
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant ☐

Filed by a Party other than the Registrant ☒

Check the appropriate box:

- ☐ Preliminary Proxy Statement
☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
☐ Definitive Proxy Statement
☒ Definitive Additional Materials
☐ Soliciting material Pursuant to § 240.14a-12

PENN Entertainment, Inc.

(Name of Registrant as Specified In Its Charter)

HG VORA CAPITAL MANAGEMENT, LLC
HG VORA SPECIAL OPPORTUNITIES MASTER FUND, LTD.
DOWNRIVER SERIES LP – SEGREGATED PORTFOLIO C
PARAG VORA
JOHNNY HARTNETT
CARLOS RUISANCHEZ
WILLIAM CLIFFORD

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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On May 21, 2025, HG Vora Capital Management, LLC and certain of its affiliates (collectively, “HG Vora”), the beneficial owners of approximately 4.80% of the outstanding common stock of PENN Entertainment, Inc. (NASDAQ: PENN) (the “Company”), posted the following investor presentation to their campaign website at www.WinAtPENN.com. From time to time, HG Vora may refer shareholders of the Company to such materials.



Genuine Change Is Needed At PENN

MAY 2025

HG VORA
CAPITAL MANAGEMENT

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Disclaimer (Continued)

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The information herein contains "forward-looking statements." Specific forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and include, without limitation, words such as "may," "will," "expects," "believes," "anticipates," "plans," "intends," "estimates," "projects," "potential," "targets," "forecasts," "seeks," "could," "should" or the negative of such terms or other variations on such terms or comparable terminology. Similarly, statements that describe our objectives, plans or goals are forward-looking. Forward-looking statements are subject to various risks and uncertainties and assumptions. There can be no assurance that any idea or assumption herein is, or will be proven, correct. If one or more of the risks or uncertainties materialize, or if any of the underlying assumptions of HG Vora or any of the other participants in the proxy solicitation described herein prove to be incorrect, the actual results may vary materially from outcomes indicated by these statements. Accordingly, forward-looking statements should not be regarded as a representation by HG Vora that the future plans, estimates or expectations contemplated will ever be achieved. There is no assurance or guarantee with respect to the prices at which any securities of the Company will trade, and such securities may not trade at prices that may be implied herein. The information herein does not constitute an offer to sell or solicitation of an offer to buy any of the securities described herein in any state to any person. This presentation does not recommend the purchase or sale of any security, and should not be construed as legal, tax, investment or financial advice, and the information contained in this presentation should not be taken as advice on the merits of any investment decision.

CERTAIN INFORMATION CONCERNING THE PARTICIPANTS

HG Vora and the other Participants (as defined below) have filed a definitive proxy statement (the "Definitive Proxy Statement") and accompanying GOLD universal proxy card or voting instruction form with the SEC to be used to solicit proxies for, among other matters, the election of its slate of director nominees at the 2025 annual meeting of shareholders of the Company (the "2025 Annual Meeting"). Shortly after filing the Definitive Proxy Statement with the SEC, HG Vora furnished the Definitive Proxy Statement and accompanying GOLD universal proxy card or voting instruction form to some or all of the shareholders entitled to vote at the 2025 Annual Meeting. The participants in the proxy solicitation are HG Vora Capital Management, LLC, HG Vora Special Opportunities Master Fund, Ltd., Downriver Series LP – Segregated Portfolio C, Parag Vora (all of the foregoing persons, collectively, the "HG Vora Parties"), William Clifford, Johnny Hartnett and Carlos Ruisanchez (such individuals, collectively with the HG Vora Parties, the "Participants").

IMPORTANT INFORMATION AND WHERE TO FIND IT

HG VORA STRONGLY ADVISES ALL SHAREHOLDERS OF THE COMPANY TO READ ITS DEFINITIVE PROXY STATEMENT, ANY AMENDMENTS OR SUPPLEMENTS TO SUCH PROXY STATEMENT AND OTHER PROXY MATERIALS FILED BY HG VORA WITH THE SEC AS THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. SUCH PROXY MATERIALS WILL BE AVAILABLE AT NO CHARGE ON THE SEC'S WEBSITE AT WWW.SEC.GOV. THE DEFINITIVE PROXY STATEMENT AND OTHER RELEVANT DOCUMENTS ARE ALSO AVAILABLE ON THE SEC'S WEBSITE, FREE OF CHARGE, OR BY DIRECTING A REQUEST TO THE PARTICIPANTS' PROXY SOLICITOR, OKAPI PARTNERS LLC, 1212 AVENUE OF THE AMERICAS, 17TH FLOOR, NEW YORK, NEW YORK 10036 (SHAREHOLDERS CAN CALL TOLL-FREE: (877) 629-6355).

Information about the Participants and a description of their direct or indirect interests by security holdings or otherwise can be found in the Definitive Proxy Statement.

Table of Contents

I	Executive Summary	6
II	PENN's Board Has Failed Shareholders	25
III	As a Result, PENN's Stock Has Underperformed	92
IV	PENN's Performance Can Be Improved	100
VI	Conclusion	109
VII	Appendices	112

What Is This Proxy Contest About?

- PENN Entertainment, Inc. ("PENN" or the "Company") is a premier regional casino operator in the U.S., with a geographically diverse portfolio of high-quality assets that have historically delivered consistent, predictable cash flows
- PENN was well positioned to benefit from the nascent and rapidly growing online gaming market given the structural advantages of its licenses enabling market access, strong casino brands, key relationships with content providers and a large retail database to cross-sell with an omni-channel offering
- However, concurrent with David Handler being appointed Chair of the Board in 2019 and Jay Snowden assuming the role of CEO in 2020, PENN fumbled a massive online gaming growth opportunity by embarking on a misguided foray into online sports betting ("OSB")
- PENN has invested more than \$4 billion of shareholder capital — nearly double its current market capitalization — attempting to build an OSB business with three flawed transactions yielding disappointing results:
 - PENN is a market laggard in OSB, with market share hovering around 2% in the US;
 - The Company's Interactive segment has generated over \$1 billion in Adjusted EBITDA losses and approximately \$850 million in write-downs; and
 - By nearly every financial metric — including Adjusted EBITDAR, return on invested capital and free cash flow — PENN is worse off than in 2019
- Shareholders have suffered greatly due to poor strategic decisions, failed transactions, and poor execution; absolute and relative total shareholder returns have been abysmal and more than \$11 billion of shareholder value has been destroyed since 2021
- We have nominated three director candidates — William Clifford, Johnny Hartnett and Carlos Ruisanchez — who are independent of both PENN and HG Vora and committed to working collaboratively with the incumbent directors to improve performance and evaluate all opportunities to enhance value
- PENN's incumbent directors have abused their control of the Company's election rules by abruptly reducing the number of seats up for election at the 2025 Annual Meeting and sought to exploit regulatory oversight in an attempt to evade accountability

Shareholders should vote the **GOLD** proxy card to send a clear message that the status quo is unacceptable and that genuine change is needed at PENN



SECTION I

Executive Summary

About HG Vora

- HG Vora Capital Management ("HG Vora") is an SEC-registered investment advisor based in New York City and manages capital for a diverse range of institutional investors
- HG Vora specializes in investing across performing credit, stressed and distressed special situations as well as value-oriented equities that may benefit from potential catalysts
- Our investment team conducts rigorous fundamental analysis and leverages its deep industry expertise to analyze complex situations, identify mispriced investment opportunities and work collaboratively with management teams and other stakeholders to help realize value
- HG Vora also partners with companies to provide creative, flexible capital solutions

Select Current and Former Investments



2009

YEAR FOUNDED

\$5B+

ASSETS UNDER MANAGEMENT¹

16+

YEARS OF COHESIVE LEADERSHIP

39

PERSON TEAM

PENN's Strategic Transformation Has Destroyed Significant Value

- We initially invested in PENN due to its consistent, predictable and profitable core brick-and-mortar casino business and the potential upside from online casino gaming
- However, under the leadership of its CEO, Jay Snowden, and the Chair of the Board, David Handler, PENN has been pursuing a misguided transformation into a sports, media and technology conglomerate
- Since the beginning of 2020, PENN has committed more than \$4 billion of shareholder capital to OSB
- Despite this prolific spending, we believe PENN's OSB strategy has failed
 - ESPN Bet's market share remains in the low single-digits, far below the Company's target
 - Earnings, Adjusted EBITDAR, return on invested capital and free cash flow have all declined over the last five years
 - PENN's stock price is down over the last one, two, three and four years

Inadequate Board Oversight and Accountability Have Led to PENN's Underperformance

- In our view, PENN's underperformance is attributable to poor strategic choices, failed M&A transactions and poor execution
- The Board approved three large acquisitions that, in our view, are some of the worst transactions ever in the sector, including paying more than \$550 million for Barstool Sports, only to sell it back to its founder for \$1 four years later
- Despite the Company's persistent underperformance, the Board has failed to hold management accountable and has rewarded Mr. Snowden and PENN's other NEOs with ever-increasing compensation
- The Board seemingly refuses to objectively evaluate PENN's situation and management's repeated failure to achieve its stated targets
- Accordingly, for the first time in our history, we decided to take our case directly to shareholders

Genuine Change Is Needed to Unlock Value at PENN

- We nominated three candidates independent of both PENN and HG Vora with proven track records of success and value creation in the gaming and hospitality industry
- Each of these candidates is committed to working diligently with the incumbent directors to improve performance and explore all opportunities to enhance value
- Unfortunately, PENN's Board has deprived shareholders of the opportunity to elect all three candidates nominated by HG Vora by reducing the number of seats available for election at the Annual Meeting from three to two
- In our view, the Board's actions illustrate its aversion to substantive change and reinforces why such change is urgently needed
- By voting the **GOLD** proxy card, shareholders can send a clear message that the status quo is no longer acceptable and that it is time for genuine change at PENN

