



PENN NATIONAL GAMING



2005 BEAR STEARNS CONFERENCE





SAFE HARBOR

IN ADDITION TO HISTORICAL FACTS OR STATEMENTS OF CURRENT CONDITIONS, THIS PRESENTATION CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISK AND UNCERTAINTIES WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH FORWARD-LOOKING STATEMENTS REFLECT THE COMPANY'S CURRENT EXPECTATIONS AND BELIEFS BUT ARE NOT GUARANTEES OF FUTURE PERFORMANCE. AS SUCH ACTUAL RESULTS MAY VARY MATERIALLY FROM EXPECTATIONS.

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.

PENN NATIONAL ASSUMES NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS.

THIS PRESENTATION INCLUDES "NON-GAAP FINANCIAL MEASURES" WITHIN THE MEANING OF SEC REGULATION G. A RECONCILIATION OF ALL NON-GAAP FINANCIAL MEASURES TO THE MOST DIRECTLY COMPARABLE FINANCIAL MEASURE CALCULATED AND PRESENTED IN ACCORDANCE WITH GAAP CAN BE FOUND AT WWW.PNGAMING.COM, IN THE RECENT NEWS SECTION.



COMPANY PROFILE

♠ *FAST GROWING COMPANY*

CAGR*

	<u>3 YEAR</u>	<u>5 YEAR</u>	<u>10 YEAR</u>
REVENUE	30%	46%	38%
EBITDA	36%	61%	52%
STOCK PRICE	59%	68%	50%

♠ *DIVERSIFIED REGIONAL OPERATOR*

- ◆ *17 PROPERTIES*
- ◆ *13 JURISDICTIONS*

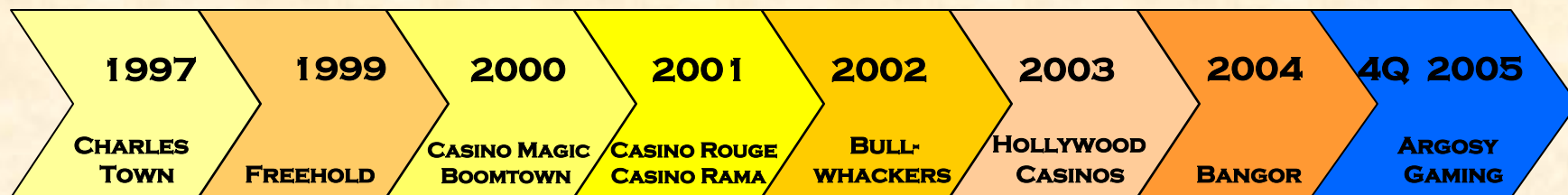
* 12/31/04 IS THE ENDING PERIOD FOR CALCULATIONS



GROWTH PHILOSOPHY

- ♠ **DUAL PATH APPROACH TO EXPANSION:**
 - ◆ **INTERNALLY INITIATED EXPANSION AND DEVELOPMENT OPPORTUNITIES**
 - ◆ **STRATEGIC, ACCRETIVE ACQUISITIONS**
- ♠ **INTEGRATE OPERATIONS AND EXTRACT SYNERGIES AT ACQUIRED COMPANY**
- ♠ **ATTRACT, RETAIN AND INCENTIVIZE COMPETENT PROPERTY LEVEL MANAGEMENT**
 - **MAINTAIN DE-CENTRALIZED APPROACH**
- ♠ **DE-LEVER QUICKLY**

SUCCESSFUL ACQUISITION HISTORY



<u>DATE</u>	<u>TARGET</u>	<u>PURCHASE PRICE</u>	<u>ACQUIRED EBITDA</u>	<u>LTM 9/30/05 EBITDA</u>
AUG-00	CASINO MAGIC AND BOOMTOWN ^	\$195.0	\$35.6	N/A
APR-01	CASINO ROUGE AND CASINO RAMA	191.1	31.4	57.3
APR-02	BULLWHACKERS	6.5	5.1	4.1
MAR-03	HOLLYWOOD CASINOS	599.9	83.7	97.9
SEP-05	ARGOSY*	2,090.7	272.5	286.2

^ PROPERTIES CLOSED IN Q3 05 DUE TO HURRICANE KATRINA.
 * EXCLUDES ARGOSY BATON ROUGE. ALL DOLLARS IN MILLIONS.



