PRELIMINARY OFFERING MEMORANDUM **CONFIDENTIAL**

$400,000,000
PENN NATIONAL GAMING, INC.
% Senior Notes due 2029

Penn National Gaming, Inc. ("PNG" and collectively with all of its subsidiaries, the "Company," "we," "our," or "us") is offering $400,000,000 aggregate principal amount of its % senior notes due 2029. The notes will mature on , 2029. Interest on the notes will be payable semi-annually in arrears on and , commencing on .

At any time prior to , 2024, PNG may redeem the notes for cash at its option, in whole or in part, at any time or from time to time, at a redemption price equal to the principal amount thereof plus a "make-whole premium", plus accrued and unpaid interest, if any, to, but not including, the redemption date. On and after , 2024, PNG may redeem the notes for cash at its option, in whole or in part, at any time or from time to time, at the redemption prices (expressed as percentages of principal amount) set forth under "Description of Notes—Redemption", plus accrued and unpaid interest, if any, on the notes redeemed, to, but not including, the applicable redemption date. In addition, at any time prior to , 2024, PNG may redeem the notes for cash at its option, in whole or in part, at any time or from time to time, at a redemption price set forth under "Description of Notes—Redemption—Optional Redemption with Proceeds of Equity Offerings", plus accrued and unpaid interest, if any, to, but not including, the redemption date, with an amount of cash equal to the net cash proceeds of one or more Equity Offerings (as defined in the Description of Notes) so long as (i) at least 60% of the aggregate principal amount of notes originally issued under the indenture (as defined in the Description of Notes) remains outstanding after the occurrence of such redemption and (ii) such redemption occurs within 180 days after the date of such Equity Offering. If a Change of Control Triggering Event (as defined in the Description of Notes) occurs, each Holder (as defined in the Description of Notes) of notes will have the right to require PNG to repurchase all or any part of that Holder's notes pursuant to an offer by PNG on the terms set forth in the indenture at a purchase price equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to, but not including, the date of purchase. "See "Description of Notes—Repurchase at the Option of Holders." The notes also will be subject to mandatory redemption requirements imposed by gaming laws and regulations.

The notes will be PNG's unsubordinated, unsecured obligations and be equal in right of payment with all unsubordinated indebtedness of PNG, without giving effect to collateral arrangements, and senior in right of payment to all subordinated indebtedness of PNG. The notes will be effectively subordinated in right of payment to all secured indebtedness of PNG, including indebtedness under the Credit Agreement (as defined in the Description of Notes), to the extent of the value of the assets securing such indebtedness. The notes will not be guaranteed by any of PNG's subsidiaries and will be structurally subordinated to all liabilities of any subsidiary of PNG.

PNG will not be required to file with the Securities and Exchange Commission (the "SEC") a registration statement for an exchange offer for the notes or a shelf registration statement for the notes. This offering memorandum includes additional information on the terms of the notes, including redemption and repurchase prices, covenants and transfer restrictions.

Investing in the notes involves a high degree of risk. See "Risk Factors," beginning on page 21.

None of the SEC or any state securities commission or any gaming authority or regulatory agency has passed upon the accuracy or adequacy of this offering memorandum or the investment merits of the notes offered hereby. Any representation to the contrary is a criminal offense.

We have not registered and will not register the notes under the federal securities laws or the securities laws of any state. The initial purchasers named below are offering the notes only to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act. See "Notice to Investors" for additional information about eligible offerees and transfer restrictions.

Price: % plus accrued interest from the issue date.

We expect that delivery of the notes will be made on or about , 2021, through the facilities of The Depository Trust Company ("DTC") for the account of its participants, including Euroclear Bank, S.A./N.V. and Clearstream Banking, *société anonyme*. See "Book Entry; Delivery and Form."

Joint Book-Running Managers

J.P. Morgan Securities	**BofA Securities**	**Fifth Third Securities**	**Truist Securities**	**Wells Fargo Securities**
Goldman Sachs & Co. LLC	**US Bancorp**	**Citizens Capital Markets**	**M&T Securities**	**TD Securities**

The date of this offering memorandum is , 2021.

We have not authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this offering memorandum. You must not rely on unauthorized information or representations.

This offering memorandum does not offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities.

The information in this offering memorandum is current as of the date on its cover, and information in the documents incorporated by reference in this offering memorandum is current only as of the date of such documents, or in each case as of an earlier date specified herein or therein, and our business, financial condition and any other such information may change after that date. For any time after such date, we do not represent that our affairs are the same as described or that such information is correct, nor do we imply those things by delivering this offering memorandum or selling securities to you.

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You should base your decision to invest in the notes solely on information contained or incorporated by reference in this offering memorandum. Neither we nor the initial purchasers have authorized anyone to provide you with any different information. Summaries of documents contained in this offering memorandum may not be complete, and we refer you to such documents for a more complete understanding of what we discuss in this offering memorandum. Neither we nor the initial purchasers represent that the information herein is complete. You should consult your own legal, tax and business advisors regarding an investment in the notes. Information in this offering memorandum is not legal, tax or business advice.

We are offering the notes in reliance on an exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), for an offer and sale of securities that does not involve a public offering. If you purchase the notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under "Notice to Investors." You may be required to bear the financial risk of an investment in the notes for an indefinite period. Neither we nor the initial purchasers are making an offer to sell the notes in any jurisdiction where the offer and sale of the notes is prohibited. We do not make any representation to you that the notes are a legal investment for you.

Each prospective purchaser of the notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the initial purchasers shall have any responsibility therefor.

None of the SEC, any state securities commission or any gaming authority or regulatory agency has passed upon the accuracy or adequacy of this offering memorandum or the investment merits of the notes offered hereby. Any representation to the contrary is a criminal offense.

We have prepared this offering memorandum solely for use in connection with the offer of the notes to persons reasonably believed to be qualified institutional buyers ("QIBs") under Rule 144A under the Securities Act ("Rule 144A") and to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act ("Regulation S"). You agree that you will hold the information contained in this offering memorandum and information about the transactions contemplated hereby in confidence. You may not distribute this offering memorandum to any person, other than a person retained to advise you in connection with the purchase of the notes. We and the initial purchasers may reject any offer to purchase the notes in whole or in part, sell less than the entire principal amount of the notes offered hereby or allocate to any purchaser less than all of the notes for which it has subscribed.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NON-GAAP FINANCIAL MEASURES

We include in this offering memorandum Adjusted EBITDA, Adjusted EBITDAR and Adjusted EBITDAR margin, which are not financial measures under United States generally accepted accounting principles ("GAAP"). The definitions of Adjusted EBITDA, Adjusted EBITDAR and Adjusted EBITDAR margin, as well as a reconciliation of our net income (loss) per GAAP to Adjusted EBITDA and Adjusted EBITDAR, and our income (loss) from operations per GAAP to Adjusted EBITDA and Adjusted EBITDAR are included under "Offering Memorandum Summary—Summary Historical Consolidated Financial Data." The definitions of Adjusted EBITDA, Adjusted EBITDAR and Adjusted EBITDAR margin used in this offering memorandum are not the same as the definitions of similarly entitled measures used in our amended credit facilities, the indenture that will govern the notes or any of our other debt agreements.

MARKET AND INDUSTRY DATA

This offering memorandum includes information with respect to market share and industry conditions, which are based upon internal estimates and various third-party sources. While management believes that such data is reliable, we have not independently verified any of the data from third-party sources nor have we ascertained the underlying assumptions relied upon therein. Similarly, our internal research is based upon management's understanding of industry conditions, and such information has not been verified by any independent sources. Accordingly, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this offering memorandum.

WHERE YOU CAN FIND MORE INFORMATION

Available Information

We file periodic reports, proxy statements and other information with the SEC. You may read and copy any document that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain further information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings also are available to the public over the Internet at the SEC's website at *http://www.sec.gov*.

You may find additional information about us and our subsidiaries on our website at *http://www.pngaming.com*. The information contained on or that can be accessed through our website (other than the SEC filings expressly incorporated below) or any website for our properties or other operations is not incorporated by reference in, and is not part of, this offering memorandum, and you should not rely on any such information in connection with your investment decision to purchase notes.

Incorporation by Reference

We are incorporating by reference into this offering memorandum certain information we have filed with the SEC, which means that we can disclose important information to you by referring you to those documents and such documents are deemed to be included as part of this offering memorandum. We incorporate by reference in this offering memorandum the information contained in the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than current reports furnished under Item 2.02 or 7.01 of Form 8-K and corresponding information furnished under Item 9.01 or included as an exhibit and other information in future filings deemed, under SEC rules, not to have been filed), after the date of this offering memorandum and prior to the earlier of the time we sell all the notes offered by this offering memorandum and the termination of this offering:

- Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 26, 2021 (the "2020 10-K");
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, filed with the SEC on May 6, 2021;
- Information required by Part III, Items 10 through 13, of Form 10-K (incorporated by reference from our Definitive Proxy Statement, filed with the SEC on April 23, 2021); and
- Current Reports on Form 8-K filed with the SEC on January 4, 2021, April 13, 2021, June 8, 2021, June 11, 2021 and June 21, 2021.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address:

Penn National Gaming, Inc.
825 Berkshire Boulevard, Suite 200
Wyomissing, PA 19610
Attention: Secretary
Telephone: (610) 373-2400

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this offering memorandum to the extent that a statement contained herein or in any other subsequently filed document which also is incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this offering memorandum.

You will be deemed to have notice of all information incorporated by reference in this offering memorandum as if that information was included in this offering memorandum.

FORWARD-LOOKING STATEMENTS

This offering memorandum and the information incorporated by reference herein include "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These statements are included throughout this offering memorandum and the information incorporated by reference herein, including in the section entitled "Risk Factors," relate to the issuance of notes as well as our business strategy, our prospects and our financial position. These statements can be identified by the use of forward-looking terminology such as "expects," "believes," "estimates," "projects," "intends," "plans," "seeks," "may," "will," "should" or "anticipates" or the negative or other variation of these or similar words, or by discussions of future events, strategies or risks and uncertainties. Specifically, forward-looking statements may include, among others, statements concerning:

- our expectations of current quarter or future results of operations or financial condition;
- our expectations for our properties or our development projects;
- the timing, cost and expected impact of planned capital expenditures on our results of operations;
- the impact of our geographic diversification;
- our expectations with regard to the impact of competition;
- our expectations with regard to further acquisitions and development opportunities, as well as the integration of any companies we have acquired or may acquire;
- the outcome and financial impact of the litigation in which we are or will be periodically involved;
- the actions of regulatory, legislative, executive or judicial decisions at the federal, state or local level with regard to our business and the impact of any such actions;
- our ability to maintain regulatory approvals for our existing businesses and to receive regulatory approvals for our new businesses;
- our expectations regarding economic and consumer conditions; and
- our expectations for the continued availability and cost of capital.

Actual results may vary materially from expectations. Although we believe that our expectations are based on reasonable assumptions, within the bounds of our knowledge of our business, there can be no assurance that actual results will not differ materially from our expectations, and accordingly, our forward-looking statements are qualified in their entirety by reference to the factors described under the heading "Risk Factors" and in the information incorporated by reference herein. Meaningful factors that could cause actual results to differ materially from the forward-looking statements include, without limitation, risks related to the following:

- the material adverse impact of the COVID-19 pandemic on our business and financial performance, and our expectation that this adverse impact will continue until after the COVID-19 pandemic is contained;
- our inability to predict the extent to which COVID-19 and its related impacts will continue to adversely affect our business operations, financial performance and the achievement of our strategic objectives;
- the occurrence and potential future occurrence of unforeseen events as a result of the COVID-19 pandemic that may have a materially adverse effect on our business and financial performance;
- instability in the financial markets and global or regional economic weakness or uncertainty that may have a material adverse effect on our business and financial performance;
- the impact of significant competition from other gaming and entertainment operations;
- the impact of reductions in discretionary consumer spending;
- our dependence on certain properties to generate a significant percentage of our revenues;
- our leases and the use of our cash flow for rent payments under our Triple Net Leases (defined below);
- the impact of weather and other casualty events;
- our ability to renew and the potential for disputes regarding the terms of management agreements and/or lease we have with third parties and local governments;
- costs related to the slot machine manufacturing industry;
- our recent expansion of our sports betting and iGaming operations and our investment in Barstool Sports;
- our ability to retain experienced management and key personnel;
- our ability to renew our contracts and expand the business;
- labor problems;
- our ability to protect or enforce our intellectual property rights;
- fluctuations in the market price of our common stock;
- the outcome of pending or future legal proceedings;
- the effect of our substantial indebtedness on our ability to meet our indebtedness obligations;
- the availability and cost of financing;
- our significant amount of cash required to service our indebtedness;

- the effects of the extensive regulation to which we are subject, the effect of changes in legislation and regulations and our ability to comply with federal, state and other laws and regulations;
- the effects of state and local smoking restrictions;
- increases in the rate of taxation or the adoption of new taxes;
- our reliance on technology services and an uninterrupted supply of electrical power;
- cyber security breaches;
- our continued relationships with our third-party mobile distribution platforms and service providers;
- our ability to grow Penn Interactive;
- disruptions, delays and other difficulties related to our recently acquired properties, future acquisitions or new initiatives;
- in the event we make another acquisition, our ability to receive regulatory approvals required to complete, or delays or impediments to completing, such acquisition;
- the potential for significant tax liabilities if the spin-off of Gaming and Leisure Properties, Inc. ("GLPI") does not qualify as a tax-free transaction;
- the sufficiency of the indemnities that GLPI agreed to provide us with in connection with the spin-off; and
- other factors included under the heading "Risk Factors" in this offering memorandum or discussed in our filings with the SEC.

All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements included in this offering memorandum. We undertake no obligation to publicly update or revise any forward-looking statements contained or incorporated by reference herein, whether as a result of new information, future events or otherwise, except as required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this offering memorandum may not occur.

OFFERING MEMORANDUM SUMMARY

This summary contains a general summary of the information contained in this offering memorandum. This summary may not contain all of the information that is important to you, and it is qualified in its entirety by the more detailed information and financial statements, including the notes to those financial statements, that are part of the reports we file with the SEC and that are incorporated by reference in this offering memorandum or are included elsewhere in this offering memorandum. You should carefully consider the information contained in and incorporated by reference in this entire offering memorandum, including the information set forth in the section entitled "Risk Factors" beginning on page 21 of this offering memorandum. Except where otherwise noted, or the context otherwise requires, the words, "we," "us," "our" and similar terms, as well as references to the "Company" refer to Penn National Gaming, Inc. and all of its subsidiaries; references to "PNG" refer to Penn National Gaming, Inc. and not to any of its subsidiaries.

The Company

We are a leading, diversified, multi-jurisdictional owner and manager of gaming and racing properties, retail and online sports betting operations, and video gaming terminal ("VGT") operations. Our wholly-owned interactive division, Penn Interactive Ventures, LLC ("Penn Interactive"), operates retail sports betting across the our portfolio, as well as online sports betting, online social casino, bingo and online casinos ("iGaming"). In February 2020, we acquired 36% (inclusive of 1% on a delayed basis) equity interest in Barstool Sports, Inc. ("Barstool Sports"), a leading digital sports, entertainment, lifestyle and media company, and entered into a strategic relationship with Barstool Sports, whereby Barstool Sports will exclusively promote the our land-based retail sportsbooks, iGaming products and online sports betting products, including the Barstool Sportsbook mobile app, to its national audience. We launched an online sports betting app called Barstool Sports in Pennsylvania in September 2020, in Michigan in January 2021, in Illinois in March 2021 and in Indiana in May 2021. We also operate iGaming in Pennsylvania and Michigan. Our MY**CHOICE**® customer loyalty program currently has over 24 million members and provides such members with various benefits, including complimentary goods and/or services. Our strategy has continued to evolve from an owner and manager of gaming and racing properties into an omni-channel provider of retail and online gaming, live racing and sports betting entertainment. We believe our continued evolution into a best-in-class omni-channel provider of retail and online gaming and sports betting entertainment will be a catalyst for our core land-based business, while also providing a platform for significant long-term shareholder value.

As of March 31, 2021, we owned, managed, or had ownership interests in 41 properties in 19 states. The majority of the real estate assets (i.e., land and buildings) used in our operations are subject to triple net master leases; the most significant of which are the Penn Master Lease and the Pinnacle Master Lease (as such terms are defined in the section entitled "Offering Memorandum Summary—The Company—Triple Net Leases" and collectively referred to as the "Master Leases"), with Gaming and Leisure Properties, Inc. (NASDAQ: GLPI) ("GLPI"), a real estate investment trust ("REIT"). In addition, we are currently developing two Category 4 satellite gaming casinos in Pennsylvania: Hollywood Casino York and Hollywood Casino Morgantown, both of which are expected to commence operations by the end of 2021.

On March 11, 2020, the World Health Organization declared the novel coronavirus (known as "COVID-19") outbreak to be a global pandemic. To help combat the spread of COVID-19 and pursuant to various orders from state gaming regulatory bodies or governmental authorities, operations at all of our properties were temporarily suspended for single or multiple time periods during the year. Once re-opened, properties operated with reduced gaming and hotel capacity and limited food and beverage offerings in order to accommodate social distancing and health and safety protocols.

During the fourth quarter of 2020, our properties temporarily suspended operations in Pennsylvania, Michigan and Illinois and were subject to increased operational restrictions in Ohio and Massachusetts (among other states). Our Michigan property temporarily closed on November 17, 2020 and reopened on December 23, 2020. Our Pennsylvania properties temporarily closed on December 12, 2020 and reopened on January 4, 2021. Our Illinois properties temporarily closed on November 20, 2020 and began reopening with limited hours of operations beginning January 16, 2021 and throughout the week. The property closures were pursuant to the various orders

from state gaming regulatory bodies or governmental authorities to combat the rapid spread of COVID-19. As of the date of this offering memorandum, with the exception of Valley Race Park, all of our properties have reopened.

The COVID-19 pandemic caused significant disruptions to our business and had a material adverse impact on our financial condition, results of operations and cash flows. During the year, substantial measures were taken to improve our financial position and liquidity as discussed in our Consolidated Financial Statements Note 1, "Organization and Basis of Presentation" in the 2020 10-K, which is incorporated by reference in this offering memorandum.

In February 2020, we closed on our investment in Barstool Sports pursuant to a stock purchase agreement with Barstool Sports and stockholders of Barstool Sports, in which we purchased approximately 36% of the common stock of Barstool Sports for a purchase price of $161.2 million. Within three years after the closing or earlier at our election, we will increase our ownership in Barstool Sports to approximately 50% with an incremental investment of approximately $62 million, consistent with the implied valuation at the time of the initial investment. With respect to the remaining Barstool Sports shares, we have immediately exercisable call rights, and the existing Barstool Sports stockholders have put rights exercisable beginning three years after closing, all based on a fair market value calculation at the time of exercise (subject to a cap of $650.0 million and a floor of 2.25 times the annualized revenue of Barstool Sports, all subject to various adjustments). Upon closing, we became Barstool Sports' exclusive gaming partner for up to 40 years and have the sole right to utilize the Barstool Sports brand for all of our online and retail sports betting and iGaming products. For additional information, see Note 7, "Investments in and Advances to Unconsolidated Affiliates" in the 2020 10-K, which is incorporated by reference in this offering memorandum.

On December 15, 2020, we entered into a definitive agreement with GLPI to purchase the operations of Hollywood Casino Perryville for $31.1 million. The transaction is expected to close early in the third quarter of 2021, however there is no guarantee that this transaction will close within this time frame, or at all. Simultaneous with the closing of the transaction, we would lease the real estate assets associated with Hollywood Casino Perryville from GLPI with initial annual rent of $7.8 million per year subject to escalation. For additional information on our acquisitions, see Note 6, "Acquisitions and Dispositions" in the 2020 10-K, which is incorporated by reference in this offering memorandum.

In May 2019, we acquired Greektown Casino-Hotel ("Greektown") in Detroit, Michigan, subject to a triple net lease with VICI Properties Inc. (NYSE: VICI) ("VICI", a REIT and collectively with GLPI, our "REIT Landlords") (the "Greektown Lease") and, in January 2019, we acquired Margaritaville Casino Resort ("Margaritaville") in Bossier City, Louisiana, subject to a triple net lease with VICI (the "Margaritaville Lease" and collectively with the Master Leases, the Greektown Lease, the Meadows Lease, the Tropicana Lease and the Morgantown Lease, of which the Meadows Lease, the Tropicana Lease and Morgantown Lease are defined in the section entitled "Offering Memorandum Summary—The Company—Triple Net Leases," the "Triple Net Leases").

In October 2018, we completed the acquisition of Pinnacle Entertainment, Inc. ("Pinnacle"), a leading regional gaming operator (the "Pinnacle Acquisition"). In connection with the Pinnacle Acquisition, we added 12 gaming properties to our portfolio, providing us with greater operational scale and geographic diversity. We assumed the Pinnacle Master Lease concurrently with the closing of the Pinnacle Acquisition.

We believe that our portfolio of assets provides us the benefit of geographically-diversified cash flow from operations. We expect to continue to expand our gaming operations through the implementation and execution of a disciplined capital expenditure program at our existing properties, the pursuit of strategic acquisitions and investments, and the development of new gaming properties. In addition, the partnership with Barstool Sports reflects our strategy to continue evolving from the nation's largest regional gaming operator to a best-in-class omni-channel provider of retail and online gaming and sports betting entertainment.

Triple Net Leases

As noted above, the majority of the real estate assets used in our operations are subject to either the Penn Master Lease or the Pinnacle Master Lease. In addition to the Penn Master Lease and the Pinnacle Master Lease, five individual gaming facilities used in our operations are subject to individual triple net leases. Under triple net

leases, in addition to lease payments for the real estate assets, the Company is required to pay the following, among other things: (1) all facility maintenance; (2) all insurance required in connection with the leased properties and the business conducted on the leased properties; (3) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor); (4) all tenant capital improvements; and (5) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties.

The following summaries of the Master Leases are qualified in their entirety by reference to either the Penn Master Lease or the Pinnacle Master Lease, as applicable, all of which are incorporated by reference in the exhibits to the 2020 10-K, which is incorporated by reference in this offering memorandum.

Penn Master Lease and Pinnacle Master Lease

Pursuant to a triple net master lease with GLPI (the "Penn Master Lease"), which became effective November 1, 2013, we lease real estate assets associated with 19 of the gaming facilities used in our operations. The Penn Master Lease has an initial term of 15 years with four subsequent, five-year renewal periods on the same terms and conditions, exercisable at our option. If we elect to renew the term of the Penn Master Lease, the renewal will be effective as to all of the leased real estate assets then subject to the Penn Master Lease, subject to limitations on the final renewal term with respect to certain of the barge-based facilities.

In connection with the Pinnacle Acquisition, we assumed a triple net master lease with GLPI (the "Pinnacle Master Lease"), originally effective April 28, 2016. Pursuant to the Pinnacle Master Lease, we lease real estate assets associated with 12 of the gaming facilities used in our operations from GLPI. Upon assumption of the Pinnacle Master Lease, as amended, there were 7.5 years remaining of the initial ten-year term, with five subsequent, five-year renewal periods exercisable at our option. Furthermore, in conjunction with the Pinnacle Acquisition, GLPI acquired the real estate assets associated with Plainridge Park Casino and leased back such assets to us pursuant to an amendment to the Pinnacle Master Lease.

Pursuant to a binding term sheet between the Company and GLPI entered into on March 27, 2020, we agreed that, in the future, we would exercise the next scheduled five-year renewal under the Penn Master Lease and the Pinnacle Master Lease. GLPI agreed they would grant us the option to exercise an additional five-year renewal term at the end of the lease term on the Penn Master Lease and the Pinnacle Master Lease, subject to certain conditions. In the future, upon exercising each of these renewal options, the term of the Penn Master Lease would extend to November 30, 2033 and the term of the Pinnacle Master Lease would extend to April 30, 2031. If all renewal options contained within the Penn Master Lease and the Pinnacle Master Lease were exercised, inclusive of these renewal options, the term of the Penn Master Lease would extend to November 30, 2053 and the term of the Pinnacle Master Lease would extend to April 30, 2056.

Morgantown Lease

On October 1, 2020, we sold the land underlying our Morgantown development project to GLPI in exchange for rent credits of $30.0 million. Contemporaneous with the sale, we entered into a triple net lease with a subsidiary of GLPI for the land underlying Morgantown (the "Morgantown Lease"). The initial term of the Morgantown Lease is twenty years with six subsequent, five-year renewal periods, exercisable at our option.

Meadows Lease, Margaritaville Lease, Greektown Lease and Tropicana Lease

In connection with the Pinnacle Acquisition, we assumed a triple net lease of the real estate assets used in the operations of Meadows Racetrack and Casino (the "Meadows Lease"), originally effective September 9, 2016, with GLPI as the landlord. Upon assumption of the Meadows Lease, there were eight years remaining of the initial ten-year term, with three subsequent, five-year renewal options followed by one four-year renewal option on the same terms and conditions, exercisable at our option.

As discussed above, in separate acquisitions, we entered into the Margaritaville Lease with VICI for the real estate assets used in the operations of Margaritaville and the Greektown Lease with VICI for the real estate assets used in the operations of Greektown. Both the Margaritaville Lease and the Greektown Lease have initial

terms of 15 years, with four subsequent five-year renewal options on the same terms and conditions, exercisable at our option.

On April 16, 2020, we sold the real estate assets associated with our Tropicana Las Vegas ("Tropicana") property to a subsidiary of GLPI in exchange for rent credits of $307.5 million. Contemporaneous with the sale, we entered into a leaseback of the real estate assets for nominal cash rent. We are required to continue to operate the Tropicana for two years (subject to three one-year extensions at GLPI's option) or until the real estate assets and the operations of the Tropicana are earlier sold by GLPI.

On April 13, 2021, GLPI announced that it entered into a binding term sheet with Bally's Corporation ("Bally's") whereby Bally's plans to acquire both GLPI's non-land real estate assets and our outstanding equity interests in Tropicana Las Vegas Hotel and Casino, Inc., which has the gaming license and operates the Tropicana, for an aggregate cash acquisition price of $150.0 million. GLPI will retain ownership of the land and will concurrently enter into a 50-year ground lease with initial annual rent of $10.5 million. This transaction is expected to close in early 2022, subject to the Company, GLPI and Bally's entering into definitive agreements and regulatory approval. There is no guarantee that this transaction will close within this time frame, or at all

The following table summarizes certain features of the properties owned, operated or managed by us as of March 31, 2021, by reportable segment (all area and capacity metrics are approximate):

	Location	Real Estate Assets Lease or Ownership Structure	Type of Facility	Gaming Square Footage	Gaming Machines	Table Games [1]	Hotel Rooms
Northeast segment [2]							
Ameristar East Chicago	East Chicago, IN	Pinnacle Master Lease	Dockside gaming	73,000	1,796	75	288
Greektown Casino-Hotel	Detroit, MI	Greektown Lease	Land-based gaming	100,000	2,362	62	400
Hollywood Casino Bangor	Bangor, ME	Penn Master Lease	Land-based gaming/racing	31,750	726	14	152
Hollywood Casino at Charles Town Races	Charles Town, WV	Penn Master Lease	Land-based gaming/racing	115,000	2,292	74	153
Hollywood Casino Columbus	Columbus, OH	Penn Master Lease	Land-based gaming	177,000	2,066	74	—
Hollywood Casino Lawrenceburg [3]	Lawrenceburg, IN	Penn Master Lease	Dockside gaming	149,500	1,521	58	463
Hollywood Casino at Penn National Race Course	Grantville, PA	Penn Master Lease	Land-based gaming/racing	99,500	1,962	80	—
Hollywood Casino Toledo	Toledo, OH	Penn Master Lease	Land-based gaming	125,000	1,848	69	—
Hollywood Gaming at Dayton Raceway	Dayton, OH	Penn Master Lease	Land-based gaming/racing	40,600	814	—	—
Hollywood Gaming at Mahoning Valley Race Course	Youngstown, OH	Penn Master Lease	Land-based gaming/racing	50,000	1,127	—	—
Marquee by Penn [4]	Pennsylvania	N/A	Land-based gaming	N/A	115	—	—
Meadows Racetrack and Casino	Washington, PA	Meadows Lease	Land-based gaming/racing	125,000	2,463	95	—
Plainridge Park Casino	Plainville, MA	Pinnacle Master Lease	Land-based gaming/racing	50,000	1,181	—	—
South segment							
1st Jackpot Casino	Tunica, MS	Penn Master Lease	Dockside gaming	40,000	839	12	—
Ameristar Vicksburg	Vicksburg, MS	Pinnacle Master Lease	Dockside gaming	70,000	1,102	24	148
Boomtown Biloxi	Biloxi, MS	Penn Master Lease	Dockside gaming	35,500	605	20	—
Boomtown Bossier City	Bossier City, LA	Pinnacle Master Lease	Dockside gaming	30,000	806	16	187
Boomtown New Orleans	New Orleans, LA	Pinnacle Master Lease	Dockside gaming	30,000	1,132	31	150
Hollywood Casino Gulf Coast	Bay St. Louis, MS	Penn Master Lease	Land-based gaming	51,000	829	20	291
Hollywood Casino Tunica	Tunica, MS	Penn Master Lease	Dockside gaming	54,000	900	10	494
L'Auberge Baton Rouge	Baton Rouge, LA	Pinnacle Master Lease	Dockside gaming	71,500	1,305	49	205
L'Auberge Lake Charles	Lake Charles, LA	Pinnacle Master Lease	Dockside gaming	70,000	1,469	85	995
Margaritaville Resort Casino	Bossier City, LA	Margaritaville Lease	Dockside gaming	30,000	1,109	50	395
West segment							
Ameristar Black Hawk	Black Hawk, CO	Pinnacle Master Lease	Land-based gaming	56,000	1,050	38	536
Cactus Petes and Horseshu	Jackpot, NV	Pinnacle Master Lease	Land-based gaming	29,000	743	21	416
M Resort	Henderson, NV	Penn Master Lease	Land-based gaming	96,000	1,073	40	390
Tropicana Las Vegas	Las Vegas, NV	Tropicana Lease	Land-based gaming	72,000	632	20	1,470
Zia Park Casino	Hobbs, NM	Penn Master Lease	Land-based gaming/racing	18,000	754	—	154
Midwest segment							
Ameristar Council Bluffs [5]	Council Bluffs, IA	Pinnacle Master Lease	Dockside gaming	35,000	1,421	22	444
Argosy Casino Alton [6]	Alton, IL	Penn Master Lease	Dockside gaming	23,000	705	12	—
Argosy Casino Riverside	Riverside, MO	Penn Master Lease	Dockside gaming	56,000	1,200	42	258
Hollywood Casino Aurora	Aurora, IL	Penn Master Lease	Dockside gaming	53,000	976	27	—
Hollywood Casino Joliet	Joliet, IL	Penn Master Lease	Dockside gaming	50,000	1,100	26	100
Hollywood Casino at Kansas Speedway [7]	Kansas City, KS	Owned - JV	Land-based gaming	95,000	2,000	41	—
Hollywood Casino St. Louis	Maryland Heights, MO	Penn Master Lease	Dockside gaming	120,000	2,017	63	502

Prairie State Gaming [4]	Illinois	N/A	Land-based gaming	N/A	2,047	—	—
River City Casino	St. Louis, MO	Pinnacle Master Lease	Dockside gaming	90,000	1,945	53	200
Other							
Freehold Raceway [8]	Freehold, NJ	Owned - JV	Standardbred racing	—	—	—	—
Retama Park Racetrack [9]	Selma, TX	None - Managed	Thoroughbred racing	—	—	—	—
Sam Houston Race Park [10]	Houston, TX	Owned - JV	Thoroughbred racing	—	—	—	—
Sanford-Orlando Kennel Club [11]	Longwood, FL	Owned	Greyhound racing/ simulcasting	—	—	—	—
Valley Race Park [10]	Harlingen, TX	Owned - JV	Greyhound racing	—	—	—	—
Total				2,411,350	48,032	1,323	8,791

(1) Excludes poker tables.

(2) We expect that Hollywood Casino York and Hollywood Casino Morgantown will be included within our Northeast segment.

(3) Includes 168 rooms at our hotel and event center located less than a mile from the gaming facility.

(4) VGT route operations.

(5) Includes 284 rooms operated by a third party and located on land leased by us and subleased to such third party.

(6) The riverboat is owned by us and not subject to the Penn Master Lease.

(7) Pursuant to a joint venture with NASCAR.

(8) Pursuant to a joint venture with Greenwood Limited Jersey, Inc., a subsidiary of Greenwood Racing, Inc.

(9) Pursuant to a management contract with Retama Development Corporation.

(10) Pursuant to a joint venture with MAXXAM, Inc. ("MAXXAM").

(11) In the fourth quarter of 2020, we sold the land underlying the Sanford-Orlando Kennel Club racetrack which discontinued our live racing operations. We continue to operate our simulcast racing business.

Properties

We organize the properties we operate, manage and own, as applicable, into four segments: Northeast, South, Midwest and West. Below is a description of each of our properties by segment.

Northeast Segment

Ameristar East Chicago

Ameristar East Chicago is located less than 25 miles from downtown Chicago, Illinois and offers guests a gaming and entertainment experience in the Chicago metropolitan area. In addition to gaming amenities, the property features a full-service hotel, a sportsbook for live sports betting, a fitness center, dining venues, lounges and 5,400 square feet of meeting and event space.

Greektown Casino-Hotel

Greektown Casino-Hotel is located in the Greektown district of Detroit, Michigan, and is one of four casino hotels in the Detroit-Windsor area. In addition to slot machines, table games, poker tables and a sportsbook for live sports betting, the property features a 30-story hotel, several food and beverage options from casual to fine dining, as well as 10,000 square feet of convention and banquet space.

Hollywood Casino Bangor

Hollywood Casino Bangor is located less than five miles from the Bangor airport in Maine. It features slot machines, table games and poker tables, as well as a hotel with 5,100 square feet of meeting and multipurpose space; and dining and entertainment options. Bangor Raceway, which is adjacent to the property, is located at historic Bass Park and includes a one-half mile standardbred racetrack and a 12,000 square foot grandstand capable of seating 3,500 patrons.

Hollywood Casino at Charles Town Races

Hollywood Casino at Charles Town Races is located within approximately an hour drive of the Baltimore, Maryland and Washington, D.C. markets. In addition to slot machines, table games and poker tables, the property includes a sportsbook for live sports betting, as well as a variety of dining options. The complex also features live thoroughbred racing at a 3/4-mile all-weather lighted thoroughbred racetrack with a 3,000-seat grandstand and simulcast wagering.

Hollywood Casino Columbus

Hollywood Casino Columbus is a Hollywood-themed casino located in Columbus, Ohio. It features slot machines, table games and poker tables as well as multiple food and beverage outlets, and an entertainment lounge.

Hollywood Casino Lawrenceburg

Hollywood Casino Lawrenceburg is a Hollywood-themed casino riverboat located along the Ohio River in Lawrenceburg, Indiana, approximately 15 miles west of Cincinnati, Ohio. In addition to slot machines, table games, and poker tables, the riverboat features a sportsbook for live sports betting, as well as a variety of dining options. The hotel and event center, located within one mile from the casino, includes 18,000 square feet of multipurpose space and 19,500 square feet of ballroom and meeting space.

Hollywood Casino at Penn National Race Course

Hollywood Casino at Penn National Race Course is located 15 miles northeast of Harrisburg, Pennsylvania. This gaming facility also includes a variety of dining and entertainment options, as well as sports betting and a

viewing area for live racing. The property includes a one-mile all-weather lighted thoroughbred racetrack and a 7/8-mile turf track.

Hollywood Casino Toledo

Hollywood Casino Toledo is a Hollywood-themed casino, located on the bank of the Maumee River, in Toledo, Ohio. The property features slot machines, table games and poker tables, as well as multiple food and beverage outlets and an entertainment lounge.

Hollywood Gaming at Dayton Raceway

Hollywood Gaming at Dayton Raceway is a Hollywood-themed casino and raceway located in Dayton, Ohio. It features video lottery terminals, a 5/8-mile standardbred racetrack, as well as various restaurants and bars, amongst other amenities.

Hollywood Gaming at Mahoning Valley Race Course

Hollywood Gaming at Mahoning Valley Race Course is a Hollywood-themed casino and raceway located in Youngstown, Ohio featuring video lottery terminals and a one-mile thoroughbred racetrack. The property also includes various restaurants, and bars, amongst other amenities.

Marquee by Penn

Marquee by Penn is our licensed VGT route operator with a network of 23 truck stop establishments in Pennsylvania.

Meadows Racetrack and Casino

Meadows Racetrack and Casino is located in Washington, Pennsylvania, approximately 25 miles south of Pittsburgh, Pennsylvania. In addition to gaming amenities, the property offers a sportsbook for live sports betting, several dining options, as well as an event and banquet center, a simulcast betting parlor, a harness racetrack and a bowling alley.

Plainridge Park Casino

Plainridge Park Casino is located 20 miles southwest of the Boston beltway just off interstate 95 in Plainville, Massachusetts. In addition to gaming offerings, Plainridge Park Casino features various restaurants and bars, along with a 5/8-mile live harness racing facility with a two-story clubhouse for simulcast operations, special events, and live racing viewing.

