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PENN: Nasdaq

Safe Harbor

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The risks and uncertainties associated with the forward-looking statements are described in today's news announcement and in the company's filings with the Securities and Exchange Commission, including the Company's reports on Form 10-K and 10-Q.

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Investment Considerations

- **Leading, geographically diversified gaming company**
- **Robust, fully financed domestic development pipeline**
 - Hollywood Casino at Kansas Speedway opened February 2012
 - Total cap-ex of \$155M of which \$103.0M has been spent (12/31/11)
 - 2 significant projects to be completed by YE 2011
 - Total cap-ex of \$720M of which \$246.7M has been spent (12/31/11)
 - Cap-ex matched to market size, tax rate and future profitability
- **Attractive balance sheet**
 - Approximately \$485M of excess liquidity at 12/31/11
 - Approximately \$400M of free cash flow expected in 2012
 - 2.8x gross leverage at 12/31/11 vs. industry peers at ~6.9x
- **Management team with established track record of capital and operational discipline**
 - Accretive M&A
 - Leading property operating margins
 - Attractive cost of capital



Leading Regionally Diversified Gaming Company

26 facilities across 19 jurisdictions



Property Level Overview

(\$ in millions)

Property	State	Property Type	Casino Square Footage	Slot Machines	Table Games	Hotel Rooms	Parking Spaces	LTM 12/31/11 Revenue	LTM 12/31/11 EBITDA	% of Property EBITDA
East / West Segment										
Hollywood Casino at Charles Town Races	West Virginia	Racino	209,508	4,180	107	153	6,048			
Hollywood Casino at Penn National Race Course	Pennsylvania	Racino	99,194	2,451	53	-	3,950			
Black Gold Casino at Zia Park	New Mexico	Racino	18,460	750	-	-	1,800			
Hollywood Slots Hotel and Raceway	Maine	Racino	31,750	1,000	-	152	1,500			
Hollywood Casino Perryville	Maryland	Land	34,329	1,500	-	-	1,600			
M Resort ⁽¹⁾	Nevada	Land	92,000	1,561	52	390	4,700			
Total East / West Segment			485,241	11,442	212	695	19,598	\$1,290.7	\$349.2	48.8%
Midwest Segment										
Hollywood Casino Lawrenceburg	Indiana	Dockside	150,000	3,219	87	295	5,290			
Hollywood Casino Aurora	Illinois	Dockside	53,000	1,172	21	-	1,564			
Hollywood Casino Joliet	Illinois	Dockside	50,000	1,177	23	100	2,800			
Argosy Casino Alton	Illinois	Dockside	23,000	1,052	15	-	1,258			
Casino Rama Management Contract	Canada	Land	93,000	2,498	108	289	2,804			
Total Midwest Segment			369,000	9,118	254	684	13,716	\$826.4	\$255.6	35.7%
Southern Plains Segment										
Argosy Casino Riverside	Missouri	Dockside	56,400	1,724	33	258	2,910			
Hollywood Casino Baton Rouge	Louisiana	Dockside	28,000	1,120	23	-	1,548			
Argosy Casino Sioux City	Iowa	Dockside	20,500	719	16	-	524			
Hollywood Casino Bay St. Louis	Mississippi	Land	57,000	1,167	22	291	1,626			
Hollywood Casino Tunica	Mississippi	Dockside	44,000	1,076	25	494	1,635			
Boomtown Biloxi	Mississippi	Dockside	51,665	1,093	18	-	1,450			
Hollywood Casino as Kansas Speedway	Kansas	Land	95,000	2,000	40	0	3,000			
Total Southern Plains Segment			352,565	8,899	177	1,043	12,693	\$590.7	\$192.0	26.8%
Other Segment										
Other Racing ⁽²⁾⁽³⁾⁽⁴⁾	N/A	Land	Racing	-	-	-	-			
Bullwhackers	Colorado	Land	10,425	290	-	-	344			
Corporate										
Total Other Segment			10,425	290	0	0	344	\$34.4	(\$81.0)	-11.3%
Total			1,217,231	29,749	643	2,422	46,351	\$2,742.3	\$715.9	100.0%

(1) Acquired 6/1/11, includes transaction costs

(2) "Other Racing" includes Raceway Park, Freehold Raceway JV, Sanford Orlando Kennel Club, Beulah Downs, Rosecroft Raceway, Maryland Jockey Club JV and Texas JV

(3) Excludes \$5.9M Freehold Raceway JV impairment charge in 4Q 2011 and \$20.2M gain on sale of Maryland Jockey Club JV in 3Q 2011

