entered into a strategic partnership with Barstool Sports, whereby Barstool is exclusively promoting the Company's land-based and online casinos and sports betting products, including the Barstool Sportsbook mobile app, to its national audience. The Company's omni-channel approach is bolstered by the myChoice loyalty program, which rewards and recognizes its over 20 million members for their loyalty to both retail and online gaming and sports betting products with the most dynamic set of offers, experiences, and service levels in the industry.

**NON-GAAP FINANCIAL MEASURES**

The Non-GAAP Financial Measures used in this press release include Adjusted EBITDA and Adjusted EBITDAR. These non-GAAP financial measures should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP.

The Company defines Adjusted EBITDA as earnings before interest expense, net; income taxes; depreciation and amortization; stock-based compensation; debt extinguishment and financing charges; impairment losses; insurance recoveries and deductible charges; changes in the estimated fair value of the Company's contingent purchase price obligations; gain or loss on disposal of assets, the difference between budget and actual expense for cash-settled stock-based awards; pre-opening and acquisition costs; and other income or expenses. Adjusted EBITDA is inclusive of income or loss from unconsolidated affiliates, with the Company's share of non-operating items (such as interest expense, net; income taxes; depreciation and amortization; and stock-based compensation expense) added back for Barstool Sports and the Company's Kansas Entertainment joint venture. Adjusted EBITDA is inclusive of rent expense associated with the Company's triple net operating leases. Although Adjusted EBITDA includes rent expense associated with the Company's triple net operating leases, the Company believes Adjusted EBITDA is useful as a supplemental measure in evaluating the performance of the Company's consolidated results of operations.

Adjusted EBITDA has economic substance because it is used by management as a performance measure to analyze the performance of the Company's business, and is especially relevant in evaluating large, long-lived casino-hotel projects because it provides a perspective on the current effects of operating decisions separated from the substantial non-operational depreciation charges and financing costs of such projects. The Company presents Adjusted EBITDA because it is used by some investors and creditors as an indicator of the strength and performance of ongoing business operations, including the Company's ability to service debt, and to fund capital expenditures, acquisitions and operations. These calculations are commonly used as a basis for investors, analysts and credit rating agencies to evaluate and compare operating performance and value companies within the industry in which the Company operates. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including us, have historically excluded from their Adjusted EBITDA calculations certain corporate expenses that do not relate to the management of specific casino properties. However, Adjusted EBITDA is not a measure of performance or liquidity calculated in accordance with GAAP. Adjusted EBITDA information is presented as a supplemental disclosure, as management believes that it is a commonly-used measure of performance in the gaming industry and that it is considered by many to be a key indicator of the Company's operating results.

The Company defines Adjusted EBITDAR as Adjusted EBITDA (as defined above) plus rent expense associated with triple net operating leases (which is a normal, recurring cash operating expense necessary to operate the Company's business). Adjusted EBITDAR is presented on a consolidated basis outside the financial statements solely as a valuation metric. Management believes that Adjusted EBITDAR is an additional metric traditionally used by analysts in valuing gaming companies subject to triple net leases since it eliminates the effects of variability in leasing methods and capital structures. This metric is included as supplemental disclosure because (i) the Company believes Adjusted EBITDAR is traditionally used by gaming operator analysts and investors to determine the equity value of gaming operators and (ii) Adjusted EBITDAR is one of the metrics used by other financial analysts in valuing the Company's business. The Company believes Adjusted EBITDAR is useful for equity valuation purposes because (i) its calculation isolates the effects of financing real estate; and (ii) using a multiple of Adjusted EBITDAR to calculate enterprise value allows for an adjustment to the balance sheet to recognize estimated liabilities arising from operating leases related to real estate. However, Adjusted EBITDAR when presented on a consolidated basis is not a financial measure in accordance with GAAP and should not be viewed as a measure of overall operating performance or considered in isolation or as an alternative to net income because it excludes the rent expense associated with the Company's triple net operating leases and is provided for the limited purposes referenced herein.

Each of these non-GAAP financial measures is not calculated in the same manner by all companies and, accordingly, may not be an appropriate measure of comparing performance among different companies.

A reconciliation of Adjusted EBITDAR and Adjusted EBITDA to net income (loss) is set forth below. The Company does not provide reconciliations of Adjusted EBITDA and Adjusted EBITDAR to net income (loss) on a forward-looking basis because the Company is unable to forecast the amount or significance of certain items required to develop meaningful comparable GAAP financial measures without unreasonable efforts. These items include gains or losses on sale or consolidation transactions, accelerated depreciation, impairment charges, gains or losses on retirement of debt, income taxes, which are difficult to predict and estimate and are primarily dependent on future events, but which are excluded from the Company's calculations of Adjusted EBITDA and Adjusted EBITDAR.