South Segment

1st Jackpot Casino

1st Jackpot Casino is the closest Tunica-area casino to downtown Memphis, Tennessee. It features slot machines, table games, a café, a sportsbook and a live entertainment venue.

Ameristar Vicksburg

Ameristar Vicksburg, which is the largest dockside casino in central Mississippi, is located along the Mississippi River approximately 45 miles west of Mississippi's largest city, Jackson. In addition to gaming amenities, the property features a hotel, multiple dining and bar facilities, an 1,800 square feet of meeting and event space, a sports book and an RV park.

Boomtown Biloxi

Boomtown Biloxi, located in Biloxi, Mississippi, offers slot machines and table games, and a sportsbook for live sports betting, as well as a variety of dining options. The property also includes a recreational vehicle park, and a 3,600 square foot event center and board room.

Boomtown Bossier City

Boomtown Bossier City features a hotel adjoining a dockside riverboat casino located less than one mile from the Louisiana Boardwalk. It also offers several dining options, ranging from a high-end steakhouse to casual dining restaurants, and 1,500 square feet of meeting and conference space.

Boomtown New Orleans

Boomtown New Orleans is located in the West Bank area across the Mississippi River and approximately 15 minutes from the French Quarter of New Orleans, Louisiana. In addition to gaming amenities, it also features a five-story hotel, a fitness center, several restaurants, a 500-seat entertainment venue, and over 14,000 square feet of meeting and conference space.

Hollywood Casino Gulf Coast

Hollywood Casino Gulf Coast is located in Bay St. Louis, Mississippi and features slot machines, table games, and a sportsbook for live sports betting. The property also features a golf course, various dining options, and an RV park amongst other amenities. The waterfront hotel includes a 10,000 square foot ballroom, and nine separate meeting rooms offering more than 14,000 square feet of meeting space.

Hollywood Casino Tunica

Hollywood Casino Tunica is a Hollywood-themed casino, located less than 10 miles from Tunica County River Park. In addition to gaming offerings, it features a sportsbook for live sports betting, a hotel, a 123-space recreational vehicle park, various dining and bar options, and banquet and meeting facilities.

L'Auberge Baton Rouge

L'Auberge Baton Rouge is located approximately ten miles southeast of downtown Baton Rouge, Louisiana. In addition to gaming options, the property features a 12-story hotel, a variety of dining choices, and 13,000 square feet of meeting and event space.

L'Auberge Lake Charles

L'Auberge Lake Charles offers one of the closest full-scale casino hotel facilities to Houston, Texas, as well as to the Austin, Texas and San Antonio, Texas metropolitan areas. The location is approximately 140 miles from Houston and approximately 300 miles and 335 miles from Austin and San Antonio, respectively. In addition to gaming amenities, the property features several dining outlets, a golf course, a full-service spa, and more than 26,000 square feet of meeting and event space.

Margaritaville Resort Casino

Margaritaville Resort Casino is one of the premier gaming, lodging, dining and entertainment experiences in Northern Louisiana. The property provides an island-style theme and includes a 15,000 square foot 1,000-seat theater, and 9,500 square feet of meeting space.

West Segment

Ameristar Black Hawk

Ameristar Black Hawk is located in the center of the Black Hawk gaming district, approximately 40 miles west of Denver, Colorado. In addition to gaming amenities, the resort features a hotel, a full-service day spa, several dining outlets, a live entertainment bar, and 15,000 square feet of meeting and event space.

Cactus Petes and Horseshu

Cactus Petes and Horseshu (collectively, "the Jackpot Properties") are located just south of the Idaho border in Jackpot, Nevada. The Jackpot Properties collectively feature two hotels, several dining options, a 4,000 seat amphitheater, a showroom, a live entertainment lounge, and meeting and event facilities.

M Resort

M Resort, located approximately ten miles from the Las Vegas strip in Henderson, Nevada, is situated at the southeast corner of Las Vegas Boulevard and St. Rose Parkway. The resort features slot machines, table games and a sportsbook for live sports betting, as well as a hotel and a variety of dining and bar options. The property also features more than 60,000 square feet of meeting and conference space, a spa and fitness center, and a 100,000 square foot event center.

Tropicana Las Vegas

Tropicana Las Vegas, located on the strip in Las Vegas, Nevada, is situated at the corner of Tropicana Boulevard and Las Vegas Boulevard. In addition to gaming, the resort features a hotel, a sportsbook kiosk, full-service restaurants, a food court, and a variety of bar and lounge options. The property also includes entertainment venues, over 100,000 square feet of exhibition and meeting space, and a five-acre tropical beach event area and spa.

Zia Park Casino

Zia Park Casino is located in Hobbs, New Mexico, and features slot machines, a hotel, restaurants, a one-mile quarter/thoroughbred racetrack with live racing from September to December, and a year-round simulcast parlor.

Midwest Segment

Ameristar Council Bluffs

Ameristar Council Bluffs is located across the Missouri River from Omaha, Nebraska and includes the largest riverboat in Iowa. In addition to gaming amenities, the property also features a hotel, a fitness center, several dining facilities, a sports bar featuring a sportsbook with live sports betting, and 5,000 square feet of convention and meeting space.

Argosy Casino Alton

Argosy Casino Alton is located on the Mississippi River in Alton, Illinois, approximately 20 miles northeast of downtown St. Louis, Missouri. Argosy Casino Alton is a three-deck riverboat featuring slot machines, table games and a sportsbook for live betting. Argosy Casino Alton includes an entertainment pavilion and features a deli, a VIP lounge and a 475-seat main showroom.

Argosy Casino Riverside

Argosy Casino Riverside is located on the Missouri River, approximately five miles from downtown Kansas City. In addition to gaming amenities, this Mediterranean-themed property features a nine-story hotel, a spa,

an entertainment facility featuring various food and beverage areas, a VIP lounge and a sports/entertainment lounge and 19,000 square feet of banquet/conference facilities.

Hollywood Casino Aurora

Hollywood Casino Aurora is located in Aurora, Illinois, the second largest city in Illinois, approximately 35 miles west of Chicago. This single-level dockside casino offers guests gaming amenities, including a poker room and a sportsbook for live sports betting and features multiple dining and bar options.

Hollywood Casino Joliet

Hollywood Casino Joliet is located on the Des Plaines River in Joliet, Illinois, approximately 40 miles southwest of Chicago. The complex includes a barge-based casino which provides guests with two levels of gaming experience, as well as a land-based pavilion with several dining and entertainment options. In addition, the property includes a sportsbook for live betting, a hotel, 4,600 square feet of meeting space, and an 80-space RV park.

Hollywood Casino at Kansas Speedway

Hollywood Casino at Kansas Speedway, our 50% joint venture with NASCAR, is located in Kansas City, Kansas. It features slot machines, table games and poker tables and offers a variety of dining and entertainment facilities, and a meeting room.

Hollywood Casino St. Louis

Hollywood Casino St. Louis is located adjacent to the Missouri River directly off I-70 and approximately 22 miles northwest of downtown St. Louis, Missouri. The facility features slot machines, table games, poker tables, a hotel, and a variety of dining and entertainment venues.

Prairie State Gaming

Prairie State Gaming is our licensed VGT route operator in Illinois across a network of over 390 bar and/or retail gaming establishments in seven distinct geographic areas throughout Illinois.

River City Casino

River City Casino is located in the St. Louis, Missouri metropolitan area, just south of the confluence of the Mississippi River and the River des Peres in the south St. Louis community of Lemay, Missouri. River City Casino features a hotel, multiple dining outlets, an entertainment lounge, and over 10,000 square feet of conference space.

Other Properties

Freehold Raceway

Through our joint venture in Pennwood Racing, Inc. ("Pennwood"), we own 50% of Freehold Raceway. The property features a half-mile standardbred race track and a 118,000 square foot grandstand. In addition, through our Pennwood joint venture, we own 50% of a leased OTW in Toms River, New Jersey, and operate another OTW, which we constructed, in Gloucester Township, New Jersey.

Retama Park Racetrack

We have a management contract with Retama Development Corporation ("RDC"), a local government corporation of the City of Selma, Texas, to manage the day-to-day operations of Retama Park Racetrack. In addition, we own 1.0% of the equity of Retama Nominal Holder, LLC, which holds a nominal interest in the racing license used to operate Retama Park Racetrack. Additionally, we own a 75.5% interest in Pinnacle Retama Partners, LLC

("PRP"), which owns the contingent gaming rights that may arise if gaming under the existing racing license becomes legal in Texas in the future.

Sam Houston Race Park and Valley Race Park

Our joint venture with MAXXAM owns and operates Sam Houston Race Park and Valley Race Park, and holds a license for a racetrack in Manor, Texas, just outside of Austin. Sam Houston Race Park, which is located 15 miles northwest from downtown Houston along Beltway 8, hosts thoroughbred and quarter horse racing and offers daily simulcast operations, as well as hosts various special events, private parties and meetings, concerts and national touring festivals throughout the year. Valley Race Park features 91,000 of property square footage as a dog racing and simulcasting facility.

On March 15, 2021, we entered into a purchase agreement with PM Texas Holdings, LLC for the purchase of the remaining 50% ownership interest in the Sam Houston Race Park in Houston, Texas, the Valley Race Park in Harlingen, Texas, and a license to operate a racetrack in Austin, Texas. The purchase price consisted of $56.0 million, comprised of $42.0 million in cash and $14.0 million of the Company's common equity, as well as contingent consideration. The contingent consideration will be triggered in the event the State of Texas establishes a statutory framework authorizing land-based gaming or online gaming operations in the state prior to the ten-year anniversary of the closing date. The transaction is expected to close in the third quarter of 2021.

Sanford-Orlando Kennel Club

The greyhound racetrack and related facility was sold to a land developer during the fourth quarter of 2020. The remaining facility owned by the Company is used to operate a restaurant and to offer year-round simulcast racing operations.

Penn Interactive

Penn Interactive is our interactive gaming division that operates our online sports betting app called Barstool Sportsbook as well as our iGaming platforms, with real money operations live in Pennsylvania, Michigan, Illinois, and Indiana. Penn Interactive includes the operations of Absolute Games, LLC, a developer and operator of online social bingo and other casino games. In addition, Penn Interactive has entered into multi-year agreements with leading sports betting operators for online sports betting and iGaming market access across our portfolio of properties. Pursuant to these agreements, such sports betting operators have commenced operations in Indiana, Pennsylvania, West Virginia, and Iowa. Penn Interactive also operates 16 internally-branded or Barstool-branded retail sportsbooks located at the Company's properties in Colorado, Illinois, Indiana, Iowa, Michigan, Mississippi, Pennsylvania and West Virginia.

Recent Developments

We currently expect that our consolidated revenues for the three months ended June 30, 2021 will range from $1,450 million to $1,555 million and our consolidated Adjusted EBITDAR for the three months ended June 30, 2021 will range from $540 million to $580 million. We expect Adjusted EBITDA for the three months ended June 30, 2021 to range from $420 million to $460 million. The midpoint of our expected revenue and Adjusted EBITDAR ranges reflect a quarterly sequential improvement of 18% and 25%, respectively, and Adjusted EBITDAR margin improvement of 220 basis points. When compared to the three months ended June 30, 2019, we expect revenue, Adjusted EBITDAR and Adjusted EBITDAR margin to increase by 10%, 32%, and 625 basis points, respectively. We believe this year-over-year and sequential improvement not only highlights continued strong demand trends, but also underscores our ability to drive sustainable margin improvement.

These expected results are preliminary, are subject to results through the end of the quarter and quarter-end financial adjustments. We are not able to reconcile expected Adjusted EBITDA and Adjusted EBITDAR to net income (loss) due to such adjustments and calculations relating to taxes, stock compensation and other matters that are not available at this time. These expected results should not be viewed as a substitute for our financial statements prepared in accordance with GAAP. Accordingly, you should not place undue reliance on these

projections. For important information regarding the foregoing preliminary expectations set forth above, See "Non-GAAP Financial Measures," "Forward-Looking Statements" and "Risk Factors."

Additional Information

PNG is incorporated under the laws of the Commonwealth of Pennsylvania. Our principal executive offices are located at 825 Berkshire Boulevard, Suite 200, Wyomissing, PA 19610, and our telephone number is (610) 373-2400. For more information about us, visit our website at *www.pngaming.com*. The information contained on or that can be accessed through our website (other than the SEC filings expressly incorporated herein) or any websites for our properties or other operations is not incorporated by reference in, and is not part of, this offering memorandum, and you should not rely on any such information in connection with your investment decision to purchase notes.

THE OFFERING

The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of the notes, see the "Description of Notes" section in this offering memorandum.

Issuer	Penn National Gaming, Inc.
Securities Offered	$400,000,000 aggregate principal amount of % senior notes due 2029.
Maturity	, 2029.
Interest Rate	% per year computed on the basis of a 360-day year comprised of twelve 30-day months.
Interest Payment Dates	and , commencing on . Interest will accrue from (the "issue date").
Ranking	The notes will be PNG's unsubordinated, unsecured obligations and be equal in right of payment with all unsubordinated indebtedness of PNG, without giving effect to collateral arrangements, and senior in right of payment to all subordinated indebtedness of PNG. The notes will be effectively subordinated in right of payment to all secured indebtedness of PNG, including indebtedness under the Credit Agreement, to the extent of the value of the assets securing such indebtedness. The notes will not be guaranteed by any of PNG's subsidiaries and will be structurally subordinated to all liabilities of any subsidiary of PNG. As of March 31, 2021, on an as adjusted basis, after giving effect to the issuance of the notes, PNG and its subsidiaries would have had total consolidated indebtedness of approximately $2,768.6 million, including $400.0 million representing the notes offered hereby and approximately $1,612.0 million of secured indebtedness outstanding under the Credit Agreement (excluding amounts under outstanding letters of credit) and an additional $672.0 million of borrowing capacity under the Credit Agreement. Since none of PNG's subsidiaries will guarantee the notes offered hereby, creditors of PNG's subsidiaries (including lenders under our the Secured Credit Facilities (as defined in this offering memorandum) in the case of subsidiaries that are guarantors of the Secured Credit Facilities) have a prior claim, ahead of the holders of the notes, on the assets of those subsidiaries. The liabilities of PNG's subsidiaries also include payables, deferred taxes, intercompany debt and other ordinary course liabilities. As of March 31, 2021, on an as adjusted basis, PNG's subsidiaries would have had total indebtedness (including guarantees under the Credit Agreement) of approximately $1,612.0 million.

Guarantees	The notes will not be guaranteed on the issue date. Following the issue date, certain of PNG's subsidiaries may be required to guarantee the notes if such subsidiaries guarantee certain other debt securities of PNG.
Optional Redemption	At any time prior to , 2024 PNG may redeem the notes for cash at its option, in whole or in part, at any time or from time to time, at a redemption price equal to the principal amount thereof plus a "make-whole premium", plus accrued and unpaid interest, if any, to, but not including, the redemption date. On and after , 2024, PNG may redeem the notes for cash at its option, in whole or in part, at any time or from time to time, at the redemption prices (expressed as percentages of principal amount) set forth under "Description of Notes—Redemption", plus accrued and unpaid interest, if any, on the notes redeemed, to, but not including, the applicable redemption date.
Optional Redemption After Equity Offerings	At any time prior to , 2024, PNG may redeem the notes for cash at its option, in whole or in part, at any time or from time to time, at a redemption price set forth under "Description of Notes—Redemption—Optional Redemption with Proceeds of Equity Offerings", plus accrued and unpaid interest, if any, to, but not including, the redemption date, with an amount of cash equal to the net cash proceeds of one or more Equity Offerings (as defined in the Description of Notes) so long as (i) at least 60% of the aggregate principal amount of notes originally issued under the indenture (as defined in the Description of Notes) remains outstanding after the occurrence of such redemption and (ii) such redemption occurs within 180 days after the date of such Equity Offering.
Redemption Based Upon Gaming Laws	The notes will be subject to mandatory redemption requirements imposed by gaming laws and regulations. See "Description of Notes—Redemption—Gaming Redemption."
Change of Control Offer	If a Change of Control Triggering Event occurs, each Holder of notes will have the right to require PNG to repurchase all or any part of that Holder's notes pursuant to an offer by PNG on the terms set forth in the indenture at a purchase price equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to, but not including, the date of purchase. "See "Description of Notes—Repurchase at the Option of Holders."
Certain Indenture Provisions	The indenture will contain covenants limiting PNG's (and certain of PNG's subsidiaries') ability to:

- incur additional indebtedness and issue certain preferred stock;
- pay dividends or distributions on our capital stock or repurchase our capital stock or subordinated debt;
- make certain investments;
- create liens on our assets to secure certain debt;
- enter into transactions with affiliates;
- amend the Master Lease;
- merge or consolidate with another company;
- transfer and sell assets; and
- designate our subsidiaries as unrestricted subsidiaries.

These covenants are subject to a number of important and significant limitations, qualifications and exceptions.

In addition, certain of these covenants will cease to apply to the notes at such time as the notes have investment grade ratings from certain rating agencies. For more details, see "Description of Notes—Certain Covenants."

Transfer Restrictions ..... We have not registered and will not register the notes under the Securities Act. The notes are subject to restrictions on transferability and resale and may not be transferred or resold except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. See "Notice to Investors."

Employee benefit plans subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") and entities deemed to hold the assets of such plans, and other plans subject to Similar Law (as defined below), may generally acquire notes (and interests in notes). Such acquirors will be deemed to make certain representations to the effect that such acquisition, holding and disposition of notes or interests in notes will not be prohibited. See "ERISA and Certain Other Plan Considerations."

Use of Proceeds ..... We intend to use the proceeds of this offering for general corporate purposes.

Risk Factors	Investing in the notes involves substantial risks. See "Risk Factors" for a description of certain of the risks you should consider before investing in the notes.
Trustee, Registrar and Paying Agent	Wells Fargo Bank, National Association.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The summary historical consolidated financial data set forth below as of and for each of the three years ended December 31, 2020 have been derived from our audited financial statements. The summary historical consolidated financial data set forth below as of and for the three months ended March 31, 2021 and 2020 have been derived from our unaudited consolidated financial statements. The summary historical consolidated financial data for the twelve months ended March 31, 2021 were derived by adding our historical consolidated financial data for the year ended December 31, 2020 to our historical consolidated financial data for the three months ended March 31, 2021, and subtracting our historical consolidated financial data for the three months ended March 31, 2020. Financial and operating results for the three months ended March 31, 2021 and 2020 and for the twelve months ended March 31, 2021 are not necessarily indicative of the results for the full year.

The information presented below is a summary only and should be read in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included in the 2020 10-K, and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, which are incorporated by reference in this offering memorandum.

	Year ended December 31,			Three Months ended March 31,		Twelve Months ended March 31,
	2020(1)	2019(2)	2018(3)	2021	2020	2021
				(in millions)		
Statement of Income Data:						
Total revenues	$ 3,578.7	$ 5,301.4	$ 3,587.9	$ 1,274.9	$ 1,116.1	$ 3,737.5
Operating income (loss)	(410.2)	571.9	634.1	216.5	(560.6)	366.9
Interest expense, net	543.2	534.2	538.4	135.7	129.8	549.1
Income tax expense (benefit)	(165.1)	43.0	(3.6)	20.6	(99.5)	(45.0)
Net income (loss)	(669.1)	43.1	93.5	90.9	(608.6)	30.4
Other Financial Data:						
Adjusted EBITDA[4]	675.0	1,238.8	1,039.4	336.6	154.8	856.8
Rent expense associated with triple net operating leases	419.8	366.4	3.8	110.4	97.5	432.7
Adjusted EBITDAR[4]	1,094.8	1,605.2	1,043.2	447.0	252.3	1,289.5
Depreciation and amortization	366.7	414.2	269.0	81.3	95.7	352.3
Capital expenditures	137.0	190.6	92.6	25.7	42.8	119.9
Balance Sheet Data (as of end of period):						
Total assets[5]	14,667.3	14,194.5	10,961.0	14,888.2	13,938.4	14,888.2
Total debt[6]	2,312.6	2,385.1	2,412.2	2,375.3	2,897.0	2,375.3

(1) For the year ended December 31, 2020, we recorded impairment losses primarily related to impairments taken on our goodwill and other intangible assets of $113.0 million and $498.5 million, respectively, as a result of an interim impairment assessment during the first quarter of 2020. During the first quarter of 2020, we identified an indicator of impairment triggered by the COVID-19 pandemic, which caused all of our gaming properties to temporarily close. At the time of the interim impairment assessment, we revised our cash flow projections to reflect the current economic environment, including the uncertainty of the nature, timing and extent of reopening our gaming properties. Additionally, we recorded an impairment charge of $7.3 million resulting from an impairment analysis of the long-lived assets at the Tropicana Las Vegas and an impairment charge of $4.6 million on our investment in the Texas joint ventures with MAXXAM.

(2) Includes the full year impact of the Pinnacle Acquisition and the acquisitions of Margaritaville in January 2019 and Greektown in May 2019. During the year ended December 31, 2019, we recorded impairment losses on our goodwill and other intangible assets of $170.6 million. During the year ended December 31, 2019, interest expense associated with the Penn Master Lease decreased by $181.2 million as a result of the adoption of ASC 842 (as defined in footnote (5) below), interest expense associated with the Pinnacle Master Lease increased by $126.0 million, and interest expense incurred on long-term debt increased by $50.8 million.

(3) Includes the impact of the acquisition of Pinnacle in October 2018. In addition, we incurred $95.0 million in costs, primarily associated with the Pinnacle Acquisition, a $21.0 million loss on early extinguishment of debt, and a $34.3 million long-lived asset impairment charge. During the year ended December 31, 2018, we recorded $63.0 million of interest expense associated with the Pinnacle Master Lease.

(4) In addition to GAAP financial measures, management uses Adjusted EBITDA, Adjusted EBITDAR and Adjusted EBITDAR margin as non-GAAP financial measures. 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. 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.

We define 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, net of deductible charges; changes in the estimated fair value of our 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 our 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 our Kansas Entertainment joint venture. Adjusted EBITDA is inclusive of rent expense associated with our 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, the Greektown Lease and the Tropicana Lease). Although Adjusted EBITDA includes rent expense associated with our triple net operating leases, we believe Adjusted EBITDA is useful as a supplemental measure in evaluating the performance of our consolidated results of operations.

Adjusted EBITDA has economic substance because it is used by management as a performance measure to analyze the performance of our 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. We present Adjusted EBITDA because it is used by some investors and creditors as an indicator of the strength and performance of ongoing business operations, including our 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 our industry. 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 of 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.

We define 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 our 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) we believe 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 our business. We believe 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 our 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.

(5) On January 1, 2019, the Company adopted ASC Topic 842, "Leases" ("ASC 842"), using a modified retrospective approach, which did not require that prior years presented be restated. Upon adoption of ASC 842, among other items, we reduced property and equipment, net, by $1,571.7 million, recorded right-of-use assets and corresponding lease liabilities of $4,030.8 million, reduced the financing obligations by $2,954.1 million, and a recorded a cumulative-effect adjustment to retained earnings of $1,085.7 million.

(6) Total debt represents the sum of total long-term debt (net of current maturities and debt issuance costs) plus current maturities of long-term debt.

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.

	Year ended December 31,			Three Months ended March 31,		Twelve Months ended March 31,
	2020	2019	2018	2021	2020	2021
	(in millions)					
Net (loss) income	**$ (669.1)**	**$ 43.1**	**$ 93.5**	**$ 90.9**	**$ (608.6)**	**$ 30.4**
Income tax expense (benefit)	(165.1)	43.0	(3.6)	20.6	(99.5)	(45.0)
Loss on early extinguishment of debt	1.2	-	21.0	-	-	1.2
Income from unconsolidated affiliates	(13.8)	(28.4)	(22.3)	(9.6)	(4.1)	(19.3)
Interest expense, net	543.2	534.2	538.4	135.7	129.8	549.1
Other expense (income)	(106.6)	(20.0)	7.1	(21.1)	21.8	(149.5)
Operating Income (loss)	**(410.2)**	**571.9**	634.1	**216.5**	**(560.6)**	**366.9**
Stock-based compensation [1]	14.5	14.9	12.0	4.2	6.0	12.7
Cash-settled stock-based award variance [1][2]	67.2	0.8	(19.6)	21.5	(8.9)	97.6
(Gain) loss on disposal of assets [1]	(29.2)	5.5	3.2	(0.1)	0.6	(29.9)
Contingent purchase price [1]	(1.1)	7.0	0.5	0.1	(2.2)	1.2
Pre-opening and acquisition costs [1]	11.8	22.3	95.0	1.6	3.2	10.2
Depreciation and amortization	366.7	414.2	269.0	81.3	95.7	352.3
Impairment losses	623.4	173.1	34.9	-	616.1	7.3
Recoveries on loan loss and unfunded loan commitments	-	-	(17.0)	-	-	-
Insurance recoveries, net of deductible charges [1]	(0.1)	(3.0)	(0.1)	-	(0.1)	-
Income from unconsolidated affiliates	13.8	28.4	22.3	9.6	4.1	19.3
Non-operating items of equity method investments [3]	4.7	3.7	5.1	1.6	0.9	5.4
Other expenses [1][4]	13.5	-	-	0.3	-	13.8
Adjusted EBITDA	**675.0**	**1,238.8**	**1,039.4**	**336.6**	**154.8**	**856.8**
Rent expense associated with triple net operating leases [1]	419.8	366.4	3.8	110.4	97.5	432.7
Adjusted EBITDAR	**$ 1,094.8**	**$ 1,605.2**	**$ 1,043.2**	**$ 447.0**	**$ 252.3**	**$ 1,289.5**

(1) These items are included in "General and administrative" within the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

(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, 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.

(4) Consists of non-recurring restructuring charges (primarily severance) associated with a company-wide initiative, triggered by the COVID-19 pandemic, designed to (i) improve the operational effectiveness across our property portfolio; and (ii) improve the effectiveness and efficiency of our Corporate functional support areas.

RISK FACTORS

You should carefully consider the following risks and all the other information contained in, and incorporated by reference in, this offering memorandum, including the additional risk factors set forth beginning on page 10 of the 2020 10-K, before investing in the notes. The risks described below and in the 2020 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. Any of the following risks and the risks described in the 2020 10-K could materially and adversely affect our business, financial condition or results of operations. In such a case, you may lose all or a part of your original investment.

Risks Related to Our Capital Structure

Our substantial indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under our outstanding indebtedness.

As of March 31, 2021, on an as adjusted basis, after giving effect to the issuance of the notes, PNG and its subsidiaries would have had total consolidated indebtedness of approximately $2,768.6 million, including $400.0 million representing the notes offered hereby and approximately $1,612.0 million of secured indebtedness outstanding under the Credit Agreement (excluding amounts under outstanding letters of credit) and an additional $672.0 million of borrowing capacity under the Credit Agreement. In addition, we are required to make significant annual lease payments to our REIT Landlords pursuant to the Triple Net Leases, which we currently expect will be approximately $839.5 million for the year ending December 31, 2021.

We have a substantial amount of indebtedness and significant fixed annual lease payments under the Triple Net Leases. Our substantial indebtedness and additional fixed costs under our Lease obligations could have important consequences to our financial health.

As noted above, due to the COVID-19 pandemic, our gaming properties had been temporarily closed. The closure of our gaming properties had significantly disrupted our ability to generate revenues. In order to remain in compliance with PNG's debt covenants and meet PNG's payment obligations, on April 14, 2020, PNG and certain of its subsidiaries entered into an agreement to amend PNG's existing credit agreement to provide temporary relief from PNG's financial covenants. In addition, our substantial indebtedness could result in an event of default if we fail to satisfy our obligations under our indebtedness or fail to comply with the financial and other restrictive covenants contained in our debt instruments, which event of default could result in all of our debt becoming immediately due and payable and could permit certain of our lenders to foreclose on any of our assets securing such debt.

The availability and cost of financing could have an adverse effect on business.

We intend to finance some of our current and future expansion, development and renovation projects and acquisitions with cash flow from operations, borrowings under the Secured Credit Facilities and equity or debt financings. If we are unable to finance our current or future projects, we could have to seek alternative financing. Depending on credit market conditions, alternative sources of funds may not be sufficient to finance our expansion, development and/or renovation, or such other financing may not be available on acceptable terms, in a timely manner or at all. In addition, our existing indebtedness contains restrictions on our ability to incur additional indebtedness. If we are unable to secure additional financing, we could be forced to limit or suspend expansion, development and renovation projects and acquisitions, which may adversely affect our financial condition, results of operations, and cash flows.

The borrowing capacity under the Credit Agreement is $672.0 million. There is no certainty that our lenders will continue to remain solvent or fund their respective obligations under the Secured Credit Facilities.

The alteration or discontinuation of LIBOR may adversely affect our borrowing costs.

The interest rates of PNG's senior secured credit facilities under the Credit Agreement (the "Secured Credit Facilities") are tied to the London Interbank Offered Rate, or LIBOR, which may be subject to regulatory guidance and/or reform that could cause interest rates under our current or future debt agreements to perform differently than in the past or cause other unanticipated consequences. In July 2017, the Chief Executive of the U.K. Financial Conduct Authority (the ''FCA''), which regulates LIBOR, announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021 (the "FCA Announcement"). In March 2021, the FCA announced that the majority of LIBOR settings would cease after December 31, 2021, and the remaining LIBOR settings would cease after June 30, 2023. The Alternative Reference Rates Committee, which was convened by the Federal Reserve Board and the New York Fed, has identified the Secured Oversight Financing Rate (SOFR) as the recommended risk-free alternative rate for USD LIBOR. At this time, it is not possible to predict the effect any discontinuance, modification or other reforms to LIBOR, or the establishment of alternative reference rates such as SOFR, or any other reference rate, will have on us or PNG's revolving credit facility under the Credit Agreement (the "Revolving Credit Facility"). However, if LIBOR ceases to exist or if the methods of calculating LIBOR change from their current form, our borrowing costs may be adversely affected.

To service our indebtedness, we will require a significant amount of cash, which depends on many factors beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under the Secured Credit Facilities in amounts sufficient to enable us to fund our liquidity needs, including with respect to our indebtedness. We also may incur indebtedness related to properties we develop or acquire in the future prior to generating cash flow from those properties. If those properties do not provide us with cash flow to service that indebtedness (including as a result of COVID-19), we will need to rely on cash flow from our other properties, which would increase our leverage. In addition, if we consummate significant acquisitions in the future, our cash requirements may increase significantly.

Risks Related to this Offering and the Notes

The notes are unsecured. Therefore, PNG's secured creditors (including the lenders under the Secured Credit Facilities) would have a prior claim, ahead of the notes, on PNG's assets.

The notes are unsecured. As a result, upon any distribution to PNG's creditors in a bankruptcy, liquidation or reorganization or similar proceeding relating to PNG or its property, the holders of PNG's secured debt, including the lenders under the Secured Credit Facilities, will be entitled to be paid in full from our assets securing that secured debt before any payment may be made with respect to the notes. As of March 31, 2021, on an as adjusted basis, after giving effect to the issuance of the notes, PNG would have had approximately $1,612.0 million of secured Indebtedness outstanding under the Credit Agreement (excluding amounts under undrawn outstanding letters of credit) and an additional $672.0 million of borrowing capacity under the Credit Agreement. In addition, if PNG fails to meet its payment or other obligations under PNG's secured debt, the holders of that secured debt would be entitled to foreclose on PNG's assets securing that secured debt and liquidate those assets. Accordingly, PNG may not have sufficient funds to pay amounts due on the notes. As a result you may lose a portion of or the entire value of your investment in the notes.

PNG is a holding company and the notes are not guaranteed by any of PNG's subsidiaries. As a result, the creditors of PNG's subsidiaries have a prior claim, ahead of the notes, on all of PNG's subsidiaries' assets.

PNG has no direct operations and no significant assets other than ownership of the stock of PNG's subsidiaries. Because PNG conducts its operations through PNG's subsidiaries, PNG depends on those entities for dividends and other payments to generate the funds necessary to meet PNG's financial obligations, including payments of principal and interest on the notes.

Since none of PNG's subsidiaries will guarantee the notes offered hereby, creditors of PNG's subsidiaries (including lenders under our the Secured Credit Facilities in the case of subsidiaries that are guarantors of the

Secured Credit Facilities) have a prior claim, ahead of the holders of the notes, on the assets of those subsidiaries. As of March 31, 2021, on an as adjusted basis, PNG's subsidiaries would have had total indebtedness (including guarantees under the Credit Agreement) of approximately $1,612.0 million. The liabilities of PNG's subsidiaries also include payables, deferred taxes, intercompany debt and other ordinary course liabilities. In addition, PNG's subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payments. In the event of a bankruptcy, liquidation, reorganization or other winding up of any of PNG's subsidiaries, holders of indebtedness and trade creditors of PNG's subsidiaries will generally be entitled to payment of their claims from the assets of PNG's subsidiaries before any assets are made available for distribution to PNG. Accordingly, there may be insufficient funds to satisfy claims of noteholders.

Legal and contractual restrictions in agreements governing current and future indebtedness of PNG's subsidiaries, as well as the financial condition and operating requirements of our subsidiaries, may further limit our ability to obtain cash from PNG's subsidiaries. In addition, the earnings of PNG's subsidiaries, covenants contained in PNG's and PNG's subsidiaries' debt agreements (including the Credit Agreement, the Existing Notes Indenture (as defined in the Description of Notes) and the indenture), covenants contained in other agreements to which PNG or PNG's subsidiaries are or may become subject, business and tax considerations, and applicable law, including laws regarding the payment of dividends and distributions, may further restrict the ability of PNG's subsidiaries to make distributions to PNG. PNG cannot assure you that PNG's subsidiaries will be able to provide PNG with sufficient dividends, distributions or loans to fund the interest and principal payments on the notes when due.

PNG's debt agreements give us flexibility to undertake certain transactions which could be adverse to the interests of holders of the notes, including making restricted payments and incurring additional indebtedness ranking pari passu with the notes, including secured indebtedness.

Notwithstanding the restrictive covenants described above in PNG's debt agreements, the terms of the indenture will give PNG flexibility to undertake certain transactions which could be adverse to the interests of holders of the notes.

For example, the provisions contained or to be contained in the agreements relating to PNG's indebtedness, including the notes offered hereby, limit but do not prohibit PNG's and its subsidiaries' ability to incur additional indebtedness senior to or pari passu with the notes, and the amount of indebtedness that PNG and its subsidiaries could incur could be substantial and could be used to finance acquisitions or to assume debt in connection with an acquisition. Accordingly, PNG or its subsidiaries could incur significant additional indebtedness in the future, including additional indebtedness under the Senior Credit Facilities and additional senior notes. Much of this additional indebtedness could constitute secured or senior indebtedness. In addition, any of PNG's or its subsidiaries' existing indebtedness could be guaranteed in the future by PNG's subsidiaries or could be further secured. If PNG incurs any secured indebtedness, the holders of that secured indebtedness will be entitled to be paid in full from the assets securing that indebtedness before any payment may be made with respect to the notes. If PNG incurs any additional indebtedness that ranks equally with the notes offered hereby, the holders of that indebtedness will be entitled to share ratably with the holders of these notes in any proceeds distributed in connection with any bankruptcy, liquidation, reorganization or similar proceedings. This may have the effect of reducing the amount of proceeds paid to you. If new indebtedness is added to PNG's current debt levels, the related risks that PNG now faces, including those described above, could intensify. See "Description of Notes—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock."

PNG may not have the ability to raise the funds necessary to finance a change of control offer required by the indenture or the terms of PNG's other indebtedness. In addition, under certain circumstances, PNG may be permitted to use the proceeds from debt to effect merger payments in compliance with the indenture.

If a Change of Control Triggering Event occurs, each Holder of notes will have the right to require PNG to repurchase all or any part of that Holder's notes pursuant to an offer by PNG on the terms set forth in the indenture at a purchase price equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to, but not including, the date of purchase. If a Change of Control Triggering Event were to occur, PNG cannot assure you that it would have sufficient funds to pay the purchase price for all the notes tendered by the holders or such other indebtedness. In addition, under the indenture, if PNG

satisfies certain leverage and/or ratings criteria, PNG is permitted to engage in a merger constituting or resulting in a Change of Control (as defined in the Description of Notes) and to use the proceeds of indebtedness that we may incur under the indenture to make payments that would otherwise constitute a restricted payment. Such events will permit PNG to increase its leverage for purposes of paying or guaranteeing indebtedness used to finance merger consideration for our equity holders, which might not otherwise be permitted under the indenture. See "Description of Notes—Repurchase at the Option of Holders" and "Description of Notes—Certain Covenants—Restricted Payments."

The Secured Credit Facilities and the Existing Notes Indenture contain, and the indenture will contain and any future agreements relating to indebtedness to which PNG becomes a party may contain, provisions restricting PNG's ability to purchase notes or providing that an occurrence of a change of control constitutes an event of default, or otherwise requiring payment of amounts borrowed under those agreements. If a Change of Control Triggering Event occurs at a time when PNG is prohibited from purchasing the notes, PNG could seek the consent of PNG's then existing lenders and other creditors to the purchase of the notes or could attempt to refinance the indebtedness that contains the prohibition. If PNG does not obtain such a consent or repay such indebtedness, PNG would remain prohibited from purchasing the notes. In that case, PNG's failure to purchase tendered notes would constitute a default under the terms of the indenture governing the notes and any other indebtedness that we may enter into from time to time with similar provisions.