(4) Includes EBITDA loss of \$0.3M from discontinued operations

Fully Financed Development Pipeline

Project/Scope	Planned Capital Spend	LTD Amount Spent (12/31/11)	Population (1)	GGR Tax Rate	Opening
Hollywood Casino (JV) Full Casino – Wyandotte County, KS	\$155 (2)	\$103.0	0.6M	27%	Opened 2/3/12
Hollywood Casino (4) Full Casino – Toledo, OH	\$320	\$156.3	1.0M	33%	May '12
Hollywood Casino (3,4) Full Casino – Columbus, OH	\$400	\$90.4	1.8M	33%	Q4 '12

\$ in millions

- (1) Adult population (25+) within 90 minutes, adjusted for competition
- (2) Represents Penn National's expected share; the total facility budget is approximately \$411 million, inclusive of a \$25 million license fee
- (3) Excludes the cost of land for the Arena District site and the proceeds subsequently received from its sale
- (4) Excludes additional fees agreed to in June 2011, which will be expensed annually



Diversifying and Growing the Operating Base

	Casino Sq. ft.	Slots	Tables Games	Hotel Rooms	Parking Spaces
Existing Total	1,217,231	29,749	643	2,422	46,351
Hollywood Casino Toledo, OH	125,000	2,000	60	-	4,000
Hollywood Casino Columbus, OH	150,000	3,000	70	-	4,500
Total New Properties	275,000	5,000	130	-	8,500
GROWTH	+22.6%	+16.8%	+20.2%	-	+18.3%



New Facilities & Competitors' Openings

February 3, 2012
Hollywood Casino at
Kansas Speedway
opens

May 29, 2012
Hollywood Casino
Toledo anticipated
opening

November 2012
Hollywood Casino
Columbus
anticipated opening

July 15, 2011
Rivers Casino
opens,
impacting
HWD Aurora
& HWD Joliet

February 3, 2012
HWD Kansas
Speedway
opens,
impacting
Argosy
Riverside

May 2012
Margaritaville
Biloxi
anticipated
opening
impacts
Boomtown
Biloxi

July 2012
Maryland Live
anticipated
opening
impacts
Charles Town,
HWD at Penn
National and
HWD
Perryville

August 2012
L'Auberge
Baton Rouge
anticipated
opening
impacts HWD
Baton Rouge

November 2012
HWD Casino
Columbus
anticipated
opening with
minor impact
on HWD
Lawrenceburg

1st Half 2013
Horseshoe
Cincinnati
anticipated
opening
impacts HWD
Lawrenceburg



Hollywood Casino at Kansas Speedway

▪ **Initial \$411M budget**

- Budget includes \$25M license fee, land value and the Cordish buyout
- 50/50 joint venture with International Speedway Corporation
- Penn's share of budget estimated at \$155M cash
- 2,000 gaming machines, 40 table games and 12 poker tables
- 95,000 sq. ft. gaming facility plus 42,000 sq. ft. for food and entertainment
- Located adjacent to Turn 2 at the Kansas Speedway
- Opened on February 3, 2012