The following table includes a reconciliation of net income (loss), which is determined in accordance with GAAP, to Adjusted EBITDA and Adjusted EBITDAR, which are non-GAAP financial measures, as well as related margins:

| *(dollars in millions)* | For the year ended December 31, 2019 | 2018 | 2017 |
|---|---|---|---|
| **Net income (loss)** | **$ 43.1** | **$ 93.5** | **$ 473.4** |
| Income tax expense (benefit) | 43.0 | (3.6) | (498.5) |
| Loss on early extinguishment of debt | - | 21.0 | 24.0 |
| Loss (income) from unconsolidated affiliates | (28.4) | (22.3) | (18.7) |
| Interest expense, net | 534.2 | 538.4 | 463.2 |
| Other expense (income) | (20.0) | 7.1 | 2.3 |
| Operating income (loss) | 571.9 | 634.1 | 445.7 |
| Stock-based compensation (1) | 14.9 | 12.0 | 7.8 |
| Cash-settled stock-based award variance (1)(2) | 0.8 | (19.6) | 23.4 |
| Loss (gain) on disposal of assets (1) | 5.5 | 3.2 | 0.2 |
| Contingent purchase price (1) | 7.0 | 0.5 | (6.8) |
| Pre-opening and acquisition costs (1) | 22.3 | 95.0 | 9.7 |
| Depreciation and amortization | 414.2 | 269.0 | 267.1 |
| Impairment losses | 173.1 | 34.9 | 18.0 |
| Provision for (recoveries on) loan loss and unfunded loan commitments | - | (17.0) | 89.8 |
| Insurance recoveries, net of deductible charges (1) | (3.0) | (0.1) | (0.3) |
| Income from unconsolidated affiliates | 28.4 | 22.3 | 18.7 |
| Non-operating items for Kansas JV (3) | 3.7 | 5.1 | 5.8 |
| **Adjusted EBITDA** | **1,238.8** | **1,039.4** | **879.1** |
| Rent expense associated with triple net operating leases (1) | 366.4 | 3.8 | - |
| **Adjusted EBITDAR** | **$ 1,605.2** | **$ 1,043.2** | **$ 879.1** |
| | | | |
| Net income margin | 0.8% | 2.6% | 15.0% |
| Adjusted EBITDAR margin | 30.3% | 29.1% | 27.9% |

(1) These items are included in “General and administrative” within the Company’s Consolidated Statements of Income.

(2) Our cash-settled stock-based awards are adjusted to fair value each reporting period based primarily on the price of the Company’s common stock. As such, significant fluctuations in the price of the Company’s common stock during any reporting period could cause significant variances to budget on cash-settled stock-based awards. During the year ended December 31, 2019, the price of the Company’s common stock increased, which resulted in an unfavorable variance to budget. During the year ended December 31, 2018, the price of the Company’s common stock decreased, which resulted in a favorable variance to budget.

(3) Consists principally of depreciation and amortization associated with the operations of Hollywood Casino at Kansas Speedway.

The following table includes a reconciliation of net income (loss), which is determined in accordance with GAAP, to Adjusted EBITDA and Adjusted EBITDAR, which are non-GAAP financial measures, as well as related margins:

| *(dollars in millions)* | **For the six months ended June 30, 2020** |
|---|---|
| **Net income (loss)** | **$ (823.0)** |
| Income tax expense (benefit) | (157.9) |
| Loss on early extinguishment of debt | - |
| Loss (income) from unconsolidated affiliates | (2.4) |
| Interest expense, net | 264.8 |
| Other expense (income) | (7.5) |
| Operating income (loss) | (726.0) |
| Stock-based compensation (1) | 8.9 |
| Cash-settled stock-based award variance (1)(2) | 7.2 |
| Loss (gain) on disposal of assets (1) | (27.9) |
| Contingent purchase price (1) | (1.4) |
| Pre-opening and acquisition costs (1) | 6.7 |
| Depreciation and amortization | 187.6 |
| Impairment losses | 616.1 |
| Insurance recoveries, net of deductible charges (1) | (0.1) |
| Income from unconsolidated affiliates | 2.4 |
| Non-operating items of equity method investments (3) | 2.0 |
| **Adjusted EBITDA** | **75.5** |
| Rent expense associated with triple net operating leases (1) | 201.3 |
| **Adjusted EBITDAR** | **$ 276.8** |
| | |
| Net income (loss) margin | -57.9% |
| Adjusted EBITDAR margin | 19.5% |

(1) These items are included in “General and administrative” within the Company’s unaudited Condensed Consolidated Statements of Operations.

(2) The Company’s cash-settled stock-based awards are adjusted to fair value each reporting period based primarily on the price of the Company’s common stock. As such, significant fluctuations in the price of the Company’s common stock during any reporting period could cause significant variances to budget on cash-settled stock-based awards. During the six months ended June 30, 2020, the price of the Company’s common stock increased significantly, which resulted in unfavorable variances to budget.