You may be required to sell your notes if any gaming authority finds you unsuitable to hold them or otherwise requires PNG to redeem or repurchase the notes from you.

In the event that any of the applicable regulatory agencies or authorities require you, as a holder of the notes, to be licensed, qualified or found suitable under applicable gaming or racing laws, and you fail to do so, if required, PNG will have the right, at PNG's option, to redeem or repurchase your notes. There can be no assurance that PNG will have sufficient funds or otherwise will be able to repurchase any or all of your notes. See "Description of Notes—Redemption—Gaming Redemption."

Purchasers of the notes will not be entitled to registration rights, and we do not currently intend to register the notes under the Securities Act or applicable state securities laws. There are restrictions on your ability to transfer or resell the notes.

The notes are being offered and sold pursuant to an exemption from, or in transactions not subject to, registration under the Securities Act and applicable state securities laws, and PNG does not currently intend to register the notes under the Securities Act or applicable state securities laws. Purchasers of the notes will not be entitled to require us to register the notes for resale or otherwise. Therefore, you may transfer or resell the notes in the United States only in a transaction registered under, exempt from or not subject to the registration requirements of the Securities Act and applicable state securities laws, and you may be required to bear the risk of your investment for an indefinite period of time. See "Notice to Investors."

Illiquidity and an absence of a public market for the notes could cause purchasers of the notes to be unable to resell the notes.

The notes constitute a new issue of securities for which there is no established trading market. PNG does not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system. An active trading market for the notes may not develop or, if such market develops, it could be very illiquid. PNG has been informed by certain of the initial purchasers that they intend to make a market in the notes after the offering is completed. The initial purchasers may cease their market-making at any time without notice.

Holders of the notes may experience difficulty in reselling, or an inability to sell, the notes. If no active trading market develops, the market price and liquidity of the notes may be adversely affected, and you may not be able to resell your notes at their fair market value, at the initial offering price or at all. If a market for the notes develops, any such market may be discontinued at any time. If a trading market develops for the notes, future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, our

operating results, liquidity of the issue, the market for similar securities and other factors, including our financial condition and prospects and the financial condition and prospects for companies in our industry.

Changes in PNG's credit rating could adversely affect the market price or liquidity of the notes.

Credit rating agencies continually revise their ratings for the companies that they follow, including PNG. The credit rating agencies also evaluate PNG's industry as a whole and may change their credit ratings for PNG based on their overall view of PNG's industry. We cannot be sure that credit rating agencies will maintain their ratings on the notes. A negative change in our ratings could have an adverse effect on the price of the notes.

If on any future date the notes are rated investment grade by certain rating agencies, certain of the restrictive covenants contained in the indenture will be terminated.

If the notes are rated investment grade by certain rating agencies and at such time no event of default under the indenture has occurred and is continuing, certain of the covenants in the indenture will terminate and will not go back into effect at any time. These covenants restrict, among other things, PNG's ability to make restricted payments, incur indebtedness, pay dividends and to enter into certain other transaction as well as obligate us to offer to repurchase the notes following certain asset sales. There can be no assurance that the notes will ever be rated investment grade, or that if they are rated investment grade, that the notes will maintain such ratings. However, termination of these covenants would allow PNG to engage in certain transactions that would not be permitted while these covenants were in force. See "Description of the Notes—Certain Covenants."

USE OF PROCEEDS

The net proceeds of the sale of the notes are estimated to be approximately $393.3 million. We intend to use the net proceeds of the offering for general corporate purposes.

CAPITALIZATION

The following table sets forth (1) our actual historical cash and cash equivalents and capitalization as of March 31, 2021, and (2) our cash and cash equivalents and capitalization on an as adjusted basis, after giving effect to the issuance of the notes, as if they occurred on March 31, 2021.

The following table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and the notes thereto incorporated by reference in this offering memorandum.

	As of March 31, 2021	
(in millions, except share and per share data)	**Actual**	**As Adjusted**
Cash and cash equivalents [(1)]	$ 2,062.2	$ 2,455.5
Debt		
Senior Secured Credit Facilities		
Revolving credit facility due 2023[(2)]	$ -	$ -
Term loan A facility due 2023	623.6	623.6
Term loan B-1 facility due 2025	988.4	988.4
Total Senior Secured Credit Facilities	1,612.0	1,612.0
5.625% notes due 2027	400.0	400.0
2.75% Convertible Notes due 2026	330.5	330.5
Other long-term obligations	146.3	146.3
Notes offered hereby [(3)]	-	400.0
Less: Debt issue costs and discounts [(4)]	(113.5)	(120.2)
Total debt	$ 2,375.3	$ 2,768.6
Stockholders' equity		
Series B Preferred stock ($0.01 par value, 1,000,000 shares authorized, no shares issued and outstanding)	$ -	$ -
Series C Preferred stock ($0.01 par value, 18,500 shares authorized, no shares issued and outstanding)	-	-
Series D Preferred stock ($0.01 par value, 5,000 shares authorized, 926 shares issued and 775 shares outstanding)	24.2	24.2
Common stock ($0.01 par value, 400,000,000 shares authorized, 158,497,534 shares issued and 156,330,141shares outstanding)[(5)]	1.6	1.6
Treasury stock, at cost, (2,167,393 shares held)	(28.4)	(28.4)
Additional paid-in capital	3,175.2	3,175.2
Retained earnings (accumulated deficit)	(416.3)	(416.3)
Total stockholders' equity	2,756.3	2,756.3
Non-controlling interest	(0.5)	(0.5)
Total stockholders' equity	$ 2,755.8	$ 2,755.8
Total capitalization[(6)]	$ 5,131.1	$ 5,524.4

(1) Cash and cash equivalents include the net proceeds associated with the issuance of the notes.

(2) As of March 31, 2021, we had $672.0 million of available borrowing capacity under the Revolving Credit Facility.

(3) Assumes all of the outstanding $400.0 million aggregate principal amounts of the notes offered hereby.

(4) Assumes debt issuance costs and net discounts of $6.7 million associated with the notes would be capitalized.

(5) On June 17, 2021, PNG filed its Second Amended and Restated Articles of Incorporation, which increase the number of authorized shares of common stock from 200,000,000 to 400,000,000.

(6) Includes total debt and total shareholders' equity.

DESCRIPTION OF NOTES

You can find the definitions of certain capitalized terms used in this section under the subheading "—Certain Definitions." In this description, "*Penn National,*" "*we,*" "*us*" or "*our*" refers only to Penn National Gaming, Inc. and not to any of its Subsidiaries.

Penn National will issue the % senior notes due 2029 under an indenture (the "indenture") between itself and Wells Fargo Bank, National Association, as trustee, in a private transaction that is not subject to the registration requirements of the Securities Act. See "Notice to Investors" elsewhere in this offering memorandum. We will not be required to, nor do we currently intend to, register the notes for resale under the Securities Act or offer to exchange the notes for notes registered under the Securities Act. Accordingly, the indenture is not, and will not be, qualified under, subject to, or incorporate, restate or make reference to, any provisions of the Trust Indenture Act of 1939, as may be amended (the "*TIA*") other than expressly as set forth therein, and the provisions of the TIA that would otherwise be made part of the indenture are not, and will not be, included in the indenture.

The following description is a summary of the material provisions of the indenture. It does not restate the indenture in its entirety. We urge you to read the indenture because the indenture, and not this description, defines your rights as Holders of the notes. Certain defined terms used in this description but not defined below under the caption "—Certain Definitions" have the meanings assigned to them in the indenture.

The registered Holder of a note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the indenture.

Brief Description of the Notes

The notes:

- will be unsubordinated, unsecured obligations of Penn National;
- will rank equally in right of payment with all unsubordinated Indebtedness of Penn National, without giving effect to collateral arrangements;
- will be effectively subordinated in right of payment to all secured Indebtedness of Penn National, including Indebtedness under the Credit Agreement, to the extent of the value of the assets securing such Indebtedness;
- will be senior in right of payment to all subordinated Indebtedness of Penn National; and
- will be structurally subordinated to all liabilities of any Subsidiary of Penn National.

As of March 31, 2021, on an as adjusted basis, after giving effect to the issuance of the notes, Penn National and its Subsidiaries would have had total consolidated Indebtedness of approximately $2,768.6 million, including $400.0 million representing the notes offered hereunder and approximately $1,612.0 million of secured Indebtedness outstanding under the Credit Agreement (excluding amounts under outstanding letters of credit) and an additional $672.0 million of borrowing capacity under the Credit Agreement. In addition, as of March 31, 2021, on an as adjusted basis, Penn National's Subsidiaries would have had total Indebtedness (including guarantees under the Credit Agreement) of approximately $1,612.0 million. The indenture will permit Penn National and its Subsidiaries to incur substantial additional Indebtedness, including secured Indebtedness.

As of the date of the indenture, all of Penn National's Subsidiaries other than the Existing Unrestricted Subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described below under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Penn National's Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the indenture.

Principal, Maturity and Interest

Subject to Penn National's compliance with the covenant described below under the caption "Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock," Penn National may issue notes under the indenture in an unlimited aggregate principal amount, of which $400.0 million principal amount is being issued in this offering. Penn National will issue notes minimum in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The notes will mature on , 2029. The notes offered hereby and any Additional Notes will be treated as a single class for all purposes under the indenture. Any Additional Notes will be substantially identical in all respects to the notes offered in this offering, except that Additional Notes may have different issuance prices, will have different issuance dates, may have different first interest payment dates, may have different CUSIP numbers and may have transaction specific redemption or repurchase provisions. If the Additional Notes are not fungible with or treated as the same issue as the notes offered in this offering for United States federal income tax purposes, they will have a separate CUSIP number, if applicable. Unless the context otherwise requires, for all purposes of the indenture and this "Description of Notes," references to the notes include any Additional Notes actually issued.

Interest on the notes will accrue at the rate of % per annum and will be payable semi-annually in arrears on and , commencing on , 20 . Penn National will make each interest payment to the Holders of record on the immediately preceding and . If any interest payment date falls on a day that is not a Business Day, the required payment will be made on the next succeeding Business Day, and no interest on such payment will accrue in respect of the delay.

Interest on the notes will accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Methods of Receiving Payments on the Notes

Payments on notes will be made at the office or agency of the paying agent and registrar within continental United States unless Penn National elects to make interest payments by check mailed to the Holders at their respective addresses set forth in the register of Holders.

Paying Agent and Registrar for the Notes

The trustee will initially act as paying agent and registrar. Penn National may change the paying agent or registrar without prior notice to the Holders of the notes, and Penn National or any of its Subsidiaries may act as paying agent or registrar.

Transfer and Exchange

A Holder may transfer or exchange notes in accordance with the indenture. The registrar and the trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. Holders will be required to pay all taxes due on transfer. Penn National is not required to transfer or exchange any note selected for redemption. Also, Penn National is not required to transfer or exchange any note for a period of 15 days before the mailing of a notice of redemption.

Redemption

Optional Redemption

Optional Redemption Prior To , 2024

At any time prior to , 2024, Penn National may redeem the notes for cash at its option, in whole or in part, at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the notes being redeemed and (2) the present value at such redemption date of (x) the redemption price of

the note at , 2024 (such redemption price being set forth in the table appearing below under the caption "— Optional Redemption On and After , 2024") plus (y) all required interest payments due on the note through , 2024 (excluding accrued but unpaid interest to, but not including, the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points, plus in either case accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record of notes on the relevant record date to receive interest due on the relevant interest payment date).

"*Treasury Rate*" means, as of the date of any redemption notice, the weekly average rounded to the nearest 1/100th of a percentage point (for the most recently completed week for which such information is available as of the date that is two Business Days prior to the date of such redemption notice) of the yield to maturity of United States Treasury securities with a constant maturity (as compiled and published in Federal Reserve Statistical Release H.15 with respect to each applicable day during such week or, if such Statistical Release is no longer published or the relevant information does not appear thereon, any publicly available source of similar market data) most nearly equal to the period from the date of such redemption notice to , 2024; provided, however, that if the period from the date of such redemption notice to , 2024 is not equal to the constant maturity of a United States Treasury security for which such a yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the Redemption Date to , 2024 is less than one year, the weekly average yield on actively traded United States Treasury securities adjusted to a constant maturity of one year shall be used. Any such Treasury Rate shall be determined, and the information required to be obtained for its calculation shall be obtained, by Penn National.

Optional Redemption with Proceeds of Equity Offerings

At any time prior to , 2024, Penn National may redeem the notes for cash at its option, in whole or in part, at any time or from time to time, at a redemption price of % of the principal amount, plus accrued and unpaid interest, if any, on the notes redeemed to, but not including, the redemption date (subject to the right of holders of record of notes on the relevant record date to receive interest due on the relevant interest payment date), with an amount of cash equal to the net cash proceeds of one or more Equity Offerings; *provided* that:

(1) at least 60% of the aggregate principal amount of notes originally issued under the indenture remains outstanding immediately after the occurrence of such redemption (excluding notes held by Penn National and its Subsidiaries); and

(2) the redemption occurs within 180 days after the date of the closing of such Equity Offering.

Optional Redemption On and After , 2024

Except as described above, the notes will not be redeemable at Penn National's option prior to , 2024. On and after , 2024, Penn National may redeem the notes for cash at its option, in whole or in part, at any time or from time to time, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the notes redeemed, to, but not including, the applicable redemption date (subject to the right of holders of record of notes on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on of the years indicated below:

Year	**Percentage**
2024	%
2025	%
2026 and thereafter	100.000%

Gaming Redemption

In addition to the foregoing, if any Gaming Authority requires that a Holder or Beneficial Owner of notes must be licensed, qualified or found suitable under any applicable Gaming Laws and such Holder or Beneficial Owner:

(1) fails to apply for a license, qualification or a finding of suitability within 30 days (or such shorter period as may be required by the applicable Gaming Authority) after being requested to do so by the Gaming Authority, or

(2) is denied such license or qualification or not found suitable, or if any Gaming Authority otherwise requires that notes from any Holder or Beneficial Owner be redeemed, subject to applicable Gaming Laws,

in the case of each of the foregoing clauses (1) and (2), Penn National shall have the right, at its option:

(i) to require any such Holder or Beneficial Owner to dispose of its notes within 30 days (or such earlier date as may be required by the applicable Gaming Authority) of receipt of such notice or finding by such Gaming Authority (in which event Penn National's obligation to pay any interest after the receipt of such notice shall be limited as provided in such Gaming Laws), or

(ii) to call for the redemption of the notes of such Holder or Beneficial Owner at a redemption price equal to the least of:

(A) the principal amount thereof, together with accrued and unpaid interest, if any, to the earlier of the date of redemption or the date of the denial of license or qualification or of the finding of unsuitability by such Gaming Authority,

(B) the price at which such Holder or Beneficial Owner acquired the notes, together with accrued interest to the earlier of the date of redemption or the date of the denial of license or qualification or of the finding of unsuitability by such Gaming Authority,

(C) such other lesser amount as may be required by any Gaming Authority, or

(D) the lowest closing sale price of the notes on any trading day during the 120-day period ending on the date upon which Penn National shall have received notice from a Gaming Authority of such Holder's disqualification.

Penn National shall notify the trustee in writing of any such redemption as soon as practicable. The Holder or Beneficial Owner applying for license, qualification or a finding of suitability must pay all costs of the licensure or investigation for such qualification or finding of suitability and Penn National is not required to pay or reimburse any Holder or Beneficial Owner of a note for the cost of licensure, qualification or finding of suitability or investigation for such licensure, qualification or finding of suitability.

No Mandatory Redemption

Penn National is not required to make mandatory redemption or sinking fund payments with respect to the notes.

Selection and Notice

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption as follows:

(1) if the notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed; or

(2) if the notes are not listed on any national securities exchange, on a *pro rata* basis, by lot or by such method as the trustee deems fair and appropriate and in accordance with DTC procedures; *provided* that any redemption pursuant to "Optional Redemption with Proceeds of Equity Offerings" shall be effected on a *pro rata* basis or on as nearly a *pro rata* basis as is practicable (subject to DTC procedures) unless such method is otherwise prohibited or is not practicable.

No notes of $2,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail (or in the case of global notes, given pursuant to applicable DTC procedures) at least 10 but not more than 60 days before the redemption date to each Holder of notes to be redeemed at its registered address, except that (a) redemption notices may be mailed or given more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes (whether by covenant or legal defeasance) or a satisfaction and discharge of the indenture, (b) redemption notices may be mailed or given less than 10 or more than 60 days prior to a redemption date if so required by any applicable Gaming Authority in connection with a redemption described above under the caption "—Gaming Redemption." In connection with any redemption of notes (including with the net cash proceeds of an Equity Offering), any such redemption may, at Penn National's discretion, be subject to one or more conditions precedent, including any related Equity Offering or any other transactions. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in Penn National's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (or waived by Penn National in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by Penn National in its sole discretion) by the redemption date (whether the original redemption date or the redemption date so delayed). In addition, Penn National may provide in such notice that payment of the redemption price and performance of Penn National's obligations with respect to such redemption may be performed by another Person.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued (or, in the case of global notes, a book-entry position made) in the name of the Holder of notes upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption (subject to satisfaction of any applicable conditions precedent). Unless we default in the payment of the redemption price, on and after the redemption date, interest ceases to accrue on notes or portions of them called for redemption.

Subject to applicable securities laws, Penn National or its affiliates may at any time and from time to time acquire notes or other Indebtedness. Any such acquisition may be made through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices as well as with such consideration as Penn National or any such affiliates may determine.

Repurchase at the Option of Holders

Change of Control and Rating Decline

If a Change of Control Triggering Event occurs, each Holder of notes will have the right to require Penn National to repurchase all or any part (equal to a minimum denomination of $2,000 or an integral multiple of $1,000 in excess thereof) of that Holder's notes pursuant to an offer by Penn National (a "*Change of Control Offer*") on the terms set forth in the indenture, except to the extent Penn National has previously elected to redeem notes as described under "—Redemption—Optional Redemption" and except as set forth in the fourth succeeding paragraph below. In the Change of Control Offer, Penn National will offer a payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to, but not including, the date of purchase (subject to the right of holders of record of notes on the relevant record date to receive interest due on the relevant interest payment date) (the "*Change of Control Payment*"). Within 30 days following the occurrence of a Change of Control Triggering Event, Penn National will mail (or in the case of global notes, give pursuant to applicable DTC procedures) a notice to each Holder describing the transaction or transactions

that constitute, or are expected to constitute, the Change of Control Triggering Event, and offering to repurchase notes on the date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 15 days and no later than 60 days after the date such notice is mailed (or in the case of global notes, given pursuant to applicable DTC procedures), pursuant to the procedures required by the indenture and described in such notice. Except with respect to the last sentence of the fourth succeeding paragraph, Penn National will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the indenture, Penn National will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the indenture by virtue of such conflict.

On the Change of Control Payment Date, Penn National will, to the extent lawful:

(1) accept for payment all notes or portions of notes properly tendered (and not validly withdrawn) pursuant to the Change of Control Offer;

(2) deposit with the paying agent no later than 11:00 a.m. New York City time an amount equal to the Change of Control Payment in respect of all notes or portions of notes accepted for payment; and

(3) deliver or cause to be delivered to the trustee (if not previously delivered by the holders of the notes or otherwise) the notes accepted for payment together with an officer's certificate stating the aggregate principal amount of notes or portions of notes being purchased by Penn National.

The paying agent will promptly pay to each Holder of notes accepted for payment the Change of Control Payment for such notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; *provided* that each new note will be in a minimum principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

Penn National will not be required to make a Change of Control Offer upon the occurrence of a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by Penn National and purchases all notes properly tendered and not validly withdrawn under the Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of an anticipated Change of Control Triggering Event, conditional upon such Change of Control Triggering Event. If such a conditional Change of Control Offer is made, the Change of Control Payment Date may be delayed, in Penn National's sole discretion, until such time as such Change of Control Triggering Event shall have occurred, or if such Change of Control Triggering Event shall not have occurred by the applicable Change of Control Payment Date (whether the original Change of Control Payment Date or the Change of Control Payment Date so delayed) or if in Penn National's discretion if in its good faith judgement any or all of the conditions will not be satisfied, then such Change of Control Offer may be rescinded by Penn National.

Notwithstanding any other provision hereof, if holders of not less than 90% in aggregate principal amount of the outstanding notes validly tender and do not withdraw such notes in any tender offer, Asset Sale Offer or Change of Control Offer and Penn National, or any third party making such tender offer, Asset Sale Offer or Change of Control Offer in lieu of Penn National, purchases all of the notes validly tendered and not withdrawn by such holders, Penn National or such third party will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the tender offer, Asset Sale Offer or Change of Control Offer, to redeem all notes that remain outstanding following such purchase at a price in cash equal to the price offered to Holders in such tender offer, Asset Sale Offer or Change of Control Offer.

The definition of "Change of Control" includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of Penn National and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a

Holder of notes to require Penn National to repurchase its notes as a result of a sale, transfer, conveyance or other disposition of less than all of the assets of Penn National and its Subsidiaries taken as a whole may be uncertain.

The Credit Agreement and the Master Lease each provide, that certain change of control events with respect to Penn National would constitute a default under the Credit Agreement or the Master Lease, respectively. Any future credit agreements or other agreements to which Penn National becomes a party may contain similar provisions.

In the event a Change of Control Triggering Event occurs at a time when Penn National is prohibited from purchasing notes by the terms of existing agreements, including Indebtedness, Penn National could seek the consent of its lenders or other counterparties to the purchase of notes or could attempt to refinance the borrowings, as applicable, that contain such prohibition. If Penn National does not obtain such a consent or repay such borrowings, as applicable, Penn National will remain prohibited from purchasing notes. In such case, Penn National's failure to purchase tendered notes would constitute a default under the indenture which could, in turn, constitute a default under such other Indebtedness.

Asset Sales

Penn National will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) Penn National (or the Restricted Subsidiary, as the case may be) receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) received in the Asset Sale by Penn National or such Restricted Subsidiary is in the form of (x) cash or Cash Equivalents or (y) Permitted Business Assets; *provided*, *however*, that for purposes of this clause (2), each of the following will be deemed to be cash:

(a) any liabilities, as shown on Penn National's or such Restricted Subsidiary's most recent balance sheet (or in the notes thereto), of Penn National or such Restricted Subsidiary (other than liabilities of Penn National that are by their terms subordinated to the notes) that are assumed by the transferee of any such assets (including in the case of a sale of a Subsidiary, Indebtedness of such Subsidiary so long as Penn National and its Restricted Subsidiaries are not guarantors of or co-obligors on such Indebtedness following such Asset Sale);

(b) any securities, notes or other obligations or assets received by Penn National or such Restricted Subsidiary from such transferee that within 270 days after the consummation of such Asset Sale, subject to ordinary settlement periods, are converted by Penn National or such Restricted Subsidiary into cash or Cash Equivalents, to the extent of the cash or Cash Equivalents received in that conversion; and

(c) any Designated Non-Cash Consideration received by Penn National or such Restricted Subsidiary in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (c) that is at the time outstanding, not to exceed the greater of $250.0 million and 25% of Consolidated Cash Flow for the Applicable Measurement Period at the time of the receipt of such Designated Non-Cash Consideration, with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value.

Within 450 days after the receipt of any Net Proceeds from an Asset Sale, Penn National or any of its Restricted Subsidiaries may apply an amount equal to those Net Proceeds at its option:

(1) to repay Indebtedness under the Credit Agreement (or other Indebtedness of Penn National secured by a Lien) or Indebtedness of any Restricted Subsidiary;

(2) (x) to prepay, repay, redeem or purchase notes, including (I) as provided under "—Optional Redemption," (II) by making an offer (in accordance with the procedures set forth below for a Note Asset Sale Offer) to all Holders to purchase their notes at 100% of the principal amount thereof, plus the amount of accrued but unpaid interest, if any, to but not including the date of such purchase or (III) through open market purchases; or (y) to prepay, repay, redeem or purchase Indebtedness that ranks equally in right of payment with the notes ("*Pari Passu* Indebtedness") at a price of no more than 100% of the principal amount of such *Pari Passu* Indebtedness plus accrued and unpaid interest, if any, to but not including the date of such prepayment, repayment, redemption or purchase; *provided further* that, to the extent Penn National or such Restricted Subsidiary redeems, repays or repurchases *Pari Passu* Indebtedness pursuant to this clause (y), Penn National shall equally and ratably reduce (or offer to reduce) obligations under the notes as provided in the immediately preceding clause (x);

(3) to improve real property or make capital expenditures;

(4) to invest in or acquire Permitted Business Assets;

(5) to enter into binding commitment to take any of the actions described in the foregoing clauses (1) through (4), and take such action within 12 months after the end of such 450 day period; or

(6) any combination of the foregoing clauses (1) through (5).

Pending the final application of any Net Proceeds, Penn National may temporarily reduce revolving credit borrowings or otherwise invest or utilize the Net Proceeds in any manner that is not prohibited by the indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph will constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds in any fiscal year exceeds $150 million, Penn National will make either the offers set forth in clause (a) or the offer set forth in clause (b), the choice of offer to be determined by Penn National in its sole discretion:

(a) Penn National will make an offer (an "*Asset Sale Offer*") to all Holders of notes (the "*Note Asset Sale Offer*"), and an offer to all holders of any other *Pari Passu* Indebtedness (the "*Pari Passu Asset Sale Offer*") containing provisions similar to those set forth in the indenture with respect to offers to purchase or redeem with the proceeds of sales of assets (to the extent required pursuant to the terms of such *Pari Passu* Indebtedness), to purchase, on a *pro rata* basis (with Excess Proceeds prorated between the Holders of notes and such holders of *Pari Passu* Indebtedness based upon the respective outstanding aggregate principal amounts (or accreted value, as applicable) on the date the Note Asset Sale Offer and the Pari Passu Asset Sale Offer, respectively, are made), the maximum principal amount of the notes and the maximum principal amount (or accreted value, as applicable) of such other *Pari Passu* Indebtedness that may be purchased out of the respective *pro rata* amounts of Excess Proceeds. To the extent that the aggregate principal amount of notes or the aggregate principal amount (or accreted value, if applicable) of such *Pari Passu* Indebtedness tendered into the Note Asset Sale Offer and the Pari Passu Asset Sale Offer, respectively, is less than the principal amount of notes or the principal amount (or accreted value, if applicable) of such *Pari Passu* Indebtedness offered to be purchased in the Note Asset Sale Offer or the Pari Passu Asset Sale Offer, respectively, Penn National and its Restricted Subsidiaries may use those remaining Excess Proceeds for any purpose not otherwise prohibited by the indenture.

(b) Penn National will make an Asset Sale Offer to all Holders of notes and all holders of other *Pari Passu* Indebtedness containing provisions similar to those set forth in the indenture with respect to offers to purchase or redeem or repay with the proceeds of sales of assets (to the extent

required pursuant to the terms of such *Pari Passu* Indebtedness) to purchase the maximum principal amount of notes and such other *Pari Passu* Indebtedness that may be purchased out of the Excess Proceeds. If any Excess Proceeds remain after consummation of such Asset Sale Offer, Penn National may use those Excess Proceeds for any purpose not otherwise prohibited by the indenture.

If, in the case of clause (a) above, the aggregate principal amount of notes or the aggregate principal amount (or accreted value, if applicable) of such *Pari Passu* Indebtedness tendered into such Note Asset Sale Offer or Pari Passu Asset Sale Offer, respectively, exceeds the respective *pro rata* amounts of Excess Proceeds, or, in the case of clause (b), the aggregate principal amount of notes and other *Pari Passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the notes to be repurchased shall be selected in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed or, if the notes are not listed but are in global form, then by lot or otherwise in accordance with the procedures of DTC or, if the notes are not listed and not in global form on a *pro rata* basis, by lot or by such other method as the trustee will deem to be fair and appropriate, and Penn National shall select *Pari Passu* Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate accreted value or principal amount of tendered notes and *Pari Passu* Indebtedness.

The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest, if any, to the date of purchase (the "*Asset Sale Payment Date*"), and will be payable in cash. After the completion of any Asset Sale, Penn National may make an Asset Sale Offer prior to the time it is required to do so hereunder. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds in any fiscal year will be reset at zero.

If any non-cash consideration received by Penn National or any of its Restricted Subsidiaries, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any such non-cash consideration), then such conversion or disposition, at the time of such conversion or disposition, shall be subject to the provisions of this covenant (subject to the proviso of the definition of "Asset Sale").

Penn National will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the indenture, Penn National will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the indenture by virtue of such conflict.

The Credit Agreement contains restrictions on Penn National's ability to purchase notes with Asset Sale proceeds. Any future credit agreements or other agreements may contain similar restrictions. In the event an Asset Sale occurs at a time when Penn National is prohibited from purchasing notes, Penn National could seek the consent of its lenders to the purchase of notes or could attempt to refinance the borrowings that contain such prohibition. If Penn National does not obtain such a consent or repay such borrowings, Penn National will remain prohibited from purchasing notes. In such case, Penn National's failure to purchase tendered notes would constitute a default under the indenture which could, in turn, constitute a default under such other Indebtedness.

Certain Covenants

Set forth below are summaries of certain covenants contained in the indenture.

If on any date following the Issue Date: (i) the notes have Investment Grade Ratings from both of the Rating Agencies and (ii) no Default or Event of Default has occurred and is continuing under the indenture, then beginning on that date and continuing at all times thereafter regardless of any subsequent changes in the ratings of the notes or the occurrence of any Default or Event of Default, Penn National and its Subsidiaries will not be subject to the following provisions of the indenture (collectively, the "*Terminated Covenants*" and, such event, the "*Covenant Termination Event*"):

(a) "—Certain Covenants—Restricted Payments";

(b) "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(c) "—Certain Covenants—Dividend and Other Payment Restrictions Affecting Subsidiaries";

(d) clause (4) of the first paragraph of "—Certain Covenants—Merger, Consolidation or Sale of Assets";

(e) "—Certain Covenants—Transactions with Affiliates"; and

(f) "—Repurchase at the Option of Holders—Asset Sales."

Upon and following a Covenant Termination Event, no Default or Event of Default or breach of any kind will be deemed to have occurred or exist under the indenture or the notes with respect to the Terminated Covenants based on, and none of Penn National or any of its Subsidiaries shall bear any liability for, any actions taken or failed to be taken, or any events occurring, upon and following a Covenant Termination Event, regardless of whether such actions, failure to act or event would have been permitted if the applicable Terminated Covenants remained in effect.

There can be no assurance that the notes will ever achieve or maintain any Investment Grade Rating.

Certain Determinations

Notwithstanding anything to the contrary herein, with respect to any amounts incurred or transactions entered into (or consummated) in reliance on a provision of any covenant that does not require compliance with a financial ratio or test (including the Consolidated Leverage Ratio, the Fixed Charge Coverage Ratio or the Consolidated Secured Leverage Ratio) (any such amounts, the "*Fixed Amounts*") substantially concurrently or in a series of related transactions with any amounts incurred or transactions entered into (or consummated) in reliance on a provision in such covenant that requires compliance with any such financial ratio or test (any such amounts, the "*Incurrence Based Amounts*"), it is understood and agreed that the Fixed Amounts (and any cash proceeds thereof) in such covenant shall be disregarded in the calculation of the financial ratio or test applicable to the Incurrence Based Amounts in such covenant in connection with such incurrence, but full pro forma effect shall be given to all applicable and related transactions (including the use of proceeds of all Indebtedness to be incurred and any repayments, repurchases and redemptions of Indebtedness) and all other permitted pro forma adjustments.

Notwithstanding anything herein to the contrary, if at any time any applicable ratio or financial test for any category based on an Incurrence Based Amount permits Indebtedness, Liens, Restricted Payments, Asset Sales, sale and leaseback transactions and Investments, as applicable, previously incurred under a category based on a Fixed Amount, such Indebtedness, Liens, Restricted Payments, Asset Sales, sale and leaseback transactions and Investments, as applicable, shall be deemed to have been automatically reclassified as incurred under such category based on an Incurrence Based Amount.

Penn National may elect, pursuant to an officer's certificate delivered to the Trustee to treat all or any portion of any revolving commitment or undrawn commitment under any Indebtedness as being incurred and outstanding at such time and for so long as such commitments remain outstanding (regardless of whether then drawn), in which case any subsequent incurrence of Indebtedness under such commitment shall not be deemed, for purposes of this calculation, to be an incurrence at such subsequent time.

Notwithstanding anything to the contrary herein, for all purposes hereof, (a) the Master Leases and any Gaming Lease (and any Guarantee of the foregoing) shall not constitute Indebtedness, Liens or a Capital Lease Obligation regardless of how such Master Lease or Gaming Lease may be treated under GAAP, (b) any interest portion of payments in connection with such Master Lease or Gaming Lease shall not constitute consolidated interest expense (or terms of similar effect) and (c) Consolidated Cash Flow and Consolidated Net Income (and terms of similar effect) shall be calculated by deducting, without duplication of amounts otherwise deducted, rent, insurance, property taxes and other amounts and expenses actually paid in cash under the Master Leases or any

Gaming Lease in the applicable period and no deductions in calculating Consolidated Cash Flow or Consolidated Net Income (and terms of similar effect) shall occur as a result of imputed interest, amounts under the Master Leases or any Gaming Lease not paid in cash during the relevant period or other non-cash amounts incurred in respect of the Master Leases or any Gaming Lease; provided that any "true-up" of rent paid in cash pursuant to the Master Leases or any Gaming Lease shall be accounted for in the fiscal quarter to which such payment relates as if such payment were originally made in such fiscal quarter.

Financial Calculations for Limited Condition Transactions

When calculating the availability under any basket or ratio under the indenture or compliance with any provision of the indenture in connection with any Limited Condition Transaction and any actions or transactions related thereto (including acquisitions, Investments, the incurrence or issuance of Indebtedness, Disqualified Stock or preferred stock and the use of proceeds thereof, the incurrence of Liens, repayments, dividends and dispositions or distributions), in each case, at the option of Penn National (Penn National's election to exercise such option, an "*LCT Election*"), the date of determination for availability under any such basket or ratio and whether any such action or transaction is permitted (or any requirement or condition therefor is complied with or satisfied (including as to the absence of any continuing Default or Event of Default)) under the indenture shall be deemed to be the date (the "*LCT Test Date*") either (a) that the definitive agreements for such Limited Condition Transaction are entered into (or, if applicable, the date of delivery of an irrevocable notice, declaration of a dividend or distribution or similar event), (b) solely in connection with an acquisition to which the United Kingdom City Code on Takeovers and Mergers applies, the date on which a "Rule 2.7 announcement" of a firm intention to make an offer is published on a regulatory information service in respect of a target of a Limited Condition Transaction is made (or that equivalent notice under equivalent laws, rules or regulations in such other applicable jurisdiction is made), (c) that notice is given with respect to any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness, Disqualified Stock or preferred stock requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment or (d) that notice is given with respect to any dividend or other distribution requiring irrevocable notice in advance thereof and, in each case, if, after giving pro forma effect to the Limited Condition Transaction and any actions or transactions related thereto (including acquisitions, Investments, the incurrence or issuance of Indebtedness, Disqualified Stock or preferred stock and the use of proceeds thereof, the incurrence of Liens, repayments, dividends or other distributions and dispositions) and any related pro forma adjustments, Penn National or any of the Restricted Subsidiaries would have been permitted to take such actions or consummate such transactions on the relevant LCT Test Date in compliance with such ratio, test or basket (and any related requirements and conditions), such ratio, test or basket (and any related requirements and conditions) shall be deemed to have been complied with (or satisfied) for all purposes (in the case of Liens, for example, whether such Liens are to secure Indebtedness that is committed, issued or incurred at the LCT Test Date or at any time thereafter); provided that (a) if financial statements for one or more subsequent fiscal quarters shall have become available, Penn National may elect, in its sole discretion, to redetermine all such ratios, tests or baskets on the basis of such financial statements, in which case, such date of redetermination shall thereafter be deemed to be the applicable LCT Test Date for purposes of such ratios, tests or baskets and (b) except as contemplated in the foregoing clause (a), compliance with such ratios, tests or baskets (and any related requirements and conditions) shall not be determined or tested at any time after the applicable LCT Test Date for such Limited Condition Transaction and any actions or transactions related thereto (including acquisitions, Investments, the incurrence or issuance of Indebtedness, Disqualified Stock or preferred stock and the use of proceeds thereof, the incurrence of Liens, repayments, dividends or distributions and dispositions).

For the avoidance of doubt, if Penn National has made an LCT Election, (1) if any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date would at any time after the LCT Test Date have been exceeded or otherwise failed to have been complied with as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in Consolidated Cash Flow of Penn National or the Person subject to such Limited Condition Transaction, such baskets, tests or ratios will not be deemed to have been exceeded or failed to have been complied with as a result of such fluctuations; (2) if any related requirements and conditions (including as to the absence of any continuing Default or Event of Default) for which compliance or satisfaction was determined or tested as of the LCT Test Date would at any time after the LCT Test Date not have been complied with or satisfied (including due to the occurrence or continuation of a Default or Event of Default), such requirements and conditions will not be deemed to have been failed to be complied with or satisfied (and such Default or Event of Default shall be deemed not to have occurred or be continuing); and (3) in calculating the

availability under any ratio, test or basket in connection with any action or transaction unrelated to such Limited Condition Transaction following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the date that the definitive agreement or date for redemption, purchase or repayment specified in an irrevocable notice for such Limited Condition Transaction is terminated, expires or passes, as applicable, without consummation of such Limited Condition Transaction, any such ratio, test or basket shall be determined or tested giving pro forma effect to such Limited Condition Transaction.