Overview of PENN

PENN has two businesses

Retail (Brick-and-Mortar Casinos)

~85% of 2024 Revenue

- ✓ 50+-year history and legacy of success
- ✓ Significant scale, with 43 casinos across 20 states
- ✓ Efficient operations, with industry-leading tax-adjusted margins
- ✓ Prudent capital spending, which has helped maintain a competitive product

Interactive (Online Gaming)

~15% of 2024 Revenue

- ✗ No meaningful expertise or demonstrated track record of performance
- ✗ Focused on OSB, a "winner-take-most" industry in which PENN is a market share laggard
- ✗ Has generated a cumulative EBITDA loss of approximately \$1 billion and write-downs of approximately \$850 million
- ✗ Product offerings have historically lacked important functionality

Summary Financials¹



Market Value (\$M)	\$2,436
Enterprise Value (\$M)	\$4,491
2024 Revenue (\$M)	\$6,578
2024 Adjusted EBITDA (\$M)	\$672
2024 Adjusted EBITDA excl. Interactive (\$M)	\$1,172
EV/2024 Revenue	0.7x
EV/2024 Adjusted EBITDA	6.7x
EV/2024 Adjusted EBITDA excl. Interactive	3.8x
Employees	23,118
Headquarters	Wyomissing, PA

PENN Has a Strong Core Brick-and-Mortar Casino Business...

Scaled, Diversified Footprint



Largest regional casino operator by revenue and number of properties

Exposure to population centers (including 15 of the top 30 Metropolitan Statistical Areas) and areas of higher population growth

Geographic diversity provides a measure of protection against regional economic shocks

Consistency and Reliability



Industry-leading tax-adjusted margins help the brick-and-mortar business remain profitable in a range of economic environments

Regular, prudent investment in properties and the guest experience to drive demand

Consistent market share growth in most regional markets not impacted by new supply or competition

Retail Business Financial Performance¹

Revenue (\$B)




Adjusted EBITDAR (\$B)



...But PENN Has Abandoned Its Proven Approach

PENN Before 2020:

A Leading Regional Gaming Company

-  **Focus on Maintaining Best-in-Class Margins**
"[O]ur publicly traded competitors... are focused on EBITDA and margins, and that's certainly where our focus is."¹
-  **Clear Strategy Built Around a Strong Core Business**
"[M]ost of you are familiar with our company as a leading, diversified, multi-jurisdictional operator of gaming and pari-mutuel facilities..."²
-  **Strong Balance Sheet**
"[We have a] strong balance sheet, [very] favorable to industry standard, net debt leverage and interest coverage."²
-  **Disciplined Allocation of Capital**
"[W]e're not going to extend ourselves just to continue to do acquisitions. It'll continue to be very a disciplined approach."³

PENN Today:

A Risky Bet on an Aspirational OSB Strategy

-  **"Outsized cost structure"**
Barclays, February 27, 2025
-  **"Neglected casino business"**
Junk Bond Investor, February 22, 2025
-  **"Over-levered balance sheet"**
Raymond James, May 20, 2024
-  **"Disastrous capital allocation track record"**
Jefferies, January 14, 2025

PENN's Strategy Shift Has Destroyed Value

PENN was a well-performing company and stock before Jay Snowden became CEO and shifted strategy



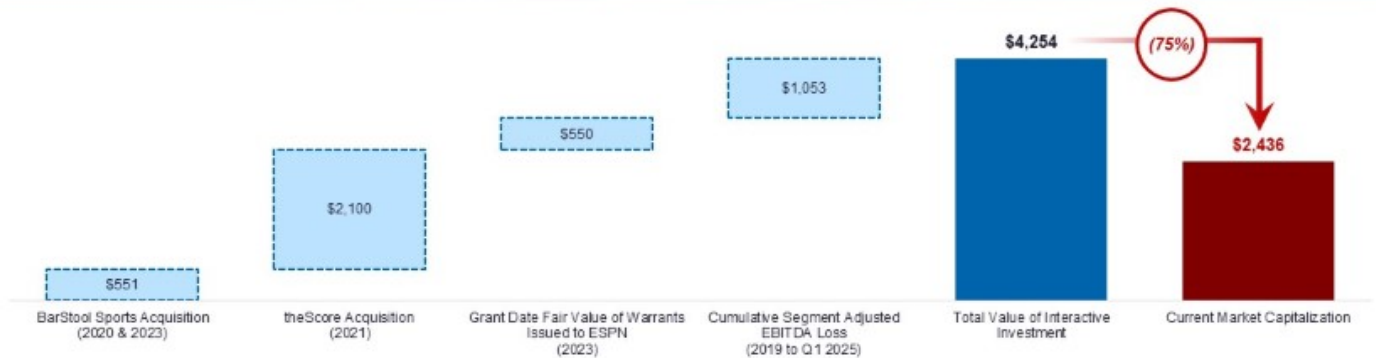
The ill-founded strategy shift into OSB and poor execution have led to shareholder losses



PENN Has Invested Heavily in OSB

During Jay Snowden's tenure as President and CEO, PENN has invested nearly double its entire market value in building out its OSB capabilities

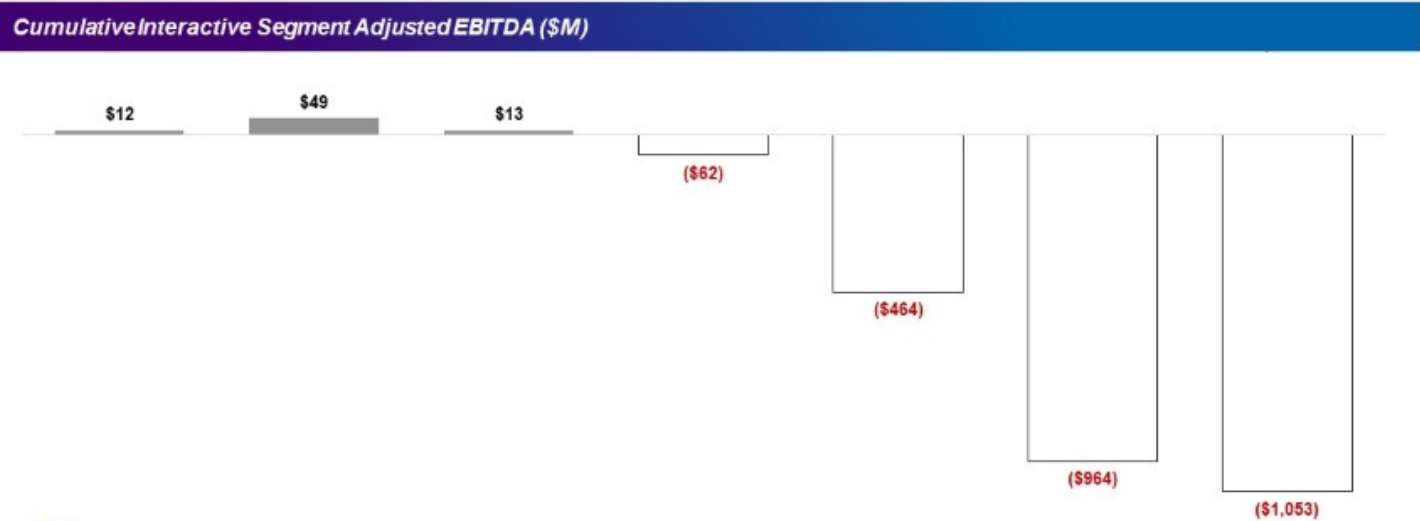
PENN Has Invested More than \$4 Billion in Its Interactive Segment¹



“**PENN's core business is running profitable, stable casinos. But management got distracted by the hype cycle of online sports betting. They saw FanDuel and DraftKings stock skyrocketing and thought: 'We can do that too!' No, you can't.**”

— Junk Bond Investor, February 22, 2025

Interactive Losses Have Mounted



“

[T]he second reason we decided to pursue digital was to build a scaled and profitable stand-alone business at PENN, one we believe would provide a long-term growth opportunity and also command a higher valuation.”