(3) Consists principally of interest expense, net; income taxes; depreciation and amortization; and stock-based compensation expense associated with Barstool Sports and our Kansas Entertainment joint venture.

**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," "goal," "seeks," "may," "will," "should," or "anticipates" or the negative or other variations of these or similar words, or by discussions of future events, current expectations for 3Q20 consolidated revenues and ADJUSTED EBITDAR, strategies or risks and uncertainties. Such statements are all subject to risks, uncertainties and changes in circumstances that could significantly affect the Company's future financial results and business.

Accordingly, the Company cautions that the forward-looking statements contained herein are qualified by important factors that could cause actual results to differ materially from those reflected by such statements. Such factors include, but are not limited to: (a) the anticipated use of proceeds of the Offering; (b) the assumptions included in our current expectations for 3Q20 consolidated revenues and ADJUSTED EBITDAR; (c) the magnitude and duration of the impact of COVID-19 on general economic conditions, capital markets, unemployment, and the Company's liquidity, operations, supply chain, and personnel; (d) industry, market, economic, political, regulatory and health conditions; (e) disruptions in operations from data protection breaches, cyberattacks, extreme weather conditions, civil unrest, medical epidemics or pandemics such as COVID-19 (and any reoccurrences), and other natural or manmade disasters or catastrophic events; (f) the reopening of the Company's Zia Park gaming property is subject to various conditions, including regulatory approvals, potential delays and operational restrictions; (g) our ability to access additional capital on favorable terms or at all; (h) our ability to remain in compliance with the financial covenants of our debt obligations; (i) the consummation of the Perryville transaction with GLPI is subject to various conditions, including third party agreements and approvals, and accordingly it may be delayed or may not occur at all; (j) actions to reduce costs and improve efficiencies to mitigate losses as a result of COVID-19 that could negatively impact guest loyalty and our ability to attract and retain employees; (k) the outcome of any legal proceedings that may be instituted against the Company or its directors, officers or employees; (l) the impact of new or changes in current laws, regulations, rules or other industry standards; (m) the ability of our operating teams to drive revenue and margins; (n) the impact of significant competition from other gaming and entertainment operations (including from Native American casinos, historic racing machines, state sponsored i-lottery products and video game terminals ("VGTs") in or adjacent to states in which we operate); (o) our ability (and the ability of our business partners) to obtain timely regulatory approvals required to own, develop and/or operate our properties, or other delays, approvals or impediments to completing our planned acquisitions or projects, construction factors, including delays, and increased costs; (p) 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 or seek to do business (such as a smoking ban at any of our properties or the potential award of additional gaming licenses proximate to our properties, as recently occurred in Illinois, Nebraska and Pennsylvania); (q) 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; (r) the activities of our current competitors (commercial and tribal) and the rapid emergence of additional significant potential competitors (traditional, tribal, internet, social, sweepstakes based and VGTs in bars and truck stops) in or adjacent to the jurisdictions in which we do or seek to do business; (s) increases in the effective rate of taxation for any of our operations or at the corporate level; (t) our ability to identify attractive acquisition and development opportunities (especially in new business lines) and to agree to terms with, and maintain good relationships with partners and municipalities for such transactions; (u) 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; (v) the impact of weather, including flooding, hurricanes and tornadoes and the ability to recover associated insurance proceeds; (w) changes in accounting standards; (x) the risk of failing to maintain the integrity of our information technology infrastructure and safeguard our business, employee and customer data (particularly as our iGaming division grows); (y) with respect to our iGaming and sports betting endeavors, the impact of significant competition from other companies for online sports betting, iGaming and sportsbooks, our ability to achieve the expected financial returns related to our investment in Barstool Sports, our ability (and the ability of our business partners) to obtain timely regulatory approvals and iOS approval required to own, develop and/or operate sportsbooks may be delayed and there may be impediments and increased costs to launching the online betting, iGaming and sportsbooks, including delays, and increased costs, intellectual property and legal and regulatory challenges, as well as our ability to successfully develop innovative products that attract and retain a significant number of players in order to grow our revenues and earnings, our ability to establish key partnerships, our ability to generate meaningful returns and the risks inherent in any new business; (z) the impact of significant competition from other companies for online sports betting; (aa) the Company's ability to achieve the expected financial returns related to its Barstool Sportsbook app; (bb) the risk of failing to maintain the integrity of the Company's information technology infrastructure and safeguard its business, employee and customer data in connection with the Company's online sports betting; (cc) the Company's and its business partners' ability to obtain various regulatory approvals required to own, develop and/or operate the Barstool Sportsbook app may be delayed or may not occur; and (dd) other factors included in "Risk Factors," of this prospectus supplement, the Company's Annual Report on Form 10-K for the year ended December 31, 2019, the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the U.S. 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.