Restricted Payments

Penn National will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(A) declare or pay any dividend or make any other distribution on account of Penn National's or any of its Restricted Subsidiaries' Equity Interests (other than (x) dividends or distributions payable in Equity Interests (other than Disqualified Stock) of Penn National or (y) to Penn National or a Restricted Subsidiary of Penn National);

(B) purchase, redeem or otherwise acquire or retire for value (x) any Equity Interests of Penn National (other than Disqualified Stock within 365 days of the Stated Maturity of such Disqualified Stock) or (y) any preferred stock of a Restricted Subsidiary of Penn National (other than within 365 days of the Stated Maturity thereof), in the case of each of clauses (x) and (y), other than any such Equity Interests or preferred stock held by Penn National or a Restricted Subsidiary of Penn National;

(C) make any payment of principal on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, any Indebtedness of Penn National that is subordinated in right of payment to the notes (except a payment within 365 days of the Stated Maturity thereof and other than Indebtedness permitted under clause (6) of the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock"); or

(D) make any Restricted Investment

(all such payments and other actions set forth in these clauses (A) through (D) being collectively referred to as "*Restricted Payments*"),

unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(2) Penn National would, at the time of such Restricted Payment and after giving *pro forma* effect thereto and to any related transactions as if such Restricted Payment and related transactions had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock"; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Penn National and its Restricted Subsidiaries after the 5.875% Issue Date (excluding Restricted Payments permitted by the next succeeding paragraph (other than clause (1) thereof)), is less than the sum, without duplication, of:

(a) 50% of the Consolidated Net Income of Penn National for the period (taken as one accounting period) from January 1, 2014 to the end of Penn National's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), *plus*

(b) 100% of the aggregate net proceeds, including cash and Cash Equivalents and the Fair Market Value of assets or consideration other than cash or Cash Equivalents, received by Penn National since the 5.875% Issue Date (i) as a contribution to its common equity capital, or (ii) from or in exchange for the issue or sale of Equity Interests of Penn National (other than Disqualified Stock), or (iii) from or in exchange for the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of Penn National, in each case in this clause (iii), that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of Penn National), *plus*

(c) to the extent that any Restricted Investment (including to designate a Subsidiary as an Unrestricted Subsidiary) that was made after the 5.875% Issue Date and was included in the calculation of Restricted Payments made under the indenture:

(x) is sold for cash or Cash Equivalents or otherwise liquidated or repaid for cash or Cash Equivalents, in whole or in part (including through the sale of capital stock or other securities of an Unrestricted Subsidiary other than to Penn National or any of its Restricted Subsidiaries), or

(y) is repurchased or redeemed by any person (other than Penn National or any of its Restricted Subsidiaries) or results in, or is otherwise returned or reduced by, the payment of principal, interest, dividends or distributions, or repayments of loans or advances, or other transfers of assets, or the satisfaction, release, expiration, cancellation or reduction (other than by means of payments by Penn National or any of its Restricted Subsidiaries) of Indebtedness or other obligations (including any such Indebtedness or other obligations guaranteed by Penn National or any of its Restricted Subsidiaries, including any Investment Guarantee or reductions in liabilities under Guarantees), or any payments under management contracts or services agreements,

in each case, 100% of the aggregate reduction of or return with respect to, and all other payments, and the Fair Market Value of assets other than cash, received with respect to, such Restricted Investment, *plus*

(d) to the extent that any Restricted Investment was made after the 5.875% Issue Date in an entity that subsequently becomes a Restricted Subsidiary (other than through the redesignation of an Unrestricted Subsidiary to which clause (e) below shall apply) or is merged, consolidated or amalgamated with or into, or transfers or conveys its assets to, or is liquidated into, Penn National or a Restricted Subsidiary, and such Restricted Investment remains outstanding, the aggregate amount of such Restricted Investment, *plus*

(e) to the extent that any Unrestricted Subsidiary of Penn National is redesignated as a Restricted Subsidiary in compliance with the covenant "—Designation of Restricted and Unrestricted Subsidiaries," or has been merged, consolidated or amalgamated with or into, or transfers or conveys its assets to, or is liquidated into, Penn National or a Restricted Subsidiary, in each case after the 5.875% Issue Date, the Fair Market Value of Penn National's and its Restricted Subsidiaries' Investment in such Subsidiary (directly or indirectly) as of the date of such redesignation, merger, consolidation, amalgamation, transfer or conveyance or liquidation.

The preceding provisions will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as applicable, if at the date of declaration or giving of the redemption notice, as the case may be, the dividend, distribution or redemption payment would have complied with the provisions of the indenture;

(2) the redemption, repurchase, retirement, discharge, defeasance (whether by covenant or legal defeasance) or other acquisition of any Indebtedness of Penn National or any of its Subsidiaries that is subordinated to the notes or of any Equity Interests of Penn National (including all accrued interest on the Indebtedness, all accrued or accumulated dividends on the Equity Interests and the amount of all penalties, fees, costs, expenses, discounts and premiums incurred in connection therewith and any original issue discount or debt issuance costs with respect thereto) in exchange for, or by conversion into, or out of the net cash proceeds of the sale (other than to a Restricted Subsidiary of Penn National) of, Equity Interests of Penn National (other than Disqualified Stock) or of any Person that is or becomes, substantially concurrently with such transaction, a holding company of Penn National; *provided* that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, discharge, defeasance or other acquisition will be excluded from clause (3)(b) of the preceding paragraph;

(3) (x) the redemption, repurchase, retirement, discharge, defeasance (whether by covenant or legal defeasance), or other acquisition of any Indebtedness of Penn National or any of its Subsidiaries that is subordinated to the notes with the net cash proceeds from an incurrence of, or in exchange for, Permitted Refinancing Indebtedness, or (y) the redemption, repurchase, retirement or other acquisition of Disqualified Stock of Penn National or preferred stock of a Restricted Subsidiary of Penn National with the net cash proceeds from an issuance of, or in exchange for, Permitted Refinancing Indebtedness constituting Disqualified Stock or preferred stock, respectively;

(4) the payment of any dividend by a Restricted Subsidiary of Penn National to the holders of its Equity Interests (other than preferred stock) on a *pro rata* basis;

(5) redemptions, repurchases or repayments of Indebtedness or Equity Interests of Penn National or any of its Subsidiaries to the extent required by any Gaming Authority having jurisdiction over Penn National or any Restricted Subsidiary or deemed necessary by the Board of Directors of Penn National in order to avoid the suspension, revocation or denial of a gaming license by any Gaming Authority, or as required under "—Redemption—Gaming Redemption" above;

(6) the repurchase, redemption or other acquisition or retirement of any Equity Interests of Penn National or any Restricted Subsidiary of Penn National held by any member of Penn National's (or any of its Restricted Subsidiaries') present or former management or any present or former officer, director, employee or consultant (or family members, spouses or former spouses, heirs of, estates of or trusts formed by such persons) upon the death, disability, retirement or termination of employment of such member of management or such officer, director, employee or consultant or pursuant to any equity subscription agreement, stock option agreement, employment agreement, severance agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed $25.0 million in any fiscal year, and *provided*, *further*, that any amounts not used in any fiscal year may be carried forward for up to two succeeding fiscal year periods until used; *provided further* that such amount in any calendar year may be increased by an amount not to exceed the amounts in clauses (a) and (b) below (to the extent that such amounts have not been used to make a Restricted Payment in a previous calendar year pursuant to this clause (6) or, in the case of clause (a), clause (3)(b) of the preceding paragraph):

   (a) the cash proceeds from the sale of Equity Interests (other than Disqualified Stock) of Penn National or any Restricted Subsidiary of Penn National to members of management, officers, directors, employees or consultants of Penn National or any of its Restricted Subsidiaries that occurred after the Issue Date; provided that the amount of any such cash proceeds that are utilized pursuant to this clause (6) will be excluded from clause (3)(b) of the preceding paragraph; plus

   (b) the cash proceeds of key person life insurance policies received by Penn National or any of its Restricted Subsidiaries after the Issue Date;

provided further that cancellation of Indebtedness owing to Penn National or any of its Restricted Subsidiaries from such members of management, officers, directors, employees or consultants of Penn National or any of its Restricted Subsidiaries in connection with a repurchase of Equity Interests of Penn National or any of its Restricted Subsidiaries will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provisions of the indenture;

(7) the declaration and payment of dividends to holders of Penn National's Disqualified Stock and to holders of preferred stock of Restricted Subsidiaries issued in accordance with the covenant entitled "Incurrence of Indebtedness and Issuance of Preferred Stock";

(8) (i) repurchases of Equity Interests deemed to occur upon exercise or settlement of stock options, warrants, rights, convertible securities or other Equity Interests in respect thereof if such Equity Interests represent a portion of the exercise price of or withholding obligations with respect to such options, warrants, rights, convertible securities or other Equity Interests in respect thereof; and (ii) payments made or expected to be made by Penn National or any Restricted Subsidiary of Penn National in respect of withholding or similar taxes payable or expected to be payable by any present or former member of management, director, officer, employee or consultant of Penn National or any Subsidiary of Penn National (or family members, spouses or former spouses, heirs of, estates of or trusts formed by such persons) in connection with the exercise or settlement of stock options or grant, vesting or delivery of Equity Interests;

(9) if a Change of Control Triggering Event or an Asset Sale has occurred and Penn National shall have consummated the Change of Control Offer or Asset Sale Offer, respectively, and purchased on the Change of Control Payment Date or the Asset Sale Payment Date, respectively, all notes properly tendered (and not validly withdrawn) (up to the maximum amount of notes required to be so purchased, in the case of an Asset Sale Offer) in response to the Change of Control Offer or the Asset Sale Offer, respectively, as described above under "—Repurchase at the Option of Holders—Change of Control and Rating Decline" or "—Asset Sales," respectively, any purchase or redemption (within 60 days after the Change of Control Payment Date or the Asset Sale Payment Date, respectively) of any Indebtedness that is subordinated to the notes or of any Disqualified Stock or preferred stock, in each case, required pursuant to the terms thereof as a result of such Change of Control or Asset Sale at a purchase or redemption price not to exceed the outstanding principal amount (or accreted value or liquidation preference, as applicable) thereof, plus accrued and unpaid interest or accrued and unpaid dividends, as applicable, thereon, if any, plus any premium thereon, if any; *provided*, *however*, that at the time of such purchase or redemption, no Default or Event of Default shall have occurred and be continuing (or would result therefrom);

(10) purchase by Penn National or any of its Restricted Subsidiaries of preferred stock of a Restricted Subsidiary of Penn National if after giving effect thereto Penn National's and its Restricted Subsidiaries' direct or indirect aggregate percentage ownership of the Equity Interests of such Restricted Subsidiary increases;

(11) Investment Guarantees, Investment Guarantee Payments, Permitted Joint Venture Investments or other Investments (without duplication) that Penn National has elected to include in the calculation of Restricted Payments pursuant to either clause (17)(b)(y) of the definition of "Permitted Investments" or clause (y) of the definition of "Permitted Joint Venture Investment";

(12) any payment made relating to any Trust Agreement;

(13) Restricted Payments to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options, warrants, rights, convertible securities or other Equity Interests or upon the conversion or exchange of or into Capital Stock, or payments or distributions to dissenting stockholders or pursuant to appraisal rights pursuant to applicable law or court order;

(14) any Restricted Payment if after giving effect to such Restricted Payment, the Consolidated Leverage Ratio of Penn National on a *pro forma* basis is less than 4.0 to 1.0 (without deducting Development

Expenses from Consolidated Total Indebtedness pursuant to clause (c) of the definition of Consolidated Total Indebtedness);

(15) Restricted Payments by a joint venture that are required or permitted to be made by such venture pursuant to the terms of the joint venture arrangements to holders of the Equity Interests of such venture;

(16) the distribution, as a dividend or otherwise, of Equity Interests of, or Indebtedness owed to Penn National or a Restricted Subsidiary by, Unrestricted Subsidiaries;

(17) to the extent constituting Restricted Payments, payments to counterparties under Hedging Obligations or other hedge or swap or option agreements entered into in connection with the issuance of convertible debt;

(18) other Restricted Payments not to exceed the greater of $500.0 million and 50% of Consolidated Cash Flow for the Applicable Measurement Period; and

(19) any Social Gaming Disposition Transaction.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the assets or securities proposed to be transferred or issued by Penn National or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this covenant will be determined by Penn National's Board of Directors if expected to be greater than $50.0 million.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment or Investment meets the criteria of more than one of the categories described in clauses (1) through (19) above, or is permitted pursuant to the first paragraph of this covenant or pursuant to any of clauses (1) through (22) of the definition of "Permitted Investments," Penn National will be entitled to classify such Restricted Payment (or, in each case, portion thereof) on the date of its payment and/or later reclassify such Restricted Payment or Investment (or, in each case, portion thereof) in any manner that complies with this covenant.

For purposes of this covenant and any other covenants of the indenture, it is understood that Penn National may rely on internal or publicly reported financial statements even though there may be subsequent adjustments (including review and audit adjustments) to such financial statements. Any Restricted Payment, incurrence of Indebtedness or issuance of Disqualified Stock or preferred stock, or other action that complied with the conditions of this covenant or such other covenants, made in reliance on such calculation by Penn National based on such internal or publicly reported financial statements, shall be deemed to continue to comply with the conditions of this covenant or such other covenants, notwithstanding any subsequent adjustments that may result in changes to such internal financial or publicly reported statements.

The incurrence of Indebtedness (including Guarantees) or issuance of Disqualified Stock or preferred stock and the granting of Liens, to the extent in compliance with the covenants described under the captions "—Incurrence of Indebtedness and Issuance of Preferred Stock" and "—Liens," respectively, and any payment of consideration to holders of Penn National's or any of its Restricted Subsidiaries' Equity Interests from the proceeds thereof, in each case, in connection with a merger or consolidation constituting or resulting in a Change of Control (or which would constitute a Change of Control if not for the final sentence set forth in the definition thereof) and otherwise permitted by the indenture shall not constitute a Restricted Payment or be subject to the provisions of this covenant if either (A) both (i) the Consolidated Leverage Ratio of Penn National on a *pro forma* basis after giving effect to such transaction or series of related transactions shall be less than 5.5 to 1.0 and (ii) there shall not be effective as of the close of business on the date of the consummation of such transaction or series of related transactions or be effective as of such date as a result of an earlier announcement (which date shall be extended for so long as the rating of the notes is under publicly announced consideration for possible downgrade by either of the Rating Agencies), a decrease in the rating of the notes by either Rating Agency by one or more gradations (including gradations within Rating Categories as well as between Rating Categories), as compared with the rating of the notes

in effect by each such Rating Agency on the Rating Date or (B) there shall be effective as of the close of business on the date of the consummation of such transaction or series of related transaction or be effective as of such date as a result of an earlier announcement (which date shall be extended for so long as the rating of the notes is under publicly announced consideration for possible change by either of the Rating Agencies) an increase in the rating of the notes by both Rating Agencies by one or more gradations (including gradations within Rating Categories as well as between Rating Categories), as compared with the rating of the notes in effect by each such Rating Agency on the Rating Date.

Incurrence of Indebtedness and Issuance of Preferred Stock

Penn National will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and Penn National will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*, that Penn National and its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt), Penn National may issue Disqualified Stock and Penn National's Restricted Subsidiaries may issue preferred stock if, in any such case, the Fixed Charge Coverage Ratio for Penn National's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.00 to 1.0 determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom and including as set forth in the definition of "Fixed Charge Coverage Ratio"), as if the additional Indebtedness had been incurred or the preferred stock or Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence or issuance of any of the following items of Indebtedness, Disqualified Stock or preferred stock, as applicable (collectively, "*Permitted Debt*"):

(1) the incurrence by Penn National and/or any of its Restricted Subsidiaries of Indebtedness and letters of credit pursuant to the Credit Facilities or otherwise; *provided* that the aggregate principal amount of all Indebtedness then classified as having been incurred in reliance upon this clause (1) that remains outstanding under such Credit Facilities or otherwise after giving effect to such incurrence does not exceed the sum of (a) $3,050.0 million, plus (b) any additional or other amount, so long as, solely in the case of this clause (b), after giving *pro forma* effect to such incurrence, the Consolidated Secured Leverage Ratio of Penn National would be no greater than 2.75 to 1.0 (deducting Development Expenses from Consolidated Total Indebtedness pursuant to clause (c) of the definition of Consolidated Total Indebtedness) and 3.0 to 1.0 (without deducting Development Expenses from Consolidated Total Indebtedness pursuant to clause (c) of the definition of Consolidated Total Indebtedness); *provided*, *however*, that the maximum amount permitted to be outstanding under this clause (1) shall not be deemed to limit additional Indebtedness under the Credit Facilities to the extent the incurrence of such additional Indebtedness is permitted pursuant to any of the other provisions under this caption "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(2) the incurrence by Penn National and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence by Penn National of Indebtedness represented by the notes to be issued on the date of the indenture in the principal amount of $400.0 million;

(4) the incurrence or issuance by Penn National and/or any of its Restricted Subsidiaries of (a) Purchase Money Indebtedness and Capital Lease Obligations, or (b) Indebtedness, Disqualified Stock or preferred stock in connection with the purchase, acquisition, lease, construction, development, installation, renovation, repair, expansion, improvement or refurbishment of any facility, facilities or assets used or useful in (whether by the purchase of assets or of Equity Interests of any person owning such assets) any Permitted Business, in the case of each of clauses (a) and (b), including all Permitted Refinancing Indebtedness incurred or issued to refinance any Indebtedness, Disqualified Stock or preferred stock incurred or issued pursuant to this clause (4),

in an aggregate principal amount or accreted value, as applicable, not to exceed the greater of $375.0 million and 37.5% of Consolidated Cash Flow for the Applicable Measurement Period in the aggregate at any time outstanding;

(5) the incurrence or issuance by Penn National or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refinance, Indebtedness (including an Investment Guarantee), Disqualified Stock or preferred stock that was permitted by the indenture to be incurred or issued under the first paragraph of this covenant or clause (2), (3), (4), (9), (20) or, without duplication, (23) of this paragraph or this clause (5);

(6) the incurrence by Penn National or any of its Restricted Subsidiaries of intercompany Indebtedness or the issuance of preferred stock by a Restricted Subsidiary, in each case between or among Penn National and any of its Restricted Subsidiaries (including Indebtedness or preferred stock of any Restricted Subsidiary to Penn National or another Restricted Subsidiary or of Penn National to a Restricted Subsidiary constituting the purchase price in respect of intercompany transfers of goods and services made in the ordinary course of business); *provided*, *however*, that (a) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness, or preferred stock being held by a Person other than Penn National or a Restricted Subsidiary of Penn National and (b) any sale or other transfer (excluding Liens permitted by the indenture) of any such Indebtedness or preferred stock to a Person that is neither Penn National nor a Restricted Subsidiary of Penn National will be deemed, in each case, to constitute an incurrence of such Indebtedness by Penn National or such Restricted Subsidiary or an issuance of preferred stock by such Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the incurrence by Penn National and/or any of its Restricted Subsidiaries of Hedging Obligations that are entered into for bona fide hedging activities and not for speculative purposes (including, without limitation, Hedging Obligations or other hedge or swap or option agreements entered into as part of, or in connection with, an issuance of convertible debt by Penn National or its Restricted Subsidiaries);

(8) the guarantee by Penn National or any of its Restricted Subsidiaries of Indebtedness of Penn National or a Restricted Subsidiary of Penn National that was permitted to be incurred by another provision of this covenant;

(9) the incurrence by Penn National or any of its Restricted Subsidiaries of any Investment Guarantee that constitutes a Permitted Joint Venture Investment or Investment Guarantee Indebtedness;

(10) Indebtedness in respect of workers' compensation claims, self-insurance obligations, performance bonds, surety appeal or similar bonds, completion guarantees, letters of credit or similar obligations provided by Penn National or any of its Restricted Subsidiaries in the ordinary course of its business (including to support Penn National's and its Restricted Subsidiaries' applications for gaming licenses or such workers' compensation claims, self-insurance, obligations, bonds or guarantees);

(11) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business;

(12) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business;

(13) Indebtedness arising from agreements of Penn National or any of its Restricted Subsidiaries providing for indemnification, adjustment of purchase price, contingency payment obligations or similar obligations or deposits, in each case, incurred or assumed in connection with any Investments or any acquisition or disposition or development of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any

portion of such business, assets or Subsidiary for the purpose of financing that acquisition; *provided* that:

(a) such Indebtedness is not reflected at the time of such incurrence or assumption on the balance sheet of Penn National or any of its Restricted Subsidiaries (obligations referred to in a footnote or footnotes to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on that balance sheet for purposes of this clause (a)); and

(b) in the case of a disposition, the maximum assumable liability in respect of that Indebtedness shall at no time exceed the gross proceeds, including non-cash proceeds (the Fair Market Value of those non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value), actually received by Penn National and/or that Restricted Subsidiary in connection with that disposition;

(14) incurrence of Indebtedness by Penn National or any of its Restricted Subsidiaries (in addition to Existing Indebtedness) consisting of Guarantees of Indebtedness of Pennwood in an aggregate principal amount at any time outstanding not to exceed $20.0 million;

(15) the payment or accrual of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment, accrual or accumulation of dividends on Disqualified Stock or preferred stock in the form of additional shares of the same class of Disqualified Stock or preferred stock;

(16) Indebtedness incurred to repurchase Indebtedness or Equity Interests of Penn National or any of its Subsidiaries pursuant to clause (5) under the caption "—Restricted Payments";

(17) (i) Indebtedness representing deferred compensation to employees of Penn National or any of its Restricted Subsidiaries incurred in the ordinary course of business, and (ii) Indebtedness consisting of obligations of Penn National or any of its Restricted Subsidiaries under deferred compensation or other similar arrangements incurred by such Person in connection with any Investment permitted under "—Restricted Payments";

(18) Indebtedness consisting of the financing of insurance premiums;

(19) Indebtedness, Disqualified Stock or preferred stock to the extent the net proceeds thereof are (a) used to purchase notes tendered in a Change of Control Offer, (b) used to redeem notes as described above under "—Optional Redemption," or (c) deposited to defease the notes as described under "Legal Defeasance and Covenant Defeasance" or discharge the indenture as described under "Satisfaction and Discharge;"

(20) Acquired Debt and any other Indebtedness, Disqualified Stock or preferred stock incurred or issued to finance a merger, consolidation or other acquisition; *provided* that (i) immediately after giving effect to the incurrence or issuance of such Acquired Debt and such other Indebtedness, as the case may be, on a *pro forma* basis as if such incurrence or issuance (and the related merger, consolidation or other acquisition) had occurred at the beginning of the applicable four-quarter period, (A) Penn National and its Restricted Subsidiaries would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of this covenant, or (B) the Fixed Charge Coverage Ratio for Penn National and its Restricted Subsidiaries would be greater than or equal to the Fixed Charge Coverage Ratio for Penn National and its Restricted Subsidiaries immediately prior to such merger, consolidation or other acquisition or (ii) such Indebtedness is Indebtedness of a Restricted Subsidiary that existed at the time such Person became a Subsidiary and was not created in anticipation or contemplation thereof;

(21) Indebtedness, Disqualified Stock or preferred stock of Restricted Subsidiaries that are Foreign Subsidiaries in an aggregate amount not to exceed the greater of $250.0 million and 25% of Consolidated Cash Flow for the Applicable Measurement Period at any time outstanding;

(22) Indebtedness constituting Development Expenses or the proceeds of which were applied to fund Development Expenses; *provided* that the Fixed Charge Coverage Ratio calculated as set forth in the first paragraph of this covenant would have been (a) at least 2.0 to 1.0 (excluding any Fixed Charges attributable to Indebtedness constituting Development Expenses, or the proceeds of which were applied to fund Development Expenses, for purposes of such calculation), and (b) at least 1.6 to 1.0 (including any Fixed Charges attributable to Indebtedness constituting Development Expenses, or the proceeds of which were applied to fund Development Expenses, for purposes of such calculation);

(23) Indebtedness in an aggregate amount not to exceed the greater of $250.0 million and 25% of Consolidated Cash Flow for the Applicable Measurement Period at any time outstanding consisting of loans advanced by lessors (or affiliates of lessors) of properties operated by, or under construction, development or management by, Penn National or any of its Restricted Subsidiaries for the purpose of funding capital expenditures with respect to Gaming Facilities and related assets; and

(24) the incurrence or issuance by Penn National and/or any of its Restricted Subsidiaries of additional Indebtedness, Disqualified Stock or preferred stock of any Restricted Subsidiary in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred or issued to refinance any other Indebtedness incurred or issued pursuant to this clause (24), not to exceed the greater of $500.0 million and 50% of Consolidated Cash Flow for the Applicable Measurement Period (it being understood that Indebtedness incurred, or Disqualified Stock or preferred stock issued, pursuant to this paragraph (24) shall cease to be deemed incurred, issued or outstanding for purposes of this clause (24) but shall be deemed to be incurred or issued for purposes of the first paragraph of this covenant from and after the first date on which Penn National or the Restricted Subsidiary, as the case may be, could have incurred such Indebtedness or issued such Disqualified Stock or preferred stock under the first paragraph of this covenant without reliance on this clause (24)).

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of proposed Indebtedness, Disqualified Stock or preferred stock meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (24) above or is entitled to be incurred or issued pursuant to the first paragraph of this covenant, Penn National will be permitted to classify such item of Indebtedness, Disqualified Stock or preferred stock on the date of its incurrence or issuance in any manner that complies with this covenant. In addition, Penn National may, at any time, change the classification of an item of Indebtedness, Disqualified Stock or preferred stock (or any portion thereof) to any other clause or to the first paragraph of this covenant, *provided* that Penn National or the applicable Restricted Subsidiary would be permitted to incur or issue such item of Indebtedness, Disqualified Stock or preferred stock (or portion thereof) pursuant to such other clause or the first paragraph of this covenant, as the case may be, at such time of reclassification. Indebtedness under the Credit Agreement outstanding on the Issue Date will be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of "Permitted Debt".

In connection with the incurrence or issuance, as applicable, of (x) revolving loan Indebtedness under this covenant or (y) any commitment relating to the incurrence or issuance of Indebtedness, Disqualified Stock or preferred stock under this covenant and the granting of any Lien to secure any such Indebtedness, Penn National or the applicable Restricted Subsidiary may designate such incurrence or issuance and the granting of any such Lien as having occurred on the date of first incurrence or issuance of such revolving loan Indebtedness or commitment (such date, the "*Deemed Date*"), and any related subsequent actual incurrence or issuance or granting of any such Lien therefor will be deemed for all purposes under the indenture to have been incurred or issued and granted on such Deemed Date, including, without limitation, for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Secured Leverage Ratio and usage of any other baskets or ratios under the indenture (as applicable).

Accrual of interest, the accrual or accumulation of dividends, the accretion of accreted value and the payment of interest or dividends in the form of additional Indebtedness, Disqualified Stock or preferred stock will not be deemed to be an incurrence or issuance of Indebtedness, Disqualified Stock or preferred stock for purposes of this covenant. The maximum amount of Indebtedness, Disqualified Stock or preferred stock that Penn National or a Restricted Subsidiary may incur or issue shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, Disqualified Stock or preferred stock, due solely to fluctuations in the exchange rates of currencies.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence or issuance of Indebtedness, Disqualified Stock or preferred stock, the U.S. dollar-equivalent principal amount or liquidation value of Indebtedness, Disqualified Stock or preferred stock denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness, Disqualified Stock or preferred stock was incurred or issued, in the case of term debt, Disqualified Stock or preferred stock, or first committed, in the case of revolving credit debt; *provided* that if such Indebtedness, Disqualified Stock or preferred stock is incurred or issued to refinance other Indebtedness, Disqualified Stock or preferred stock denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount or liquidation value of such refinancing Indebtedness, Disqualified Stock or preferred stock in the applicable currency does not exceed the principal amount or liquidation value of such Indebtedness, Disqualified Stock or preferred stock being refinanced in the applicable currency (plus all accrued interest on the Indebtedness, all accrued or accumulated dividends on the Disqualified Stock or preferred stock and the amount of all prepayment penalties, fees, costs, expenses, discounts and premiums incurred in connection therewith and any original issue discount in connection therewith).

The principal amount of any Indebtedness, Disqualified Stock or preferred stock incurred or issued to refinance other Indebtedness, Disqualified Stock or preferred stock, if incurred or issued in a different currency from the Indebtedness, Disqualified Stock or preferred stock being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness, Disqualified Stock or preferred stock is denominated that is in effect on the date of such refinancing.

A change in GAAP that results in an obligation existing at the time of such change, not previously classified as Indebtedness, becoming Indebtedness, or that results in a liability for all or part of such obligation having to be recognized, will not be deemed to be an incurrence or issuance of, which could, in turn, constitute a default under such other Indebtedness for purposes of this covenant.

Guarantees of Debt Securities

Following the date of the indenture, no Restricted Subsidiary of Penn National will directly or indirectly guarantee, or become jointly and severally liable with respect to, any Debt Securities of Penn National (excluding, in any event, (x) Acquired Debt and (y) guarantees of such Acquired Debt or any other Indebtedness of Penn National to the extent a guarantee is required as a result of the assumption by Penn National of such Acquired Debt described in clause (x) pursuant to the terms thereof as they existed at the time of and after giving effect to (and are not modified in contemplation of, other than to give effect to) the assumption of or acquisition of such Acquired Debt) issued after the date of the indenture, unless a guarantee is provided in respect of the notes by such Restricted Subsidiary.

Liens

Penn National will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness (other than Permitted Liens) upon any of its property or assets, now owned or hereafter acquired (such Lien, the "*Initial Lien*"), unless all payments due under the indenture and the notes are secured (1) on an equal and ratable basis with, or on a senior basis to, the obligations so secured (if such obligations rank equally in right of payment with the notes) until such time as such obligations are no longer secured by a Lien or (2) on a senior basis to the obligations so secured to the extent such obligations are subordinated in right of payment to the notes. Any Lien created for the benefit of the

Holders of the notes pursuant to the preceding sentence shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

For purposes of determining compliance with this covenant, (A) a Lien securing an item of Indebtedness need not be permitted solely by reference to one category of permitted Liens (or any portion thereof) described in the definition of "Permitted Liens" or pursuant to the first paragraph of this covenant but may be permitted in part under any combination thereof and (B) in the event that a Lien securing an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the categories of permitted Liens (or any portion thereof) described in the definition of "Permitted Liens" or pursuant to the first paragraph of this covenant, Penn National may, in its sole discretion, classify or reclassify, or later divide, classify or reclassify (as if incurred or issued at such later time), such Lien securing such item of Indebtedness (or any portion thereof) in any manner that complies with this covenant and at the time of incurrence, issuance, classification or reclassification will be entitled to only include the amount and type of such Lien or such item of Indebtedness secured by such Lien (or any portion thereof) in one of the categories of permitted Liens (or any portion thereof) described in the definition of "Permitted Liens" or pursuant to the first paragraph of this covenant and, in such event, such Lien securing such item of Indebtedness (or any portion thereof) will be treated as being incurred, issued or existing pursuant to only such clause or clauses (or any portion thereof) or pursuant to the first paragraph hereof without giving *pro forma* effect to such item (or portion thereof) when calculating the amount of Liens or Indebtedness that may be incurred or issued pursuant to any other clause or paragraph (or portion thereof) at such time. In addition, with respect to any revolving loan Indebtedness or commitment relating to the incurrence or issuance of Indebtedness that is designated to be incurred or issued on any date pursuant to the fourth paragraph of the covenant described under "Incurrence of Indebtedness and Issuance of Preferred Stock," any Lien that does or that shall secure such Indebtedness may also be designated by Penn National or any Restricted Subsidiary to be incurred on such date and, in such event, any related subsequent actual incurrence of such Lien shall be deemed for all purposes under the indenture to be incurred on such prior date, including for purposes of calculating usage of any "Permitted Lien."

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the incurrence or issuance of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "*Increased Amount*" of any Indebtedness shall mean any increase in the amount of such Indebtedness that is not deemed to be an incurrence of Indebtedness for purposes of the covenant "Incurrence of Indebtedness and Issuance of Preferred Stock."

Dividend and Other Payment Restrictions Affecting Subsidiaries

Penn National will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distributions on its Capital Stock to Penn National or any of its Restricted Subsidiaries, or pay any indebtedness owed to Penn National or any of its Restricted Subsidiaries;

(b) make loans or advances to Penn National or any of its Restricted Subsidiaries; or

(c) transfer any of its properties or assets to Penn National or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) the provisions of any agreements governing Existing Indebtedness or Credit Facilities, or the GLPI and VICI Agreements, or any other agreements as in effect on the date of the indenture;

(2) (x) the indenture and the notes, in each case as the same may be amended or supplemented from time to time in accordance with the terms thereof, and (y) other Indebtedness *that ranks equally in right of payment* with the notes, *provided* that in the case of this clause (y), the restrictions contained in the

agreements governing such Indebtedness are no more restrictive, taken as a whole, in the good faith judgment of Penn National, than those contained in the indenture and the notes;

(3) applicable law, rule, regulation, decree or order (including any Gaming Law and any rules, regulations, orders or requirements of any Gaming Authority);

(4) any agreement or instrument (including those governing Indebtedness, Disqualified Stock or preferred stock (including Acquired Debt) or other Capital Stock) of a Person, or with respect to any property or assets, acquired by Penn National or any of its Restricted Subsidiaries (including as a result of a Person becoming a Restricted Subsidiary as a result of such acquisition or by re-designation or by merger, consolidation or amalgamation with or into, or liquidation into, Penn National or a Restricted Subsidiary) as in effect at the time of such acquisition (except to the extent such agreement or instrument was entered into in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, or the Equity Interests of the Person, so acquired, *provided* that, in the case of Indebtedness, Disqualified Stock or preferred stock, such Indebtedness, Disqualified Stock or preferred stock was permitted by the terms of the indenture to be incurred or issued;

(5) customary restrictions on subletting or assignment of, or on the property or assets subject to, any lease or sublease governing a leasehold interest of Penn National or any Restricted Subsidiary;

(6) non-assignment provisions or other customary restrictions arising under any purchase money financing or licenses or other contracts entered into in the ordinary course of business;

(7) purchase money obligations or Capital Lease Obligations permitted to be incurred or issued under the indenture that impose restrictions on that property of the nature described in clause (c) of the preceding paragraph;

(8) any agreement for the sale or other disposition of a Restricted Subsidiary that imposes restriction on action by that Restricted Subsidiary pending its sale or other disposition;

(9) restrictions on the transfer of any property subject to a contract with respect to an Asset Sale or other transfer, conveyance, lease or disposition permitted under the indenture;

(10) Permitted Refinancing Indebtedness, *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, in the good faith judgment of Penn National, than those contained in the agreements governing the Indebtedness, Disqualified Stock or preferred stock being refinanced;

(11) Liens securing Indebtedness otherwise permitted to be incurred under the provisions of the covenant described above under the caption "—Liens" that limit the right of the debtor to dispose of the assets subject to such Liens (and any encumbrances or restrictions in any related agreements or Indebtedness secured by such Liens);

(12) restrictions in respect of Equity Interests in, or property or assets of, joint ventures, other development ventures, non-wholly owned Restricted Subsidiaries or Unrestricted Subsidiaries;

(13) restrictions on cash or other deposits or net worth made to secure letters of credit or surety or other bonds issued in connection therewith or imposed by customers under contracts entered into in the ordinary course of business;

(14) the Credit Facilities, *provided* that the restrictions contained in the agreements governing such Credit Facilities are no more restrictive, taken as a whole, in the good faith judgment of Penn National, than those contained in the Credit Agreement as of the date of the indenture;

(15) any Indebtedness incurred or Disqualified Stock or preferred stock issued by Foreign Subsidiaries or joint ventures or other development ventures that is permitted to be incurred or issued after the Issue Date pursuant to the provisions of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(16) restrictions imposed pursuant to any of the Trust Agreements upon the occurrence of a Trigger Event;

(17) agreements in existence with respect to a Restricted Subsidiary at the time it is so designated or at the time such Person becomes a Restricted Subsidiary, *provided*, *however*, that such agreements are not entered into in anticipation or contemplation of such designation or of such Person becoming a Restricted Subsidiary;

(18) restrictions imposed by Gaming Authorities on entities holding, or operating pursuant to, Gaming Approvals;

(19) restrictions on deposits made in connection with license applications or to secure letters of credit or surety or other bonds issued in connection therewith or deposits made in the ordinary course of business with respect to insurance premiums, worker's compensation, statutory obligations, utility deposits, rental obligations, unemployment insurance, performance of tenders, surety and appeal bonds and other similar obligations (or to secure letters of credit or surety or other bonds relating thereto);

(20) the subordination provisions of any Indebtedness owed to Penn National or any of its Restricted Subsidiaries;

(21) restrictions on the ability of any Restricted Subsidiary to make Investments in or transfer assets to any Person that is not a Subsidiary of such Restricted Subsidiary or that is not a direct or indirect parent of such Restricted Subsidiary;

(22) restrictions on transfers of assets subject to industrial revenue bond financing or financing with similar instruments;

(23) encumbrances or restrictions of the type referred to in clause (c) of the preceding paragraph with respect to the Master Lease, Gaming Lease (or any other lease with respect to properties operated by, or developed or managed by, Penn National or any of its Restricted Subsidiaries) and the properties subject thereto;

(24) encumbrances or restrictions set forth in any agreements with respect to a Social Gaming Disposition Transaction with respect to the entities, assets or operations subject thereto;

(25) encumbrances or restrictions of the types referred to in clause (a), (b) and (c) of the preceding paragraph contained in Indebtedness, Disqualified Stock or preferred stock or agreements entered into in connection with Indebtedness, Disqualified Stock or preferred stock which (x) do not materially impair the ability of Penn National to make payments owing with respect to the notes, as determined in good faith by Penn National, or (y) apply only during the continuance of a Default or Event of Default under such Indebtedness, Disqualified Stock or preferred stock;

(26) any encumbrances or restrictions of the type referred to in clauses (a), (b) and (c) of the preceding paragraph imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, restructurings, replacements or other refinancings of those agreements, instruments or obligations referred to in clauses (1) through (25) above, *provided* that the amendments, modifications, restatements, renewals, increases, supplements, refundings, restructurings, replacements or other refinancings are no more restrictive, taken as a whole, in the good faith judgment of Penn National, with respect to such dividend and other payment restrictions than those contained in the most restrictive of those agreements prior to such amendment,

modification, restatement, renewal, increase, supplement, refunding, restructuring, replacement or other refinancing.