— Jay Snowden, PENN President & CEO, February 27, 2025

Financial Results for the Company Have Deteriorated Significantly

PENN's Financial Results Are Significantly Worse than Before Jay Snowden's Tenure

<i>\$ in millions, except per share data</i>	FY 2019	FY 2024	% Change (FY 2019 vs. FY 2024)
Revenue	\$5,301	\$6,578	24%
EBITDAR	\$1,438	\$1,126	(22%)
% Margin	27%	17%	-1,001 bps
Adjusted EBITDAR	\$1,605	\$1,292	(19%)
% Margin	30%	20%	-1,063 bps
GAAP Earnings per Share	\$0.37	(\$2.05)	(650%)
Average Diluted Shares (mm)	117.8	152.1	+29%
Lease-Adjusted Net Leverage	5.5x	7.3x	+1.8 turns
Traditional Net Leverage	2.4x	5.5x	+3.1 turns

“ [W]e continue to *compare ourselves to where we were in 2019*. ”

— Jay Snowden, PENN President & CEO, August 9, 2023

PENN's Board Has Failed in Its Core Responsibilities

We Believe PENN's Severe and Objective Underperformance Is the Result of the Board's Failures

Board Responsibility	Description	HG Vora's Assessment	Board Fulfilled Responsibility?
1 Strategy and Capital Allocation	Develop and execute a cohesive strategy that is aligned with the Company's core expertise; allocate capital to the highest risk-adjusted return opportunities	Devoted significant resources and management attention to pursuing an OSB opportunity without a differentiated plan or sufficient internal expertise Spent more than \$4 billion on acquisitions and investments in the Company's interactive business, which has accumulated more than \$1 billion in Adjusted EBITDA losses and \$850 million in write-offs since 2019 and lacks a clear path to a reasonable return	✗
2 Oversight and Accountability	Oversee execution and hold senior leaders accountable for execution against the plan	Persisted with — and continued to reward — a CEO who designed the Company's flawed strategy and failed to execute, destroying billions of dollars of shareholder value during his tenure; the CEO's 2024 compensation target increased 70% even as total shareholder return lagged peers	✗
3 Board Composition and Governance	Maintain a Board with the right mix of skills and experience to oversee the Company's strategy; govern the Company effectively	Neglected to add a director with OSB experience despite billions put at risk; failed to evolve the Company's governing documents to provide conventional shareholder rights	✗
4 Compensation Alignment	Align executive compensation with performance and the interests of shareholders	Paid the CEO near the top of the Company's peer group despite consistent total shareholder return underperformance during his tenure; earned Say-on-Pay votes that were among the worst in the S&P 600	✗
5 Shareholder Engagement	Engage constructively and in good faith with shareholders	Repeatedly sought to weaponize the Company's regulators — including as recently as April 2025 when its advisors warned HG Vora that it would face regulatory hurdles in a proxy contest — governing documents and Board size to thwart HG Vora's ability to exercise its shareholder rights	✗

PENN Has Disingenuously Evaded and Actively Attempted to Thwart Us

May 2023

HG Vora's Action

HG Vora **delivered a presentation expressing concerns regarding the Company's capital allocation** and urging the Company to repurchase shares while the stock is undervalued, rather than engaging in further value-destructive M&A

December 2024

HG Vora was not restricted under applicable gaming regulations in any state where the Company operates from submitting advance notice of director nominations, with one exception: Massachusetts. The Investigations and Enforcement Bureau ("IEB") of the Massachusetts Gaming Commission ("MGC") informed HG Vora that its licensure review process must be completed before it could submit notice of director nominations, and while there was a reasonable expectation this would be completed by March 2025, it could not be completed by PENN's February 4, 2025 deadline for the submission of such nominations. For this reason, **HG Vora sought limited relief from the MGC**

PENN's Response

The Board **did not formally respond to HG Vora's presentation** and, a few months later, **entered into a licensing agreement with ESPN** that obligated PENN to pay ESPN \$1.5 billion in licensing fees and grant warrants valued at more than \$500 million

After HG Vora had — at significant effort and expense over a nearly 12-month period — to receive approval from every other state in which PENN operates to proceed with its nomination of directors, **PENN appeared in front of the MGC at a public hearing to argue that HG Vora should be not be granted the limited relief it was requesting** from the MGC and instead **should be barred from nominating directors**

PENN Has Disingenuously Evaded and Actively Attempted to Thwart Us (Continued)

Early 2025

HG Vora's Action

During settlement discussions with the Company, **HG Vora's advisors emphasized HG Vora's views that it was important for the Board to recognize the need for an objective and fresh examination of the Company's capital allocation, and thus strategy and execution**, and that adding three new directors would be in the best interest of the Company and its shareholders

HG Vora's advisors confirmed that while HG Vora could not raise corporate governance matters as part of settlement discussions due to restrictions recently imposed by a state gaming regulator, if the Company wished to have corporate governance be part of those discussions, **the Company was permitted to seek input from a state gaming regulator to achieve a resolution**

HG Vora notified PENN of its intention to nominate three candidates — William Clifford, Johnny Hartnett and Carlos Ruisanchez — for election at PENN's Annual Meeting

PENN's Response

PENN's advisors warned that HG Vora would face gaming regulatory hurdles during the proxy contest. Mere days after this warning, **HG Vora received licensure approval from one state gaming regulator that was conditioned on HG Vora not raising certain topics** — such as changing Board size or governance, or creating new Board committees — with PENN

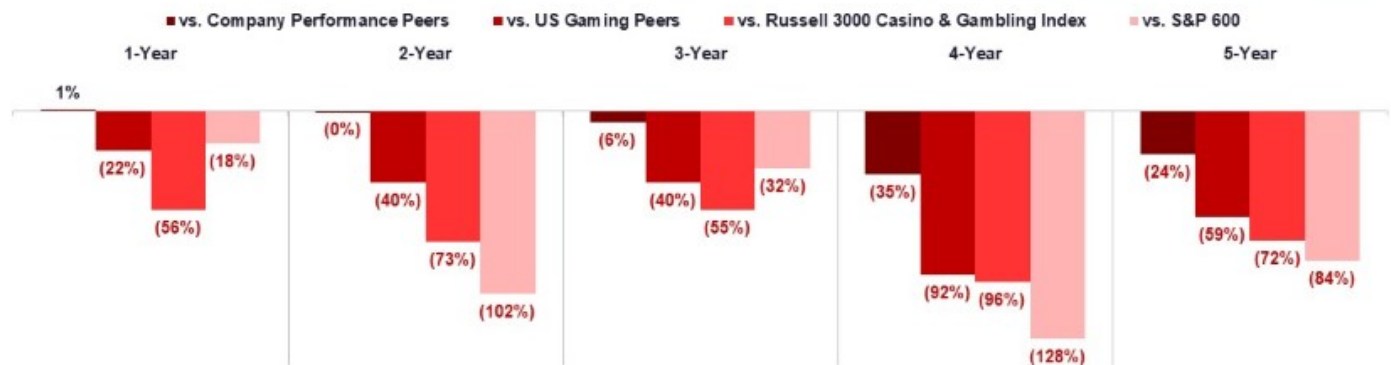
PENN and its advisors expressed no interest in seeking input from or approaching the state gaming regulator, deliberately and artificially hindering HG Vora's ability to negotiate in settlement discussions with the Company

Just ten days after declaring to HG Vora that there would be three seats up for election, **the Board reduced the number of seats up for election at the Annual Meeting from three to two**, depriving shareholders of the opportunity to elect all three candidates nominated by HG Vora

PENN Has Not Performed Well Over the Short Term...

PENN underperformed its peers and market benchmarks over all relevant periods up until we publicly disclosed our notice of nomination in January 2025... and up until the present day (see pages 93 and 94)

PENN's Relative Total Shareholder Return to January 2025¹

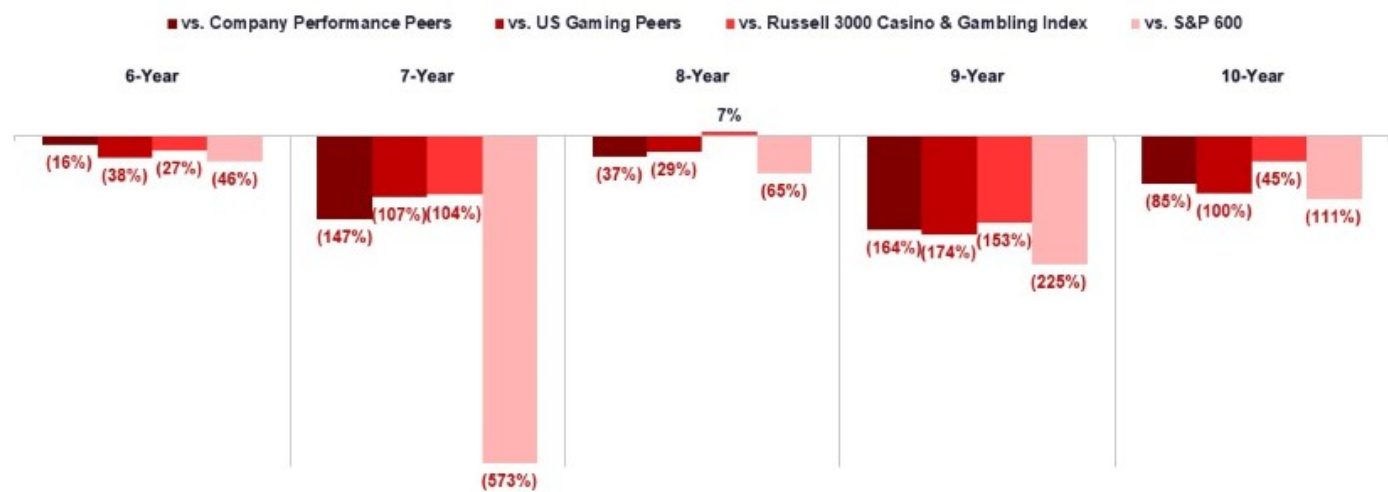


“[W]e're very confident in our strategy and the *value that it's going to deliver for shareholders over the short term, medium term, long term.*”

— Jay Snowden, PENN President & CEO, August 8, 2024

...Or the Long Term

PENN's Relative Total Shareholder Return to January 2025¹



“ [W]e're investing in a high-growth business that's *going to generate a lot of value for our shareholders long term.*”

— Jay Snowden, PENN President & CEO, February 15, 2024

PENN's Claim That It Is "Nearing an Inflection Point"¹ Rings Hollow

PENN Claims that It Is Nearing an "Inflection Point," Yet...