Joint Venture Accounting Treatment

▪ **50% of JV Earnings Before Taxes included with EBITDA**

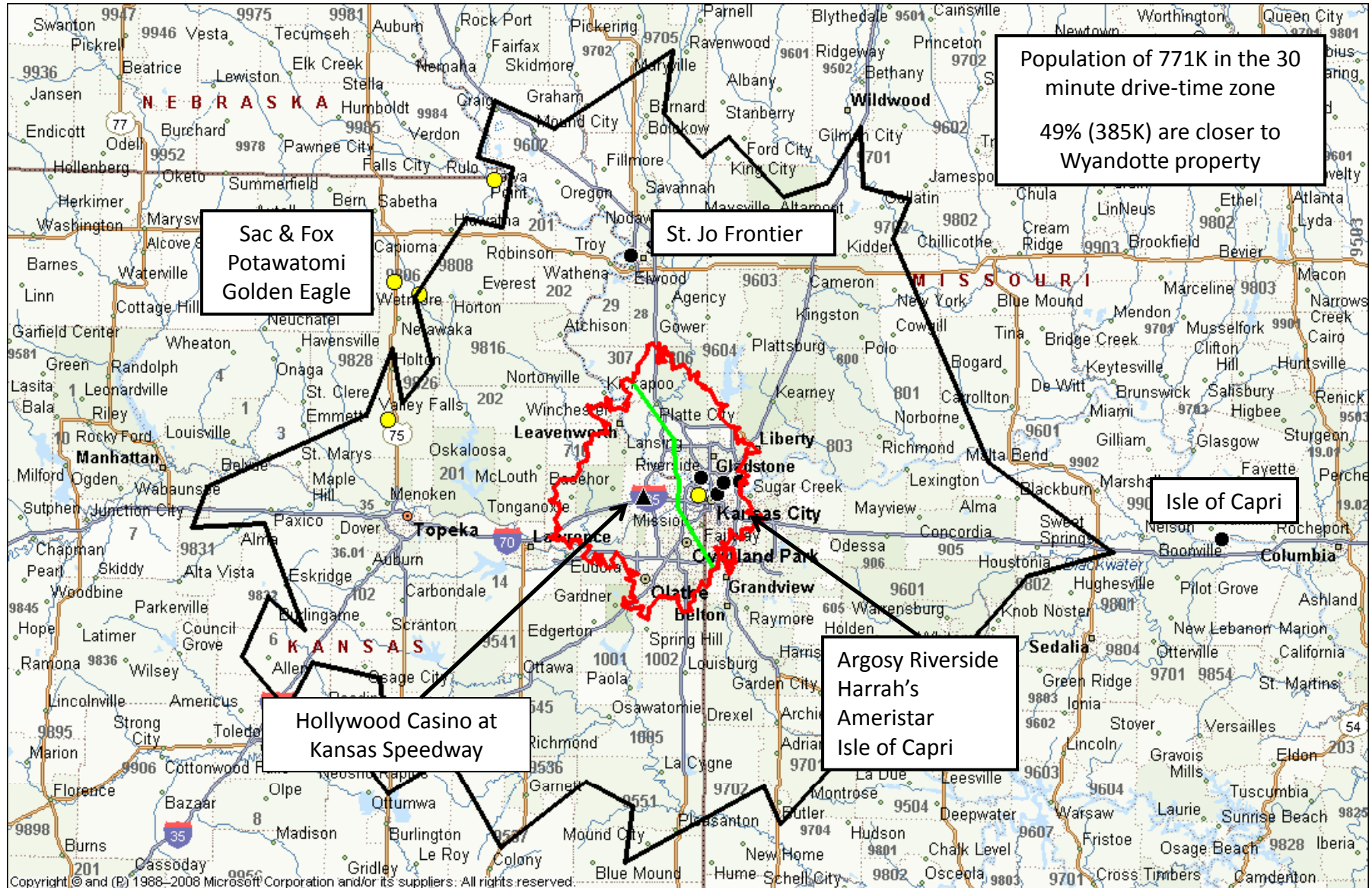
- Reported in Southern Plains Region
- No Revenue is included in Consolidated Results

Kansas Market Background

- **27% GGR Tax rate**
- **Four gaming zones authorized under Kansas Expanded Lottery Act (2007)**
- **Only fully authorized table games and slot machine facility located in Kansas City, Kansas**