Nothing contained in this covenant shall prevent Penn National or any of its Restricted Subsidiaries from (1) creating, incurring, assuming or suffering to exist any Liens otherwise permitted by the covenant described under the caption "—Liens" or (2) restricting the sale or other disposition of property or assets of Penn National or any of its Restricted Subsidiaries that secure Indebtedness of Penn National or any of its Restricted Subsidiaries.

Merger, Consolidation or Sale of Assets

Penn National may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not Penn National is the surviving entity); or (2) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of the properties or assets of Penn National and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person unless:

(1) either (a) Penn National is the surviving entity; or (b) the Person formed by or surviving any such consolidation or merger (if other than Penn National) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is a company, partnership, corporation, trust or limited liability company or other business entity organized or existing under the laws of Ireland, England and Wales, Luxembourg or the United States, any state of the United States, the District of Columbia or any territory of the United States;

(2) the Person formed by or surviving any such consolidation or merger (if other than Penn National) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of Penn National under the notes and the indenture;

(3) immediately after such transaction no Default or Event of Default exists; and

(4) on the date of such transaction after giving *pro forma* effect thereto and to any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, (a) Penn National or the Person formed by or surviving any such consolidation or merger (if other than Penn National), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made, would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock," or (b) Penn National (or the Person formed by or surviving any such consolidation or merger (if other than Penn National) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made) and its Restricted Subsidiaries would have a Fixed Charge Coverage Ratio equal to or greater than the Fixed Charge Coverage Ratio for Penn National and its Restricted Subsidiaries immediately prior to such transaction.

Upon any sale, assignment, transfer, conveyance, lease or other disposition of all or substantially all of Penn National's and its Restricted Subsidiaries' assets, taken as a whole, in compliance with the provisions of this "Merger, Consolidation or Sale of Assets" covenant, Penn National will be released from the obligations under the notes and the indenture except with respect to any obligations that arise from, or are related to, such transaction.

This "Merger, Consolidation or Sale of Assets" covenant will not apply to:

(i) a merger, consolidation, sale, assignment, transfer, conveyance, lease or other disposition of assets between or among Penn National and any of its Restricted Subsidiaries;

(ii) a merger, consolidation, sale, assignment, transfer, conveyance, lease or other disposition of assets between or among Penn National and an Affiliate of Penn National incorporated or formed solely for the purpose of reincorporating or reorganizing Penn National in another state of the United States or

the District of Columbia or changing the legal domicile or form of legal entity of Penn National or for the sole purpose of forming, dissolving or collapsing a holding company structure; or

(iii) any transfers, sales or dispositions of real property and related assets to VICI or its Subsidiaries, GLPI or its Subsidiaries or any other lessor (or affiliate of such lessor) to the extent Penn National or its Restricted Subsidiaries will lease such real property and related assets.

Transactions with Affiliates

Penn National will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with or for the benefit of, any Affiliate involving aggregate consideration in excess of the greater of $12.5 million and 1.25% of Consolidated Cash Flow for the Applicable Measurement Period (each, an "*Affiliate Transaction*"), unless:

(1) the Affiliate Transaction is on terms, taken as a whole, that are not materially less favorable to Penn National or the relevant Restricted Subsidiary than those that could have been obtained in a comparable transaction by Penn National or such Restricted Subsidiary with an unrelated Person (as determined by Penn National in good faith) or in the event that there are no comparable transactions involving Persons who are not Affiliates of Penn National or the revent Restricted Subsidiary to apply for comparative purposes, is otherise on terms that, taken as a whole, Penn National has determined in its good faith to be fair to Penn National or the relevant Restricted Subsidiary; and

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of the greater of $50.0 million and 5% of Consolidated Cash Flow for the Applicable Measurement Period Penn National delivers to the trustee a resolution of the Board of Directors set forth in an officer's certificate certifying that such Affiliate Transaction complies with clause (1) above and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors (or by the audit committee or any committee of the Board of Directors consisting of disinterested members of the Board of Directors).

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any indemnification or employment, consultancy, advisory, severance or separation agreements or arrangements and benefit plans or arrangements and any transactions contemplated by any of the foregoing relating to compensation and benefits matters, including any issuances of securities, loans or other payments, grants or awards, in each case in respect of or to employees, officers, directors, advisors or consultants entered into by Penn National or any of its Restricted Subsidiaries in the ordinary course of business or otherwise approved by the Board of Directors of Penn National;

(2) transactions between or among Penn National and/or its Restricted Subsidiaries (including any entity that becomes a Restricted Subsidiary as a result of such transaction);

(3) transactions with a Person that is an Affiliate of Penn National solely because Penn National or one of its Restricted Subsidiaries owns an Equity Interest in such Person;

(4) payment of reasonable directors' fees (including reimbursement of expenses, and payments in connection with consultancy services provided by directors or their Affiliates) and indemnity provided on behalf of officers, directors or employees of Penn National or any of its Restricted Subsidiaries;

(5) sales or issuances of Equity Interests (other than Disqualified Stock) of Penn National to Affiliates of Penn National, including transactions in which the only consideration paid is in the form of such Equity Interests or any capital contribution;

(6) Permitted Investments and Restricted Payments that are not prohibited by the provisions of the indenture described above under the caption "—Restricted Payments";

(7) transactions disclosed in Penn National's Commission filings prior to the date of the indenture and any agreements, instruments or obligations as in effect on the Issue Date and transactions contemplated thereby and any renewals, replacements, amendments, supplements or other modifications thereof (so long as the terms of such renewals, replacements, amendments, supplements or modifications are not less favorable to the Holders of the notes in any material respect, taken as a whole, as compared to the applicable agreement as in effect on the Issue Date, as determined by Penn National in good faith);

(8) the occurrence of a Trigger Event and the transactions contemplated by each applicable Trust Agreement;

(9) transactions with persons who have entered into an agreement, contract or arrangement with Penn National or any of its Restricted Subsidiaries to manage, own or operate a Gaming Facility because Penn National and its Restricted Subsidiaries have not received the requisite Gaming Approvals or are otherwise not permitted to manage, own or operate such Gaming Facility under applicable Gaming Laws; *provided* that such transactions shall have been approved by a majority of the disinterested members of Penn National's Board of Directors (or by the audit committee or any committee of the Board of Directors consisting of disinterested members of the Board of Directors) and determined by them to be in the best interests of Penn National;

(10) transactions with customers, clients, suppliers, contractors, landlords, lessors, lessees, licensors, licensees, joint venture or development partners or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the indenture which are fair to Penn National and its Restricted Subsidiaries taken as a whole, in the determination of Penn National's Board of Directors (or by the audit committee or any committee of the Board of Directors) or management, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(11) transactions with joint ventures and Subsidiaries thereof and Unrestricted Subsidiaries relating to the provision of management services, overhead, sharing of customer lists and customer loyalty programs or that are approved by a majority of the disinterested members of Penn National's Board of Directors (or by the audit committee or any committee of the Board of Directors consisting of disinterested members of the Board of Directors) (a director shall be disinterested if he or she has no interest in such joint venture or Unrestricted Subsidiary other than through Penn National and its Restricted Subsidiaries); *provided* that no Affiliate of Penn National (other than Penn National's Restricted Subsidiaries) has an interest (other than indirectly through Penn National and other than Unrestricted Subsidiaries or such joint ventures) in any such joint venture or Unrestricted Subsidiary;

(12) any transaction with respect to which Penn National or any of its Restricted Subsidiaries obtains an opinion as to the fairness to Penn National or such Restricted Subsidiary, as applicable, of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing;

(13) transactions between Penn National or any Restricted Subsidiary and any Person, which is an Affiliate solely due to a director or directors of such Person (or a parent company of such Person) also being a director of Penn National; *provided*, *however*, that any such director abstains from voting as a director of Penn National on any matter involving such other Person;

(14) transactions with a Person who is not an Affiliate immediately before the consummation of such transaction that becomes an Affiliate as a result of such transaction; and

(15) the GLPI and VICI Agreements and any agreements of similar type with any other lessor (or affiliate of such lessor) and any agreements with respect to a Social Gaming Disposition Transaction and, in each case, any actions or transactions pursuant thereto or contemplated thereby.

Designation of Restricted and Unrestricted Subsidiaries

Each of the Existing Unrestricted Subsidiaries shall be an Unrestricted Subsidiary as of the date of the indenture. Further, the Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary (which for the avoidance of doubt shall not include the designation of the Existing Unrestricted Subsidiaries as such on the Issue Date), the aggregate Fair Market Value of all outstanding Investments owned by Penn National and its Restricted Subsidiaries in the Subsidiary properly designated will be deemed to be an Investment made as of the time of the designation and will constitute Restricted Investments under the first paragraph of the covenant described above under the caption "—Restricted Payments" or, if eligible, Permitted Investments, as determined by Penn National. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default.

Master Lease

Neither Penn National nor Tenant will enter into any amendment to the Master Lease if such amendment would materially impair the ability of Penn National to satisfy its obligations to make payments on the notes. Tenant shall not transfer its rights or obligations under the Master Lease to any Person other than to Penn National or a Restricted Subsidiary; *provided*, *however*, that no such transfer shall be permitted hereunder unless expressly permitted under the Master Lease or consented to in writing by Landlord.

Reports

So long as the notes are outstanding, Penn National will deliver to the trustee within 30 days after the filing of the same with the Commission, copies of the quarterly and annual reports of Penn National and of the information, documents and other reports, if any, which Penn National is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act. Notwithstanding that Penn National may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, so long as the notes are outstanding, Penn National will file with the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports of the Issuer which may be required pursuant to Section 13 of the Exchange Act, in respect of a security listed and registered on a national securities exchange as may be prescribed in such rules and regulations. The availability of the foregoing materials on the Commission's EDGAR service (or any successor thereto) shall be deemed to satisfy Penn National's obligations to furnish such materials to the trustee and to the Holders of notes, upon Holder request; *provided*, *however*, that the trustee shall have no obligation whatsoever to determine whether or not such information, documents or reports have been filed pursuant to the EDGAR service (or its successor).

In the event that: (1) the rules and regulations of the Commission permit the Penn National and any direct or indirect parent of Penn National to report at such parent entity's level on a consolidated basis or (2) any direct or indirect parent of Penn National is or becomes a guarantor of the notes, then in each case consolidated reporting at such parent entity's level in a manner consistent with that described under the requirements set forth above under "—Reports" for Penn National will satisfy such requirements, and Penn National is permitted to satisfy its obligations under "—Reports" with respect to financial information relating to Penn National by furnishing financial information relating to such direct or indirect parent; provided that in the case of clauses (1) and (2) above such financial information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such direct or indirect parent and any of its Subsidiaries other than Penn National and its Subsidiaries, on the one hand, and the information relating to Penn National and its Subsidiaries on a standalone basis, on the other hand within 15 Business Days of furnishing or making such information available to the Trustee pursuant to the immediately preceding paragraph.

Delivery of such reports, information and documents to the trustee is for informational purposes only and the trustee's receipt of such shall not constitute constructive or actual notice of any information contained therein or determinable from information contained therein, including Penn National's compliance with any of its covenants under the indenture (as to which the trustee is entitled to rely exclusively on officer's certificates). The trustee shall have no responsibility for the filing, timeliness or content of any reports, information or documents. The trustee shall have no obligation to determine whether or not such reports, information or documents have been filed pursuant to the SEC's EDGAR filing system (or its successor) or postings to any website have occurred, and the trustee shall have no duty to participate in or monitor any conference calls.

In addition, Penn National has agreed that, for so long as any notes remain outstanding, if Penn National is not required to file with the Commission the reports required by the first paragraph of this covenant, it will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Events of Default and Remedies

Each of the following is an Event of Default:

(1) Penn National defaults in the payment when due of interest on the notes and such default continues for a period of 30 days;

(2) Penn National defaults in the payment when due of the principal of or premium, if any, on the notes when the same becomes due and payable at maturity, upon redemption (including in connection with an offer to purchase) or otherwise;

(3) subject to the last paragraph of this covenant, failure by Penn National or any of its Restricted Subsidiaries fails to observe or perform any other covenant, representation, warranty or other agreement in the indenture or the notes for 60 days after Penn National's receipt of notice from the trustee or the Holders of at least 25% in aggregate principal amount of the notes then outstanding, unless such failure to comply has been waived by the required holders;

(4) a default occurs under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Penn National or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary (or the payment of which is guaranteed by Penn National or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary), in each case other than Indebtedness owed to Penn National or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists or is created after the date of the indenture, if that default:

(a) is caused by a failure to pay principal of such Indebtedness at final maturity (after giving effect to any applicable grace periods) (a "*Payment Default*"); or

(b) results in the acceleration of such Indebtedness prior to its final maturity, and,

in each case, the due and payable principal amount of any such Indebtedness, together with the due and payable principal amount of any other such Indebtedness, under which there has been a Payment Default or the maturity of which has been so accelerated aggregates in excess of $200.0 million; *provided*, that this clause (4) shall not apply to any Investment Guarantee or Investment Guarantee Indebtedness unless Penn National or one of its Restricted Subsidiaries defaults in the performance of its payment obligations in respect of its Investment Guarantee of such Investment Guarantee Indebtedness;

(5) failure by Penn National or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary to pay final judgments aggregating in excess of $200.0 million (to the extent not covered by insurance or indemnification), which judgments are not paid, discharged, waived or stayed for a period of 60 days;

(6) certain events of bankruptcy or insolvency described in the indenture with respect to Penn National or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary; and

(7) after the effectiveness thereof, the Master Lease shall terminate or otherwise cease to be effective, other than upon the expiration or termination thereof with respect to any particular property or properties pursuant to the Master Lease or an amendment, waiver or modification of the Master Lease not prohibited by "—Certain Covenants—Master Lease."

In the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to Penn National, all notes then outstanding will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the trustee or the Holders of at least 25% in principal amount of the then outstanding notes may declare all the notes to be due and payable immediately; *provided* that no such declaration may occur with respect to any action taken, and reported publicly or to Holders, more than two years prior to the date of such declaration.

In the event of any Event of Default specified in clause (4) of the first paragraph of this section, such Event of Default and all consequences thereof shall be annulled, waived and rescinded, automatically and without any action by the trustee or the Holders of the notes, if within 20 days after such Event of Default occurred Penn National delivers an officer's certificate to the Trustee stating that:

(1) the Indebtedness or guarantee that is the basis for such Event of Default has been repaid, redeemed, repurchased, defeased, discharged, retired, acquired or otherwise satisfied;

(2) the requisite number of holders or lenders of such Indebtedness have rescinded, annulled or waived the default, acceleration, notice or action (as the case may be) giving rise to such Event of Default; or

(3) the Payment Default or acceleration that is the basis for such Event of Default has been cured.

Holders of the notes may not enforce the indenture or the notes except as provided in the indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee or any trust or power conferred onto it. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest, if any, on any note, the trustee may withhold the notice if and so long as a responsible officer of the trustee in good faith determines that withholding the notice is in the interests of the Holders of the notes. Holders of not less than a majority in aggregate principal amount of the then outstanding notes by written notice to the trustee may on behalf of the Holders of all of the notes waive an existing Default or Event of Default and its consequences under the indenture except a continuing Default or Event of Default in the payment of the principal of, premium, if any, or interest on, the notes; provided, however, that the Holders of a majority in aggregate principal amount of the then outstanding notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration.

In the event that the Holders of at least 25% in principal amount of the then outstanding notes deliver to the trustee a notice of a Default or an Event of Default or an acceleration, such Holders also shall deliver a copy of such notice to the Landlord.

If a Default or Event of Default occurs and is continuing and if a responsible officer of the trustee has received written notice of such Default or Event of Default, the trustee shall mail to Holders of notes a notice of the Default or Event of Default within 90 days after a responsible officer of the trustee has received notice of such Default or Event of Default. Except in the case of a Default or Event of Default in payment of principal of,

premium, if any, or interest, if any, on any note, the trustee may withhold the notice if and so long as a responsible officer of the trustee in good faith determines that withholding the notice is in the interests of the Holders of the notes.

Notwithstanding the foregoing, in the event of a default by Penn National or any of its Restricted Subsidiaries in the performance of any of their respective obligations under the indenture, including any default in the payment of any sums payable thereunder, then, in each and every such case, subject to applicable Gaming Laws, the Landlord shall have the right (subject to the terms of the Master Lease), but not the obligation, to cause the default or defaults to be cured or remedied (to the extent such default is susceptible to cure or remedy) prior to the end of any applicable notice and cure periods set forth in the indenture, and any such tender of payment or performance by Landlord shall be accepted by the trustee and the Holders of the notes and shall constitute payment and/or performance by Penn National or such Restricted Subsidiary for purposes of the indenture.

Notwithstanding clause (3) of the first paragraph above or any other provision of the indenture, except as provided in the final sentence of this paragraph, the sole remedy for any failure to comply by Penn National with the covenant described under the caption "—Reports" shall be the payment of liquidated damages as described in the following sentence, such failure to comply shall not constitute an Event of Default, and Holders of the notes shall not have any right under the indenture to accelerate the maturity of the notes as a result of any such failure to comply. If a failure to comply by Penn National with the covenant described under the caption "—Reports" continues for 60 days after Penn National receives notice of such failure to comply in accordance with clause (3) of the first paragraph above (such notice, the "*Reports Default Notice*"), and is continuing on the 60th day following Penn National's receipt of the Reports Default Notice, Penn National will pay liquidated damages to all Holders of notes at a rate per annum equal to 0.25% of the principal amount of the notes from the 60th day following Penn National's receipt of the Reports Default Notice to but not including the earlier of (x) the 121st day following Penn National's receipt of the Reports Default Notice and (y) the date on which the failure to comply by Penn National with the covenant described under the caption "—Reports" shall have been cured or waived. On the earlier of the date specified in the immediately preceding clauses (x) and (y), such liquidated damages will cease to accrue. If the failure to comply by Penn National with the covenant described under the caption "—Reports" shall not have been cured or waived on or before the 121st day following Penn National's receipt of the Reports Default Notice, then the failure to comply by Penn National with the covenant described under the caption "—Reports" shall on such 121st day constitute an Event of Default. A failure to comply with the covenant described under the caption "—Reports" automatically shall cease to be continuing and shall be deemed cured at such time as Penn National furnishes to the trustee the applicable information or report (it being understood that the availability of such information or report on the Commission's EDGAR service (or any successor thereto) shall be deemed to satisfy Penn National's obligation to furnish such information or report to the trustee); *provided*, *however*, that the trustee shall have no obligation whatsoever to determine whether or not such information, documents or reports have been filed pursuant to the EDGAR service (or its successor).

Any notice of Default, notice of a continuing Event of Default, notice of acceleration or instruction to the trustee to provide a notice of Default, notice of a continuing Event of Default, notice of acceleration or take any other action relating to a Default or Event of Default other than a bankruptcy default (a "*Noteholder Direction*") with respect to the notes provided by any one or more Holders (each a "*Directing Holder*") must be accompanied by a separate written representation from each such Holder delivered to Penn National and the trustee that such Holder is not (or, in the case such Holder is DTC or its nominee, that such Holder is being instructed solely by beneficial owners that have represented to such Holder that they are not) Net Short (a "*Position Representation*"), which representation, in the case of a Noteholder Direction relating to the delivery of a notice of Default shall be deemed a continuing representation until the resulting Default or Event of Default is cured or otherwise ceases to exist or the notes are accelerated. In addition, each Directing Holder is deemed, at the time of providing a Noteholder Direction, to covenant to provide Penn National with such other information as Penn National may reasonably request from time to time in order to verify the accuracy of such Noteholder's Position Representation within five Business Days of request therefor (a "*Verification Covenant*"). In any case in which the Holder is DTC or its nominee, any clearinghouse or any other depositary, any Position Representation or Verification Covenant required hereunder shall be provided by DTC or its nominee, such clearinghouse or such other depositary or by the beneficial owner of an interest in the notes after delivery to the trustee of the evidence of beneficial ownership satisfactory to the trustee.

If, following the delivery of a Noteholder Direction, but prior to acceleration of the notes, Penn National determines in good faith that there is a reasonable basis to believe a Directing Holder was, at any relevant time, in breach of its Position Representation and provides to the trustee an officer's certificate stating that Penn National has initiated litigation in a court of competent jurisdiction seeking a determination that such Directing Holder was, at such time, in breach of its Position Representation, and seeking to invalidate any Event of Default that resulted from the applicable Noteholder Direction, the cure period with respect to such Default shall be automatically stayed and the cure period with respect to such Event of Default shall be automatically reinstituted and any remedy stayed pending a final and non-appealable determination of a court of competent jurisdiction on such matter. If, following the delivery of a Noteholder Direction, but prior to acceleration of the notes, Penn National provides to the trustee an officer's certificate stating that a Directing Holder failed to satisfy its Verification Covenant, the cure period with respect to such Default shall be automatically stayed and the cure period with respect to any Event of Default that resulted from the applicable Noteholder Direction shall be automatically reinstituted and any remedy stayed pending satisfaction of such Verification Covenant. Any breach of the Position Representation shall result in such Holder's participation in such Noteholder Direction being disregarded; and, if, without the participation of such Holder, the percentage of Notes held by the remaining Holders that provided such Noteholder Direction would have been insufficient to validly provide such Noteholder Direction, such Noteholder Direction shall be void ab initio (other than any indemnity such Directing Holder may have offered the trustee which obligations shall continue to survive), with the effect that such Event of Default shall be deemed never to have occurred, acceleration shall be voided and the trustee shall be deemed not to have received such Noteholder Direction or any notice of such Default or Event of Default.

For the avoidance of doubt, the trustee shall be entitled to conclusively rely on any Noteholder Direction delivered to it in accordance with the indenture, shall have no duty to inquire as to or investigate the accuracy of any Position Representation, enforce compliance with any Verification Covenant, verify any statements in any officer's Certificate delivered to it, or otherwise make calculations, investigations or determinations with respect to Derivative Instruments, Net Shorts, Long Derivative Instruments, Short Derivative Instruments or otherwise. The trustee shall have no liability to Penn National, any Holder or any other Person in acting in good faith on a Noteholder Direction.

With their acquisition of the notes, each Holder consents to the delivery of its Position Representation by the trustee to Penn National in accordance with the terms of the indenture. Each Holder of the notes waives any and all claims, in law and/or in equity, against the trustee and agrees not to commence any legal proceeding against the trustee in respect of, and agrees that the trustee will not be liable for any action that the trustee takes in accordance with the foregoing three paragraphs, or arising out of or in connection with following instructions or taking actions in accordance with a Noteholder Direction.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or direct or indirect stockholder, past, present or future, of Penn National or any successor entity, as such, will have any liability for any obligations of Penn National under the notes or the indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Legal Defeasance and Covenant Defeasance

Penn National may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding notes ("*Legal Defeasance*"). For this purpose, Legal Defeasance means that Penn National shall be deemed to have paid and discharged the entire indebtedness represented by the outstanding notes, which shall thereafter be deemed to be "outstanding" only for the purposes of this section and the other sections of the indenture referred to in (1) and (2) below, and to have satisfied all its other obligations under such notes and the indenture (and the trustee, on demand of and at the expense of Penn National, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged under the indenture:

(1) the rights of Holders of outstanding notes to receive payments in respect of the principal of or interest or premium, if any, on such notes when such payments are due from the trust referred to below;

(2) Penn National's obligations with respect to the notes concerning issuing temporary notes, the registration of notes, the replacement of mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the trustee, and Penn National's obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the indenture.

In addition, Penn National may, at its option and at any time, elect to have the obligations of Penn National released with respect to certain covenants that are described in the indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including the events described in clauses (1), (2), or (6) under the caption "—Events of Default and Remedies" above pertaining to Penn National) described under the caption "—Events of Default and Remedies" will no longer constitute an Event of Default with respect to the notes. Penn National may exercise Legal Defeasance regardless of whether it previously has exercised Covenant Defeasance.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) Penn National must irrevocably deposit with the trustee, in trust, for the benefit of the Holders of the notes, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the case of non-callable non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities but not in the case of cash in U.S. dollars only, in the opinion or based on the report of a nationally recognized firm of independent public accountants, investment bank or appraisal firm, to pay the principal of, premium, if any, on and accrued and unpaid interest on the outstanding notes on the Stated Maturity or on a redemption date, as the case may be, and Penn National must specify whether the notes are being defeased to maturity or to a particular redemption date; *provided* that, with respect to any redemption pursuant to "Redemption—Optional Redemption— Optional Redemption Prior To , 2024," the amount deposited shall be sufficient for purposes of the indenture to the extent that an amount is so deposited with the trustee equal to the redemption amount computed using the Treasury Rate as of the third Business Day preceding the date of such deposit with the trustee, with any deficit as of the date of the redemption date only required to be deposited with the trustee on the redemption date;

(2) in the case of Legal Defeasance, Penn National must have delivered to the trustee an opinion of counsel to the trustee confirming that (a) Penn National has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the indenture, there has been a change in the applicable United States federal income tax law, in either case to the effect that the Holders or the beneficial owners of the outstanding notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Legal Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, Penn National must have delivered to the trustee an opinion of counsel confirming that the Holders or the beneficial owners of the outstanding notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from transactions occurring substantially contemporaneously with the borrowing of funds, or from the borrowing of funds, to be applied to such deposit or other Indebtedness which is being repaid, redeemed, repurchased, defeased or discharged and, in each case, the granting of Liens in connection therewith);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the indenture or any agreement or instrument governing any other Indebtedness which is being repaid, redeemed, repurchased, defeased or discharged or otherwise as a result of transactions occurring contemporaneously with the borrowing of funds, or from the borrowing of funds to be applied to make the deposit required to effect such Legal Defeasance or Covenant Defeasance or any similar deposit relating to other Indebtedness, and, in each case, the granting of Liens in connection therewith) to which Penn National or any of its Restricted Subsidiaries is a party or by which Penn National or any of its Restricted Subsidiaries is bound; and

(6) Penn National must deliver to the trustee an officer's certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

The Legal Defeasance or Covenant Defeasance will be effective on the day on which all the applicable conditions above have been satisfied. Upon compliance with the foregoing, the trustee shall execute proper instrument(s) acknowledging such Legal Defeasance or Covenant Defeasance.

Amendment, Supplement and Waiver

Except as provided in the next three succeeding paragraphs, the indenture or the notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the notes then outstanding voting as a single class (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes), and any existing default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, and interest, if any, on the notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of the indenture or the notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding notes voting as a single class (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes).

Without the consent of each Holder affected, an amendment or waiver may not:

(1) reduce the principal amount of notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any note or alter the provisions with respect to the redemption price of the notes (other than provisions described above under the caption "— Repurchase at the Option of Holders" and other than provisions specifying the notice periods for effecting a redemption);

(3) reduce the rate of or change the time for payment of interest on any note;

(4) waive a Default or Event of Default in the payment of principal of or interest or premium, if any, on the notes (except a rescission of acceleration of the notes by the Holders of at least a majority in aggregate principal amount of the notes and a waiver of the payment default that resulted from such acceleration);

(5) make any note payable in money other than that stated in the notes;

(6) make any change in the provisions of the indenture relating to waivers of past Defaults or the contractual rights of Holders of notes expressly set forth in the indenture to receive payments of principal of or interest or premium, if any, on the notes;

(7) waive a redemption payment with respect to any note (other than a payment required by one of the provisions described above under the caption "—Repurchase at the Option of Holders"); or

(8) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any Holder of notes, Penn National and the trustee may amend or supplement the indenture or the notes:

(1) to cure any ambiguity, defect, mistake or inconsistency;

(2) to provide for uncertificated notes in addition to or in place of certificated notes (provided that such notes are issued in registered form for purposes of Section 163(f) of the Internal Revenue Code of 1986, as amended (the "*Code*"), or in a manner such that such notes are described in Section 163(f)(2)(B) of the Code);

(3) (a) to reflect a change in the name or form of legal entity or jurisdiction of organization of Penn National or (b) to provide for the assumption of Penn National's obligations to Holders of notes in the case of a merger or consolidation or Penn National, or a sale assignment, transfer, conveyance, lease or other disposition of all or substantially all of the properties or assets of Penn National and its Restricted Subsidiaries, taken as a whole;

(4) to comply with the rules of any applicable securities depository;

(5) to comply with applicable Gaming Laws or to provide for requirements imposed by applicable Gaming Authorities;

(6) to provide for the issuance of additional notes in accordance with the limitations set forth in the indenture, including the covenant under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(7) to make any change (x) that would provide any additional rights or benefits to the Holders of notes (including to provide for any guarantees of the notes or any collateral securing the notes or any guarantees of the notes) and, in each case, the release, suspension or termination thereof, or (y) that in the good faith determination of Penn National does not materially adversely affect the contractual rights under the indenture of any Holder of notes;

(8) to comply with requirements of the Commission in order to effect any qualification of the indenture under the TIA;

(9) to make any amendment to the provisions of the indenture relating to the transfer and legending of the notes; *provided*, *however*, that (a) compliance with the indenture as so amended would not result in the notes being transferred in violation of the Securities Act or any other applicable securities law and (b) such amendment does not materially and adversely affect the rights of holders to transfer the notes;

(10) to evidence and provide the acceptance of the appointment of a successor trustee under the indenture;

(11) to provide for a reduction in the minimum denominations of the notes; or

(12) to conform the text of the indenture or the notes to any provision of this Description of Notes.

The trustee shall sign any amended or supplemental indenture authorized pursuant to this section if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the trustee. The trustee may, but shall not be obligated to, enter into any amendment or supplement that adversely impacts its rights, duties or immunities.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect as to all notes issued thereunder, when:

(1) either:

(a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust and, if provided for in the indenture, thereafter repaid to Penn National, have been delivered to the trustee for cancellation; or

(b) all notes that have not been delivered to the trustee for cancellation have become due and payable by reason of the giving of an irrevocable notice of redemption or otherwise or will become due and payable within one year (or are to be irrevocably called for redemption within one year) and Penn National has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the notes not delivered to the trustee for cancellation for principal, premium, if any, and accrued and unpaid interest to, but not including, the date of maturity or redemption; *provided* that, with respect to any redemption pursuant to "Redemption—Optional Redemption—Optional Redemption Prior To , 2024," the amount deposited shall be sufficient for purposes of the indenture to the extent that an amount is so deposited with the trustee equal to the redemption amount computed using the Treasury Rate as of the third Business Day preceding the date of such deposit with the trustee, with any deficit as of the date of the redemption date only required to be deposited with the trustee on the redemption date;

(2) Penn National has paid or caused to be paid all other sums then payable by it under the indenture; and

(3) Penn National has delivered irrevocable written instructions to the trustee under the indenture to apply the deposited money toward the payment of the notes at maturity or the redemption date, as the case may be.

In addition, Penn National must deliver an officer's certificate and an opinion of counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

The satisfaction and discharge will be effective on the day on which all the applicable conditions above have been satisfied. Upon compliance with the foregoing, the trustee shall execute proper instrument(s) acknowledging the satisfaction and discharge of all of Penn National's obligations under the notes and the indenture.

Concerning the Trustee

If the trustee becomes a creditor of Penn National, the indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

The Holders of a majority in principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to certain exceptions. The indenture provides that in case an Event of Default occurs and is continuing, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of such person's own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any Holder of notes, unless such Holder has offered to the trustee security and indemnity satisfactory to it against any loss, liability, cost or expense.

Additional Information

Anyone who receives this offering memorandum may obtain a copy of the indenture without charge by writing to Penn National Gaming, Inc., Wyomissing Professional Center, 825 Berkshire Boulevard, Suite 200, Wyomissing, PA 19610, Attention: Chief Financial Officer.

Governing Law; Jurisdiction; Waiver of Jury Trial

The indenture and the notes shall be governed by and construed in accordance with the laws of the state of New York. Each of the parties (A) irrevocably and unconditionally submits to the jurisdiction of the United States District Court for the Southern District of New York or, if such court will not accept jurisdiction, the Supreme Court of the State of New York or any court of competent civil jurisdiction sitting in New York County, New York, (B) unconditionally waives and agrees and agrees not to assert by way of motion, as a defense or otherwise any claims that is not subject to the jurisdiction of the above courts, that such action or suit is brought in an inconvenient forum or that the venue of such action, suit or other proceeding is improper and agrees that it shall not attempt to deny or defeat such jurisdiction by motion or other request for leave from any such court and (C) agrees that it shall not bring any action relating to the indenture or the notes in any court other than the United States District Court for the Southern District of New York or, if such court will not accept jurisdiction, the Supreme Court of the State of New York or any court of competent civil jurisdiction sitting in New York County, New York.

The parties irrevocably waive, to the fulled extent permitted by applicable law, any right they may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to the indenture or the notes or, if applicable, any subsidiary guarantee.

Certain Definitions

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"*5.875% Issue Date*" means October 30, 2013.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness, Disqualified Stock, or preferred stock of any other Person existing at the time such other Person is merged, acquired, consolidated, liquidated or amalgamated with or into or becomes a Restricted Subsidiary (including by designation) of such specified Person, whether or not such Indebtedness, Disqualified Stock, or preferred stock is incurred or issued in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person;

provided that, for the avoidance of doubt, if such Indebtedness, Disqualified Stock, or preferred stock is redeemed, retired, or defeased (whether by covenant or legal defeasance) repurchased, discharged or otherwise repaid or acquired (or if irrevocable deposit has been made for the purpose of such repurchase, redemption, retirement, defeasance (whether covenant or legal), discharge or repayment or other acquisition) at the time, or substantially

concurrently with the consummation, of the transaction by which such Person is merged, acquired, consolidated, liquidated or amalgamated with or into or became a Restricted Subsidiary (including by designation) of such specified Person, then such Indebtedness, Disqualified Stock, or preferred stock shall not constitute Acquired Debt. Acquired Debt shall be deemed to be incurred or issued on the date of the related acquisition of assets from a Person is merged, acquired, consolidated, liquidated or amalgamated with or into or the date a Person becomes a Restricted Subsidiary (including by designation).

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that none of GLPI or any of its Subsidiaries shall be deemed to be an Affiliate of Penn National or any of its Subsidiaries. For purposes of this definition, the terms "*controlling*," "*controlled by*" and "*under common control with*" have correlative meanings.

"Applicable Measurement Period" means the most recently completed four fiscal quarters of Penn National immediately preceding the applicable calculation for which internal financial statements are available.