HOT TOPICS

- ♠ **GULF COAST AREA PROPERTIES**
- ♠ **INTEGRATION OF ARGOSY GAMING**
- ♠ **CURRENT DEVELOPMENT AND EXPANSION PROJECTS**



GULF COAST AREA PROPERTIES

♠ **EXPECT INSURANCE PROCEEDS TO FUND REBUILD WITH A ESTIMATED RE-OPEN DATE 9 TO 12 MONTHS FROM START OF CONSTRUCTION**

♠ **COMPREHENSIVE BUSINESS INTERRUPTION AND PROPERTY DAMAGE COVERAGE - \$400 MILLIONS OVERALL LIMIT**

◆ **\$9.5 MILLION PROPERTY DAMAGE DEDUCTIBLE EXPENSED IN 3Q '05**

♠ **CASINO MAGIC – BAY ST. LOUIS, MS**

◆ **LTM % OF EBITDA – 3.2% PRO FORMA**

◆ **REBUILD WILL BE LAND BASED**

♠ **BOOMTOWN BILOXI – BILOXI, MS**

◆ **LTM % OF EBITDA – 2.6% PRO FORMA**

◆ **REBUILD WILL BE ON OWNED PROPERTY**



ARGOSY OVERVIEW



♠ **\$2.2 BILLION TRANSACTION VALUE**

◆ **REPRESENTS 8.0 X AGY TTM EBITDA**

♠ **PRO FORMA REVENUE >\$2.2 BILLION AND PRO
FORMA EBITDA > \$563.3 MILLION**

♠ **BROAD PROPERTY AND REGIONAL REVENUE AND
EBITDA DIVERSIFICATION**

♠ **COMPLIMENTARY GEOGRAPHIC BASE**

◆ **PROVIDES ENTRÉE INTO INDIANA, MISSOURI AND IOWA**

◆ **AGY ASSETS OPERATIONALLY SIMILAR TO PENN NATIONAL'S**



INTEGRATION INITIATIVES



- ♠ **SUPPORT EXISTING PROPERTY MANAGEMENT**
 - ◆ **COMMUNICATE TO PROPERTY MANAGEMENT OPERATIONAL AND FINANCIAL GOALS AND INCENTIVIZE BASED ON PERFORMANCE**
 - ◆ **MANAGE BUSINESS BY KEY METRICS AND STRICT RETURN CRITERIA SUCH AS MARKET SHARE AND OPERATING MARGINS**
- ♠ **ELIMINATE DUPLICATIVE OVERHEAD INCLUDING CORPORATE**
- ♠ **STANDARDIZE ACCOUNTING AND FINANCIAL REPORTING**
- ♠ **INTEGRATE HR/BENEFITS PLANS**
- ♠ **IMPLEMENT CORPORATE PURCHASING PLANS WHERE APPROPRIATE**
- ♠ **ACTIVELY MANAGE ALL CURRENT AGY EXPANSION PROJECTS**