Kansas City Map



Hollywood Casino at Kansas Speedway Site Map



Hollywood Casino at Kansas Speedway



Hollywood Casino at Kansas Speedway Grand Opening



Hollywood Casino at Kansas Speedway Grand Opening



Hollywood Casino at Kansas Speedway



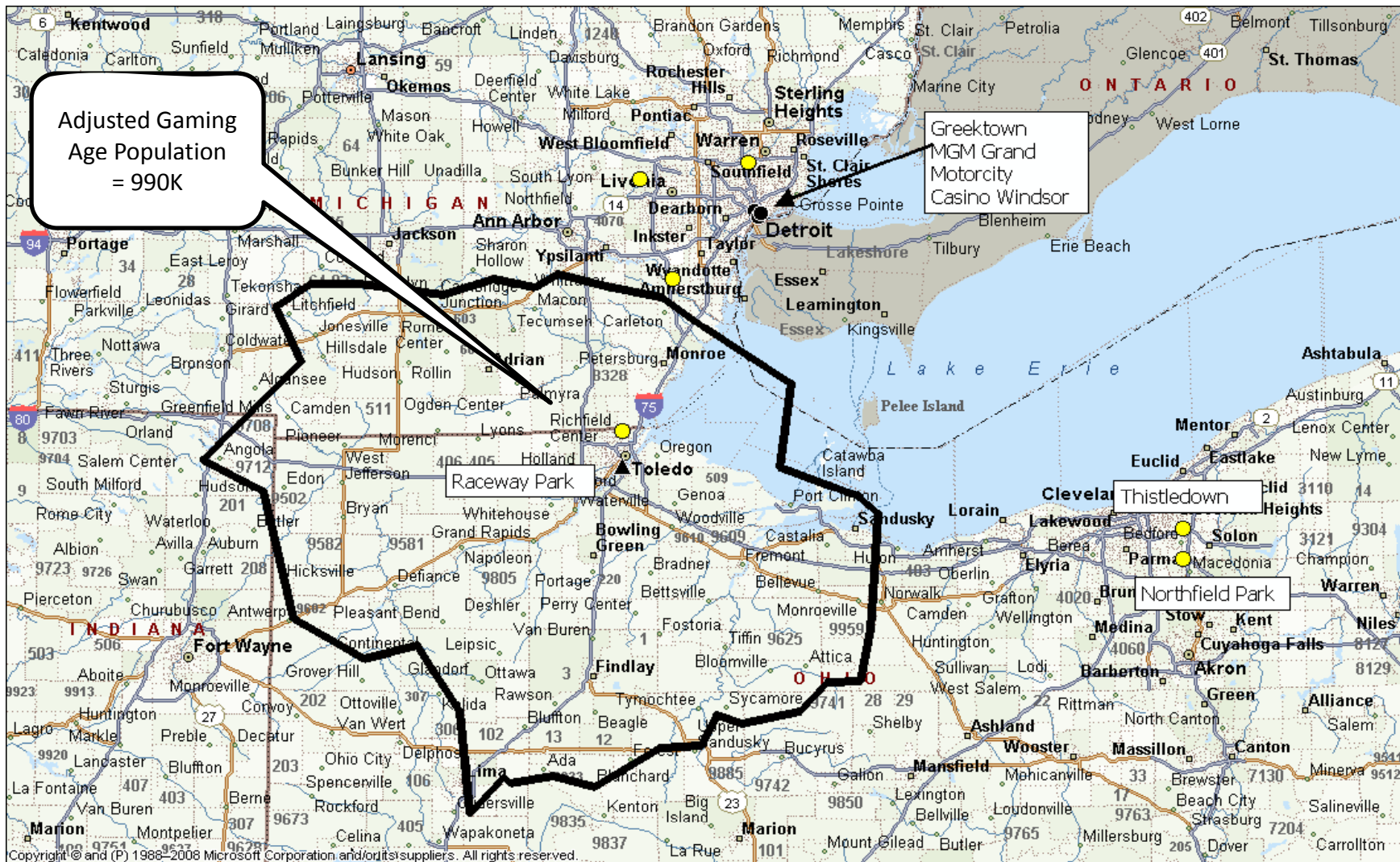
Hollywood Casino Columbus & Toledo

SUMMARY

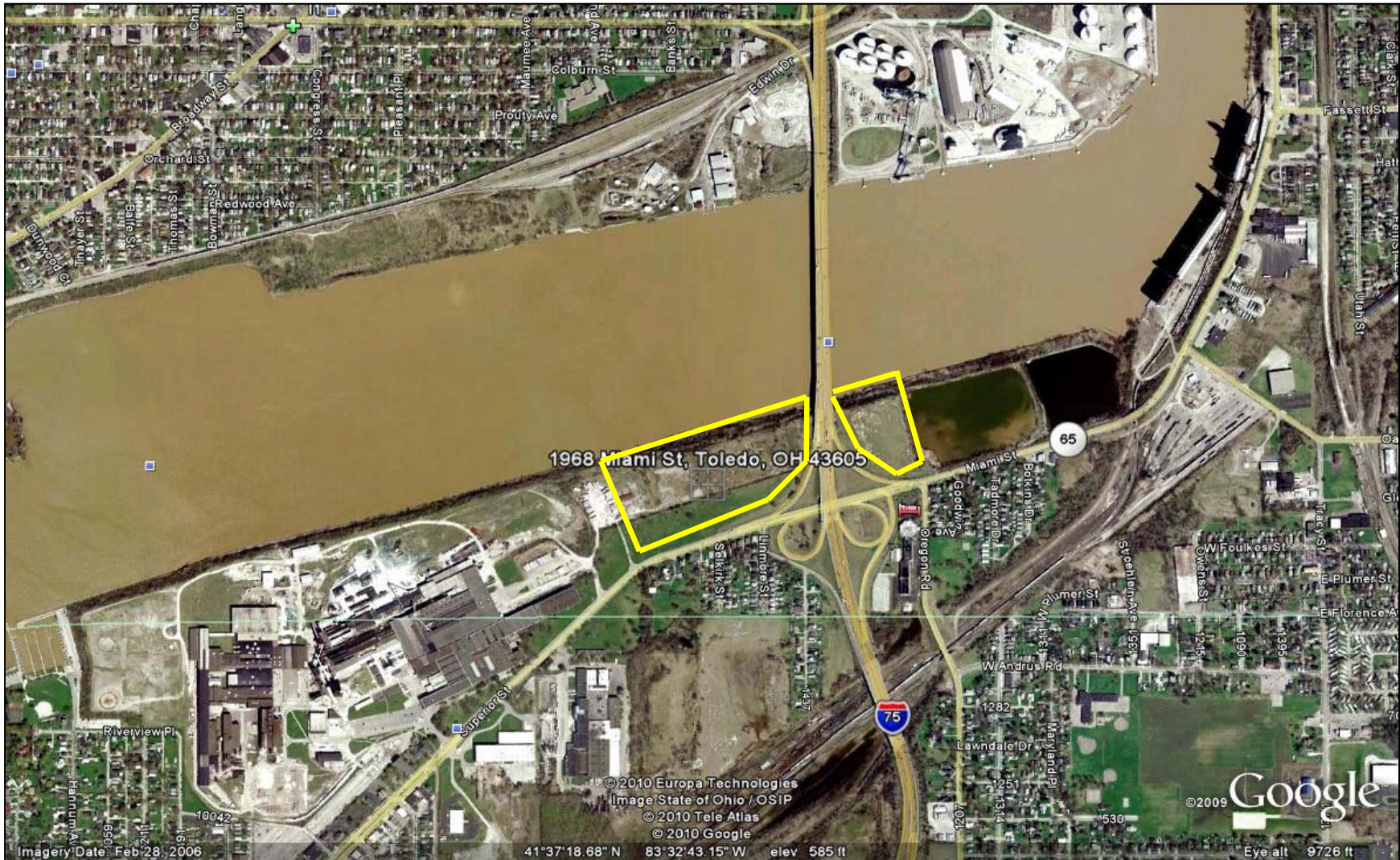
- **Penn National is developing two of four authorized full casinos in Ohio**
 - **33% GGR tax rate, constitutionally protected**
 - **Up to 5,000 slot machines plus table games**
 - Full gaming authorized, including table games and poker
 - **Minimum project cost of \$250M plus a \$50M license fee**
 - **Expected opening of both PENN facilities in 2012**
 - Toledo – May 29, 2012
 - Columbus – November 2012
-
- **Penn National signed memorandum of understanding with the State of Ohio in June 2011 providing for:**
 - Certainty on tax-free nature of promotional credits
 - Commercial Activities Tax based on gaming revenue, not wagers
 - Establishes framework for slots at tracks and limits on competition
 - PENN to pay the state \$110 million over 10 years, which will be included in operating expenses
 - MOU currently being challenged