- ✗ The Company's stock price is negative year-to-date and over the last one, two, three, and four years and during CEO Jay Snowden's tenure
- ✗ ESPN Bet's market share remains in the low single-digits, far below PENN's long-term target of 10%+
- ✗ Average monthly active users of PENN's Interactive products have declined by nearly 30% since the launch of ESPN Bet
- ✗ PENN's Interactive segment is still losing money, with its most recent quarterly Adjusted EBITDA loss bringing its cumulative Adjusted EBITDA losses since 2019 above \$1 billion
- ✗ Consensus 2025 EBITDAR estimates have declined by approximately 20% since the launch of ESPN Bet
- ✗ The timeline for Interactive segment profitability appears to have been extended (again) from 2025 to 2026

HG Vora Sees Multiple Paths to Value Creation

We Believe Genuine Change Can Help Drive Significant Value for Shareholders

Initiative	Description
1 <i>Enhance Board Composition</i>	<ul style="list-style-type: none">• Refresh the Board by adding all three independent candidates nominated by HG Vora, including William Clifford
2 <i>Align Pay with Performance</i>	<ul style="list-style-type: none">• Conduct a peer benchmarking analysis, with the aim of right-sizing executive compensation• Set more challenging performance targets, and hold the leadership team accountable if those targets are not met• Consider a new independent compensation consultant
3 <i>Review the Company's Strategy and Leadership</i>	<ul style="list-style-type: none">• Conduct a fresh examination of the Company's capital allocation, and thus strategy and execution• In our view, having a subset of directors focused on reviewing the Company's strategy and evaluating alternative approaches would enhance and accelerate decision-making; directors tasked with this responsibility should possess the right skill set and experience and be capable of providing fresh perspectives• Carefully examine each major component of the Company's Interactive business and develop a clear strategy for each

We Have Nominated Three Exceptional Independent Candidates to Help PENN Win Again

	Biography	Relevant Expertise
 <p>William Clifford</p>	<ul style="list-style-type: none"> Chief Financial Officer and Treasurer of Gaming and Leisure Properties (2013 – 2018) Chief Financial Officer of PENN (2001 – 2014) Director at Drive Shack (2018 – Present); former director at Intrawest Holdings (2014 – 2017) 	<ul style="list-style-type: none"> More than three decades of experience in the gaming industry Spent 13 years as CFO of PENN, during which time he drove an approximately 20x return for shareholders Helped negotiate and execute dozens of strategic transactions, including PENN's spin-off of its real estate assets into a separate publicly traded company
 <p>Johnny Hartnett</p>	<ul style="list-style-type: none"> Chief Executive Officer of Superbet Group (2019 – 2024) Variety of roles at Flutter Group (f/k/a Paddy Power), including Chief Development Officer and Managing Director of Paddy Power Online (1999 – 2019) Non-executive director at Superbet Betting & Gaming (2024 – Present) 	<ul style="list-style-type: none"> Decades of experience building and running OSB and gaming businesses As Chief Development Officer of Flutter, led the company's M&A efforts, including the acquisition of FanDuel As CEO of Superbet Group, grew revenue by approximately 7x and profitability by approximately 5x
 <p>Carlos Ruisanchez</p>	<ul style="list-style-type: none"> Co-founder of Sorelle Capital and Sorelle Hospitality (2018 – Present) Chief Financial Officer of Pinnacle Entertainment (2013 – 2018) Director at Southwest Gas Holdings (2022 – Present); former director at Cedar Fair Entertainment (2019 – 2024) 	<ul style="list-style-type: none"> As CFO of Pinnacle Entertainment, executed dozens of strategic transactions, including highly accretive share repurchase plans, a sale-leaseback with Gaming and Leisure Properties and a merger with PENN Delivered a 5x return for shareholders during his tenure as CFO of Pinnacle

Shareholders Should Vote the **GOLD** Proxy Card to Support Genuine Change



PENN's Board Has Destroyed Shareholder Value

- ▼ PENN has underperformed its peers and the broader market over most relevant time periods, and the Company appears to trade at a significant discount to its intrinsic value
- ▼ In our view, the Company's long-term underperformance is the direct result of a misguided foray into OSB under the leadership of the Chair of the Board, David Handler, and PENN's President and CEO, Jay Snowden
- ▼ Since the beginning of 2020, PENN has spent more than \$4 billion on acquisitions and investments related to OSB
- ▼ Despite this significant investment, PENN's OSB business has failed to gain meaningful traction, and by nearly every relevant measure, PENN is worse off than it was in 2019
- ▼ The Board has had ample opportunity to adjust its approach — by bringing in new leadership, refreshing the Board's composition or changing the Company's strategy, for example; however, until HG Vora nominated directors, the Board had done little to improve PENN's performance or governance



Genuine Change Is Needed to Unlock Value at PENN

- ▲ To ensure the next five years do not look like the last five years under the leadership of Messrs. Handler and Snowden, we believe change is needed at PENN
- ▲ We have nominated three outstanding independent candidates — William Clifford, Johnny Hartnett and Carlos Ruisanchez — each of whom has a proven track record of success in the gaming and hospitality industry
- ▲ Each of our nominees is committed to working diligently alongside PENN's incumbent directors to drive change and evaluate all opportunities to enhance value
- ▲ However, PENN's Board has denied shareholders the opportunity to elect all three independent candidates nominated by HG Vora by reducing the number of seats up for election at the Annual Meeting
- ▲ In our view, the Board's scheme illustrates the Board's resistance to substantive change and reinforces why such change is urgently needed
- ▲ By voting on the **GOLD** proxy card, shareholders can send a clear message that the status quo is no longer acceptable and that it is time for genuine change at PENN



SECTION II

PENN's Board Has Failed Shareholders

PENN's Board Has Failed Shareholders

Board Responsibility	HG Vora's Assessment	PENN Grade	Pages
1 <i>Strategy and Capital Allocation</i>	The Board backed the wrong strategy and allocated capital poorly	FAIL	27 – 48
2 <i>Oversight and Accountability</i>	The Board has not demanded good execution	FAIL	49 – 66
3 <i>Board Composition and Governance</i>	The Board lacks sufficient relevant expertise, alignment and accountability	FAIL	67 – 71
4 <i>Compensation Alignment</i>	The Board has failed to align the interests of management and shareholders	FAIL	72 – 84
5 <i>Shareholder Engagement</i>	The Board has failed to engage with shareholders in good faith	FAIL	85 – 91



SECTION II

1

The Board Backed the Wrong Strategy and Allocated Capital Poorly








We Believe PENN Chose the Wrong Strategy to Drive Growth in Digital Gaming

At the beginning of Jay Snowden's tenure as CEO, PENN's Board had to align on a strategy for online gaming, which was poised for rapid growth; in our view, the Board chose the wrong path

PENN's Decision Points	PENN's Decision	Why We Believe PENN's Decision Was Misguided	Consequences
Prioritize OSB or Online Casino	Focus on OSB and deemphasize online casino	<ul style="list-style-type: none"> The online casino market has the potential to be larger, more profitable and less concentrated than OSB Prior to the Barstool acquisition, PENN's standalone Hollywood Casino had a strong market position in early online casino states PENN was well positioned to benefit from the nascent and rapidly growing online gaming market given the structural advantages of its licenses enabling market access, well known casino brands, key relationships with content providers and a large retail database to cross-sell with an omni-channel offering 	<ul style="list-style-type: none"> PENN's market share in online casino declined significantly as the Company focused its attention and investment on Barstool and, later, ESPN Bet PENN is now revamping its online casino efforts — including by launching standalone Hollywood iCasino products in Pennsylvania, Michigan and New Jersey — but is doing so from a much weaker market position
Build the Digital Business Through M&A or Organically	Spend aggressively on M&A to rapidly establish and expand its presence in digital gaming	<ul style="list-style-type: none"> While PENN had been a prolific acquirer of regional casinos, its executives had no experience in media or technology M&A In our view, the Board was excessively reliant on its Chair — David Handler, a purported expert in technology M&A — for strategic guidance Knowing that PENN was entirely reliant on M&A to grow its digital business, acquisition targets could extract maximum value in negotiations 	<ul style="list-style-type: none"> In our view, PENN was desperate for fast growth and, as a result, overpaid for both Barstool Sports and theScore In total, PENN has committed more than \$4 billion in shareholder capital to building its Interactive business, which has generated more than \$1 billion in Adjusted EBITDA losses since the beginning of 2020

PENN's Board Was Ill-Equipped to Make This Critical Decision

As PENN was preparing to embark on its new M&A and technology-driven strategy, its Board was almost entirely lacking in the skills necessary to oversee the Company's significant transformation

PENN Directors as of January 2020	Primary Industry Background	EXPERIENCE			
		M&A	Technology Product Development & Operations	Online Gaming	Strategic Transformation
 David A. Handler (Chair)	Technology investment banking	•			
 John M. Jacquemin	Distressed debt investing				
 Barbara Shattuck Kohn	Healthcare investment banking	•			
 Ronald J. Naples	Specialty chemicals				
 Saul V. Reibstein (CFO)	Brick-and-mortar casinos; public accounting				
 Jane Scaccetti	Public accounting				
 Jay Snowden (CEO)	Brick-and-mortar casinos				
TOTAL		2 of 7 Directors	0 of 7 Directors	0 of 7 Directors	0 of 7 Directors



“

*Remember where [PENN] came from. They were a casino company. And **they were a good casino company. But it's a leap to think that just because you have [casinos], you're going to get into the sports betting business** and make it work.*

*If you're living quarter to quarter without dedicating the right resources, **you lose credibility**. And that's a shame, because there's huge value in PENN.”*

— John Levy, Founder, Former Chairman and CEO, theScore
NEXT Summit New York, March 11, 2025