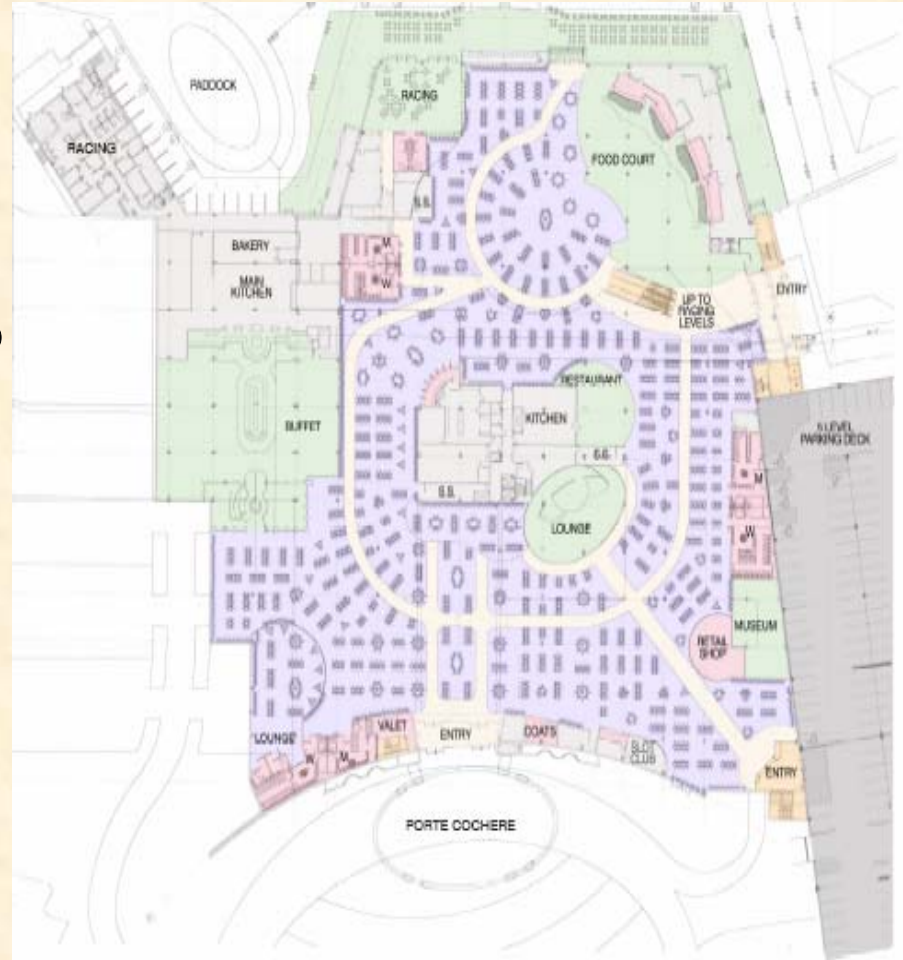
INTERNAL EXPANSION OPPORTUNITIES

PROJECT	NEW GAMING POSITIONS	TOTAL BUDGET	SPENT AS OF 9/30/05	EXPECTED OPENING DATE
HOLLYWOOD - GRANTVILLE	2,000	\$262	\$5.5	Q3-07
HOLLYWOOD SLOTS - BANGOR (TEMP)	475	\$68	\$19.3	OPENED 11/05
HOLLYWOOD SLOTS - BANGOR (PERM)	525	\$71	-	Q3-07
CHARLES TOWN	700	\$127	\$1.4	BUFFET & PARKING Q3-06 SLOTS Q1-07
ARGOSY - RIVERSIDE		\$86	\$34.6	PARKING - OPENED 11/05 HOTEL Q2-07
ARGOSY - LAWRENCEBURG	1,200	\$266	\$23.0	PARKING Q2-07, CASINO Q2-08



HOLLYWOOD GRANTVILLE

- ♠ **PENNSYLVANIA GAMING CONTROL BOARD IS EXPANDING ITS RESOURCES AND PERSONNEL**
- ♠ **LICENSING OF RACE TRACKS FOR OPERATION OF SLOTS ANTICIPATED IN 2Q '06**
- ♠ **PENN TO COMMENCE CONSTRUCTION UPON LICENSING - FACILITY TO OPEN APPROXIMATELY ONE YEAR LATER**
- ♠ **ESTIMATED COST: \$262 MILLION**
 - ◆ **INCLUDES \$50 MILLION LICENSE FEE**
 - ◆ **FACILITY SIZED FOR 3,000 SLOTS**



HOLLYWOOD SLOTS - BANGOR

♠ **OPENED TEMPORARY FACILITY
NOVEMBER 4, 2005 WITH 475
SLOT MACHINES - - THE STATE'S
ONLY SLOTS FACILITY**

♠ **PURCHASED LAND NEEDED TO
BEGIN CONSTRUCTION ON A
PERMANENT FACILITY**

♠ **FINALIZING PLANS FOR
PERMANENT SIZED FOR 1,500
SLOTS**

♠ **ESTIMATED COST: \$139 MILLION,
INCLUDING \$51 MILLION PURCHASE
PRICE AND THE TEMPORARY
FACILITY COST**





CHARLES TOWN PROJECT

♠ **EXPANSION OF EXISTING CASINO AND AMENITIES**

♠ **ESTIMATED COST: \$127 MILLION**

♠ **ADDS CAPACITY FOR AN ADDITIONAL 1,500 SLOTS**

♠ **PROJECT TO INCLUDE:**

- ◆ **RESTAURANT/BUFFET WITH SEATING FOR 400 PEOPLE**
- ◆ **2,500 STRUCTURED PARKING SPACES**
- ◆ **IMPROVED ROAD SYSTEM**