Toledo Market



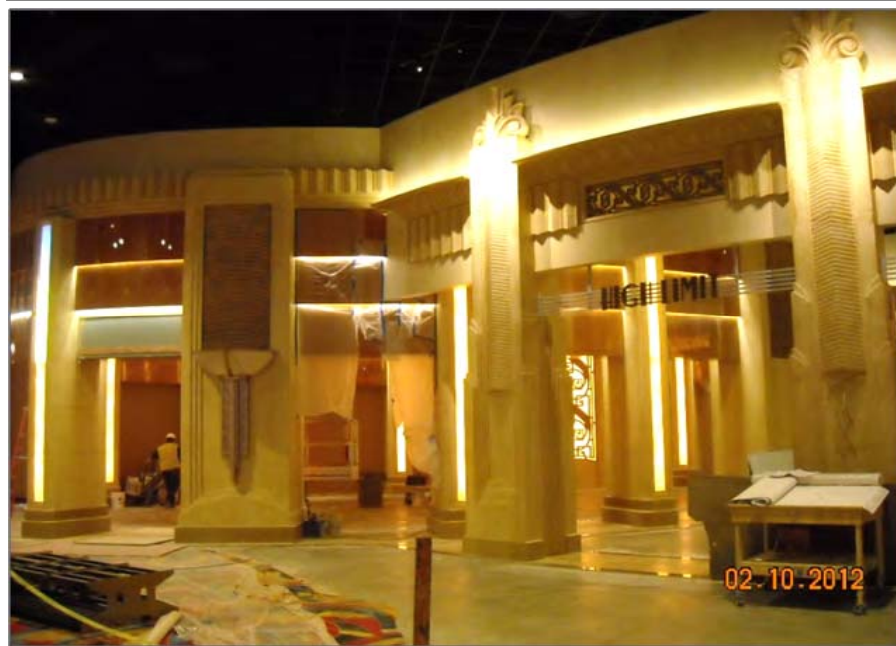
Toledo Site



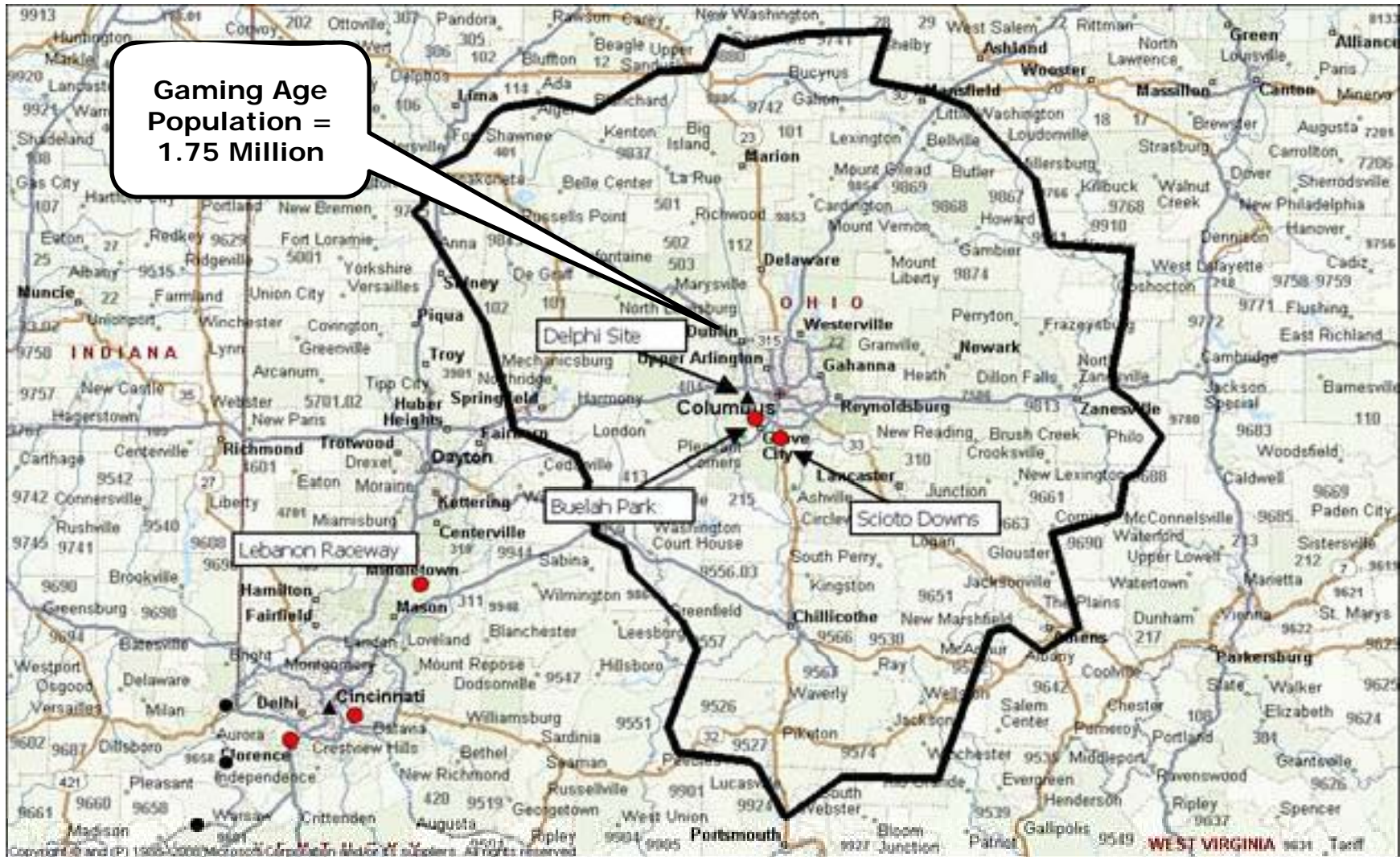
Hollywood Casino Toledo Construction Progress