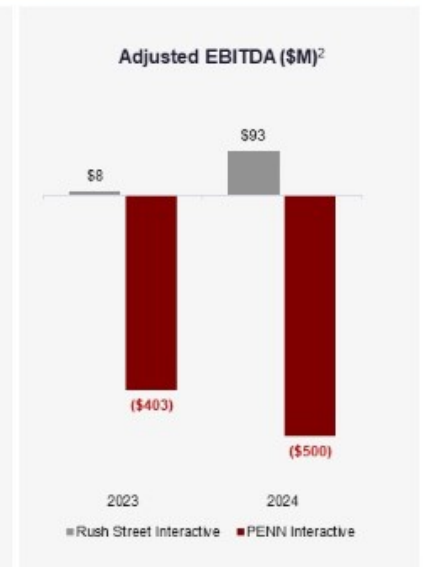
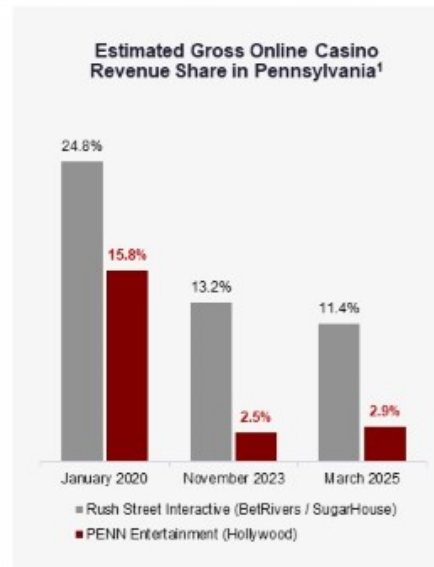
Rush Street Interactive's Success Illustrates PENN's Missed Opportunity

PENN Prioritized OSB, to the Detriment of Its Online Casino Offering

We believe this choice has had profound implications for the business

- **In our view, Pennsylvania should have been an attractive market for PENN for online casino**
 - PENN operates four brick-and-mortar casinos in the state under the Hollywood Casino brand and, as a result, has a large database of local bettors
 - Pennsylvania was one of the first states after New Jersey to permit online casino gaming in 2019
- **PENN established a strong early position in online casino in Pennsylvania**
 - PENN's Hollywood Casino brand had an estimated 15%+ market share as of January 2020
- **However, rather than focusing on growing Hollywood Casino revenues, PENN announced the Barstool acquisition in January 2020 and focused its attention and investment on OSB**
 - As a result, its market share in Pennsylvania plummeted and has yet to recover
 - Meanwhile, Rush Street Interactive has maintained its focus on online casino gaming
 - While large new entrants (e.g., DraftKings, FanDuel, BetMGM and Caesars) have taken some share, Rush Street has maintained a strong market position

Rush Street's online casino-focused strategy has proven to be much more profitable than PENN's



PENN Entered the OSB Market Too Late...

PENN's Delayed Entry into OSB May Have Impaired Its Future Opportunity

After OSB was effectively legalized in 2018, PENN spent 18 months developing a strategy, other competitors had already established market dominance

November 2018

*"[W]e're taking a pause... We've seen other competitors in our space already announce who they're making their deals with, and we want to make sure we get it right long term and **don't feel pressed** that we have to be up and running for this football season."*

- Tim Wilmott, Former PENN CEO

May 2019

*"I would anticipate... that by our next earnings call, we'll be able to -- we'll be ready to articulate our sports betting and iCasino strategy as we move forward. **We're getting a lot closer.**"*

- Jay Snowden, PENN CEO (then President and COO)

February 2019

*"[W]e continue to take a look and evaluate the different opportunities we have... [W]e're continuing to talk to media partners, potential scheme partners. **We don't have anything firm to announce yet...** [S]till a lot more to come before we make a final decision."*

- Tim Wilmott, Former PENN CEO

October 2019

*"[W]e've been in conversations, continue to be in conversations with a number of potential sports media partners and we're encouraged by where some of those conversations are going. **Nothing to share at this point.**"*




- Tim Wilmott, Former PENN CEO

By the Beginning of 2020, DraftKings and FanDuel Already Had Dominant Market Share

January 2020 Market Share¹



...And Built Its OSB Business with Three Flawed Transactions

Target / Counterparty	Type of Transaction	Year Announced	Total Value of Consideration	Results
A  BARSTOOL SPORTS	Acquisition	2020	\$551 million <i>\$163 million for an initial 36% interest in 2020 + \$388 million for remainder in 2023</i>	<ul style="list-style-type: none"> Generated nearly \$100 million in cumulative Adjusted EBITDA losses¹ Controversies threatened PENN's relationships with its gaming regulators² Failed to gain meaningful market share³ Sold back to founder for \$1 in 2023
B  theScore	Acquisition	2021	\$2.1 billion	<ul style="list-style-type: none"> The members of theScore's founding family, who were tasked with leading PENN's Interactive business after the acquisition, abruptly departed in 2024⁴ Highly unlikely that PENN's mid-term revenue and Adjusted EBITDA targets (\$400 million and \$200 million, respectively) will be achieved
C  ESPN	Strategic Partnership	2023	\$2.05 billion <i>\$550 million in warrants + \$1.5 billion in cash payments over 10 years</i>	<ul style="list-style-type: none"> Has generated nearly \$1 billion in cumulative Adjusted EBITDA losses⁵ Contributed to a significant increase in leverage (+2.5 turns to 7.0x+ on a lease-adjusted basis) User base has declined and ESPN Bet has failed to gain meaningful market share⁶



“

*When PENN did the original transaction, **they did not know the temperature of Wall Street**... If they had bought Barstool – 100% – right away, it would have been probably World War III...*

*Moelis is our banker... [they do] all the gambling mergers and acquisitions. We went and met FanDuel, DraftKings, PokerStars, Wynn... You name it, we met. **We didn't get anywhere.***

*Moelis said, '**Dave is too toxic... no one will deal with Dave.**'*

*Someone introduced us to PENN... **We met with PENN and hit it off**... and then it was all me and Erika [Ayers] talking to Jay [Snowden]."*

— Dave Portnoy, Founder of Barstool Sports
KFC Radio Interview, February 21, 2023

A | PENN Overpaid for Barstool Out of Desperation

Desperate for growth and lured by the promise of OSB, PENN paid a high price to acquire its ownership stake in Barstool Sports

Barstool Sports Implied Valuation



“ [PENN] needed us... and we named our price. *There was no negotiation.* ”

— Dave Portnoy, Founder of Barstool Sports, September 24, 2020⁵

Barstool's controversies threatened PENN's relationships with its gaming regulators

Situation	Description	Gaming Regulator's Reaction
"Can't Lose Parlay"	<ul style="list-style-type: none"> In 2023, Barstool ran a promotion called the "Can't Lose Parlay," which featured bets created by one of Barstool's media personalities¹ PENN argued that the advertisement was "satirical" and that "no reasonable person" would believe that the "Can't Lose Parlay" functioned as advertised² According to PENN, 90% of users lost their first "Can't Lose Parlay" bet¹ 	<p><i>"The majority knows it's satire, but what about the 10% who are young, or who have mental health issues, or have responsible gaming issues?"</i></p> <p>Brad Hill, Commissioner, Massachusetts Gaming Commission</p>
University of Toledo Incident	<ul style="list-style-type: none"> In 2022, Barstool advertised the Barstool Sportsbook and its pre-registration promos during the "Barstool College Football Show" on the campus of the University of Toledo³ The same show targeted individuals under the age of 21 by encouraging the audience to take advantage of the promotions³ 	<p><i>"[A]ll applicants and eventual licensees must comply with the law... [S]taff was compelled to issue a notice of violation to PENN Sports Interactive, doing business as Barstool Sportsbook, for alleged violations of the commission's rules..."</i></p> <p>Matthew Schuler, Executive Director, Ohio Casino Control Commission</p>
University of Tennessee Incident	<ul style="list-style-type: none"> In 2022, Mr. Portnoy and other Barstool personalities hosted a tailgate event near the University of Tennessee campus during a college football game⁴ One of PENN's gaming regulators found the combined promotion of sports betting and alcohol around a collegiate sports event "troubling"⁴ 	<p><i>"From a responsible gaming [perspective]... the effort to co-brand with [Barstool]—and that would be coming into [Massachusetts] as well... I'm disturbed by that."</i></p> <p>Eileen O'Brien, Commissioner, Massachusetts Gaming Commission</p>
Insider Article	<ul style="list-style-type: none"> In 2021, <i>Insider</i> published an article detailing allegations of sexual violence and intimidation by Barstool's founder, Dave Portnoy⁵ In response to the article, gaming regulators in Nevada and Indiana began scrutinizing Barstool, and PENN reportedly shared the article with other regulators⁶ 	<p><i>"So I just want to make sure we're all being very, very clear here that regulators here in Massachusetts are really at a crossroads."</i></p> <p>Cathy Judd-Stein, Former Chair, Massachusetts Gaming Commission</p>

1. Source: Jessica Weisman, "PENN paid \$25K fine in MA for past Barstool Can't Lose Parlay," SBC Americas, January 9, 2023.

2. Source: Jessica Weisman, "Barstool invokes 'constitutionally protected speech' in defense of Can't Lose Parlay," SBC Americas, June 8, 2023.

3. Source: Jessica Weisman, "Barstool Sportsbook Ohio faces potential \$250K fine for marketing to Toledo students," SBC Americas, December 14, 2022.

4. Source: Jessica Weisman, "MA regulators voice concerns over Barstool Sportsbook and Portnoy," SBC Americas, December 7, 2022.

5. Source: Julie Black, "Young Women Say Sex With Barstool Sports' Dave Portnoy Was Frightening," *Insider*, November 4, 2021.