♠ **MARKET PENETRATION 21%**





KANSAS CITY PROJECT

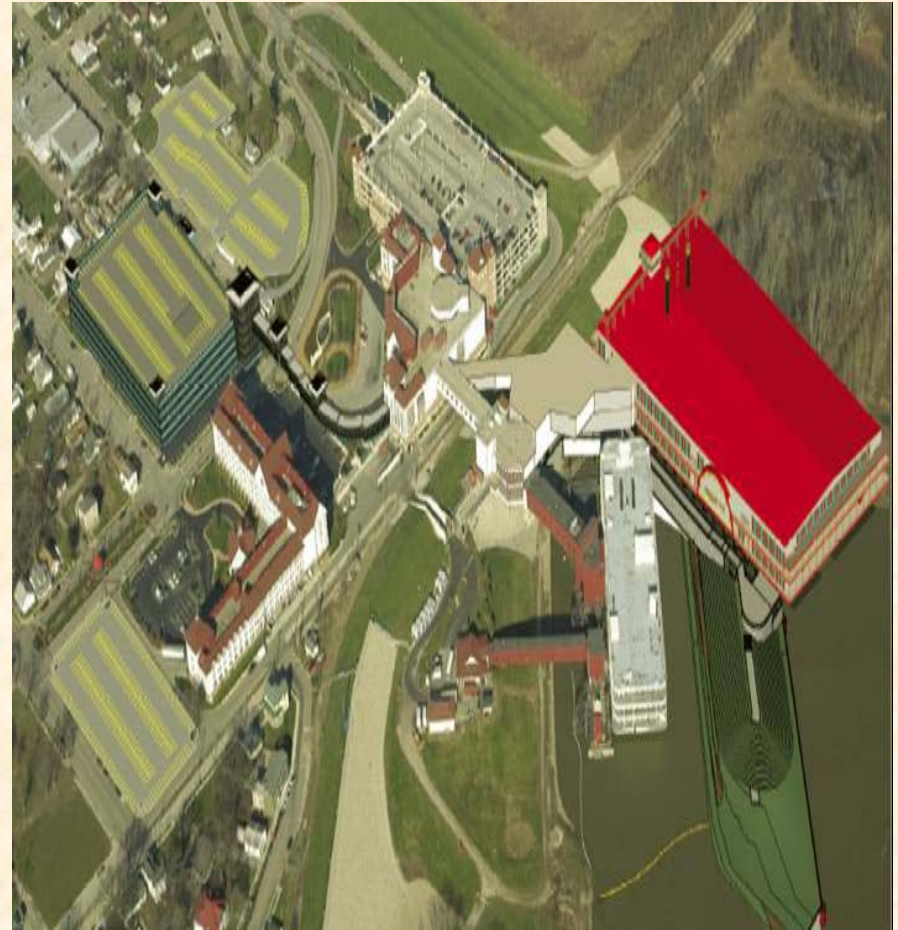
- ♠ **CONSTRUCTION OF HOTEL AND PARKING STRUCTURE**
- ♠ **ESTIMATED COST: \$86 MILLION**
- ♠ **HOTEL TO INCLUDE 250 ROOMS WITH EXPECTED COMPLETION IN EARLY 2006**
- ♠ **ADDING AN ADDITIONAL 650 PARKING SPACES IN STRUCTURED FACILITY - OPENED IN NOVEMBER 2005**
- ♠ **MARKET PENETRATION 72%**