Hollywood Casino Toledo



Columbus Market



Hollywood Casino Columbus Site Plan



Hollywood Casino Columbus Construction Progress



Hollywood Casino Columbus



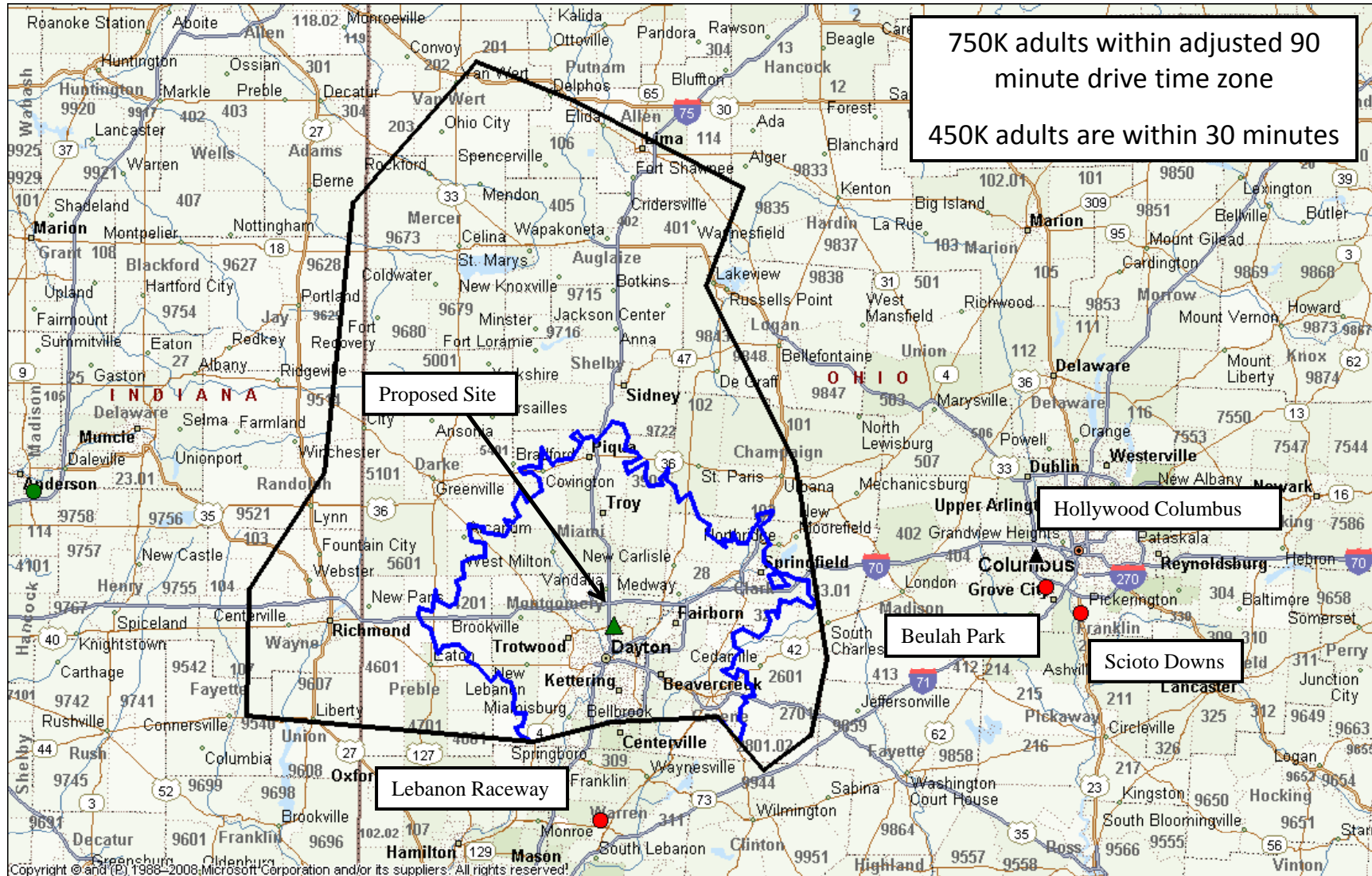
Ohio VLT Opportunity

SUMMARY

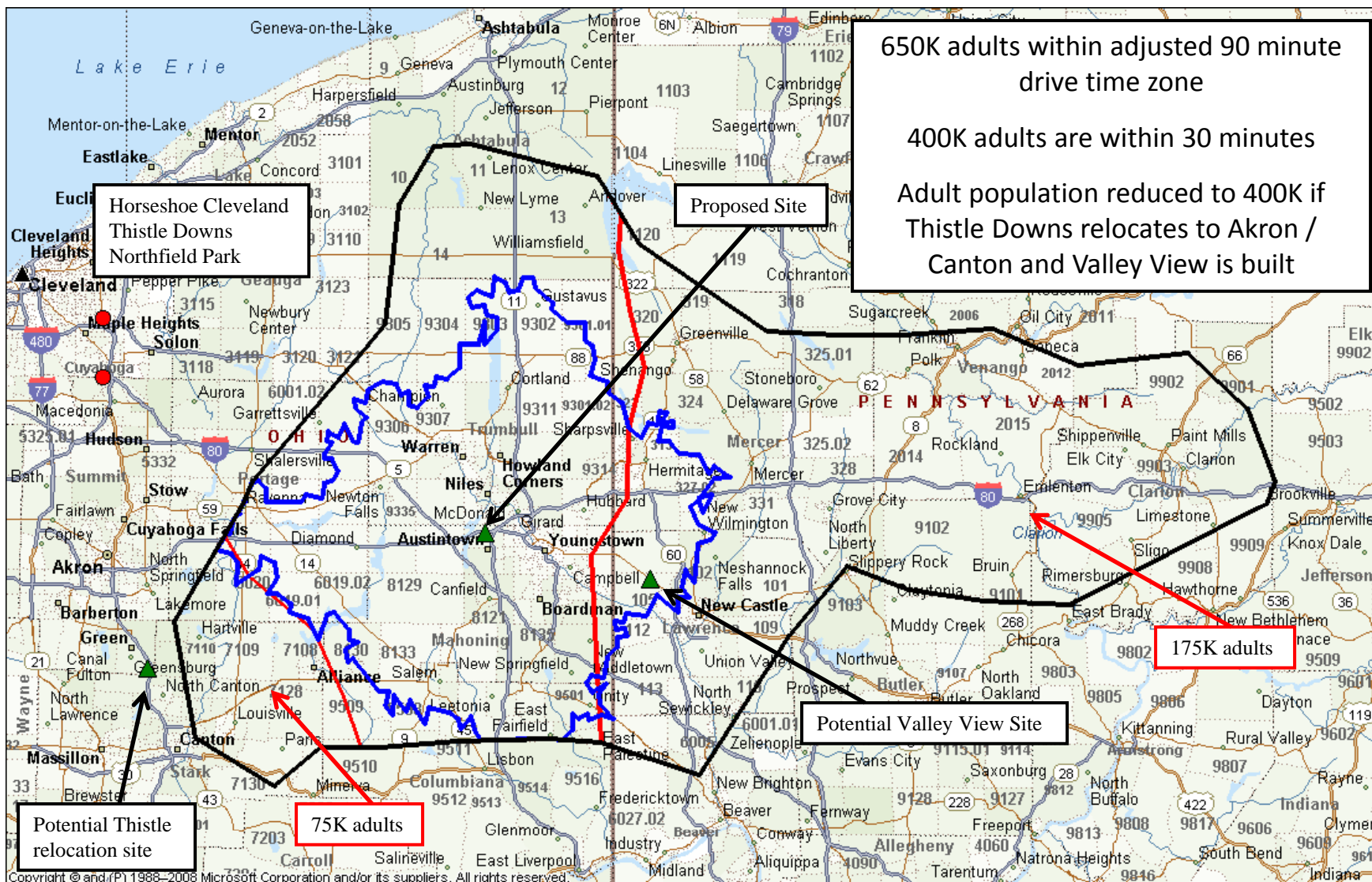
- **Opportunity to benefit from VLTs at tracks**
 - Penn National owns two of seven OH tracks
 - Raceway Park - Toledo
 - Beulah Park - Columbus
- **Ohio Lottery Commission to allow current horse racing permit holders to apply for 10-year license**
 - Up to 2,500 VLTs per facility
 - 33.5% tax rate plus horseman purse subsidy likely to be between 5% and 15%
 - Proposed license fee of \$50 million with \$10 million due upon application, \$15 million at onset of VLT operations and \$25 million one year later
 - Track owners required to invest \$150 million in facilities including cost of VLTs with a \$25 million credit allowed for existing facilities and land
 - State would consider transfer of racing permits to new locations, with a proposed relocation fee
- **Penn National has proposed moving its tracks**
 - Raceway Park would be relocated to a 186-acre site in Austintown, just west of Youngstown near the intersection of Interstate 80 and Route 11
 - Beulah Park would be relocated to the 125-acre site of an abandoned Delphi Automotive plant near Northridge on the northern end of Dayton
 - Penn National has secured land/options on both proposed sites