6. Source: Emily Steel, "Desperate for Growth, Aging Casino Company Embraced 'Degenerate Gambler,'" *The New York Times*, November 20, 2022.

PENN should have known that Barstool's brand and outspoken founder might present challenges for a highly regulated public company; it chose to ignore those warnings and stood by Barstool when it faced controversy



“

*[Dave Portnoy] rose to fame by capitalizing on misogyny and other offensive behavior. He once said that some women 'kind of deserve to be raped.' ... He made what he acknowledged were racist statements, including using the N-word repeatedly ... Far from being turned off by Mr. Portnoy's behavior, **PENN executives sought to harness his notoriety** to woo a new generation of gamblers.*

*On a Thursday morning in November 2021 ... Insider... published an article detailing allegations from women who said they'd had sexual encounters with Mr. Portnoy that turned violent... The next day, **[Jay] Snowden... held a videoconference call for employees. He criticized the Insider article and defended Mr. Portnoy.***

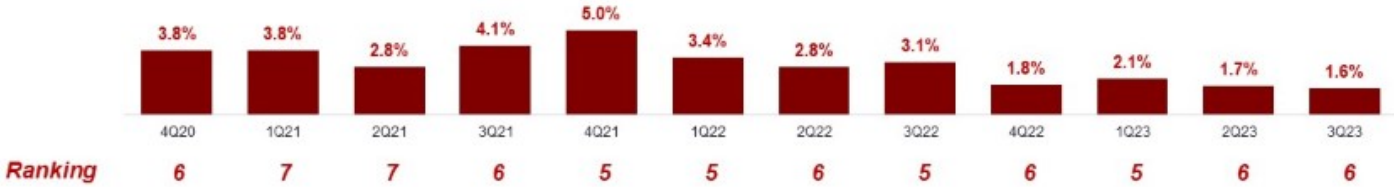
Mr. Snowden was wearing a Barstool sweatshirt.”

- Emily Steel, The New York Times, November 20, 2022

A | Barstool Sports Never Achieved Meaningful Market Share

Barstool Sportsbook never achieved meaningful market share during PENN's ownership, and was never a significant player in the U.S. OSB landscape

Barstool Sports National Market Share¹



“ [W]hat I think you should assume is that **we are going to be top 3** [in online sports betting]. We said that before we ever launched. We’re delivering on that.”

— Jay Snowden, PENN President & CEO, February 4, 2021

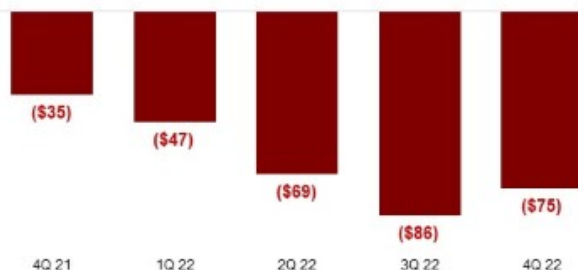
WinAt PENN 1. Source: Eilers & Krejcie Gaming. Based on nationwide consolidated gross gaming revenue.

Despite ample evidence that Barstool was not meeting expectations, PENN inexplicably doubled down

Barstool Did Not Appear to Be Driving Profitability in PENN's Interactive Business...

... Yet, PENN Invested Another \$388 Million to Purchase the Balance of Barstool in February 2023

Interactive Segment LTM Adjusted EBITDA (\$M)



PENN Entertainment acquires rest of Barstool Sports for \$388 million

By: Andrew Bucholtz – Published February 17, 2023



"This deal comes in Barstool's 20th year of existence, and it also comes after a lot of ups and downs for the company... Despite the various controversies since taking that 2020 minority stake, PENN clearly hasn't been scared off from Barstool... [R]ather than just escalate their Barstool stake to 50 percent, or even to control, they've bought the company entirely. So the futures of PENN and Barstool are more closely linked than ever. We'll see how that plays out."

“ [Barstool is] one of the strongest sports media brands, certainly in the U.S., if not the world. It's high growth. We've got tremendous people at Barstool, tremendous IP, great leadership and have a very exciting future ahead of us.”

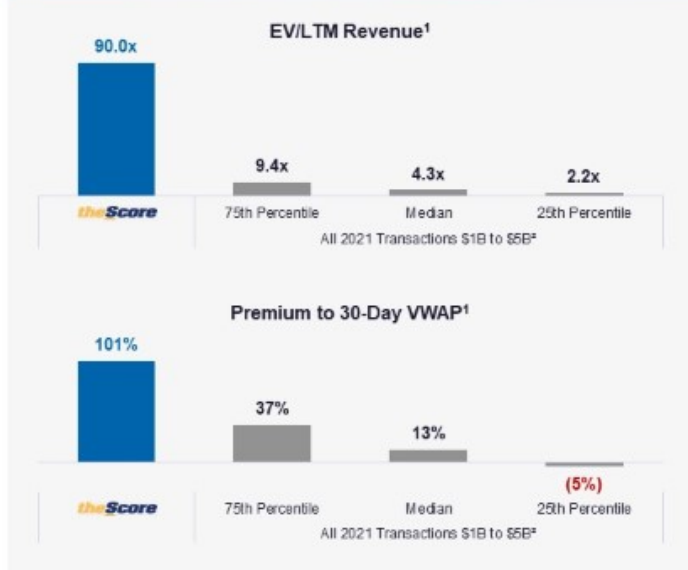
— Jay Snowden, PENN President & CEO, May 4, 2023

A | PENN's Stated Goals Were Not Achieved

What PENN Said About the Barstool Acquisition	HG Vora's Observations	Goal Achieved?
"[W]e believe the significant reach of Barstool Sports and loyalty of its audience will lead to meaningful reductions in customer acquisition and promotional costs for our sports betting and online products, significantly enhancing profitability ..." ¹	<ul style="list-style-type: none"> ▶ Barstool's demographic skewed younger and lower-income, with fewer dollars to bet ▶ PENN's Interactive segment generated a cumulative Adjusted EBITDA loss of approximately \$130 million during the Company's ownership of Barstool 	X
"Our growing team of product and engineering talent at PENN Interactive is focused on what we anticipate will be a best-in-class sports betting app ..." ²	<ul style="list-style-type: none"> ▶ The Barstool Sportsbook app launched without important features, including same-game parlays and shareable bet slips 	X
"I think we should be in the top 3 [in market share] in every state where we operate." ²	<ul style="list-style-type: none"> ▶ Barstool Sportsbook never ranked higher than sixth in national market share during PENN's ownership ▶ PENN's average national market share from January 2020 to July 2023 was less than 3% 	X
"We... think Barstool can be a real catalyst for our brick and mortar business ... And they have a tremendous track record of driving visitation [at] live events including casinos. And we're now working together to build out the marketing schedule and plan that will drive Barstool users into our casinos." ²	<ul style="list-style-type: none"> ▶ We see no evidence that PENN's brick-and-mortar operations derived any meaningful benefit from the Company's ownership of Barstool ▶ Adjusted EBITDAR for PENN's brick-and-mortar business declined by approximately \$100 million from 2021 to 2023, and Adjusted EBITDAR margins declined by approximately 300 bps 	X

B | PENN Paid a High Price for theScore's Technology

PENN Paid a Rich Multiple and a High Premium for theScore



"Valuation is high relative to theScore today..."

TRUIST

August 5, 2021

"We get that PENN needed a tech stack, but buying a media Company for a tech stack, knowing the challenges peers have had buying tech companies with sports betting tech stacks, seems a bit strange, and frankly, risky."

Deutsche Bank

August 5, 2021

"The principal rationale for acquiring theScore at such a high price was... related to advancing PENN's technical sophistications... [S]hareholders have to wonder if this could have been done in a more cost-effective manner from the onset."

THE DONERAIL GROUP

May 31, 2024

"In our view, PENN paid a premium for its recent acquisition of theScore..."

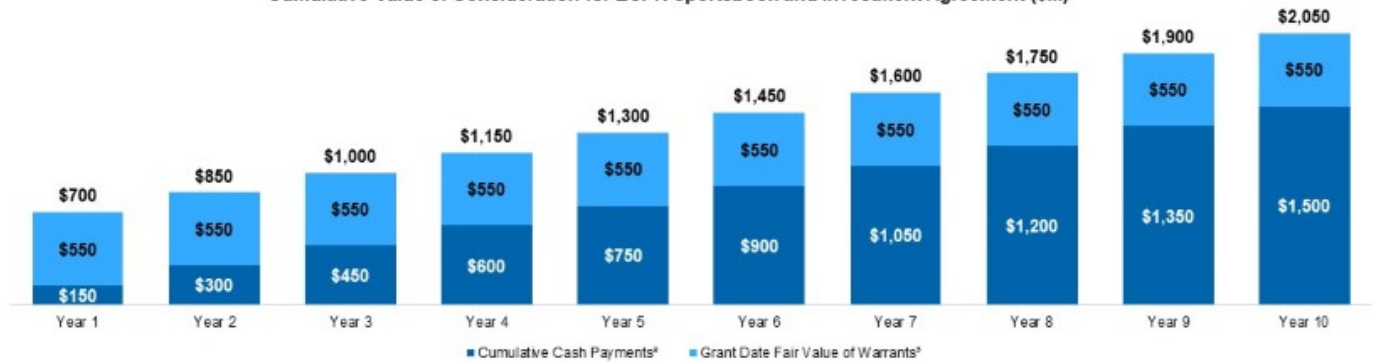
WELLS FARGO

September 14, 2021

C | The ESPN Bet Partnership Was Costly

PENN Committed to Paying ESPN More than \$2 Billion Over the Next 10 Years

Cumulative Value of Consideration for ESPN Sportsbook and Investment Agreement (\$M)¹



“[W]hy PENN? Because **PENN stepped up in a very aggressive way** and made an offer to us that was better than any of the competitive offers by far.”