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**Exhibit 99.2**


Penn National Gaming, Inc.
Acceleration of Unique
Omni-Channel Strategy
September 29, 2020
BARSTOOL SPORTSBOOK
mychoice

# Non-GAAP Financial Measures

The Non-GAAP Financial Measures used in this presentation include Adjusted EBITDA, Adjusted EBITDAR, and Adjusted EBITDAR margin. These non-GAAP financial measures should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP. The Company defines Adjusted EBITDA as earnings before interest expense, net; income taxes; depreciation and amortization; stock-based compensation; debt extinguishment and financing charges; impairment losses; insurance recoveries and deductible charges; changes in the estimated fair value of the Company's contingent purchase price obligations; gain or loss on disposal of assets; the difference between budget and actual expense for cash-settled stock-based awards; pre-opening and acquisition costs; and other income or expenses. Adjusted EBITDA is inclusive of income or loss from unconsolidated affiliates, with the Company's share of non-operating items (such as depreciation and amortization) added back for the Company's joint venture in Kansas Entertainment. Adjusted EBITDA is inclusive of rent expense associated with the Company's triple net operating leases (the operating lease components contained within the Penn Master Lease and Pinnacle Master Lease (primarily land), the Meadows Lease, the Margaritaville Lease, and the Greektown Lease). Although Adjusted EBITDA includes rent expense associated with the Company's triple net operating leases, the Company believes Adjusted EBITDA is useful as a supplemental measure in evaluating the performance of the Company's consolidated results of operations. Adjusted EBITDA has economic substance because it is used by management as a performance measure to analyze the performance of the Company's business, and is especially relevant in evaluating large, long-lived casino-hotel projects because it provides a perspective on the current effects of operating decisions separated from the substantial non-operational depreciation charges and financing costs of such projects. The Company presents Adjusted EBITDA because it is used by some investors and creditors as an indicator of the strength and performance of ongoing business operations, including the Company's ability to service debt, and to fund capital expenditures, acquisitions and operations. These calculations are commonly used as a basis for investors, analysts and credit rating agencies to evaluate and compare operating performance and value companies within the industry in which the Company operates. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including us, have historically excluded from their Adjusted EBITDA calculations certain corporate expenses that do not relate to the management of specific casino properties. However, Adjusted EBITDA is not a measure of performance or liquidity calculated in accordance with GAAP. Adjusted EBITDA information is presented as a supplemental disclosure, as management believes that it is a commonly-used measure of performance in the gaming industry and that it is considered by many to be a key indicator of the Company's operating results.

The Company defines Adjusted EBITDAR as Adjusted EBITDA (as defined above) plus rent expense associated with triple net operating leases (which is a normal, recurring cash operating expense necessary to operate the Company's business). Adjusted EBITDAR is presented on a consolidated basis outside the financial statements solely as a valuation metric. Management believes that Adjusted EBITDAR is an additional metric traditionally used by analysts in valuing gaming companies subject to triple net leases since it eliminates the effects of variability in leasing methods and capital structures. This metric is included as supplemental disclosure because (i) the Company believes Adjusted EBITDAR is traditionally used by gaming operator analysts and investors to determine the equity value of gaming operators and (ii) Adjusted EBITDAR is one of the metrics used by other financial analysts in valuing the Company's business. The Company believes Adjusted EBITDAR is useful for equity valuation purposes because (i) its calculation isolates the effects of financing real estate; and (ii) using a multiple of Adjusted EBITDAR to calculate enterprise value allows for an adjustment to the balance sheet to recognize estimated liabilities arising from operating leases related to real estate. However, Adjusted EBITDAR when presented on a consolidated basis is not a financial measure in accordance with GAAP, and should not be viewed as a measure of overall operating performance or considered in isolation or as an alternative to net income because it excludes the rent expense associated with the Company's triple net operating leases and is provided for the limited purposes referenced herein. Adjusted EBITDAR margin is defined as Adjusted EBITDAR on a consolidated basis (as defined above) divided by revenues on a consolidated basis. Adjusted EBITDAR margin is presented on a consolidated basis outside the financial statements solely as a valuation metric.

Each of these non-GAAP financial measures is not calculated in the same manner by all companies and, accordingly, may not be an appropriate measure of comparing performance among different companies. See the tables in this presentation for reconciliations of these measures to the GAAP equivalent financial measures.