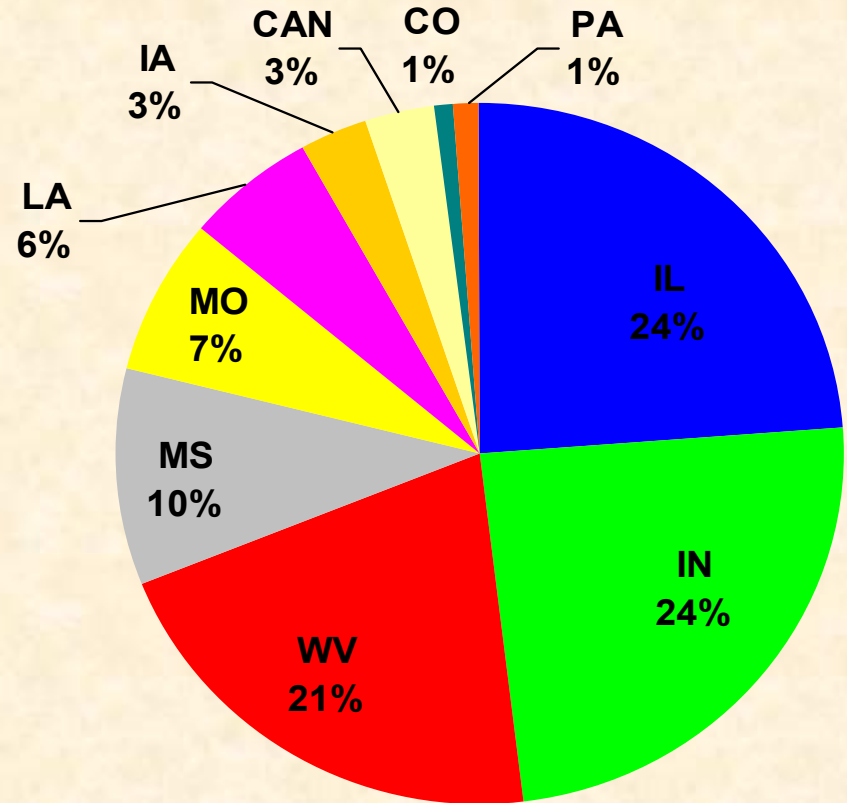
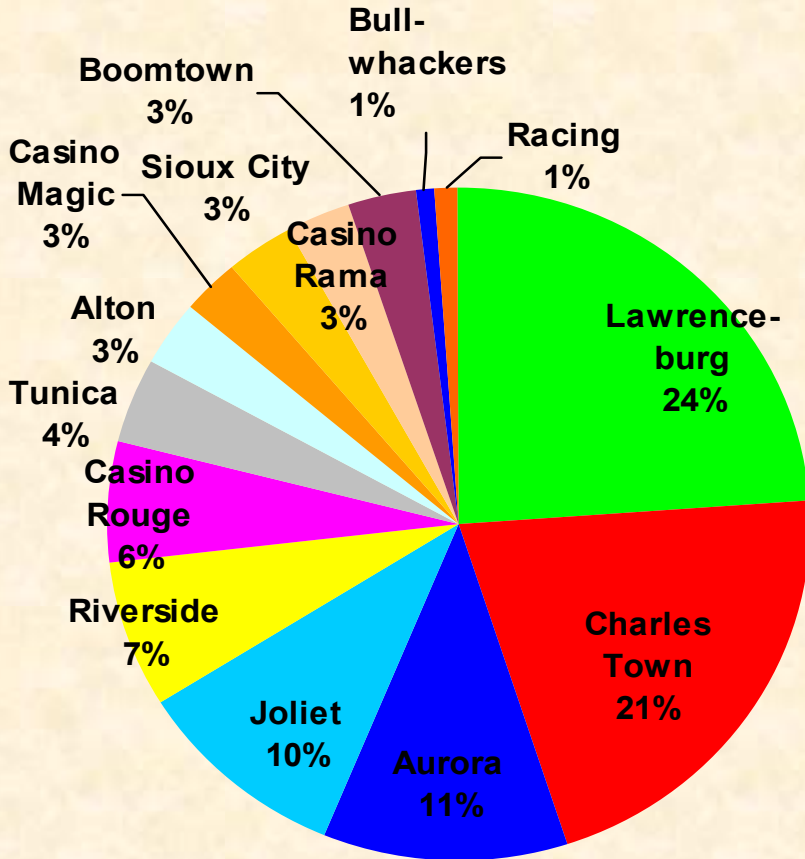
LAWRENCEBURG PROJECT

- ♠ **APPROXIMATELY \$262 MILLION ALLOCATED TO EXPANSION**
- ♠ **NEW 250K SQ FT BARGE ALLOWS EXPANSION FROM 2,800 SLOTS TO 4,000 POSITIONS ON ONE LEVEL**
- ♠ **ADDITIONAL 1,500 SPACE PARKING GARAGE**
- ♠ **EXISTING BOAT 78K SQ. FT, 3X PENN BATON ROUGE BOAT**
- ♠ **MARKET PENETRATION: 51%**





BROAD EBITDA DIVERSIFICATION





CAPITALIZATION

	<u>9/30/05*</u>
SENIOR CREDIT FACILITIES	2,211.0
8 7/8% SR. SUB NOTES (DUE '11 – CALLABLE 12/07)	175.0
6 7/8% SR. SUB NOTES (DUE '11 – CALLABLE 12/07)	200.0
6 3/4% SR. SUB NOTES (DUE '15 – CALLABLE 3/10)	250.0
CAPITAL LEASES & NON CALLED AGY DEBT	<u>13.6</u>
SUBTOTAL DEBT	2,849.6
LESS ARGOSY BATON ROUGE NET PROCEEDS	<u>125.0</u>
TOTAL DEBT	\$ 2,724.6



CREDIT PROFILE

9/30/05*

LEVERAGE

SENIOR DEBT/EBITDA 3.7x

TOTAL DEBT/EBITDA 4.8x

COVERAGE

EBITDA/INTEREST EXPENSE 3.0x

* INCLUDES \$20 MILLION IN CORPORATE SYNERGIES.
* EXCLUDES ARGOSY BATON ROUGE, PROCEEDS APPLIED TO REVOLVER



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ARGOSY™
LAWRENCEBURG



ARGOSY™
KANSAS CITY

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ARGOSY'S
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