— Bob Iger, Chief Executive Officer of The Walt Disney Company, August 9, 2023

C | We Believe PENN's ESPN Bet Strategy Was Flawed from the Beginning

ESPN Bet's Challenge	Management's Optimistic View	HG Vora's Concern
ESPN Bet Was Late to OSB	<p>Barstool was a learning experience; next time will be better</p> <p>"We have learned a lot over the last few years about the recipe for success in the sports betting industry..."²</p>	<p>✗ ESPN Bet did not launch until five years after the Supreme Court decision that paved the way for legalized sports gambling, by which point other companies had established dominant market positions, leaving PENN forced to try to take market share</p>
The Initial Product Was Not Competitive	<p>Product features do not drive market share</p> <p>"I think there's been a lot of attention... given to same-game parlays and who's best at those. And to me, those are going to end up being largely commoditized because they're betting offerings that we're all going to be at the same level in a very short period of time."²</p>	<p>✗ While ESPN Bet had a polished user interface at launch, its same-game parlay and player prop features were – by PENN's own admission¹ – not competitive with peers, and ESPN Bet was not as generous with bonus bets and other promotions</p>
Launch Timing Was Poor	<p>The delayed launch is (somehow) a good thing</p> <p>"I actually think the timing of our launch in November is good because it's not going to get lost at the launch of football season. [Beginning of] football season is so noisy. Everybody is spending like crazy, trying to drive top of funnel on the acquisition side. I like how this plays out."²</p>	<p>✗ PENN announced the ESPN deal in August 2023, but did not launch ESPN Bet until November 2023, missing out on the first several weeks of the NFL season – a critical time for customer acquisition</p>
PENN Over-Relied on ESPN's Brand to Drive Share	<p>ESPN's brand is enough of a differentiator</p> <p>"I would like to spend a bit of time talking about what makes this deal so unique and special... [I]t really starts with the brands... We are firmly convinced that we will be getting significant value for our marketing dollars by allocating those funds to the single-best brand and platform in the U.S."²</p>	<p>✗ A well-known brand is not enough to drive market share, as the failures of FoxBet and SI Sportsbook illustrate</p> <p>Besides its brand, ESPN Bet offered little to lure customers from more established OSB competitors</p>

C | Other Observers Seemingly Foresaw that PENN Would Struggle with ESPN Bet

"[W]e wonder if it's a little too late for **PENN** to crack being a 10%+ market share player beyond 2025 (the big 4 have 90% +/- of GGR and handle share presently)."

J.P.Morgan

August 9, 2023

"ESPN Bet has a better chance than past OSB/media flops (FoxBet, Bally's, PB/NBC, etc.), but the most well-known media/OSB success story is Sky Bet (UK), which we think is different as they had exclusive sports league content rights."



August 15, 2023

"[N]ot many U.S. sports betting / media tie-in deals done to-date have been shown to drive meaningful market share by themselves..."

BARCLAYS

August 8, 2023

"[S]ome of the pushback that I'm hearing is just the market share and the thought that other partnerships between media operators and online sports betters hasn't worked historically."

Needham

August 9, 2023

"The issues remain as to the magnitude of share given the later entry, as well as the competitiveness of product advancement, which has been the current success driver rather than eyeballs."

Jefferies

August 8, 2023

"[PENN] will... need to be a lot more promotional than it was with Barstool to acquire customers in an already saturated OSB / iCasino market, with market share firmly consolidated amongst a small few."

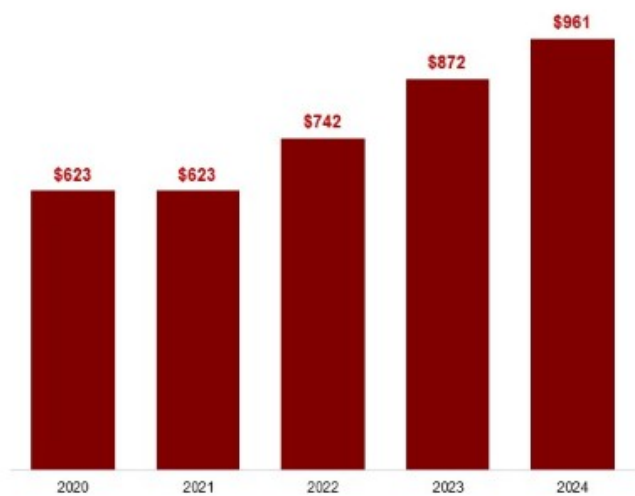
Deutsche Bank

August 9, 2023

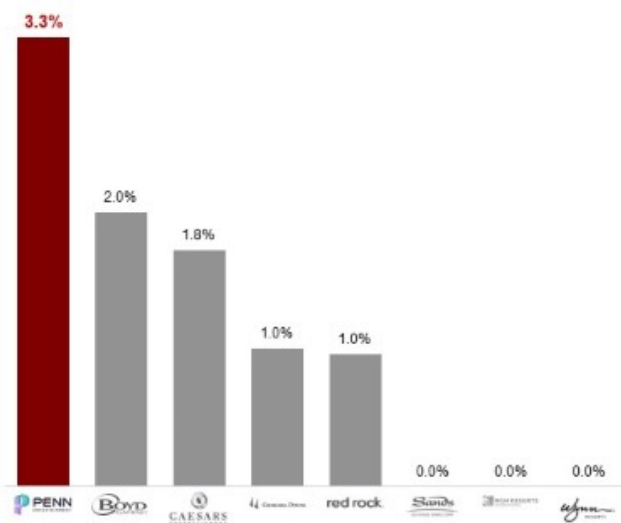
Analysts Had Relevant Questions Regarding ESPN Bet...		...Which Mr. Snowden Declined to Answer
Deal Process?	<p>"Jay, is it possible to give a little more color about how this came together overall?"</p> <p>Barry Jonas, Truist Securities</p>	"Not really. I'd prefer not to get on the inside baseball of how it came together."
Impact on 2024 Results?	<p>"[D]o you have any kind of, I don't know, guidance that you could perhaps give that would give us maybe a better sense of what we're thinking about on a 2024 basis?"</p> <p>Carlo Santarelli, Deutsche Bank</p>	"I don't want to get into too much detail on '24 yet, Carlo."
Market Share Targets?	<p>"[I]t's a 10-year partnership, but potential termination rights after year 3 if certain market share thresholds aren't met. And so we've been getting some inbound to investors asking what those market share thresholds are."</p> <p>Bernie McTernan, Needham & Company</p>	"We haven't disclosed it and we're not going to."
Integration with Other ESPN Products?	<p>"[Are] there plans eventually to maybe integrate the signal, ESPN's in particular, within your app, I don't know, in '24? Or how long does that -- would that take in theory?"</p> <p>Joe Stauff, Susquehanna Financial Group</p>	"I would say that's a real forward-looking question, Joe... I'd rather wait until our Investor Day more toward the end of this year."
Tracking Success?	<p>"Many of the other media partnerships, I think, ultimately acquired customers that then lost them or we saw them dwindle in year 2. How will you measure conversion effectiveness with ESPN and/or track KPIs to ensure that you're acquiring beyond that kind of first test?"</p> <p>Stephen Grambling, Morgan Stanley</p>	"[W]ith regard to some of the KPIs, we'll get into more of that at the end of the year in our investor presentation. Again, we're really focused on launch right now."

These Poor Capital Allocation Decisions Have Led to Impairments...

Cumulative Impairment Losses (\$M)¹



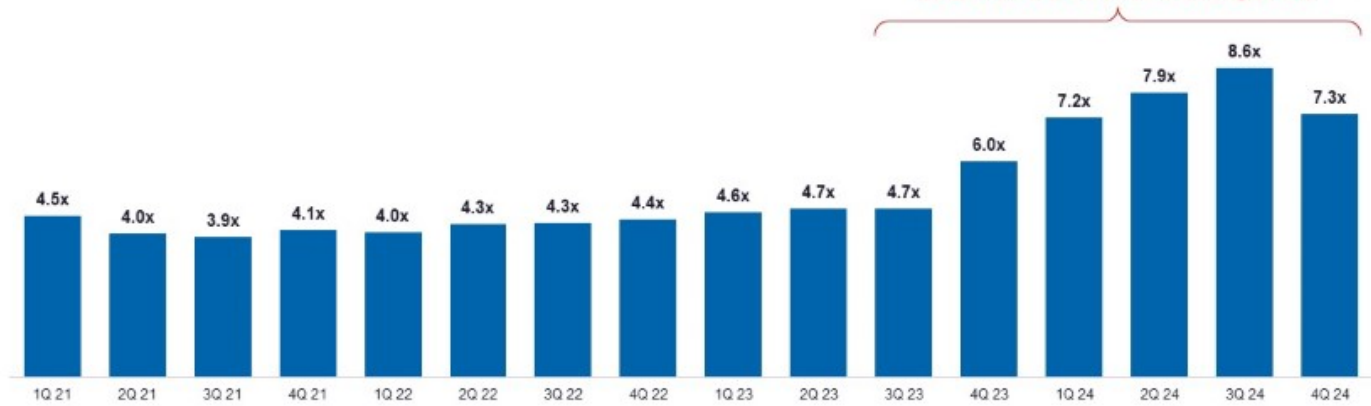
Impairment Losses as a % of Revenue, 2020-2024¹



...And High Leverage...