BARSTOOL SPORTSBOOK nychoice

# Forward-Looking Statements

This presentation 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 as such as "expects," "believes," "estimates," "projects," "intends," "plans," "goal," "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. These forward looking statements, including statements regarding pro forma financial information; the Company's expectations of future results of operations and financial condition, including margins; the Company's expectations for its properties, COVID-19; continued demand for the gaming properties that have opened and the possibility that the Company's gaming properties may be required to close again in the future due to COVID-19; the impact of COVID-19 on general economic conditions, capital markets, unemployment, and the Company's liquidity, operations, supply chain and personnel; the Company's ability to gain market share in the interactive gaming market with the Barstool sports betting app and other Penn Interactive gaming products; the Barstool sports betting app's future revenue and profit contributions; expected launch of the Barstool sports app in future states; and the expected use of proceeds from the common stock offering are all subject to risks, uncertainties and changes in circumstances that could significantly affect the Company's future financial results and business.

Accordingly, the Company cautions that the forward-looking statements contained herein are qualified by important factors that could cause actual results to differ materially from those reflected by such statements. Such factors include, but are not limited to: (a) the anticipated use of proceeds from the common stock offering; (b) the assumptions included in our financial guidance for the third quarter of 2020; (c) the magnitude and duration of the impact of COVID-19 on general economic conditions, capital markets, unemployment, and the Company's liquidity, operations, supply chain, and personnel; (d) industry, market, economic, political, regulatory and health conditions; (e) disruptions in operations from data protection breaches, cyberattacks, extreme weather conditions, civil unrest, medical epidemics or pandemics such as COVID-19 (and reoccurrences), and other natural or manmade disasters or catastrophic events; (f) the reopening of the Company's Zia Park gaming property is subject to various conditions, including regulatory approval, potential delays and operational restrictions; (g) the Company's ability to access additional capital on favorable terms or at all; (h) the Company's ability to remain in compliance with the financial covenants of the Company's debt obligations; (i) the consummation of the Pennville transaction with GLPI is subject to various conditions, including third party agreements and approvals, and accordingly it may be delayed or may not occur at all; (j) actions to reduce costs and improve efficiencies to mitigate losses as a result of COVID-19 that could negatively impact guest loyalty and the Company's ability to attract and retain employees; (k) the outcome of any legal proceedings that may be instituted against the Company or its directors, officers or employees; (l) the impact of new or changes in current laws, regulations, rules or other industry standards; (m) the ability of the Company's operating teams to drive revenue and margins; (n) the impact of significant competition from other gaming and entertainment operations (including from Native American casinos, historic racing machines, state sponsored i-lottery products and VGTs in or adjacent to states in which the Company operates); (o) the Company's ability (and the ability of its business partners) to obtain timely regulatory approvals required to own, develop and/or operate the Company's properties, or other delays, approvals or impediments to completing the Company's planned acquisitions or projects, construction factors, including delays, and increased costs; (p) 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 the Company does or seeks to do business (such as a smoking ban at any of the Company's properties or the potential award of additional gaming licenses proximate to the Company's properties, as recently occurred in Illinois, Nebraska and Pennsylvania); (q) 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; (r) the activities of the Company's competitors (commercial and tribal) and the rapid emergence of additional significant potential competitors (traditional, tribal, internet, social, sweepstakes based and VGTs in bars and truck stops) in or adjacent to the jurisdictions in which the Company does or seeks to do business; (s) increases in the effective rate of taxation for any of the Company's operations or at the corporate level; (t) the Company's ability to identify attractive acquisition and development opportunities (especially in new business lines) and to agree to terms with, and maintain good relationships with partners and municipalities for such transactions; (u) the costs and risks involved in the pursuit of such opportunities and the Company's ability to complete the acquisition or development of, and achieve the expected returns from, such opportunities; (v) the impact of weather, including flooding, hurricanes and tornadoes and the ability to recover associated insurance proceeds; (w) changes in accounting standards; (x) the risk of failing to maintain the integrity of the Company's information technology infrastructure and safeguard the Company's business, employee and customer data (particularly as the Company's iGaming division grows); (y) with respect to the Company's iGaming and sports betting endeavors, the impact of significant competition from other companies for online sports betting, iGaming and sportsbooks, the Company's ability to achieve the expected financial returns related to the Company's investment in Barstool Sports, the Company's ability (and the ability of the Company's business partners) to obtain timely regulatory approvals and IOS approval required to own, develop and/or operate sportsbooks may be delayed and there may be impediments and increased costs to launching the online betting, iGaming and sportsbooks, including delays, and increased costs, intellectual property and legal and regulatory challenges, as well as the Company's ability to successfully develop innovative products that attract and retain a significant number of players in order to grow the Company's revenues and earnings, the Company's ability to establish key partnerships, and the Company's ability to generate meaningful returns and the risks inherent in any new business; (z) the impact of significant competition from other companies for online sports betting; (aa) the Company's ability to achieve the expected financial returns related to its Barstool Sportsbook app; (bb) the risk of failing to maintain the integrity of the Company's information technology infrastructure and safeguard its business, employee and customer data in connection with the Company's online sports betting; (cc) the Company's and its business partners' ability to obtain various regulatory approvals required to own, develop and/or operate the Barstool Sportsbook app may be delayed or may not occur; and (dd) other factors included in "Risk Factors," in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the U.S. 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 presentation may not occur.