"*Asset Sale*" means:

(a) the sale, lease (other than operating leases), conveyance or other disposition of any assets; *provided* that the sale, conveyance or other disposition of all or substantially all of the assets of Penn National and its Subsidiaries taken as a whole or any disposition that constitutes a Change of Control pursuant to the indenture shall not constitute an Asset Sale and shall be governed by the provisions of the indenture described above under the caption "—Repurchase at the Option of Holders—Change of Control and Rating Decline" and/or the provisions described above under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions described under the caption "—Repurchase at the Option of Holders—Asset Sales"; and

(b) the issuance or sale of Equity Interests in any of Penn National's Restricted Subsidiaries (other than preferred stock issued in compliance with the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock");

provided, *however*, that notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) any single transaction or series of related transactions that involves assets or Equity Interests having a Fair Market Value of less than the greater of $62.5 million and 6.25% of Consolidated Cash Flow for the Applicable Measurement Period;

(2) a transfer of property or assets between or among Penn National and any of its Restricted Subsidiaries;

(3) an issuance of Equity Interests by any Restricted Subsidiary to Penn National or to any other Restricted Subsidiary;

(4) the sale, disposition, exchange for replacement items or other items used or useful in a Permitted Business, or lease of equipment, inventory, accounts receivable or other assets in the ordinary course of business;

(5) (a) sales, transfers or other dispositions of used, worn out, obsolete, damaged or surplus property, or property otherwise unsuitable for use in connection with the business, by Penn National and its Restricted Subsidiaries in the ordinary course of business, (b) the abandonment or other sale, transfer or other disposition of intellectual or other property that is, in the ordinary course of business or in the judgment of Penn National, no longer economically practicable to maintain or useful in the conduct of the business of Penn National or any of its Restricted Subsidiaries and (c) the license of intellectual

property to GLPI or any of its Subsidiaries for use in connection with the ownership and operation of the TRS Properties;

(6) the sale or other disposition of cash or Cash Equivalents or Investment Grade Securities;

(7) a Restricted Payment or Permitted Investment that is permitted by the covenant described above under the caption "—Certain Covenants—Restricted Payments" or any transaction specifically excluded from the definition of "Restricted Payment;"

(8) (a) the issuance or sale of directors' qualifying shares or (b) the issuance, sale or transfer of Equity Interests of foreign Restricted Subsidiaries to foreign nationals to the extent required by applicable law;

(9) the lease, license, easement, assignment, sublease or sublicense of any real or personal property and guarantees thereof;

(10) licenses and sublicenses by Penn National or any of its Restricted Subsidiaries of software, intellectual property and other general intangibles;

(11) terminations of Hedging Obligations;

(12) any settlement, release, waiver or surrender of contract rights or contract, tort or other litigation claims, or voluntary terminations of other contracts or assets, in the ordinary course of business;

(13) foreclosure, condemnation or any similar action with respect to any property or other assets, including transfers or dispositions of such property or other assets subject thereto;

(14) any disposition of Equity Interests of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than Penn National or any of its Restricted Subsidiaries) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(15) any financing transaction with respect to property constructed, acquired, replaced, repaired or improved (including any reconstruction, refurbishment, renovation and/or development of real property) by Penn National or any of its Restricted Subsidiaries, including sale and leaseback transactions and asset securitizations, permitted by the indenture;

(16) sales or other dispositions of Unrestricted Subsidiaries or joint ventures or other development ventures, or issuances or sales of Equity Interests, Indebtedness, other securities or other Investments therein, or assets thereof;

(17) the occurrence of any Trigger Event;

(18) the grant of any Liens not prohibited by the indenture and any exercise of remedies in respect thereof;

(19) any sales, transfers or other dispositions of Equity Interests and other property to Penn National or any of its Subsidiaries or to GLPI or any of its Subsidiaries, and any other transfers, sales or dispositions of real property and related assets to GLPI or its Subsidiaries or any other lessor (or affiliate of such lessor) to the extent Penn National or its Restricted Subsidiaries will lease such real property and related assets (or property relating to such assets or with respect to Hollywood Casino Baton Rouge or Hollywood Casino Perryville);

(20) any Social Gaming Disposition Transaction;

(21) any exchange of assets (including a combination of assets and Cash Equivalents) for assets related to a Permitted Business of comparable or greater market value or usefulness to the business of Penn National and its Restricted Subsidiaries as a whole, as determined in good faith by Penn National;

(22) any sale, conveyance, transfer or other disposition of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(23) any sale, lease or other disposition of inventory or other assets in the ordinary course of business;

(24) in the ordinary course of business, any swap of assets or lease, assignment or sublease of any real or personal property, in exchange for services (including in connection with any outsourcing arrangements) of comparable or greater value or usefulness to the business of Penn National and its Restricted Subsidiaries as a whole, as determined in good faith by Penn National;

(25) the sale of any property in a sale and leaseback transaction; and

(26) any disposition made pursuant to any Master Lease or any Gaming Lease and any call right agreement or right of first refusal agreement entered.

(27) dispositions of (i) non-core assets acquired or (ii) property or assets or Equity Interests of any Subsidiary required to be disposed of by Gaming Authorities or other regulatory agencies, in each case, in connection with an acquisition or Investment permitted hereunder.

In addition, for the avoidance of doubt, conveyances, sales, leases, assignments, transfers or other dispositions which would otherwise constitute Asset Sales but for the dollar thresholds contained in the definition of Asset Sales shall be permitted.

In the event that a transaction (or a portion thereof) meets the criteria of more than one category of an Asset Sale, Penn National, in its sole discretion, will be entitled to divide and classify or reclassify such transaction (or a portion thereof) between or among such categories.

"*Barstool Transactions*" means any transactions contemplated by or in connection with (i) that certain Stock Purchase Agreement, dated as of January 28, 2020, by and among Penn National, Barstool Sports, Inc., TCG XII, LLC, TCG Digital Sports, LLC and the other parties party thereto, as amended, amended and restated, supplemented or otherwise modified from time to time and (ii) that certain Barstool Sports, Inc. Stockholders Agreement, dated as of February 20, 2020, by and among Barstool Sports, Inc., the stockholders party thereto and the other parties party thereto, as amended, amended and restated, supplemented or otherwise modified from time to time.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act. The terms "*Beneficially Owns*" and "*Beneficially Owned*" have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership; and

(3) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Business Day*" means any day other than a Legal Holiday.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP; *provided*, *however*, that for the avoidance of doubt, any lease that is accounted for by any Person as an

operating lease as of the 5.875% Issue Date and any similar lease entered into after the 5.875% Issue Date by any Person may, in the sole discretion of Penn National, be accounted for as an operating lease and not as a Capital Lease Obligation; and *provided*, *further*, that regardless of GAAP, the Master Lease, any Gaming Lease and any other lease with any other lessor (or affiliate of such lessor) of properties operated or under construction, development or management by Penn National or any of its Restricted Subsidiaries will be accounted for as an operating lease and not as a Capital Lease Obligation.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Cash Equivalents*" means:

(1) United States dollars, Canadian dollars, Euros or any national currency of any participating member state of the European Union or such local currencies held by Penn National and its Subsidiaries from time to time in the ordinary course of business;

(2) securities issued or directly and fully guaranteed or insured by the United States government, Canada or any country that is a member of the European Union or any agency, subdivision or instrumentality thereof (*provided* that the full faith and credit of the United States is pledged in support of those securities that are issued by the United States government) having maturities of not more than two years after the date of acquisition;

(3) securities issued or directly and fully guaranteed or insured by any state, commonwealth or territory of the United States of America or any agency, subdivision or instrumentality thereof or by any foreign government (and that at the time of acquisition have an investment grade rating from Moody's or S&P (or, if neither S&P nor Moody's shall be rating such securities, then from another nationally recognized rating service)) having maturities of not more than two years after the date of acquisition;

(4) certificates of deposit, time deposits and Eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any lender party to (or any bank holding company owning such lender) the Credit Facilities or with any commercial bank having capital and surplus of at least $250.0 million at the time of acquisition;

(5) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (2) through (4) above entered into with any financial institution meeting the qualifications specified in clause (4) above at the time of acquisition;

(6) commercial paper rated at the time of acquisition within one of the two highest ratings obtainable for such securities by Moody's or S&P and maturing within two years after the date of acquisition;

(7) marketable short term money market and similar securities having the highest rating obtainable from Moody's and S&P (or, if neither S&P nor Moody's shall be rating such securities, then from another

nationally recognized rating service) at the time of acquisition and in each case maturing within two years after the date of acquisition;

(8) other dollar denominated securities issued by any Person incorporated in the United States and that at the time of acquisition have an investment grade rating from Moody's or S&P (or, if neither S&P nor Moody's shall be rating such securities, then from another nationally recognized rating service) and maturing not more than two years after the date of acquisition;

(9) investment funds that invest primarily in Cash Equivalents of the kinds described in clauses (1) through (8) of this definition; and

(10) solely with respect to any Foreign Subsidiary, (i) marketable direct obligations issued by, or unconditionally guaranteed by, the country in which such Foreign Subsidiary maintains its chief executive office or principal place of business, or issued by any agency of such country and backed by the full faith and credit of such country, in each case maturing within two years from the date of acquisition, so long as the indebtedness of such country has an investment grade rating from S&P or Moody's or, if neither S&P nor Moody's shall be rating such securities, then from another nationally recognized rating service (in each case, at the time of acquisition), (ii) time deposits, certificates of deposit or bankers' acceptances issued by any commercial bank which is organized and existing under the laws of the country in which such Foreign Subsidiary maintains its chief executive office or principal place of business, or payable promptly following demand and maturing within one year of the date of acquisition and (iii) other customarily utilized high-quality or cash equivalent type Investments in the country where such Foreign Subsidiary maintains its chief executive office and principal place of business.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of Penn National and its Restricted Subsidiaries taken as a whole to any "person"(as that term is used in Section 13(d) of the Exchange Act) other than to Penn National or any of its Restricted Subsidiaries;

(2) the adoption by shareholders of a plan relating to the liquidation or dissolution of Penn National; or

(3) the consummation of any transaction (including any merger or consolidation) the result of which is that any "person" (as defined above)becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Penn National, measured by voting power rather than number of shares.

Notwithstanding the foregoing: (A) the term "Change of Control" shall not include (x) any of the transactions set forth in clauses (i) through (iii) of the fourth paragraph under "Merger, Consolidation or Sale of Assets," (y) any transaction in which (i) Penn National is or becomes a direct or indirect wholly owned Subsidiary of a Person and (ii)(X) the direct or indirect holders of the Voting Stock of such Person immediately following that transaction are substantially the same as the holders of the Voting Stock of Penn National immediately prior to that transaction or (Y) immediately following that transaction no person or group (other than a person or group satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such Person, measured by voting power rather than number of shares; and (B) a "person" or "group" shall not be deemed to have beneficial ownership of securities subject to a purchase agreement, merger agreement or similar agreement (or any voting or option agreement related thereto) until the closing of the transactions contemplated by such agreement.

"*Change of Control Triggering Event*" means the occurrence of both (i) a Change of Control and (ii) a Rating Decline.

"*Consolidated Cash Flow*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus* (without duplication):

(a) in each case to the extent deducted in calculating such Consolidated Net Income:

(1) provisions for taxes based on income or profits or capital gains, plus franchise or similar taxes, of such Person and its Restricted Subsidiaries for such period;

(2) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including any amortization or write-off of deferred financing costs or debt issuance costs, original issue discount, non-cash interest payments, the interest component of any deferred payment obligations and the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings), and net of the effect of all payments made or received pursuant to Hedging Obligations related to interest rates;

(3) any cost, charge, fee or expense (including discounts and commissions, premiums and penalties, original issue discount, debt issuance costs and deferred financing costs and fees and charges incurred in respect of letters of credit or bankers acceptance financings) (or any amortization or write-off of the foregoing) associated with any Financing Activity, to the extent deducted in computing such Consolidated Net Income;

(4) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges or expenses, including any write-off or write-down, reducing Consolidated Net Income for such period (excluding (x) any amortization of a prepaid cash expense that was paid in a prior period and (y) any such non-cash charges and expenses that result in an accrual of or reserve for cash charges or expenses in any future period on or prior to the final Stated Maturity of the notes and that such Person elects not to add back in the current period) of such Person and its Restricted Subsidiaries for such period; *provided* that if any such non-cash charges or expenses represent an accrual of a reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from Consolidated Cash Flow to the extent such Person elected to previously add back such amounts to Consolidated Cash Flow;

(5) any Pre-Opening Expenses;

(6) the amount of any restructuring charges or reserve (including those relating to severance, relocation costs and one-time compensation charges), costs incurred in connection with any non-recurring strategic initiatives, other business optimization expense (including incentive costs and expenses relating to business optimization programs and signing, retention and completion bonuses) and any unusual or non-recurring charges or items of loss or expense (including losses on asset sales (other than asset sales in the ordinary course of business));

(7) the amount of any expense consisting of Restricted Subsidiary income attributable to non-controlling interests of third parties in any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary except to the extent of any cash distributions in respect thereof;

(8) the amount of insurance proceeds received during such period or after such period and on or prior to the date the calculation is made with respect to such period, attributable to any property which has been closed or had operations curtailed for any period; *provided* that such amount of insurance proceeds shall only be included pursuant to this clause (8) to the extent that such amount of insurance proceeds plus Consolidated Cash Flow attributable to such property for such period (without giving effect to this clause (8)) does not exceed Consolidated Cash Flow

attributable to such property during the most recently completed four fiscal quarter period for which financial results are available that such property was fully operational (or if such property has not been fully operational for four consecutive fiscal quarters for which financial results are available prior to such closure or curtailment, the Consolidated Cash Flow attributable to such property during the period prior to such closure or curtailment (for which financial results are available) annualized over four fiscal quarters);

(9) any losses resulting from mark to market accounting of Hedging Obligations or other derivative instruments;

(10) any charges, fees and expenses (or any amortization thereof) related to any acquisition, Restricted Payment, Investment or disposition not prohibited by the indenture (or any such proposed acquisition, Restricted Payment, Investment or disposition) (including amortization or write offs of debt issuance or deferred financing costs, premiums and prepayment penalties), in each case, whether or not successful;

(11) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated Cash Flow or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated Cash Flow for any previous period and not added back;

(12) the amount of management, consulting, monitoring, transaction and advisory fees and related expenses paid (or any accruals relating to such fees and related expenses) to the extent otherwise permitted under the heading "—Certain Covenants—Transactions with Affiliates";

(b) minus *(without duplication)* in each case to the extent included in calculating such Consolidated Net Income:

(1) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business, and other than any items which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges for any prior period subsequent to the Issue Date, which was not added back to Consolidated Cash Flow when accrued;

(2) the amount of non-cash gains resulting from mark to market accounting of Hedging Obligations or other derivative instruments;

(3) any unusual or non-recurring items of income or gain (including, without limitation, gains on asset sales (other than asset sales in the ordinary course of business)) to the extent increasing Consolidated Net Income for such Period; and

(4) the amount of any income consisting of Restricted Subsidiary losses attributable to non-controlling interests of third parties in any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary.

in each case, on a consolidated basis and determined in accordance with GAAP. Consolidated Cash Flow for any period shall be further adjusted as follows:

(A) acquisitions (including the occurrence of a Reverse Trigger Event) of any Person, property, business, operations or asset (including a management agreement or similar agreement) or investments that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, and the change in Consolidated Cash Flow resulting therefrom, will be given *pro forma* effect as if they had occurred on the first day of the four-quarter reference period, and Consolidated Cash Flow for

such reference period shall include the Consolidated Cash Flow of the acquired Person (or attributable to the acquired property, business, operations or asset) or applicable to such investments, and related transactions, and subject to clause (C) below shall otherwise be calculated on a *pro forma* basis in accordance with Regulation S-X under the Securities Act;

(B) any Person, property, business, operations or asset (including a management agreement or similar agreement) or investments that have been disposed of by the specified Person or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, and the change in Consolidated Cash Flow resulting therefrom, and any discontinued operations (as determined in accordance with GAAP), will be given *pro forma* effect as if they had occurred on the first day of the four-quarter reference period, and Consolidated Cash Flow for such reference period shall exclude the Consolidated Cash Flow of the disposed of Person (or attributable to the disposed of property, business, operations or asset or discontinued operations) or applicable to such disposed of investments and subject to clause (C) below shall otherwise be calculated on a *pro forma* basis in accordance with Regulation S-X under the Securities Act; provided that notwithstanding anything to the contrary herein, any classification under GAAP of any Person, business, assets or operations in respect of which a definitive agreement for the sale, transfer or other disposition thereof has been entered into as discontinued operations, no *pro forma* effect shall be given to any discontinued operations (and the Consolidated Cash Flow attributable to any such Person, business, assets or operations shall not be excluded for any purposes hereunder) until such disposition shall have been consummated (provided that until such disposition shall have been consummated, notwithstanding anything to the contrary herein, the anticipated proceeds of such disposition (and use thereof, including any repayment of Indebtedness therewith) shall not be included in any calculation hereunder);

(C) Pro Forma Cost Savings shall be given effect;

(D) (a) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during the applicable four-quarter reference period, and (b) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during the applicable four-quarter reference period;

(E) the occurrence of a Trigger Event during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, and the change in Consolidated Cash Flow resulting therefrom, will be given *pro forma* effect as if it had occurred on the first day of the four-quarter reference period;

(F) in the event of any Expansion Capital Expenditures incurred during such period with respect to a business or project opened during such period, there shall be added to Consolidated Cash Flow the product determined by multiplying (i) the Consolidated Cash Flow attributable to such Expansion Capital Expenditures and including management agreements or similar agreements (as determined by such Person) in respect of the first three (3) complete fiscal quarters following the opening of the business or project with respect to which such Expansion Capital Expenditures were made by (ii) (x) 4 (with respect to the first such quarter), (y) 2 (with respect to the first two such quarters), and (z) 4⁄3 (with respect to the first three such quarters);

(G) in the event of any Permitted Joint Venture Investment made during such period with respect to a business or project opened during such period, there shall be added to Consolidated Cash Flow the product determined by multiplying (i) the Consolidated Cash Flow attributable to such Permitted Joint Venture Investment and including management agreements or similar agreements (as determined by such Person) in respect of the first three (3) complete fiscal quarters following the opening of the business or project with respect to which such Permitted Joint Venture Investment was made by (ii) (x) 4 (with respect to the first such quarter), (y) 2 (with respect to the first two such quarters), and (z) 4⁄3 (with respect to the first three such quarters); and

(H) in any fiscal quarter during which a purchase of property that prior to such purchase was subject to any operating lease that will be terminated in connection with such purchase shall occur and during the three following fiscal quarters, there shall be added to Consolidated Cash Flow an amount equal to the quarterly payment in respect of such lease (as if such purchase did not occur) times (a) 4 (in the case of the quarter in which such purchase occurs), (b) 3 (in the case of the quarter following such purchase), (c) 2 (in the case of the second quarter following such purchase) and (d) 1 (in the case of the third quarter following such purchase), all as determined on a consolidated basis for such Person and its Restricted Subsidiaries.

"*Consolidated Leverage Ratio*" means, with respect to any Person, as of any date of determination (the "*Determination Date*"), the ratio of (x) Consolidated Total Indebtedness of such Person as of such Determination Date, after giving effect to all transactions to occur on the Determination Date or in connection with the transaction for which the Consolidated Leverage Ratio is being tested (including for purposes of the last paragraph of "—Certain Covenants—Restricted Payments," the merger or consolidation comprising or giving rise to the Change of Control giving rise to the need to make the calculation of the Consolidated Leverage Ratio and other mergers, consolidations and transactions to occur in connection therewith), including, without limitation, giving *pro forma* effect to any transactions with respect to Indebtedness consistent with paragraph (1) of the definition of "Fixed Charge Coverage Ratio," to (y) Consolidated Cash Flow of such Person for the most recently ended four full fiscal quarters for which internal financial statements are available (the "*reference period*") immediately preceding the Calculation Date. For the avoidance of doubt, for purposes of this definition, "Consolidated Cash Flow" shall be calculated after giving effect on a *pro forma* basis, without duplication, to the items in clauses (A) – (H) of the definition thereof.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries (on the applicable Determination Date) for such period, on a consolidated basis, determined in accordance with GAAP; *provided* that, without duplication:

(1) any gain or loss (together with any related provision for taxes thereon), realized in connection with (a) any Asset Sale (other than asset sales in the ordinary course of business) or (b) any disposition of any securities (other than dispositions in the ordinary course of business) by such Person or any of its Restricted Subsidiaries, and any extraordinary gain or loss (together with any related provision for taxes thereon) shall be excluded;

(2) the Net Income of any Person that (i) is not a Restricted Subsidiary, (ii) is accounted for by the equity method of accounting, (iii) is an Unrestricted Subsidiary or (iv) is a Restricted Subsidiary (or former Restricted Subsidiary) with respect to which a Trigger Event has occurred following the occurrence and during the continuance of such Trigger Event shall be excluded; *provided* that Consolidated Net Income of such Person and its Restricted Subsidiaries shall be increased by the amount of dividends or distributions or other payments (including management fees) that are actually paid or payable in cash to such Person or a Restricted Subsidiary thereof in respect of such period (or to the extent converted into cash) (including by any Person referred to in clauses (i)-(iv));

(3) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(a) of "Certain Covenants—Restricted Payments," the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the Determination Date permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders unless such restriction with respect to the payment of dividends or similar distributions has been waived; *provided* that such exclusions shall not apply with respect to limitations imposed either (x) pursuant to Acquired Debt which has been irrevocably called for redemption, repurchase or other acquisition or repayment or in respect of which the required steps have been taken to have such Acquired Debt defeased (whether by covenant or legal defeasance) or discharged, or a deposit has been made for such purpose or (y) by Gaming Laws of general applicability within the jurisdiction in which such Restricted Subsidiary operates or applicable to all Persons operating a business similar to that of

such Restricted Subsidiary within such jurisdiction; *provided*, *further*, that Consolidated Net Income of such Restricted Subsidiary will be included to the extent of dividends or other distributions or other payments actually paid or permitted to be paid in cash (or to the extent converted into cash) by such Restricted Subsidiary in respect of such period, to the extent not already included therein;

(4) any goodwill or other asset impairment charges or other asset write-offs or write-downs, including any resulting from the application of Accounting Standards Codification Nos. 350 and 360, and any expenses or charges relating to the amortization of intangibles as a result of the application of Accounting Standards Codification No. 805, shall be excluded;

(5) any non-cash charges or expenses related to the repurchase of stock options to the extent not prohibited by the indenture, and any non-cash charges or expenses related to the grant, issuance or repricing of, or any amendment or substitution with respect to, stock appreciation or similar rights, stock options, restricted stock, or other Equity Interests or other equity-based awards or rights or equivalent instruments, shall be excluded;

(6) the cumulative effect of a change in accounting principles shall be excluded;

(7) any expenses or reserves for liabilities shall be excluded to the extent that such Person or any of its Restricted Subsidiaries is entitled to indemnification therefor under binding agreements; *provided*, that any such liabilities for which such Person or such Restricted Subsidiaries is not actually indemnified shall reduce Consolidated Net Income for the period in which it is determined that such Person or such Restricted Subsidiary will not be indemnified (to the extent such liabilities would otherwise reduce Consolidated Net Income without giving effect to this clause (7));

(8) losses, to the extent covered by insurance and actually reimbursed, or, so long as Penn National has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable carrier in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption shall be excluded;

(9) gains and losses resulting solely from fluctuations in currency values and the related tax effects shall be excluded, and charges relating to Accounting Standards Codification Nos. 815 and 820 shall be excluded; and

(10) any non-recurring charges or expenses of such Person or its Restricted Subsidiaries or of a company or business acquired by such Person or its Restricted Subsidiaries (in each case, including those relating to severance, relocation costs and one time compensation charges and any charges or expenses in connection with conforming accounting policies or reaudited, combining or restating financial information), in each case, incurred in connection with the purchase or acquisition of such acquired company or business by such Person or its Restricted Subsidiaries shall be excluded.

Notwithstanding anything contained in the indenture to the contrary, for purposes of the indenture, Consolidated Net Income shall be calculated by deducting, without duplication of amounts otherwise deducted, rent, insurance, property taxes and other amounts and expenses actually paid in cash under the Master Lease, Gaming Lease or any other lease with any other lessor (or affiliate of such lessor) of properties operated or under construction, development or management by Penn National or any of its Restricted Subsidiaries in the applicable measurement period and no deductions in calculating Consolidated Net Income shall occur as a result of imputed interest, amounts under the Master Lease, Gaming Lease or any such other lease not paid in cash during the relevant measurement period or other non-cash amounts incurred in respect of the Master Lease, Gaming Lease or any such other lease; *provided* that any "true-up" of rent paid in cash pursuant to the Master Lease, Gaming Lease or any such other lease shall be accounted for in the fiscal quarter to which such payment relates as if such payment were originally made in such fiscal quarter.

"*Consolidated Secured Leverage Ratio*" means, with respect to any Person, as of any Determination Date, the ratio of (x) Consolidated Total Indebtedness of such Person which is secured by a Lien as of such Determination Date, after giving effect to all transactions to occur on the Determination Date or in connection with the transaction for which the Consolidated Secured Leverage Ratio is being tested, including, without limitation, giving *pro forma* effect to any transactions with respect to Indebtedness consistent with paragraph (1) of the definition of "Fixed Charge Coverage Ratio," to (y) Consolidated Cash Flow of such Person for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the Determination Date. For the avoidance of doubt, for purposes of this definition, "Consolidated Cash Flow" shall be calculated after giving effect on a *pro forma* basis, without duplication, to the items in clauses (A) – (H) of the definition thereof.

"*Consolidated Total Indebtedness*" means, with respect to any Person as at any Determination Date, (a) an amount equal to the aggregate amount of all outstanding Indebtedness of such Person and its Restricted Subsidiaries as of such date determined on a consolidated basis in accordance with GAAP, excluding (i) Indebtedness which has been repaid, discharged, defeased (whether by covenant or legal defeasance), retired, repurchased or redeemed on or prior to such date or which a Person has irrevocably made a deposit to repay, defease (whether by covenant or legal defeasance), discharge, repurchase, retire or redeem or which a Person has called for redemption, defeasance (whether by covenant or legal defeasance), discharge, repurchase or retirement, on or prior to such date, (ii) Indebtedness of the type described in clause (5) of the definition thereof and Indebtedness constituting banker's acceptances, letters of credit, Hedging Obligations and Investment Guarantees to the extent such Investment Guarantee would not be reflected as Indebtedness on Penn National's consolidated balance sheet (excluding references in footnotes not otherwise reflected on the balance sheet) in accordance with GAAP, and (iii) in the case of Indebtedness of a non-Wholly Owned Restricted Subsidiary, to the extent Consolidated Cash Flow (including through the calculation of Consolidated Net Income or due to non-controlling interests in such Restricted Subsidiary owned by a Person other than Penn National or any of its Restricted Subsidiaries) did not include all of the Net Income of such Restricted Subsidiary, an amount of Indebtedness of such Restricted Subsidiary (provided that such Indebtedness is not otherwise guaranteed by Penn National or another Restricted Subsidiary, if any, that guarantees the notes) directly proportional to the amount of Net Income of such Restricted Subsidiary not so included in Consolidated Cash Flow (including through the calculation of Consolidated Net Income), *less* (b) cash and Cash Equivalents of such Person and its Restricted Subsidiaries, *less* (c) Development Expenses (unless specified that Development Expenses shall be included in making such calculation).

"*Credit Agreement*" means the Amended and Restated Credit Agreement, dated as of January 19, 2017, as amended by the First Amendment, the Incremental Joinder Agreement No. 1 and the Second Amendment (as such terms are defined below), among Penn National, the Subsidiary guarantors party thereto, Bank of America, N.A., as "Administrative Agent" and "Collateral Agent," the other agent parties thereto, and the lenders from time to time party thereto, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, modified, renewed, refunded, restructured, replaced or refinanced from time to time including increases in principal amount (whether the same are provided by the original agents and lenders under such Credit Agreement or other agents or other lenders). As used in this definition, "*First Amendmen*t" means that certain First Amendment, dated as of February 23, 2018, by and among Penn National, the Subsidiary guarantors party thereto, the lenders party thereto, the Administrative Agent and the Collateral Agent, "*Incremental Joinder Agreement No. 1*" means that certain Incremental Joinder Agreement No. 1, by and among Penn National, the Subsidiary guarantors party thereto, the lenders party thereto, the Administrative Agent and the Collateral Agent, and "*Second Amendment*" means that certain Second Amendment, dated as of April 14, 2020, by and among Penn National, the Subsidiary guarantors party thereto, the lenders party thereto, the Administrative Agent and the Collateral Agent.

"*Credit Facilities*" means one or more debt facilities or commercial paper facilities providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), banker's acceptances or letters of credit, or debt securities or any other form of debt financing, including any related notes, guarantees, collateral documents, indentures, agreements relating to Hedging Obligations, and other instruments, agreements and documents executed in connection therewith, in each case as amended, restated, modified, renewed, extended, supplemented, refunded, replaced, restructured in any manner (whether upon or after termination or otherwise) or in part from time to time, in one or more instances and including any amendment increasing the amount of Indebtedness incurred or available to be borrowed thereunder, extending the maturity of any Indebtedness incurred

thereunder or contemplated thereby or deleting, adding or substituting one or more parties thereto (whether or not such added or substituted parties are banks or other institutional lenders), including one or more agreements, facilities (whether or not in the form of a debt facility or commercial paper facility), securities or instruments, in each case, whether any such amendment, restatement, modification, renewal, extension, supplement, restructuring, refunding, replacement or refinancing occurs simultaneously or not with the termination or repayment of a prior Credit Facility.

"*Debt Securities*" means any debt securities, as such term is commonly understood, issued in any public offering or private placement in an aggregate principal amount of $250.0 million or more.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Derivative Instrument*" with respect to a Person, means any contract, instrument or other right to receive payment or delivery of cash or other assets to which such Person or any Affiliate of such Person that is acting in concert with such Person in connection with such Person's investment in the notes (other than a Screened Affiliate) is a party (whether or not requiring further performance by such Person), the value and/or cash flows of which (or any material portion thereof) are materially affected by the value and/or performance of the notes and/or the creditworthiness of Penn National.

"*Designated Non-Cash Consideration*" means the Fair Market Value of non-cash consideration received by Penn National or any of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration by an officer of Penn National, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of or collection on such Designated Non-Cash Consideration.

"*Development Expenses*" means, without duplication (a) Indebtedness (including Investment Guarantee Indebtedness), Disqualified Stock or preferred stock incurred or issued for the purpose of financing and (b) amounts (whether funded with the proceeds of Indebtedness, Disqualified Stock or preferred stock, cash flow or otherwise) used to fund, in each case, (i) Expansion Capital Expenditures, (ii) Permitted Joint Venture Investments, (iii) Development Projects or (iv) interest, dividends, fees or related charges with respect to such Indebtedness, Disqualified Stock or preferred stock; *provided* that (A) Penn National or the Restricted Subsidiary or other Person that owns assets subject to the Expansion Capital Expenditure or Development Project, as applicable, is diligently pursuing the completion thereof and has not at any time ceased construction of such Expansion Capital Expenditure, Permitted Joint Venture Investment or Development Project, as applicable, for a period in excess of 90 consecutive days (other than as a result of a force majeure event or inability to obtain requisite Gaming Approvals or other governmental authorizations, so long as, in the case of any such Gaming Approvals or other governmental authorizations, Penn National or a Restricted Subsidiary or other applicable Person is diligently pursuing such Gaming Approvals or governmental authorizations) and (B) no such Indebtedness, Disqualified Stock or preferred stock or funded costs shall constitute Development Expenses with respect to an Expansion Capital Expenditure project or a Development Project from and after the end of the first full fiscal quarter after the completion of construction of the applicable Expansion Capital Expenditure, Permitted Joint Venture Investment or Development Project or, in the case of an Expansion Capital Expenditure, Permitted Joint Venture Investment or Development Project that was not open for business when construction commenced, from and after the end of the first full fiscal quarter after the date of opening of such Expansion Capital Expenditure, Permitted Joint Venture Investment or Development Project, if earlier.

"*Development Project*" shall mean Investments or expenditures in or with respect to, casinos and "racinos" or Persons that own casinos or "racinos" (including casinos and "racinos" in development or under construction that are not presently opening or operating with respect to which Penn National or any of its Restricted Subsidiaries has (directly or indirectly through Subsidiaries) entered into a management or similar contract and such contract remains in full force and effect at the time of such Investment), in each case, used to finance, or made for the purpose of allowing such Person, casino or "racino," as the case may be, to finance, the purchase or other acquisition of any fixed or capital assets or the refurbishment of existing assets or properties that develops, adds to or significantly improves the property of such Person, casino or "racino" and assets ancillary or related thereto, or the construction and development of a casino, "racino" or assets ancillary or related thereto, including pre-opening expenses.

"*Development Services*" means the provision (through retained professionals or otherwise) of development, design or construction, management or similar services with respect to any Gaming Facility or the development, design or construction thereof.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the notes mature (other than (x) solely for Capital Stock (other than Disqualified Stock) or (y) as a result of a redemption required by Gaming Law or not prohibited by the indenture), *provided*, *however*, only the portion of Capital Stock which so matures or is so redeemable or repurchasable prior to such date will be deemed to be Disqualified Stock. Notwithstanding the preceding sentence, (i) any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require Penn National to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale or a fundamental change or similar provision will not constitute Disqualified Stock if the terms of such Capital Stock provide that Penn National may not repurchase or redeem any such Capital Stock pursuant to such provisions (x) unless such repurchase or redemption complies with the covenant described above under the caption "—Certain Covenants—Restricted Payments" or (y) prior to any purchase of the notes as are required to be purchased pursuant to the provisions of the indenture as described under "—Repurchase at the Option of Holders—Change of Control and Rating Decline" and "—Asset Sales," and (ii) any Capital Stock issued to any plan for the benefit of, or to, present or former directors, officers, consultants or employees will not constitute Disqualified Stock solely because it may be required to be repurchased by the Person that issued such Capital Stock in order to satisfy applicable statutory or regulatory obligations or as a result of such director's, officer's, consultant's or employee's termination, resignation, retirement, death or disability. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of the indenture will be the maximum amount that Penn National and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued or accumulated dividends.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock and Hedging Obligations entered into as determined by the as a part of, or in connection with, an issuance of such debt security).

"*Equity Offering*" means any public or private issuance or sale of Equity Interests (other than Disqualified Stock) of Penn National.

"*Event of Default*" means an event described under the caption "—Events of Default and Remedies."

"*Exchange Act*" means the securities Exchange act of 1934, as amended.

"*Existing Indebtedness*" means Indebtedness of Penn National and its Subsidiaries (other than Indebtedness under the Credit Facilities) in existence on the date of the indenture, until repaid, including (a) the existing Guarantees of Penn National with respect to the Indebtedness of Pennwood, (b) the Indebtedness of Penn National under the Existing Notes and (c) Purchase Money Indebtedness and Capital Lease Obligations outstanding on the date of the indenture.

"*Existing Notes*" means Penn National's 5.625% senior notes due 2027 and 2.75% Convertible Senior Notes due 2026.

"*Existing Notes Indenture*" means the Indenture, dated as of the January 19, 2017, between Penn National and Wells Fargo Bank, National Association.

"*Existing Unrestricted Subsidiaries*" means (i) Columbus Gaming Ventures, Inc., (ii) Houston Gaming Ventures, Inc., (iii) Houston Operating Ventures, LLC, (iv) PHK Staffing, LLC, (v) Penn Hollywood Kansas, Inc., (vi) Penn National GSFR, LLC, (vii) Iowa Gaming Company, LLC, (viii) Ace Gaming, LLC, (ix) Belle of Sioux City, L.P., (x) Casino Magic (Europe) B.V., (xi) Casino Magic Hellas Management Services S.A., (xii) PNK

(Kansas), LLC, (xiii) PNK (SA), LLC, (xiv) PNK (VN), Inc., (xv) PNK Development 10, LLC, (xvi) PNK Development 11, LLC, (xvii) PNK Development 17, LLC, (xviii) PNK Development 18, LLC, (xix) PNK Development 28, LLC, (xx) PNK Development 29, LLC, (xxi) PNK Development 30, LLC, and (xxii) PNK Development 31, LLC, (xiii) Pinnacle Retama Partners, LLC.,

"*Expansion Capital Expenditures*" means any capital expenditure by Penn National or any of its Restricted Subsidiaries in respect of the purchase or other acquisition of any fixed or capital assets or the refurbishment of existing assets or properties that, in Penn National's reasonable determination, adds to or significantly improves (or is reasonably expected to add to or significantly improve) the property of Penn National and its Restricted Subsidiaries, excluding any such capital expenditures financed with Net Proceeds of an Asset Sale and excluding capital expenditures made in the ordinary course to maintain, repair, restore or refurbish the property of Penn National and its Restricted Subsidiaries in its then existing state or to support the continuation of such Person's or property's day to day operations as then conducted.

"*Fair Market Value*" means, with respect to any asset, as determined by the Penn National, the price (after taking into account any liabilities relating to such assets) that could be negotiated in an arm's-length transaction for cash between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction.

"*Financing Activity*" means any of the following: (a) the actual or attempted incurrence of any Indebtedness or the issuance of any Equity Interests by Penn National or any Restricted Subsidiary, activities related to any such actual or attempted incurrence or issuance, or the issuance of commitments in respect thereof, (b) amending or modifying, or redeeming, refinancing, tendering for, refunding, defeasing (whether by covenant or legal defeasance), discharging, repaying, retiring or otherwise acquiring for value, any Indebtedness prior to the Stated Maturity thereof or any Equity Interests (including any premium, penalty, commissions or fees) or (c) the termination of any Hedging Obligations or other derivative instruments or any fees paid to enter into any Hedging Obligations or other derivative instruments.

"*Fixed Charge Coverage Ratio*" means with respect to any specified Person and its Restricted Subsidiaries for any period, the ratio of (a) the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period to (b) the Fixed Charges of such Person for such period.