Dayton Market



Youngstown Market



Maine Election Results

Table Games Approved at Hollywood Bangor

- **Anticipated opening in March 2012**
 - Approximately 12 tables and 4 poker tables
 - 16% tax rate
 - \$100,000, twenty year license fee per table
 - \$1,000 annual license fee per table



Balance Sheet & Credit Profile

	Senior Debt: EBITDA	Total Debt: EBITDA	EBITDA: Int. Exp.
Gaming Industry#	N/A	6.9x	2.9x
Penn National Gaming (LTM 12/31/11)	2.4x	2.8x	8.6x
Penn National Gaming (Net of excess cash)	2.3x	2.7x	8.6x

Gaming industry peer group comprised of ASCA, BYD, HET, ISLE, LVS LV, MGM, PNK, WYNN LV



Capital Structure

	<u>Earliest Maturity</u>	<u>Available</u>	<u>12/31/11 Balance</u>	<u>Rate ⁽¹⁾</u>
Revolver	July 2016	\$413.0	\$287.0	LIBOR + 150 bps
Term A	July 2016		682.5	LIBOR + 150 bps
Term B	July 2018		744.5	LIBOR (1% floor) + 275 bps
Sub Debt	August 2019		325.0	8.75 %
Capital Leases			2.2	Various
Aurora Police Services			2.0	6.2%
Total Debt		\$413.0	\$2,043.2	
Excess Cash			73.4	
Net debt			\$1,969.8	

(1) Bank debt rates based on leverage ratios. Current rates shown.



Share Repurchase Activity

Date	\$ Amount (millions)	Average Price	Shares
FY 2008	\$152.6	\$17.05	8,950,147
QE 3/31/10 (Preferred)	\$11.2	\$22.00	509,091
QE 6/30/10	\$9.9	\$24.25	408,247
QE 9/30/10	\$26.0	\$23.21	1,120,207
QE 9/30/11	\$27.1	\$35.78	755,517
QE 12/31/11	\$78.2	\$35.12	2,225,889
TOTAL	\$305.0	\$21.83	13,969,098



Free Cash Flow

	<u>2012 Guidance</u>	<u>2011 Actual</u>	<u>% Change</u>
EBITDA	\$720.6	\$715.9	+0.7%
Book Interest	78.2	99.6	-21.5%
Book Taxes	151.0	146.9	+2.8%
Maintenance Cap. Ex.	<u>91.9</u>	<u>77.0</u>	<u>+19.4%</u>
FREE CASH FLOW	\$399.5	\$392.4	+1.8%



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