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# Recent Equity Offering

## Offering Summary

- On September 29, 2020, we raised gross proceeds of $982.1 million of common stock
- As such, our pro forma net traditional debt at 6/30/20 is only ~$1.0 billion

## Rationale for Offering

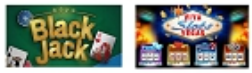
- Fortify and de-risk our balance sheet
- Digitize and evolve the brick and mortar experience
- Accelerate our highly differentiated omni-channel strategy
  - Launch the Barstool Sportsbook app in new markets
  - Develop new products, features and exclusive content through our partnership with Barstool Sports
  - Establish Barstool-branded retail sports books and standalone entertainment destinations in key markets

# Performance Update

- **3Q20 Expected Results:**
  - Revenue: $1,040M - $1,145M (Consensus Estimates: $1,014M[1])
  - EBITDAR: $410M - $450M (Consensus Estimates: $324M[1])
- For reopened properties[2] from the applicable date of reopening in Q3 through 9/21/20 compared to the prior year period:
  - Revenues **declined 11%**
  - EBITDAR **increased 18%**
  - Property EBITDAR Margins **expanded over 1,020** basis points


[1] IBES consensus estimates per Reuters Eikon as of 9/23/20. | [2] Excludes L'Auberge Lake Charles in September due to Hurricane Laura impact.

# Accelerating Our Strategy

| Digitize Brick & Mortar | New State Launches | New Sportsbook Features | Best in Class iCasino | New Product Offerings |
|---|---|---|---|---|
| Cashless, Cardless, Contactless Technology<br><br>Advanced Data Analytics |  | Shareable Bet Slips<br><br>Live Streaming Content<br><br>Enhanced Barstool Integrations |  <br>mychoice integration<br><br>Live Dealer<br><br>Customized iCasino Content |  <br>  |

BARSTOOL SPORTSBOOK mychoice

# Unique Omni-Channel Platform

# Barstool Retail Sportsbooks

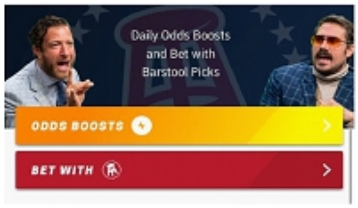

BARSTOOL SPORTSBOOK nyhcolize

- Accelerating plans to convert our retail sportsbook to Barstool Sportsbooks and **attract new demographics** to our properties
  - 4 currently under construction
  - All major retail sportsbooks converted by year end 2021
- **Capitalize on Barstool's loyal fan base** by leveraging the Barstool brand in our existing retail sportsbook
- **Host events with Barstool** personalities on our properties


# Barstool Sports Betting App



THE BARSTOOL SPORTSBOOK APP COMBINES **BARSTOOL TALENT** WITH THE **MOBILE SPORTS BETTING EXPERIENCE**





BARSTOOL SPORTSBOOK

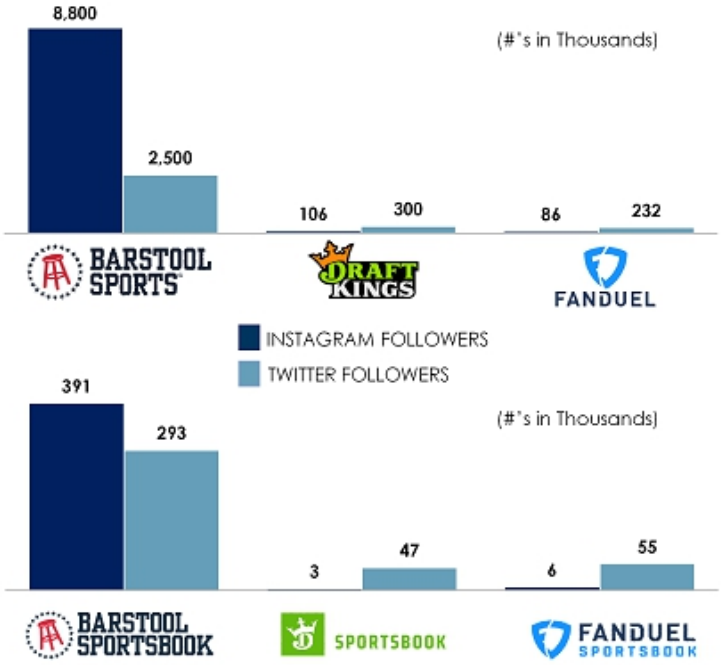
nychoice

# Barstool's Unmatched Following

BARSTOOL SPORTS®

WITHIN JUST **ONE WEEK SINCE THE APP'S LAUNCH**, BARSTOOL SPORTSBOOK HAS A LARGER AND MORE LOYAL SOCIAL MEDIA FOLLOWING **THAN DRAFTKINGS AND FANDUEL**