For purposes of calculating the Fixed Charge Coverage Ratio:

(1) in the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, defeases (whether by covenant or legal defeasance), discharges, repurchases, retires, redeems or otherwise acquires (or makes an irrevocable deposit in furtherance thereof) any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases, redeems or otherwise retires or acquires Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect thereto, and the use of the proceeds therefrom (including any such transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio), in each case, as if the same had occurred at the beginning of the applicable four-quarter reference period and Fixed Charges relating to any such Indebtedness or preferred stock that has been repaid, defeased (whether by covenant or legal defeasance), discharged, repurchased, retired or redeemed (or with respect to which an irrevocable deposit has been made in furtherance thereof) shall be excluded; *provided*, *however*, that the *pro forma* calculation of Fixed Charges for purposes of the first paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock"(and for the purposes of other provisions of the indenture that refer to such first paragraph or the Fixed Charge Coverage Ratio) shall not give effect to any Indebtedness, Disqualified Stock or preferred stock being incurred or issued on such date (or on such other subsequent date which would otherwise require *pro forma* effect to be given to such incurrence or issuance) pursuant to the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" (other than Indebtedness, Disqualified Stock or preferred stock incurred or issued pursuant to clause (20) or (22) thereof);

(2) "Consolidated Cash Flow" shall be calculated as set forth in the definition thereof, including after giving effect on a *pro forma* basis, without duplication, to the items in clauses (A) – (H) of the definition thereof;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and any Person, property, business, operations or asset (including a management or similar agreement) or investments that have been disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) Fixed Charges attributable to Indebtedness constituting Development Expenses, or the proceeds of which were applied to fund Development Expenses, shall be excluded (unless specified that Fixed Charges attributable to Indebtedness constituting Development Expenses, or the proceeds of which were applied to fund Development Expenses, shall be included in making such calculation) until from and after the end of the first full fiscal quarter after the earlier of (x) the opening of the business or project to which such Development Expenses relate or (y) completion of construction of the applicable Expansion Capital Expenditure or Permitted Joint Venture Investment;

(5) the occurrence of a Trigger Event during the four quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, and the change in Fixed Charges resulting therefrom, will be given *pro forma* effect as if it had occurred on the first day of the four quarter period;

(6) interest on a Capital Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of such specified Person to be the rate of interest implicit in such Capital Lease Obligation in accordance with GAAP; and

(7) interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate as such specified Person may designate.

"*Fixed Charges*" means, with respect to any specified Person and its Restricted Subsidiaries for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, (x) including amortization of original issue discount, non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark-to-market valuation of Hedging Obligations or other derivative instruments pursuant to Accounting Standards Codification Nos. 815 and 820 and excluding interest expense associated with a Permitted Joint Venture Investment (including any related Investment Guarantee or Investment Guarantee Indebtedness) except as provided in clause (3) below), the interest component of any deferred payment obligations constituting Indebtedness, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations, but (y) excluding any amortization or write-off of deferred financing costs or debt issuance costs and excluding commitment fees, underwriting fees, assignment fees, debt issuance costs or fees, redemption or prepayment premiums, and other transaction expenses or costs or fees consisting of Financing Activities associated with undertaking, or proposing to undertake, any Financing Activity; plus

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period, whether paid or accrued; plus

(3) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon (provided that unless specified otherwise, any interest expense in respect of any Investment Guarantee or Investment Guarantee Indebtedness or the Pennwood Debt will not be counted pursuant to this clause (3) except to the extent that such Person or any of its Restricted Subsidiaries actually makes payments in respect thereof or is imminently required to actually make payments thereunder in which case, pro forma effect shall be given to all such payments that such Person, in good faith, reasonably expects to be required to pay during the next four quarters as though such payments had been made for the relevant period (but without duplication of amounts paid so that, in any event, no more than four quarters of payments are counted)); plus

(4) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of Penn National (other than Disqualified Stock) or to Penn National or a Restricted Subsidiary of Penn National, on a consolidated basis and in accordance with GAAP.

"*Foreign Subsidiary*" means any Subsidiary of Penn National that (1) is not organized under the laws of the United States, any state thereof or the District of Columbia, and (2) conducts substantially all of its business operations outside the United States.

"*GAAP*" means generally accepted accounting principles set forth as of the relevant date in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), including any Accounting Standards Codifications, which are applicable to the circumstances as of the date of determination.

"*Gaming Approval*" means any and all approvals, licenses, authorizations, permits, consents, rulings, orders or directives (a) relating to any gaming activities, facility, business (including pari-mutuel betting), assets or enterprise, including to enable Penn National or any of its Restricted Subsidiaries to engage in or conduct, host, develop, own, operate, manage or finance the casino, gambling, horse racing, video lottery, video gaming, internet, interactive, online, virtual or social gaming, or other gaming activities, business, assets, enterprise or facility or otherwise continue to engage in or conduct, host, develop, own, operate, manage, or finance such business substantially as is presently engaged in, conducted, hosted, developed, owned, operated, managed or financed or as it may be engaged in, conducted, hosted, developed, owned, operated, managed or financed following the Issue Date, (b) required by any Gaming Law, or (c) necessary to accomplish the financing and other transactions contemplated to occur on or about the Issue Date.

"*Gaming Authority*" means any governmental agency, authority, board, bureau, commission, department, office or instrumentality with regulatory, licensing or permitting authority or jurisdiction over any gaming activities, business, assets or enterprise or any Gaming Facility, or with regulatory, licensing or permitting authority or jurisdiction over any gaming operation (or proposed gaming operation) owned, managed, operated, engaged in, conducted, hosted, developed or financed by Penn National or any of its Restricted Subsidiaries.

"*Gaming Facility*" means any gaming or pari-mutuel wagering establishment, including any casino or "racino," and other property or assets ancillary thereto or used in connection therewith, including, without limitation, any casinos, hotels, resorts, racetracks, off-track wagering sites, video lottery, video gaming, theaters, parking facilities, recreational vehicle parks, timeshare operations, retail shops, restaurants, other buildings, taverns, theatres, related or ancillary businesses, land, golf courses and other recreation and entertainment facilities, marinas, vessels, barges, ships and equipment and including any internet, interactive, online, virtual or social gaming-related assets, operations, technology or platforms or other gaming or entertainment facilities or other facilities related to activities ancillary to or supportive of the business of Penn National and its Subsidiaries.

"*Gaming Laws*" means all applicable provisions of all: (a) constitutions, treaties, statutes or laws governing Gaming Facilities (including card club casinos and pari-mutuel racetracks) and rules, regulations, codes and ordinances of, and all administrative or judicial orders or decrees or other laws pursuant to which, any Gaming

Authority possesses regulatory, licensing or permit authority over gambling, gaming, racing or Gaming Facility activities (including internet, video lottery, video gaming, interactive, online, virtual or social gaming) conducted or managed by Penn National or any of its Restricted Subsidiaries within its jurisdiction; (b) Gaming Approvals; and (c) orders, decisions, determinations, judgments, awards and decrees of any Gaming Authority.

"*Gaming Lease*" means any lease entered into for the purpose of Penn National or any of its Subsidiaries to acquire the right to occupy and use real property, vessels or similar assets for, or in connection with, the construction, development or operation of casinos, hotels, resorts, racetracks, off-track wagering sites, video lottery, video gaming, theaters, parking facilities, recreational vehicle parks, timeshare operations, retail shops, restaurants, other buildings, taverns, theatres, related or ancillary businesses, land, golf courses and other recreation and entertainment facilities, marinas, vessels, barges, ships and equipment and including any internet, interactive, online, virtual or social gaming-related assets, operations, technology or platforms or other gaming or entertainment facilities or other facilities related to activities ancillary to or supportive of the business of Penn National and its Subsidiaries.

"*GLPI*" means Gaming and Leisure Properties, Inc., a Pennsylvania corporation.

"*GLPI and VICI Agreements*" means (i) each of the separation and distribution agreement, the transition services agreement, the tax matters agreement and the employee matters agreement, each dated as of November 1, 2013, between Penn National and GLPI, (ii) the Master Lease, (iii) the Agreement and Plan of Merger, dated as of June 18, 2018, among VIICI, Penn National and the other parties thereto and the Transaction Agreement, dated as of November 13, 2018, among VICI, the Subsidiaries of Penn National party thereto and the other parties thereto, (iv) the Pinnacle triple net master lease, dated as of April 28, 2016, between PNK Entertainment, Inc. and Pinnacle Entertainment, Inc., (v) the Morgantown triple net master lease, dated as of on or about October 1, 2020, among Penn National and a subsidiary of GLPI, (vi) the Meadows Racetrack and Casino triple net lease, dated as of September 9, 2016, among Penn National and GLPI, (vii) the Margaritaville Lease, dated on or about January 1, 2019, among Penn National and VICI, (viii) the Greektown Lease, dated on or about May 23, 2019, among Penn National and VICI, and (ix) the Tropicana Las Vegas lease, dated April 16, 2020, between Tropicana Land LLC and Tropicana Las Vegas, Inc., in each case, as it may be amended, restated, replaced or otherwise modified from time to time in accordance with, or as not prohibited by, the indenture.

"*Guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner, including by way of a pledge of assets, of all or any part of any Indebtedness; *provided* that "Guarantee" shall not include any lease of property (where Penn National or a Subsidiary of Penn National is the lessee) entered into in connection with the issuance of industrial revenue bonds or similar instruments which industrial revenue bonds or similar instruments are held by Penn National or its Subsidiaries, where such lease obligations were intended to support debt service on such industrial revenue bonds or similar instruments.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, currency swap agreement, interest rate cap agreements, interest rate collar agreements, commodity swap agreement, commodity cap agreement, commodity collar agreement or foreign exchange contract; and

(2) other agreements or arrangements designed to hedge or protect such Person against, or transfer or mitigate, fluctuations in interest rates or currency exchange rates.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or, without double counting, reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations (it being understood that the obligations of such Person under the Master Lease, any Gaming Lease or any other lease with any other lessor (of affiliate of such lessor) of properties operated or under construction, development or management by Penn National or any of its Restricted Subsidiaries shall not constitute Indebtedness);

(5) representing the balance deferred and unpaid of the purchase price of any property; or

(6) representing net obligations under any Hedging Obligations (other than those that fix or cap the interest rate on variable rate instruments otherwise permitted by the indenture or that fix the exchange rate in connection with instruments denominated in a foreign currency and otherwise permitted by the indenture);

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness (excluding prepaid interest thereon) of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any indebtedness of the types referred to in clauses (1) through (5) above of any other Person, other than by endorsement of negotiable instruments for collection in the ordinary course of business.

The amount of any Indebtedness outstanding as of any date will be:

(a) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(b) the principal amount of the Indebtedness, together with any interest on the Indebtedness that is more than 30 days past due, in the case of any other Indebtedness;

(c) in the case of Indebtedness of others secured by a Lien on any assets of the specified Person, the lesser of the amount of such Indebtedness and the Fair Market Value of such assets;

(d) in the case of clause (5) above, the net present value thereof determined in accordance with GAAP;

(e) in the case of clause (6), zero unless and until such Indebtedness shall be terminated, in which case the amount of such Indebtedness shall be the then termination payment due thereunder by such Person; and

(f) obligations in respect of letters of credit issued in support of obligations not otherwise constituting Indebtedness shall not constitute Indebtedness except to the extent such letter of credit is drawn and not reimbursed within ten business days.

For the avoidance of doubt, it is understood and agreed that none of the following shall constitute Indebtedness: (i) (x) casino "chips" and gaming winnings of customers, (y) any obligations of such Person in respect of cash management agreements and (z) any obligations of such Person in respect of employee deferred compensation and benefit plans; (ii) (x) mortgage, industrial revenue bond, industrial development bond or similar financings to the extent that the holder of such Indebtedness is Penn National or any of its Subsidiaries and (y) Capital Lease Obligations to the extent payments in respect of such Capital Lease Obligations fund payments made under Indebtedness of the type described in clause (x) held by Penn National or its Subsidiaries; (iii) with respect to any balance deferred and unpaid of the purchase price of any property, (x) any accrued expense or obligation, account payable, trade payable, customer deposits or deferred income taxes or liabilities incurred in the ordinary course of business, including insurance premium financing or (y) any obligation payable solely through the issuance of Equity Interests; or (iv) Indebtedness that has been defeased (whether by covenant or legal defeasance),

discharged, redeemed or otherwise acquired (or if an irrevocable deposit has been made in furtherance of any such defeasance, discharge, call for redemption or acquisition).

"*Investment Grade Rating*" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's or BBB- (or the equivalent) by S&P or an equivalent rating by any other Rating Agency.

"*Investment Grade Securities*" means:

(a) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents);

(b) securities or debt instruments with an Investment Grade Rating at the time of acquisition, but excluding any securities or instruments constituting loans or advances among Penn National and its Subsidiaries;

(c) investments in any fund that invests exclusively in investments of the type described in clauses (a) and (b) which fund may also hold cash pending investment or distribution; and

(d) corresponding instruments in countries other than the United States customarily utilized for high quality investments.

"*Investment Guarantee*" means any guarantee, directly or indirectly, by Penn National or any of its Restricted Subsidiaries of Indebtedness of a Permitted Joint Venture (or any completion guarantee with respect to a Permitted Joint Venture or any agreement to advance funds, property or services on behalf of a Permitted Joint Venture to maintain the financial condition of such Permitted Joint Venture or any similar obligation with respect to a Permitted Joint Venture); *provided* that any such guarantee with respect to a Permitted Joint Venture will continue to constitute an Investment Guarantee in the event that the Permitted Joint Venture whose obligations are so guaranteed ceases to qualify as a Permitted Joint Venture after such guarantee was entered into.

"*Investment Guarantee Indebtedness*" means the obligations of a Permitted Joint Venture to the extent subject to an Investment Guarantee, on and after the time Penn National or one of its Restricted Subsidiaries makes any interest, debt service payment or other comparable payment under such Investment Guarantee with respect to such guaranteed obligations.

"*Investment Guarantee Payments*" means any payments made pursuant to any Investment Guarantee.

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans including Guarantees (or other obligations), advances or capital contributions (excluding (x) commission, travel and similar advances to officers and employees made in the ordinary course of business, (y) advances to customers made in the ordinary course of business, and (z) accounts receivable, trade credits, endorsements for collection or deposits arising in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet (excluding references or descriptions in the notes thereto) prepared in accordance with GAAP. For purposes of determining the amount of any Investment at any time outstanding, (a) the amount of an Investment will equal the aggregate amount of such Investment, *minus* (b) the amounts received by Penn National and its Restricted Subsidiaries with respect to such Investment, including with respect to contracts related to such Investment and including (as applicable) principal, interest, dividends, distributions, sale proceeds, repayments of loans or advances, other transfers of assets, the satisfaction, release, expiration, cancellation or reduction (other than by means of payments by Penn National or any of its Restricted Subsidiaries) of Indebtedness or other obligations (including any such Indebtedness or other obligation which have been guaranteed by Penn National or any of its Restricted Subsidiaries, including any Investment Guarantee), payments under relevant management contracts or services agreements or other contracts related to such Investment and other amounts. In addition:

(1) "Investments" shall not include the occurrence of a Trigger Event; and

(2) if Penn National or any Restricted Subsidiary of Penn National sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of Penn National such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of Penn National, Penn National will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in the penultimate paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments."

"*Issue Date*" means the date of first issuance of notes under the indenture.

"*Landlord*" means GLP Capital, L.P., a Pennsylvania limited partnership, in its capacity as landlord under the Master Lease, and its successors in such capacity and any Subsidiaries of GLP Capital, L.P. acting as landlord or co-landlord under the Master Lease.

"*Legal Holiday*" means a Saturday, a Sunday or a day on which commercial banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, or security interest of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement and any lease in the nature thereof.

"Limited Condition Transaction" means (a) any Investment or acquisition (whether by merger, amalgamation, consolidation or other business combination or the acquisition of Equity Interests or otherwise), whose consummation is not conditioned on the availability of, or on obtaining, third-party financing, (b) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness, Disqualified Stock or preferred stock requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment and (c) any repurchase of Equity Interests, dividend of other distribution requiring irrevocable notice in advance thereof.

"*Long Derivative Instrument*" means a Derivative Instrument (i) the value of which generally increases, and/ or the payment or delivery obligations under which generally decrease, with positive changes to Penn National and/or (ii) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with negative changes to Penn National.

"*Master Lease*" means that certain Master Lease, dated November 1, 2013, as amended, by and between Landlord and Tenant, as it may be amended, restated, replaced or otherwise modified from time to time in accordance with, or as not prohibited by, the indenture.

"*Moody's*" means Moody's Investors Service, Inc. and its successors.

"*Net Income*" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

"*Net Proceeds*" means the aggregate cash proceeds (including cash proceeds received by way of deferred payment of principal pursuant to a note or otherwise, but only as and when received) received by Penn National or any of its Restricted Subsidiaries in respect of any Asset Sale, net (without duplication) of (a) any payments, fees, commissions, costs and other expenses incurred in connection with or relating to such Asset Sale, including legal, accounting and investment banking fees and underwriting, brokerage and sales commissions, and survey, title and recording expenses, transfer taxes and expenses incurred for preparing such assets for sale, and any relocation expenses incurred as a result of the Asset Sale, (b) taxes paid or payable or estimated in good faith to be payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, (c) amounts required to be applied to the repayment of Indebtedness, other than Indebtedness pursuant to the Credit Agreement or other Indebtedness of Penn National or any Restricted Subsidiary, secured by a

Lien on the asset or assets that were the subject of such Asset Sale, (d) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP, (e) all distributions and other payments required to be made as a result of such Asset Sale to any person (other than Penn National and its Restricted Subsidiaries) having a beneficial interest in the assets subject to such Asset Sale, (f) amounts reserved, in accordance with GAAP, against any liabilities associated with the Asset Sale and related thereto, including pension and other retirement benefit liabilities, purchase price adjustments, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale and (g) in the event that a Restricted Subsidiary consummates an Asset Sale and makes a *pro rata* payment of dividends to its stockholders or members or other equity holders, as applicable, from any cash proceeds of such Asset Sale, the amount of dividends paid to any such stockholder or member or other equity holder, as applicable, other than Penn National or any Restricted Subsidiary; *provided* that in the event that any consideration for an Asset Sale (which would otherwise constitute Net Proceeds) is required by (I) contract to be held in escrow pending determination of whether a purchase price or similar adjustment will be made or (II) GAAP to be reserved against other liabilities in connection with such Asset Sale, such consideration (or any portion thereof) shall become Net Proceeds only at such time as it is released to such Person from escrow or otherwise.

"*Net Short*" means, with respect to a Holder or beneficial owner, as of a date of determination, either (i) the value of its Short Derivative Instruments exceeds the sum of the (x) the value of its notes, *plus* (y) the value of its Long Derivative Instruments as of such date of determination or (ii) it is reasonably expected that such would have been the case were a Failure to Pay or Bankruptcy Credit Event (each as defined in the 2014 ISDA Credit Derivatives Definitions) to have occurred with respect to Penn National immediately prior to such date of determination.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, liquidated damages, other damages and other liabilities and obligations payable under the documentation governing any Indebtedness, including interest after the commencement of any bankruptcy proceeding at the rate specified in the applicable instrument governing or evidencing such Indebtedness.

"*Pennwood*" collectively, means Pennwood Racing, Inc., a Delaware corporation, and its Subsidiaries, including GS Park Services, L.P., FR Park Services, L.P., GS Park Racing, L.P. and FR Park Racing, L.P.

"*Pennwood Debt*" means the existing Indebtedness of Pennwood Racing, Inc. pursuant to that certain Term Loan and Security Agreement dated July 29, 1999, as amended, amended and restated, supplemented or otherwise modified from time to time, by and among FR Park Racing, L.P., GS Park Racing, L.P. and Commerce Bank, N.A., that is guaranteed by Penn National.

"*Permitted Business*" means any business of the type in which Penn National and its Restricted Subsidiaries are engaged on the date of the indenture, or any business or activities reasonably related, incidental or ancillary thereto (including assets, activities or businesses complementary thereto) or a reasonable extension, development or expansion thereof.

"*Permitted Business Assets*" means (a) one or more Permitted Businesses, (b) a controlling equity interest in any Person whose assets consist primarily of one or more Permitted Businesses or assets referred to in the following clause (c), (c) assets that are used or useful in a Permitted Business, or (d) any combination of the preceding clauses (a), (b) and (c), in each case, as determined by Penn National's Board of Directors or management in its good faith judgment.

"*Permitted Investments*" means:

(1) any Investment in Penn National or in a Restricted Subsidiary of Penn National;

(2) any Investment in cash, Cash Equivalents or Investment Grade Securities;

(3) any Investment by Penn National or any Subsidiary of Penn National in a Person if, as a result of, or in connection with, such Investment:

(a) such Person becomes (including by designation) a Restricted Subsidiary of Penn National; or

(b) such Person, in one transaction or a series of related transactions, is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or an operating unit, division or line of business to, or is liquidated into, Penn National or a Restricted Subsidiary of Penn National;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the provisions described above under the caption "—Repurchase at the Option of Holders—Asset Sales" or any other disposition not constituting an Asset Sale;

(5) any Investment solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of Penn National or made with the proceeds of a substantially concurrent sale of such Equity Interests made for such purpose;

(6) any Investments received (a) in exchange for or in compromise of obligations incurred in the ordinary course of business, including in satisfaction of judgments, in settlement of delinquent or overdue accounts or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor, customer or other debtor, or (b) as a result of a foreclosure by Penn National or any of its Restricted Subsidiaries with respect to a secured Investment or transfer of title with respect to any secured Investment in default;

(7) Hedging Obligations and other hedge or swap or option agreements entered into as part of or in connection with an issuance of convertible debt;

(8) the extension of credit to customers of Penn National or its Restricted Subsidiaries consistent with gaming industry practice in the ordinary course of business;

(9) loans and advances to officers, directors and employees for payroll, business-related travel expenses, moving or relocation expenses, drawing accounts and other similar expenses, in each case, incurred in the ordinary course of business;

(10) loans and advances to officers, directors and employees other than incurred pursuant to clause (9) of this definition in an aggregate amount not to exceed the greater of $25.0 million and 2.5% of Consolidated Cash Flow for the Applicable Measurement Period outstanding at any time;

(11) receivables owing to Penn National or any of its Restricted Subsidiaries if created or acquired in the ordinary course of business;

(12) Investments in any Person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits (including deposits made with respect to gaming licenses) made in the ordinary course of business;

(13) Investments in Pennwood arising from any payment in respect of the Existing Indebtedness related to Pennwood;

(14) any Investment (a) existing on the Issue Date or (b) made after the Issue Date and on or prior to the Issue Date that was a "Permitted Investment" under the Existing Notes Indenture;

(15) Investments of any Person in existence at the time such Person becomes a Subsidiary of Penn National, *provided* such Investment was not made in connection with or in anticipation of such Person becoming a Subsidiary of Penn National;

(16) any purchase of Indebtedness under the notes, the Credit Facilities any other Indebtedness, Disqualified Stock or preferred stock incurred in accordance with the indenture and, in each case, the guarantees related thereto (other than any of the foregoing constituting Indebtedness subordinated in right of payment to the notes);

(17) (a) a Permitted Joint Venture Investment and (b) any Investment Guarantee Payments with respect to a guarantee, agreement or other extension of credit that qualified as a Permitted Joint Venture Investment at the time the guarantee or extension of credit was made or the agreement was entered into, unless, in the case of this clause (b), such guarantee, agreement or extension of credit no longer qualifies as a Permitted Joint Venture Investment (whether by reason of a change in the ownership thereof, the continued existence of a written control or management arrangements or of a written agreement for Development Services or otherwise) (it being understood that, in such circumstance, such Investment Guarantee Payments will be permitted to be made but shall be included (at the option of Penn National) (to the extent that the Permitted Joint Venture Investment to which such Investment Guarantee Payment relates was not previously included in clause (x) or (y) of the last proviso of the definition of "Permitted Joint Venture Investment") in (x) Permitted Investments (other than this clause (17)) or (y) the calculation of the aggregate amount of Restricted Payments available pursuant to clause (3) of the first paragraph of the covenant entitled "—Restricted Payments"(as if such Investment were not a Permitted Investment), in which case for the purposes of clause (y) but not clause (x), any payments received at any time in respect of such Investment will be included in clause (3)(c) of such paragraph);

(18) any Investment in a Permitted Business in an outstanding amount, taken together with all other Investments made pursuant to this clause (18) that are at that time outstanding, not to exceed the greater of $1,000.0 million and 100% of Consolidated Cash Flow or the Applicable Measurement Period, calculated at the time of such Investment (with the amount of each Investment being measured at the time made and without giving effect to subsequent changes in value but giving effect to the provisions of the definition of Investments); *provided*, *however*, that if an Investment made pursuant to this clause (18) is made in any Person that is not a Restricted Subsidiary as of the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (18) for so long as such Person continues to be a Restricted Subsidiary;

(19) the occurrence of a Reverse Trigger Event;

(20) any Investment in any Person in an outstanding amount, taken together with all other Investments made pursuant to this clause (20) that are at that time outstanding, not to exceed the greater of $650.0 million and 65% of Consolidated Cash Flow for the Applicable Measurement Period, calculated at the time of such Investment (with the amount of each Investment being measured at the time made and without giving effect to subsequent changes in value but giving effect to the provisions of the definition of Investments); *provided*, *however*, that if an Investment made pursuant to this clause (20) is made in any Person that is not a Restricted Subsidiary as of the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (20) for so long as such Person continues to be a Restricted Subsidiary;

(21) transactions permitted by the second paragraph of "Certain Covenants—Affiliate Transactions" (other than pursuant to clauses (3), (6), (7), (10) and (12));

(22) Investments made pursuant to or contemplated by the GLPI and VICI Agreements or any agreements of similar type with any other lessor (of affiliate of such lessor) of properties operated by, or under construction, development or management by, Penn National or any of its Restricted Subsidiaries; and

(23) Investments in connection with the Barstool Transactions.

"*Permitted Joint Venture*" means any joint venture or other arrangement (which may be structured as an unincorporated joint venture, corporation, partnership, association or limited liability company (including, without limitation, an Unrestricted Subsidiary) or as a management contract or services agreement, including, without limitation, arrangements with, or expenditures with respect to, any casinos or "racinos" or Persons that own casinos or "racinos"(including casinos and "racinos" in development or under construction that are not presently opening or operating) with respect to which Penn National or any of its Restricted Subsidiaries (i) owns directly or indirectly in the aggregate at least 25% of the voting power or Equity Interests thereof or (ii) controls or manages the day-to-day gaming operation of another person pursuant to a written agreement or (iii) provides, has provided, or has entered into a written agreement to provide, Development Services with respect to such entity or the applicable Gaming Facility, including with respect to or on behalf of any Native North American tribe or any agency or instrumentality thereof), in each case, including, without limitation, arrangements to finance, or for the purpose of allowing such joint venture, casino or "racino," as the case may be, to finance, the purchase or other acquisition of any fixed or capital assets or the refurbishment of existing assets or properties that develops, adds to or significantly improves the property of such joint venture, casino or "racino" and assets ancillary or related thereto, or the construction and development (including pre-opening expenses and other funds necessary to achieve opening and initial operation) of a casino, "racino" or assets ancillary or related thereto.

"*Permitted Joint Venture Investment*" means any Investment in a Permitted Joint Venture, including by means of any Investment Guarantee; *provided* that, at the time of and after giving effect to any such Investment (and any other adjustments pursuant to the definition of "Fixed Charge Coverage Ratio"), the Fixed Charge Coverage Ratio of Penn National is at least 2.0 to 1.0 (including any Fixed Charges attributable to Indebtedness constituting Development Expenses, or the proceeds of which were applied to fund Development Expenses); *provided*, *further*, that if a Permitted Joint Venture Investment would, at any time after the date such Permitted Joint Venture Investment is made or a binding agreement to make such Permitted Joint Venture Investment is entered into, cease to qualify as a Permitted Joint Venture Investment pursuant to this definition due to a failure of the relevant investee to constitute a Permitted Joint Venture for any reason (whether by reason of a change in the ownership thereof, the continued existence of a written control or management arrangements or of a written agreement for Development Services or otherwise), then the outstanding amount of such Permitted Joint Venture Investment at such time and additional Investments pursuant to such agreements as then in effect shall, for the period such Investment does not so qualify, be included (at the option of Penn National) (to the extent not previously included in clause (17)(b)(x) or (y) of the definition of "Permitted Investments") in (x) Permitted Investments (other than clause (17) of such definition) or (y) the calculation of the aggregate amount of Restricted Payments available pursuant to clause (3) of the first paragraph of the covenant entitled "—Restricted Payments" (as if such Investment were not a Permitted Investment, in which case, for the purposes of clause (y) but not clause (x), any payments received at any time in respect of such Investment will be included in clause (3)(c) of such paragraph).

"*Permitted Liens*" means:

(1) Liens on property of Penn National or any Restricted Subsidiary securing obligations under or in respect of any Credit Facilities pursuant to clause (1) of Permitted Debt and (b) Liens on property of any Restricted Subsidiary securing obligations of such Restricted Subsidiary;

(2) Liens in favor of Penn National or any Restricted Subsidiary;

(3) Liens on property of a Person (or its Subsidiaries) existing at the time such Person is merged with or into or consolidated with Penn National or any Subsidiary of Penn National or otherwise becomes a Subsidiary of Penn National and amendments or modifications thereto and replacements or refinancings thereof; *provided* that such Liens were not granted in connection with, or in anticipation of, such merger or consolidation or acquisition (except for Liens securing Indebtedness incurred pursuant to clause (20) of Permitted Debt) and do not extend to any assets other than those of such Person (and its Subsidiaries) merged into or consolidated with Penn National or the Subsidiary or which becomes a Subsidiary of Penn National;

(4) Liens (including extensions, renewals or replacements thereof) on property existing at the time of acquisition of the property by Penn National or any Subsidiary of Penn National, *provided* that

(except for Liens securing Indebtedness incurred pursuant to clause (20) of Permitted Debt) such Liens were in existence prior to, or not incurred in contemplation of, such acquisition;

(5) (a) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business; (b) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of insurance or social security or premiums with respect thereto (and Liens on proceeds of related policies); (c) Liens imposed by Gaming Laws or Gaming Authorities, and Liens on deposits made to secure gaming license applications or to secure the performance of surety or other bonds; and (d) Liens securing obligations with respect to letters of credit issued in connection with any of the items referred to in this paragraph (5);

(6) Liens to secure Indebtedness (including Purchase Money Indebtedness and Capital Lease Obligations) permitted by clause (4) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" covering only the assets being financed with such Indebtedness (and directly related assets, including proceeds (including insurance proceeds) and replacements thereof or assets which were financed with Indebtedness permitted by such clause that has been refinanced (including successive refinancings));

(7) Liens existing on the date of the indenture;

(8) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent for a period of ninety days or that are being contested in good faith by appropriate proceedings, *provided* that any reserve required by GAAP has been made therefor;

(9) Liens on and pledges of the Equity Interests of any Unrestricted Subsidiary or any joint venture owned by Penn National or any Restricted Subsidiary of Penn National to the extent securing non-recourse Indebtedness or other Indebtedness of an Unrestricted Subsidiary or joint venture;

(10) Liens securing obligations to the trustee pursuant to the compensation and indemnity provisions of the indenture and Liens owing to an indenture trustee in respect of any other Indebtedness permitted to be incurred under the covenant "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(11) Liens on trusts, cash or Cash Equivalents or other funds provided in connection with the defeasance (whether by covenant or legal defeasance), discharge or redemption of Indebtedness;

(12) Liens arising out of judgments or awards not resulting in a default;

(13) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by Penn National or any of its Restricted Subsidiaries in the ordinary course of business;

(14) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by Penn National or any of its Restricted Subsidiaries, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements;

(15) Permitted Vessel Liens;

(16) the filing of UCC financing statements solely as a precautionary measure in connection with operating leases or consignment of goods;

(17) other Liens securing Indebtedness that is permitted by the terms of the indenture to be outstanding having an aggregate principal amount at any one time outstanding not to exceed the greater of $450 million and 45% of Consolidated Cash Flow for the Applicable Measurement Period;

(18) Liens to secure Indebtedness incurred pursuant to clause (21) of Permitted Debt; provided that such Liens do not encumber any assets of Penn National or any Restricted Subsidiary other than Foreign Subsidiaries;

(19) Liens arising pursuant to Indebtedness constituting Development Expenses or used to fund Development Expenses incurred pursuant to clause (22) of Permitted Debt;

(20) Liens Incurred to secure Indebtedness permitted to be incurred pursuant to the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock"; *provided* that, with respect to Liens securing Indebtedness permitted under this clause, at the time of incurrence and after giving *pro forma* effect thereto, the Consolidated Secured Leverage Ratio of Penn National would be no greater than 2.75 to 1.0 (deducting Development Expenses from Consolidated Total Indebtedness pursuant to clause (c) of the definition of Consolidated Total Indebtedness) and 3.0 to 1.0 (without deducting Development Expenses from Consolidated Total Indebtedness pursuant to clause (c) of the definition of Consolidated Total Indebtedness);

(21) (i) Liens pursuant to the Master Lease, any Gaming Lease and any other leases entered into for the purpose of, or with respect to, operating, developing or managing Gaming Facilities or other properties and related assets or operations or activities, which Liens are limited to the leased property under the applicable lease and granted to the landlord under such lease for the purpose of securing the obligations of the tenant under such lease to such landlord and (ii) Liens on cash and Cash Equivalents (and on the related escrow accounts or similar accounts, if any) required to be paid to the lessors (or lenders to such lessors) under such leases or maintained in an escrow account or similar account pending application of such proceeds in accordance with the applicable lease;

(22) Liens created by applicable Trust Agreements;

(23) Liens securing obligations of any Person in respect of employee deferred compensation and benefit plans in connection with "rabbi trusts" or other similar arrangements;

(24) Liens securing Capital Lease Obligations to the extent payments in respect of such Capital Lease Obligations fund payments made under Indebtedness consisting of mortgage, industrial revenue bond, industrial development bond and similar financings to the extent that the holder of such Indebtedness is Penn National or its Subsidiaries;

(25) Liens to secure Hedging Obligations and cash management obligations, obligations in respect of banking services relating to treasury, depositary and cash management services, automated clearinghouse transfer of funds and purchase cards, credit cards or similar services;

(26) Liens on securities constituting "margin stock" within the meaning of Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System, to the extent that (i) prohibiting such Liens would result in the classification of the obligations of Penn National under the notes as a "purpose credit" and (ii) the Investment by Penn National in such margin stock is permitted by the indenture; and

(27) Liens securing Permitted Refinancing Indebtedness; *provided* that any such Lien attaches only to the assets encumbered by the predecessor Indebtedness and after acquired assets of a similar type, unless the incurrence of such Liens is otherwise permitted under the indenture.

"*Permitted Refinancing Indebtedness*" means any Indebtedness, Disqualified Stock or preferred stock of Penn National or any of its Restricted Subsidiaries issued within 60 days after repayment of, in exchange for, or the

net proceeds of which are used to extend, refinance, renew, replace, defease (whether by covenant or legal defeasance), discharge, redeem, tender for, repay, refund or otherwise retire or acquire, in whole or in part (collectively, a "*refinancing*"), any Indebtedness, Disqualified Stock or preferred stock of Penn National or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value or liquidation preference, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value or liquidation preference, if applicable) (or, if greater, the committed amount (only to the extent the committed amount could have been incurred or issued on the date of initial incurrence or issuance and was deemed incurred or issued at such time for the purposes of the covenant under the caption "Incurrence of Indebtedness and Issuance of Preferred Stock")) of the Indebtedness, Disqualified Stock or preferred stock refinanced (plus all accrued interest on the Indebtedness, all accrued or accumulated dividends on the Disqualified Stock or preferred stock, and the amount of all penalties, fees, expenses, costs, discounts and premiums incurred in connection therewith and any original issue discount or debt issuance costs with respect thereto);

(2) such Permitted Refinancing Indebtedness has a final maturity date no earlier than the final maturity date of the Indebtedness, Disqualified Stock or preferred stock being refinanced (or, if earlier, 91 days after the Stated Maturity of the notes), and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or preferred stock being refinanced;

(3) to the extent the Permitted Refinancing Indebtedness refinances (a) Indebtedness that is subordinated in right of payment to the notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to, the notes on terms at least as favorable, taken as a whole, to the Holders of notes as those contained in the documentation governing the Indebtedness being refinanced or (b) Disqualified Stock or preferred stock, such Permitted Refinancing Indebtedness is Disqualified Stock or preferred stock, as applicable; and

(4) such Indebtedness, Disqualified Stock or preferred stock is incurred or issued either by Penn National or by the Restricted Subsidiary who is the obligor (as primary obligor or guarantor) or issuer on the Indebtedness, Disqualified Stock or preferred stock being refinanced.

"*Permitted Vessel Liens*" means maritime Liens on ships, barges or other vessels for damages arising out of a maritime tort, wages of a stevedore, when employed directly by a person listed in 46 U.S.C. Section 31341, crew's wages, salvage and general average, whether now existing or hereafter arising and other maritime Liens which arise by operation of law during normal operations of such ships, barges or other vessels.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Pre-Opening Expenses*" means, with respect to any fiscal period, the amount of expenses (including Fixed Charges) incurred with respect to capital projects which are classified as "pre-opening expenses" on the applicable financial statements of Penn National and its Restricted Subsidiaries for such period, prepared in accordance with GAAP.