BARSTOOL SPORTSBOOK nychoice



# The Next Generation of Online Betting

BARSTOOL HAS CULTIVATED AN **ENTERTAINING DESTINATION** FOR SPORTS BETTORS…




CREATING **WIDELY FOLLOWED CONTENT** AROUND SPORTS BETTING…


AND **NEW AND ENGAGING** WAYS TO BET

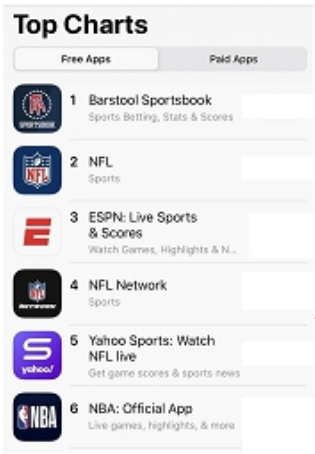


BARSTOOL SPORTSBOOK

nychoice

# Early Success in Pennsylvania

**OPENING WEEKEND** RESULTS…




# #1

**Most Downloaded Sports Betting and Sports App Nationally**

*On the App Store during the first weekend live with one state launched*

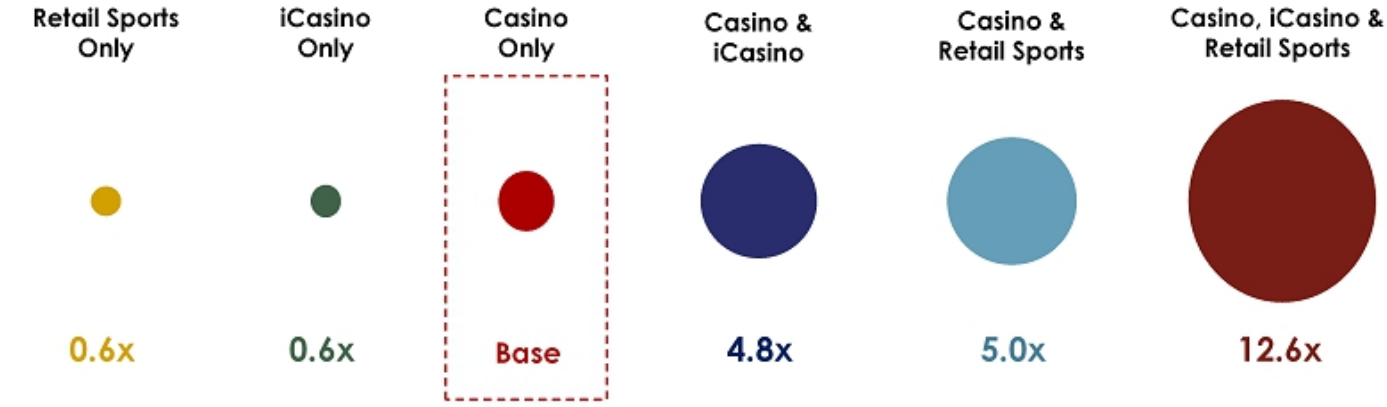
BARSTOOL SPORTSBOOK nychoice

**30,000**
**App Downloads in Pennsylvania**

| | |
|---|---|
| **24K**<br>**Registrations in PA**<br>*in first 4 days of launch* | **12K**<br>**First Time Depositors in PA**<br>*represents average deposit size of $243* |
| **$11M**<br>**Total Handle**<br>*22% on picks promoted by Barstool* | **180K**<br>**App Downloads in U.S.**<br>*95% of registrations new to Penn ecosystem* |
| **4.9**<br>**Average Rating**<br>*on App Store* | **$0**<br>**External Marketing Spend**<br>*on launch of Barstool Sportsbook* |

# The Omni-Channel Advantage

The **more channels** the customers participate in, the **more value** they generate