"*Pro Forma Cost Savings*" means the amount of cost savings, operating expense reductions and synergies and other improvements that have been realized or are projected by Penn National in good faith to be realized as a result of specified actions taken or steps or actions that have been initiated, or as a result of actions which are reasonably expected to be taken or steps which are reasonably expected to be initiated within 24 months after the closing of the applicable transaction or implementation of an initiative that is expected to result in such cost savings, expense reductions, synergies or other improvements (in each case in the good faith determination of Penn National), including in connection with the transaction which is being given *pro forma* effect for the calculation, and are factually supportable, including, but not limited to, the execution or termination of any contracts, reduction of costs related to administrative functions, the termination of any personnel or the closing (or the approval by the Board of Directors of Penn National or any other Person acquiring Penn National or having control over Penn

National after giving effect to any Change of Control of any closing) of any facility, as applicable (calculated on a *pro forma* basis as though such cost savings, operating expense reductions and synergies and other improvements had been realized during the entirety of the applicable period), net of the amount of actual benefits realized during such period from such actions (regardless of whether those cost savings and operating expense reductions could then be reflected in *pro forma* financial statements under GAAP, Regulation S-X promulgated by the Commission or any other regulation or policy of the Commission).

"*Purchase Money Indebtedness*" means Indebtedness, Disqualified Stock or preferred stock of Penn National or any of its Restricted Subsidiaries incurred for the purpose of financing, within 365 days of incurrence, all or any part of the purchase price or cost of installation, construction or improvement of any property.

"*Rating Agency*" means (a) Moody's or S&P or (b) if Moody's or S&P or both shall not make a rating on the notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by Penn National (as certified by a resolution of Penn National's Board of Directors) which shall be substituted for Moody's or S&P or both, as the case may be.

"*Rating Category*" means (a) with respect to S&P, any of the following categories: B, CCC, CC, C and D (or equivalent successor categories); (b) with respect to Moody's, any of the following categories: B, Caa, Ca, C and D (or equivalent successor categories); and (c) the equivalent of any such category of S&P or Moody's used by another Rating Agency selected by Penn National. In determining whether the rating of the notes has decreased by one or more gradations, gradations within Rating Categories ((i) + and — for S&P; (ii) 1, 2 and 3 for Moody's; and (iii) the equivalent gradations for another Rating Agency selected by Penn National) shall be taken into account (e.g., with respect to S&P, a decline in a rating from BB— to B+, will constitute a decrease of one gradation).

"*Rating Date*" means the date which is 90 days prior to the earlier of (a) a Change of Control or (b) public notice of the occurrence of a Change of Control or of the intention by Penn National to effect a Change of Control.

"*Rating Decline*" shall be deemed to occur if, within 60 days after public notice of the occurrence of a Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either of the Rating Agencies with respect to a Rating Category), the rating of the notes by each Rating Agency shall be decreased by one or more gradations to or within a Rating Category (including gradations within Rating Categories as well as between Rating Categories) as compared to the rating of the notes on the Rating Date; provided that a Rating Decline otherwise arising by virtue of a particular reduction in rating shall not be deemed a Ratings Decline for purposes of the definition of "Change of Control Triggering Event" if the applicable Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Rating Decline).

"*refinancing*" has the meaning set forth in the definition of "Permitted Refinancing Indebtedness" and "refinance" has a corresponding meaning.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" of a Person means any Subsidiary of such Person that is not an Unrestricted Subsidiary.

"*Reverse Trigger Event*" means after the occurrence of a Trigger Event, the transfer of the Equity Interests of any other Person that was previously a Restricted Subsidiary to Penn National or any of its Restricted Subsidiaries pursuant to the terms of any Trust Agreement.

"*S&P*" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, and its successors.

"*Screened Affiliate*" means any Affiliate of a Holder (i) that makes investment decisions independently from such Holder and any other Affiliate of such Holder that is not a Screened Affiliate, (ii) that has in place customary information screens between it and such Holder and any other Affiliate of such Holder that is not a Screened Affiliate and such screens prohibit the sharing of information with respect to Penn National or its Subsidiaries, (iii) whose investment policies are not directed by such Holder or any other Affiliate of such Holder that is acting in concert with such Holder in connection with its investment in the notes, and (iv) whose investment decisions are not influenced by the investment decisions of such Holder or any other Affiliate of such Holder that is acting in concert with such Holders in connection with its investment in the notes.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended.

"*Short Derivative Instrument*" means a Derivative Instrument (i) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with positive changes to Penn National and/or (ii) the value of which generally increases, and/or the payment or delivery obligations under which generally decrease, with negative changes to Penn National.

"*Significant Subsidiary*" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"*Social Gaming Disposition Transaction*" means the disposition of assets or operations of or related to internet, interactive, online, virtual or social gaming (including through the dividend or distribution of Equity Interests or other securities of any entity that, directly or indirectly, owns or controls such assets or operations), including, without limitation, any spin-off, split-off or other disposition of Subsidiaries, assets or operations or Equity Interests or other securities, and, in each case, any corporate restructuring and other transactions undertaken in connection therewith to effect such disposition.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subsidiary*" means, as to any Person, (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Subsidiaries of such Person and (ii) any partnership, limited liability company, association, joint venture or other entity in which such Person and/or one or more Subsidiaries of such Person has more than a 50% equity interest at the time. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of Penn National.

"*Tenant*" means Penn Tenant, LLC, a Pennsylvania limited liability company, in its capacity as tenant under the Master Lease, and its successors in such capacity.

"*Trigger Event*" means the transfer of shares of capital stock or Equity Interests of any Restricted Subsidiary or any Gaming Facility into trust or similar arrangement pursuant to the terms of any Trust Agreements.

"*TRS Properties*" means GLP Holdings, Inc., Louisiana Casino Cruises, Inc., and Penn Cecil Maryland, Inc., which, directly or indirectly, operate Hollywood Casino Baton Rouge and Hollywood Casino Perryville.

"*Trust Agreements*" means any trust or similar arrangement required by any Gaming Authority or any other governmental agency or authority (whether in connection with an acquisition or otherwise) from time to time, together with any agreements, instruments and documents executed or delivered pursuant to or in connection with such agreements, in each case as such agreements, instruments or documents may be amended, supplemented, extended, renewed or otherwise modified from time to time.

"*Unrestricted Subsidiary*" means any Subsidiary of Penn National that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that as of the time of such designation:

(1) either (A) such Subsidiary to be so designated has total assets of $1,000,000 or less or (B) immediately after giving *pro forma* effect to such designation, either (x) Penn National could incur $1.00 of Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" or (y) the Fixed Charge Coverage Ratio for Penn National and its Restricted Subsidiaries would be greater than or equal to the Fixed Charge Coverage Ratio for Penn National and its Restricted Subsidiaries immediately prior to such designation;

(2) such Subsidiary is not, at the time of such designation, party to any agreement, contract, arrangement or understanding with Penn National or any Restricted Subsidiary of Penn National unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to Penn National or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Penn National, or would otherwise be permitted if entered into at the time of such designation pursuant to the covenant described above under the caption "—Certain Covenants—Transactions With Affiliates"; and

(3) such Subsidiary is a Person with respect to which neither Penn National nor any of its Restricted Subsidiaries has any direct or indirect Investment (including, without duplication, a deemed Investment at the time of designation in an amount equal to the Fair Market Value of the Investment in the relevant Subsidiary owned by Penn and its Restricted Subsidiaries) that could not have been made at the time of such designation pursuant to the covenant described above under the caption "—Certain Covenants—Restricted Payments" (including as a Permitted Investment);

provided that the Existing Unrestricted Subsidiaries shall initially be designated as Unrestricted Subsidiaries without compliance with the preceding clauses (1), (2) and (3). An Unrestricted Subsidiary shall also automatically include (without any further action required by the Board of Directors, compliance with the preceding conditions or otherwise) any Subsidiary of an Unrestricted Subsidiary.

Any designation of a Subsidiary of Penn National (other than any of the Existing Unrestricted Subsidiaries) as an Unrestricted Subsidiary will be evidenced to the trustee by filing with the trustee a certified copy of the Board Resolution giving effect to such designation and an officer's certificate certifying that such designation complied with the preceding conditions. If any Unrestricted Subsidiary failed to meet the preceding requirements as an Unrestricted Subsidiary at the time of designation, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of Penn National as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock," Penn National will be in default of such covenant. The Board of Directors of Penn National may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Penn National of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"*VICI*" means VICI Properties, Inc.

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life To Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"*Wholly Owned Restricted Subsidiary*" means, with respect to any Person, any Wholly Owned Subsidiary of such Person that is a Restricted Subsidiary. Unless the context clearly requires otherwise, all references to any Wholly Owned Restricted Subsidiary means a Wholly Owned Restricted Subsidiary of Penn National.

"*Wholly Owned Subsidiary*" means, with respect to any Person, any corporation, partnership, limited liability company or other entity of which all of the Equity Interests (other than, in the case of a corporation, directors' qualifying shares or nominee shares required under applicable law) are directly or indirectly owned or controlled by such Person and/or one or more Wholly Owned Subsidiaries of such Person. Unless the context clearly requires otherwise, all references to any Wholly Owned Subsidiary means a Wholly Owned Subsidiary of Penn National.

BOOK ENTRY; DELIVERY AND FORM

The notes are being offered only to persons reasonably believed to be qualified institutional buyers under Rule 144A and to non-U.S. persons outside the United States in compliance with Regulation S. The notes will only be issued in fully registered form, without interest coupons, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. No notes will be issued in bearer form. The notes sold in the offering will be issued only against payment in immediately available funds.

Notes sold in reliance on Rule 144A initially will be represented by permanent global notes in fully registered form without interest coupons (each, a "Restricted Global Note") and will be deposited upon issuance with, or on behalf of, The Depository Trust Company, New York, New York ("DTC"), and registered in the name of Cede & Co. (a nominee of DTC) or another DTC nominee. The Restricted Global Notes will be subject to restrictions on transfer set forth therein and will bear the legend regarding such restrictions set forth under "Notice to Investors."

Notes sold in offshore transactions in reliance on Regulation S under the Securities Act initially will be represented by temporary global notes in fully registered form without interest coupons (the "Temporary Regulation S Global Note") and will be deposited with the trustee as custodian for DTC, as depositary, and registered in the name of a nominee of such depositary. Prior to the 40th day after the later of the commencement of this offering and the issue date of the notes (such period through and including such 40th day, the "distribution compliance period"), a beneficial interest in the Temporary Regulation S Global Note may be held only through Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme* ("Clearstream") (as indirect participants in DTC), unless transferred to a person that takes delivery through a restricted global note in accordance with the certification requirements described below. The Temporary Regulation S Global Note will be exchangeable for a single permanent global note (the "Permanent Regulation S Global Note" and, together with the Temporary Regulation S Global Note, a "Regulation S Global Note" and together with the Restricted Global Notes, the "Global Notes") after the expiration of the distribution compliance period and the certification required by Regulation S. Prior to such time, a beneficial interest in the Temporary Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Restricted Global Note only upon receipt by the trustee of a written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A. Beneficial interests in a Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note whether before, on or after such time, only upon receipt by the trustee of a written certification to the effect that such transfer is being made in accordance with Regulation S.

The Global Notes. We expect that pursuant to procedures established by DTC:

- upon the issuance of the Global Notes, DTC or its custodian will credit, on its internal system, the principal amount of notes of the individual beneficial interests represented by such global securities to the respective accounts of persons who have accounts with such depositary; and

- ownership of beneficial interests in the Global Notes will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants).

Such accounts initially will be designated by or on behalf of the initial purchasers and ownership of beneficial interests in the Global Notes will be limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. QIBs may hold their interests in the Global Notes directly through DTC if they are participants in such system or directly through organizations which are participants in such system.

Investors may hold their interest in the Regulation S Global Note directly Euroclear or Clearstream, if they are participants in those systems, or indirectly through organizations that are participants in those systems. Investors may also hold their interests in the Regulation S Global Note through organizations other than Euroclear or Clearstream that are DTC participants. Each of Euroclear and Clearstream will appoint a DTC participant to act as

its depository for the interests that held within DTC for the account of each settlement system on behalf of its participants.

So long as DTC, or its nominee, is the registered owner or holder of the notes, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such Global Notes for all purposes under the indenture governing the notes. No beneficial owner of an interest in the Global Notes will be able to transfer that interest except in accordance with DTC's procedures, in addition to those provided for under the indenture with respect to the notes.

Payments of the principal of, premium (if any) and interest on the Global Notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. None of us, the trustee or any Paying Agent (or any of our or their agents) will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

We expect that DTC or its nominee, upon receipt of any payment of principal, premium (if any) or interest in respect of the Global Notes, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Notes as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the Global Notes held through such participants will be governed by standing instructions and customary practice, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in clearinghouse funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems. If a holder requires physical delivery of a certificated security for any reason, including to sell notes to persons in states which require physical delivery of the notes, or to pledge such securities, such holder must transfer its interest in the Global Notes, in accordance with the normal procedures of DTC and with the procedures set forth in the indenture governing the notes.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a global note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depository to take action to effect final settlement by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a global note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a global note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants of those settlement systems, they are under no obligation to perform such procedures, and such procedures may be changed or discontinued at any time. Neither we nor the trustee, nor our or its agents, will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations. DTC has advised us as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing

corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly ("indirect participants").

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants of DTC, it is under no obligation to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the trustee, not our or its agents, will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Securities. If DTC is at any time unwilling or unable to continue as a depositary for the Global Notes and we do not appoint a successor depositary within 90 days, certificated securities will be issued in exchange for the Global Notes, which certificates will bear the legend referred to under "Notice to Investors."

In connection with any proposed transfer outside the book entry-only system, the transferor shall provide the trustee with all information necessary to allow the trustee to comply with any applicable tax reporting obligations, including, without limitation, any cost basis reporting obligations under Internal Revenue Code Section 6045. The trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

CERTAIN ERISA AND OTHER PLAN CONSIDERATIONS

General

ERISA imposes certain requirements on employee benefit plans subject to the fiduciary responsibility provisions of ERISA, as set forth in Title I thereof, and on entities that are deemed under ERISA to hold the assets of such plans ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan or of a plan (or entity deemed to hold the assets of a plan), such as an individual retirement account, that is not subject to ERISA but is subject to Section 4975 of the Code (together with ERISA Plans, "Plans"). Such a transaction could be prohibited if the transaction involves certain parties related to the Plan (referred to as "parties in interest" under ERISA or "disqualified persons" under the Code) or if the Plan fiduciary causing the use of plan assets in the transaction has a prohibited conflict of interest or self-interest related to the transaction. Among other potential effects, a party in interest or disqualified person that engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code, and a fiduciary that causes a Plan to enter into a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code.

Non-U.S. plans, governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to non-U.S., state, local or other federal laws or regulations that are substantially similar to the foregoing provisions of ERISA and or Section 4975 of the Code ("Similar Law"). Fiduciaries of any such plans should consult with their counsel before purchasing the notes or exchange notes to determine the need for and the availability of, if necessary, any exemptive relief under any Similar Law.

Prohibited Transaction Exemptions

Any Plan fiduciary that proposes to acquire and hold any notes or any interest in a note with the assets of such Plan should consider, among other things, whether such acquisition and holding may constitute or result in a direct or indirect prohibited transaction with a party in interest or disqualified person with respect to such Plan and, if so, whether exemptive relief may be available for the transaction. Such parties in interest or disqualified persons could include, without limitation, the issuer of the notes, the initial purchasers or any of their respective affiliates.

The U.S. Department of Labor has issued prohibited transaction class exemptions ("PTCEs") that may provide exemptive relief for direct or indirect prohibited transactions resulting from the acquisition or holding of the notes or an interest in notes. These exemptions include, without limitation, PTCE 84-14 (relating to transactions effected by an independent "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide a statutory exemption for certain transactions involving certain non-fiduciary service providers or their affiliates. One or more of these exemptions or another exemption or exception could provide an exemption for the acquisition and holding of the notes or interests in notes from the prohibited transaction provisions of ERISA and Section 4975 of the Code if its conditions are satisfied. However, there can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving the notes or interests in notes or that all of the conditions of any such exemption will be satisfied.

Representation

By acceptance of a note or an interest in a note, each acquiror and subsequent transferee will be deemed to have represented and warranted that either (1) it is not a Plan, and no portion of the assets used by such acquiror or transferee to acquire or hold the notes or interests in notes constitutes assets of any Plan or other plan subject to Similar Law or (2) the acquisition, holding, and disposition of the notes or interests in notes by such acquiror or transferee will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions or breaches of fiduciary obligations, it is particularly important that fiduciaries or other persons considering acquiring the notes or interests in notes (and holding the notes or such interests) on behalf of, or with the assets of, any Plan or plan subject to Similar Law, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such transactions and whether an exemption or exception would be applicable to the acquisition and holding of the notes or such interests. Investors in the notes or interests in notes have exclusive responsibility for ensuring that none of the acquisition, holding and/or disposition of these notes or exchange notes violates the fiduciary or prohibited transaction rules of ERISA, the Code and/or any Similar Laws.

This offering memorandum and the sale of notes or interests in notes to a Plan or plan subject to Similar Law is in no respect a representation by the issuer, the initial acquirors or any other person that such an investment meets all relevant legal requirements for Plans or such other plans generally or any particular Plan and is not a recommendation that such an investment is appropriate for Plans generally or any particular Plan.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES FOR NON-U.S. HOLDERS

The following discussion is a general summary of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of notes to U.S. Holders and Non-U.S. Holders (each as defined below). This discussion is based upon current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury regulations promulgated thereunder, administrative rulings of the U.S. Internal Revenue Service (the "IRS") and judicial decisions, each as in effect on the date hereof. These authorities are subject to change and differing interpretations, possibly with retroactive effect, and any such change or differing interpretation could result in U.S. federal income tax consequences different from those discussed below.

For purposes of this discussion, the term "U.S. Holder" means a beneficial owner of notes that, for U.S. federal income tax purposes, is (i) an individual who is a citizen or resident of the United States; (ii) a corporation created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate, the income of which is includible in gross income for U.S. federal income purposes regardless of its source; or (iv) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more "United States persons" (as defined in the Code) have the authority to control all substantial decisions of such trust, or (B) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes.

For purposes of this discussion, the term "Non-U.S. Holder" means a beneficial owner of notes that is not a U.S. Holder and that is not an entity or arrangement treated as a partnership for U.S. federal income tax purposes.

This discussion is limited to persons who purchase the notes for cash at original issue and at their "issue price" (the first price at which a substantial amount of the notes is sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the notes as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address tax considerations relevant to subsequent purchasers of notes. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a beneficial owner in light of that beneficial owner's particular circumstances or that may be applicable to beneficial owners subject to special treatment under U.S. federal income tax laws, including, without limitation:

- banks, insurance companies or other financial institutions;
- tax-exempt entities;
- "controlled foreign corporations," "passive foreign investment companies" and corporations that accumulate earnings to avoid U.S. federal income tax;
- entities or arrangements treated as partnerships for U.S. federal income tax purposes or other "flow-through" entities and investors therein;
- brokers or dealers in securities or currencies;
- traders in securities that elect mark-to-market treatment;
- persons required to accelerate recognition of any item of income with respect to the notes as a result of such income being included on a applicable financial statement;
- real estate investment trusts or regulated investment companies;
- certain former citizens or long-term residents of the United States;
- holders who hold the notes as part of a straddle, hedge, conversion transaction, constructive sale, or other integrated security transaction; or

- holders deemed to sell the notes under the constructive sale provisions of the Code.

In addition, this discussion does not address U.S. federal tax laws other than those pertaining to the U.S. federal income tax, nor does it address any aspects of the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010, any considerations in respect of the Foreign Account Tax Compliance Act of 2010 (including the U.S. Treasury regulations promulgated thereunder and intergovernmental agreements entered into pursuant thereto) or U.S. state, local or non-U.S. taxes. Prospective investors should consult their own tax advisors regarding the U.S. federal, state, local, non-U.S. income and other tax considerations with respect to acquiring, holding and disposing of the notes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the notes, the tax treatment of a person treated as a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Persons that for U.S. federal income tax purposes are treated as partnerships and partners in such partnerships should consult their tax advisors.

THIS DISCUSSION IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES RELATING TO THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES. PROSPECTIVE HOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF THE NOTES, INCLUDING THE APPLICATION AND EFFECT OF ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. INCOME AND OTHER TAX LAWS.

Contingent Payment Debt Instruments

In certain circumstances, PNG may be required to make payments in excess of stated principal and interest on the notes (see, e.g., "Description of Notes—Events of Default"). The possibility of such payments may implicate special rules under Treasury regulations governing "contingent payment debt instruments." According to those Treasury regulations, the possibility that such payments of excess amounts will be made will not affect the amount of income a holder recognizes in advance of the payment of such excess amounts if there is only a remote chance, as of the date the notes are issued, that such payments will be made. PNG intends to take the position that the notes should not be treated as contingent payment debt instruments because of the anticipated remote possibility of such additional payments. PNG's determination that the notes are not contingent payment debt instruments, while not binding on the IRS, is binding on holders unless they disclose their contrary position in the manner required by applicable Treasury regulations. However, the IRS may take a position contrary to PNG's position. If the IRS successfully challenged PNG's position and the notes were treated as contingent payment debt instruments, holders would be required to accrue interest income at a higher rate than the notes' stated interest rate, and to treat as ordinary income rather than capital gain any gain recognized on a taxable disposition of a note. The remainder of this discussion assumes that the notes are not treated as contingent payment debt instruments. Holders are urged to consult their tax advisors regarding the potential application to the notes of the contingent payment debt instrument rules and the consequences thereof.

Tax Considerations for U.S. Holders

Payments of Interest

Payments of stated interest on the notes generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

If the notes' principal amount exceeds the issue price by at least a *de minimis* amount, as determined under applicable Treasury regulations, a U.S. Holder will be required to include such excess in income as original issue discount, as it accrues, in accordance with a constant yield method based on a compounding of interest before the receipt of cash payments attributable to this income. It is anticipated, and this discussion assumes, that the notes will not be issued with original issue discount equal to or greater than the statutory *de minimis* amount.

Sale, Exchange, Redemption or Other Taxable Disposition of Notes

A U.S. Holder will generally recognize gain or loss upon the sale, exchange, redemption, or other taxable disposition of a note equal to the difference, if any, between (1) the amount realized on such disposition and (2) the U.S. Holder's adjusted tax basis in the note. The amount realized will include the amount of any cash and the fair market value of any other property received upon the sale, exchange, redemption or other taxable disposition. To the extent that any portion of the amount realized on a sale, exchange, redemption or other taxable disposition of a note is attributable to accrued but unpaid interest on the note, this amount generally will not be included in the amount realized but will instead be treated in the same manner as discussed above under "—Payments of Interest" to the extent not previously included in income by the U.S. Holder. A U.S. Holder's adjusted tax basis in a note generally will be equal to the amount it paid for that note. Any such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if, at the time of such transaction, the U.S. Holder's holding period for the note exceeds one year. Long-term capital gains of certain non-corporate U.S. Holders (including individuals) currently are eligible for reduced rates of U.S. federal income tax. The deductibility of capital losses may be subject to limitation.

Information Reporting and Backup Withholding

Information reporting requirements generally will apply to payments of interest on the notes and to the proceeds of a sale of a note.

A U.S. Holder generally will be subject to backup withholding (currently at a rate of 24%) on payments of interest on the notes or the proceeds of a disposition of a note unless such holder is a corporation or comes within certain other exempt categories and, when required, demonstrates its exempt status, or provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. A U.S. Holder that does not provide PNG with its correct taxpayer identification number may also be subject to penalties imposed by the IRS.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder may be credited against the U.S. Holder's U.S. federal income tax liability, if any, or refunded, provided that the required information is furnished to the IRS in a timely manner. U.S. Holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules to them.

Tax Considerations for Non-U.S. Holders

Payments of Interest

In general, subject to the discussion below concerning "effectively connected" interest and backup withholding, the gross amount of payments to a Non-U.S. Holder of interest on the notes that does not qualify for the "portfolio interest exemption" will be subject to U.S. federal withholding tax at a rate of 30%, unless the Non-U.S. Holder is eligible for an exemption from, or reduced rate of, such withholding tax under an applicable income tax treaty and the Non-U.S. Holder provides proper certification of its eligibility for such exemption or reduced rate. The 30% U.S. federal withholding tax will not apply to any payment to a Non-U.S. Holder of interest on the notes under the portfolio interest exemption, provided such interest is not effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (or, if required by an applicable income tax treaty, is not attributable to a permanent establishment or fixed base of the Non-U.S. Holder in the United States) and the Non-U.S. Holder (1) does not actually or constructively own 10% or more of the total combined voting power of all classes of PNG's stock entitled to vote, (2) is not a "controlled foreign corporation" with respect to which we are a "related person" (actually or constructively), in each case, within the meaning of the Code, and (3) either (a) provides the Non-U.S. Holder's name and address on a properly completed and executed IRS Form W-8BEN or W-8BEN-E (or other applicable or successor form), and certifies under penalties of perjury that it is not a U.S. person, (b) owns through a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business that certifies, under penalties of perjury, that such a form has been received from the Non-U.S. Holder by it or by a financial institution between it and the Non-U.S. Holder or (c)

holds its note directly through a "qualified intermediary" (within the meaning of applicable Treasury regulations) and certain conditions are satisfied.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest paid on the note constitutes income that is effectively connected with the conduct of that trade or business (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or a fixed base of such Non-U.S. Holder in the United States), such interest generally will not be subject to U.S. federal withholding tax, as described above, if the Non-U.S. Holder complies with applicable certification and disclosure requirements. Instead, such interest generally will be subject to U.S. federal income tax on a net income basis at the U.S. federal income tax rates applicable to U.S. citizens or domestic corporations, as applicable. Interest payments received by a Non-U.S. Holder that is a corporation and that are effectively connected with its conduct of a trade or business within the United States may be subject to an additional "branch profits tax" at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty).

Sale, Exchange, Redemption or Other Taxable Disposition of Notes

Subject to the discussion below under "—Information Reporting and Backup Withholding," in general, a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of the Non-U.S. Holder's notes, unless (i) the gain is effectively connected with a trade or business carried on by the Non-U.S. Holder within the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or a fixed base of such Non-U.S. Holder in the United States), or (ii) the Non-U.S. Holder is an individual who is present in the United States for a period or periods aggregating 183 or more days in the taxable year of the disposition and certain other conditions are met.

Gain described in (i) above generally will be subject to U.S. federal income tax on a net income tax basis at the U.S. federal income tax rates applicable to U.S. citizens or domestic corporations, as applicable. A Non- U.S. Holder that is a corporation and that recognizes gain described in (i) above may also be subject to the branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) with respect to such effectively connected gain.

An individual Non-U.S. Holder described in (ii) above will be subject to a flat 30% tax (unless the Non-U.S. Holder is eligible for a lower rate under an applicable income tax treaty) on the gain from such sale or other disposition, which may be offset by U.S.-source capital losses, if any, of the Non-U.S. Holder, provided that the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

Any amounts that a Non-U.S. Holder receives on the sale, exchange, or other disposition of a note that is attributable to accrued but unpaid interest will not give rise to gain, as described above, but will instead generally be subject to the rules for taxation of interest described above under "—Payments of Interest."

Information Reporting and Backup Withholding

PNG must report annually to the IRS and to each Non-U.S. Holder the amount of interest paid to such Non-U.S. Holder and the tax withheld with respect to such interest. These reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable tax treaty.

A Non-U.S. Holder generally will be subject to backup withholding (currently at a rate of 24%) on interest paid with respect to such Non-U.S. Holder's notes unless such holder certifies under penalties of perjury that, among other things, it is a Non-U.S. Holder (and the payor does not have actual knowledge, or reason to know, that such holder is a United States person (as defined in the Code)).

Information reporting and backup withholding generally are not required with respect to any proceeds from the sale or other disposition of a note by a Non-U.S. Holder outside of the United States through a foreign office of a foreign broker that does not have certain specified connections to the United States. However, if a Non-U.S. Holder sells or otherwise disposes of its notes through a U.S. broker or the U.S. offices of a foreign broker, the broker will generally be required to report the amount of proceeds paid to the Non-U.S. Holder to the IRS and may also be

required to backup withhold on such proceeds unless such Non-U.S. Holder certifies under penalties of perjury that, among other things, it is a Non-U.S. Holder (and the payor does not have actual knowledge, or reason to know, that such holder is a United States person (as defined in the Code)). Information reporting will also apply if a Non-U.S. Holder sells its notes through a foreign broker with certain specified connections to the United States, unless such broker has documentary evidence in its records that such Non-U.S. Holder is not a United States person and certain other conditions are met, or such Non-U.S. Holder otherwise establishes an exemption (and the payor does not have actual knowledge, or reason to know, that such holder is a United States person (as defined in the Code)).

Copies of any information returns may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides or is established under the provisions of an applicable income tax treaty or agreement.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder may be credited against the Non-U.S. Holder's U.S. federal income tax liability, if any, or refunded, provided that the required information is furnished to the IRS in a timely manner. Non-U.S. Holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules to them.

NOTICE TO INVESTORS

Because the following restrictions will apply to the notes, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the notes. See "Description of Notes."

None of the notes has been registered under the Securities Act and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered and sold only (A) to persons reasonably believed to be QIBs under Rule 144A and (B) outside the United States to persons other than U.S. persons ("non-U.S. purchasers," which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)) in compliance with Regulation S. As used herein, the terms "United States" and "U.S. person" have the meanings given to them in Regulation S.

Each purchaser of notes will be deemed to have represented and agreed as follows:

1. It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is either (A) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A or (B) a non-U.S. purchaser that is outside the United States (or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above).

2. It acknowledges that the notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.

3. It shall not resell or otherwise transfer any of such notes within one year after the original issuance of the notes except (A) to the Company or any of its subsidiaries, (B) inside the United States to a person reasonably believed to be a QIB in a transaction complying with Rule 144A, (C) inside the United States to institutional "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) (an ''Accredited Investor"), that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to the trustee a signed letter containing certain representations and agreements relating to the restrictions on transfer of the notes (the form of which letter can be obtained from such trustee), (D) outside the United States in compliance with Regulation S under the Securities Act, (E) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), (F) in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if the Company so requests), or (G) pursuant to an effective registration statement under the Securities Act.

4. It agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes.

5. It acknowledges that prior to any proposed transfer of notes in certificated form or of beneficial interests in a Global Note (in each case other than pursuant to an effective registration statement) the holder of notes or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture.

6. It understands that all of the notes will bear a legend substantially to the following effect unless otherwise agreed by the Company and the holder thereof;

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFF-SHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (C)

IT IS AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT) (AN ‘‘ACCREDITED INVESTOR”), (2) AGREES THAT IT WILL NOT WITHIN ONE YEAR AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A PERSON REASONABLY BELIEVED TO BE A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN ONE YEAR AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND THE COMPANY SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT. THE ACQUIRER IS DEEMED TO REPRESENT AND WARRANT THAT EITHER (1) IT IS NOT AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA’’) OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) OR AN ENTITY THAT IS DEEMED TO HOLD THE ASSETS OF SUCH PLANS FOR PURPOSES OF ERISA, AND NO PORTION OF THE ASSETS USED TO ACQUIRE OR HOLD THE NOTES OR ANY INTEREST IN A NOTE CONSTITUTES ASSETS OF ANY SUCH PLAN OR OF ANY OTHER PLAN SUBJECT TO LAWS SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”) OR (2) THE ACQUISITION, HOLDING, AND DISPOSITION OF THE NOTES OR ANY INTEREST IN NOTES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

7. Either (1) it is not a Plan, and no portion of the assets used by it to acquire or hold the notes (or any interest in a note) constitutes assets of any Plan or other plan subject to Similar Law or (2) its acquisition, holding, and disposition of the notes (or such interest) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Laws. It acknowledges and agrees that each transferee of the notes or an interest therein will be deemed to make the foregoing representation and that any transfer that does not comply with the requirements of this paragraph shall be null and void ab initio.

8. It acknowledges that the trustee will not be required to accept for registration of transfer any notes acquired by it, except upon presentation of evidence satisfactory to the Company and the trustee that the restrictions set forth herein have been complied with.

9. It acknowledges that the Company, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the notes are no longer accurate, it shall promptly notify the Company and the initial purchasers. If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect

to each such account and it has full power to make the foregoing acknowledgments, representations, and agreements on behalf of each account.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement between us and J.P. Morgan Securities LLC, as sole representative of the initial purchasers, we have agreed to sell to the initial purchasers, and the initial purchasers have agreed to purchase from us, the entire principal amount of the notes.

The obligations of the initial purchasers under the purchase agreement are several and not joint. Those obligations are also subject to various conditions in the purchase agreement being satisfied. The initial purchasers have agreed to purchase all the notes if any of them are purchased. We have agreed to indemnify the several initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

Commissions and Discounts

The initial purchasers have advised us that they propose to offer the notes for resale at the offering price that appears on the cover of this offering memorandum. After the initial offering, the initial purchasers may change the offering price and any other selling terms. The initial purchasers may offer and sell notes through certain of their affiliates.

Notes Are Not Being Registered

The notes have not been and will not be registered under the Securities Act or any state securities laws. The initial purchasers propose to offer the notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The initial purchasers will not offer or sell the notes except to persons they reasonably believe to be QIBs or pursuant to offers and sales to non-U.S. persons that occur outside of the United States in compliance with Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes offered by this offering memorandum, in making its purchase, will be deemed to have made acknowledgments, representations and agreements as described under "Notice to Investors."

New Issue of Notes

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for inclusion of the notes on any automated dealer quotation system. We have been advised by certain of the initial purchasers that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

It is expected that this offering will close on or about , 2021, which will be the fifth business day following the date of this offering memorandum (such settlement being referred to as "or T+5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes prior to the date that is two business days preceding the settlement date, will be required, by virtue of the fact that the notes initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to their date of delivery hereunder should consult their advisors.

No Sales of Similar Securities

We have agreed that we will not, for a period of 90 days after the date of this offering memorandum, without first obtaining the prior written consent of J.P. Morgan Securities LLC, directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any debt securities or securities exchangeable for or convertible into debt securities, except for the notes sold to the initial purchasers pursuant to the purchase agreement.

Price Stabilization, Short Positions

In connection with the offering of the notes, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering. Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the initial purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Notice to Prospective Investors in the European Economic Area

This offering memorandum has been prepared on the basis that any offer of the notes in any Member State of the European Economic Area ("EEA") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the notes. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

Prohibition of Sales to EEA Retail Investors—The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU).

No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been or will be prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Notice to Prospective Investors in the United Kingdom

This offering memorandum has been prepared on the basis that any offer of the notes in the United Kingdom (the "U.K.") will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "U.K. Prospectus Regulation") from a requirement to publish a prospectus for offers of notes. This offering memorandum is not a prospectus for the purpose of the U.K. Prospectus Regulation.

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the U.K., or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("FSMA")) in connection with the issue or sale of any securities may

otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Prohibition of Sales to U.K. Retail Investors—The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in the UK Prospectus Regulation.. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Notice to Prospective Investors in Canada

The Securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Switzerland

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the notes described herein. The notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this offering memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the notes described herein. The Securities may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this offering memorandum nor any other offering or

marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

Notice to Prospective Investors in the Dubai International Financial Centre

This offering memorandum relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("DFSA"). This offering memorandum is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this offering memorandum. The securities to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

In relation to its use in the Dubai International Financial Centre ("DIFC"), this offering memorandum is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

Notice to Prospective Investors in Hong Kong

Each initial purchaser (i) has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "SFO") and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the "CO") or which do not constitute an offer to the public within the meaning of the CO; and (ii) has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Notice to Prospective Investors in Japan

The notes have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the notes nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any "resident" of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Notice to Prospective Investors in Singapore

Each initial purchaser has acknowledged that this offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each initial purchaser has represented and agreed that it has not offered or sold any notes or caused the notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any notes or cause the notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes, whether directly or indirectly, to any person in Singapore other than:

(a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA;

(b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA and in accordance with the conditions specified in Section 275 of the SFA; or

(c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision of the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Issuers have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Other Relationships

Some of the initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking, commercial banking, financial advisory and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If the initial purchasers or their affiliates have a lending relationship with us, certain of the initial purchasers or their affiliates routinely hedge their credit exposure to us, certain of the other initial purchasers or their affiliates are likely to hedge or otherwise reduce their credit exposure to us and certain of the other initial purchasers

or their affiliates may hedge their credit exposure to us, consistent with their customary risk management policies. Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

LEGAL MATTERS

Certain legal matters in connection with the offering will be passed upon for us by Wachtell, Lipton, Rosen & Katz, New York, New York, and by Ballard Spahr LLP, Philadelphia, Pennsylvania. Certain legal matters in connection with the offering will be passed upon for the initial purchasers by Latham & Watkins LLP, Los Angeles, California.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The financial statements of Penn National Gaming, Inc. and its subsidiaries as of December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, incorporated in this offering memorandum by reference, as well as the effectiveness of internal control over financial reporting as of December 31, 2020, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports incorporated by reference herein.

$400,000,000

Penn National Gaming, Inc.

% Senior Notes due 2029

P R E L I M I N A R Y O F F E R I N G M E M O R A N D U M

J.P. Morgan Securities

BofA Securities

Fifth Third Securities

Truist Securities

Wells Fargo Securities

Goldman Sachs & Co. LLC

US Bancorp

Citizens Capital Markets

M&T Securities

TD Securities

, 2021