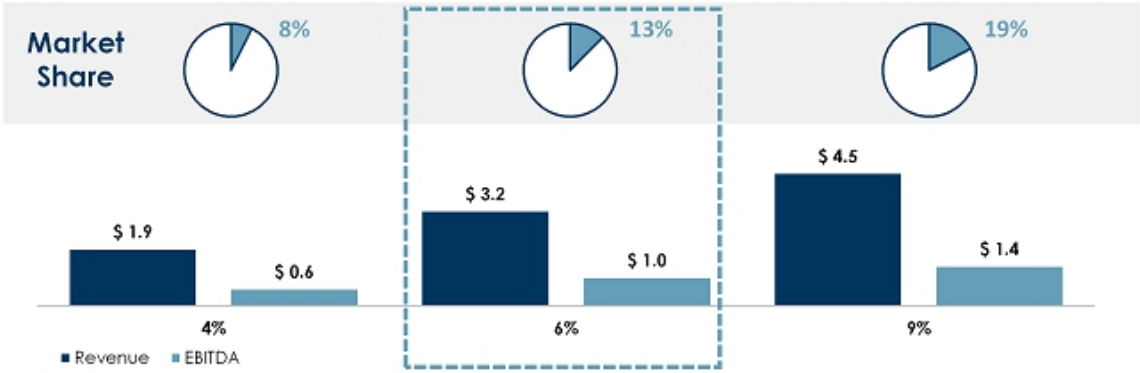

**Industry-leading mychoice loyalty program connects all channels to encourage consolidated play**

*Note: Value per customer based on estimated Theo per guest (May'19 - Aug'20) | Retail sports betting value is based on actual win.*

# Sports Betting and iCasino Opportunity – Updated

We can achieve ~**13% market share by 2025 if we convert just 6% of both the 66 million Barstool audience** and the **5 million active members in mychoice** to sports betting and iCasino customers

**Illustrative Market Share and Financial Impact ($bn)**




**Barstool and mychoice Database Conversion[1]**

Source: Market share based on Barclays Research estimate of 2025 market size of $24bn. | [1] Assumes 30% cross-sell rate between sports betting into iCasino, with average revenue per paying user of $300 for sports betting and $1,500 for iCasino, at 30% EBITDA margins.

# Appendix

# GAAP to Non-GAAP Reconciliation

| ($ in millions) | 2017 | 2018 | 2019 | For the six months ended June 30, 2020 |
|---|---|---|---|---|
| **Net income** | $ 473.4 | $ 93.5 | $ 43.1 | $(823.0) |
| Income tax expense (benefit) | (498.5) | (3.6) | 43.0 | (157.9) |
| Loss on early extinguishment of debt | 24.0 | 21.0 | - | - |
| Income from unconsolidated affiliates | (18.7) | (22.3) | (28.4) | (2.4) |
| Interest expense, net | 463.2 | 538.4 | 534.2 | 264.8 |
| Other expense (income) | 2.3 | 7.1 | (20.0) | (7.5) |
| **Operating income** | **$ 445.7** | **$ 634.1** | **$ 571.9** | **$(726.0)** |
| Stock-based compensation[1] | 7.8 | 12.0 | 14.9 | 8.9 |
| Cash-settled stock-based award variance[1,2] | 23.4 | (19.6) | 0.8 | 7.2 |
| Loss on disposal of assets[1] | 0.2 | 3.2 | 5.5 | (27.9) |
| Contingent purchase price[1] | (6.8) | 0.5 | 7.0 | (1.4) |
| Pre-opening and acquisition costs[1] | 9.7 | 95.0 | 22.3 | 6.7 |
| Depreciation and amortization | 267.1 | 269.0 | 414.2 | 187.6 |
| Impairment losses | 18.0 | 34.9 | 173.1 | 616.1 |
| Provision for (recoveries on) loan loss and unfunded loan commitments | 89.8 | (17.0) | - | - |
| Insurance recoveries, net of deductible charges[1] | (0.3) | (0.1) | (3.0) | (0.1) |
| Income from unconsolidated affiliates | 18.7 | 22.3 | 28.4 | 2.4 |
| Non-operating items of equity method investments[3] | 5.8 | 5.1 | 3.7 | 2.0 |
| **Adjusted EBITDA** | **$ 879.1** | **$ 1,039.4** | **$ 1,238.8** | **$ 75.5** |
| Rent expense associated with triple net operating leases[1] | 0.0 | 3.8 | 366.4 | 201.3 |
| **Adjusted EBITDAR** | **$ 879.1** | **$ 1,043.2** | **$ 1,605.2** | **$ 276.8** |
| *Net income margin* | *15.0%* | *2.6%* | *0.8%* | *(57.9)%* |
| *Adjusted EBITDAR margin* | *27.9%* | *29.1%* | *30.3%* | *19.5%* |

*(1) These items are included in "general and administrative" within the Company's unaudited Condensed Consolidated Statements of Operations.(2) The Company's cash-settled stock-based awards are adjusted to fair value each reporting period based primarily on the price of the Company's common stock. As such, significant fluctuations in the price of the Company's common stock during any reporting period could cause significant variances to budget on cash-settled stock-based awards. During six months ended June 30, 2020, the price of the Company's common stock increased significantly, which resulted in unfavorable variances to budget, (3) Consists principally of interest expense, net; income taxes; depreciation and amortization; and stock-based compensation expense associated with Barstool Sports and our Kansas Entertainment joint venture.*