Lease-Adjusted Net Leverage¹

PENN's leverage has increased more than 2.5 turns since the ESPN Bet deal was announced in August 2023



“Is the balance sheet over-levered? **Yes.**”

— Raymond James, May 20, 2024

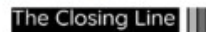
...And Substantial Questions About the Strategy

"It's quite surprising that PENN has invested heavily in developing an online sports betting and iGaming platform while appearing to have **not placed a high priority on ensuring the quality of the product.**"

 BENCHMARK

April 16, 2024

"I think there's a pretty compelling case to be made for PENN to **focus on online casino and ditch sports betting...**"



February 28, 2025

"Has **PENN's interactive strategy continued to disappoint?** Yes... Put simply, **the digital business isn't delivering...**"

RAYMOND JAMES

May 20, 2024

"ESPN Bet is still not on pace to meet its original target of a podium position and... **if further progress is not made this year, [PENN] will have to explore a rationalization of the Interactive cost structure.**"

 Canaccord
Genuity

February 27, 2025

"[W]e think **the most value-accretive outcome entails 1) ESPN Bet termination and pivot to iCasino-led Interactive strategy, 2) divestiture of theScore, and 3) improved disclosures for market access royalties.**"

STIFEL

March 17, 2025

"The interactive guide **negatively impacts our view that PENN will ultimately be able to create shareholder value through ESPN Bet.** As we enter the second half of the relationship for the initial term between PENN and DIS, **the clock is ticking...**"



February 28, 2025

"With ESPN Bet [market] share in the [low single digits], we believe it's **increasingly unlikely that PENN/ESPN will elect to extend their agreement beyond year-3 (3Q26).**"



March 3, 2025

"PENN's core business is running profitable, stable casinos. But **management got distracted by the hype cycle of online sports betting.** They saw FanDuel and DraftKings stock skyrocketing and thought: 'We can do that too!' No, you can't."



February 22, 2025

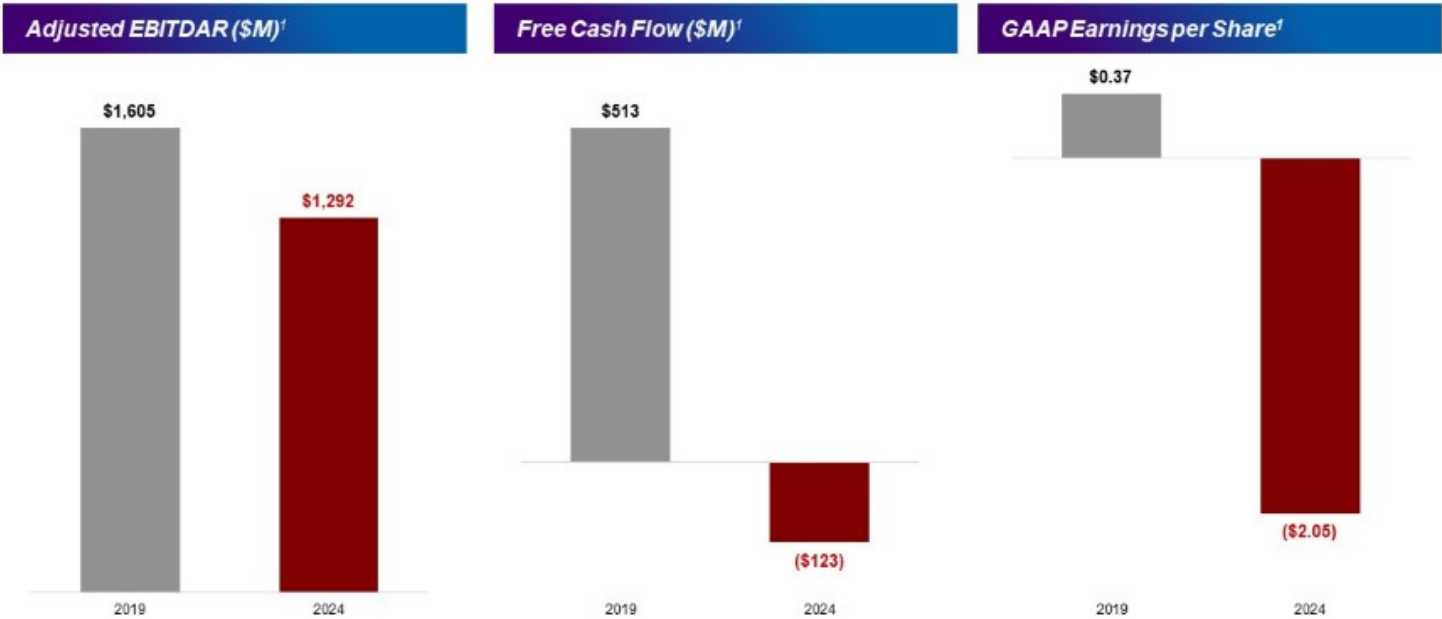


SECTION II

2

The Board Has Not Demanded Good Execution

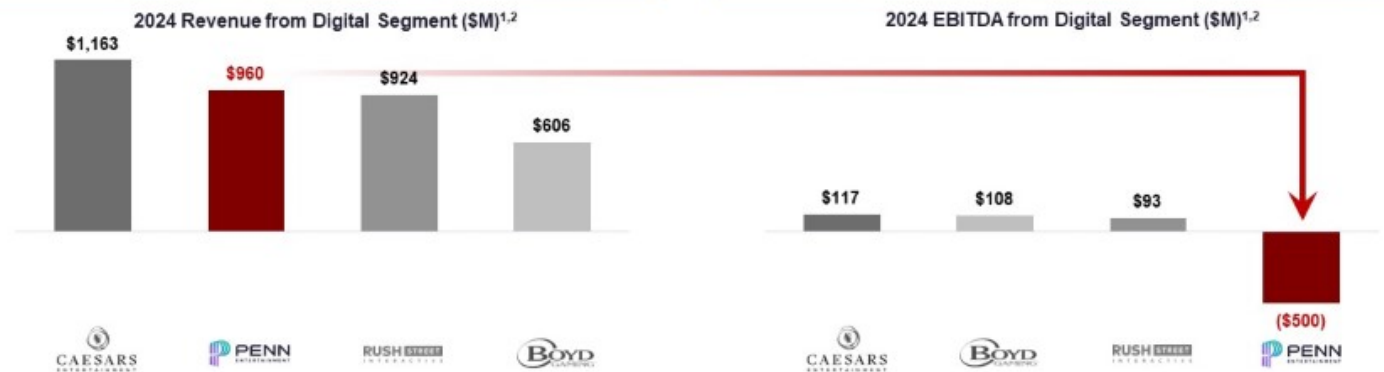
Overall Operating Performance Has Meaningfully Deteriorated



Interactive Costs Are Too High...

PENN's Interactive Segment Has Similar Scale to those of Boyd, Caesars and RSI...

...Yet PENN Interactive Is Deeply Unprofitable Because It Is Burdened by Expenses Related to ESPN Bet

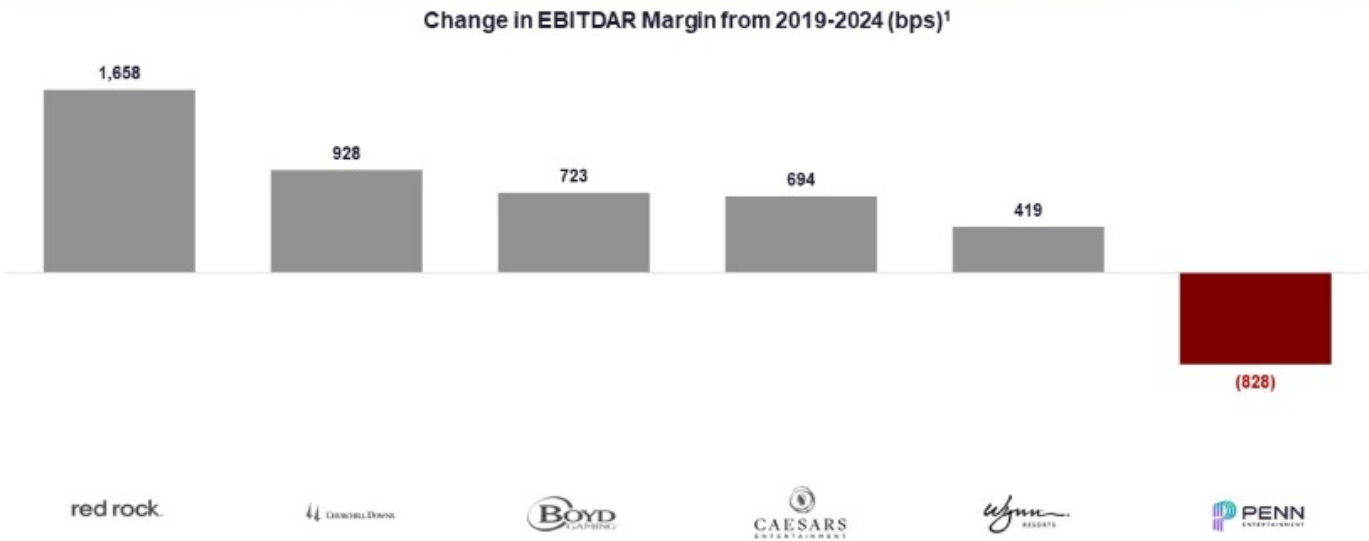


“We're going to be profitable faster than anyone else. And we're delivering on that and continue to deliver on that pledge. Again, faster than anybody else.”

— Jay Snowden, PENN President & CEO, February 4, 2021

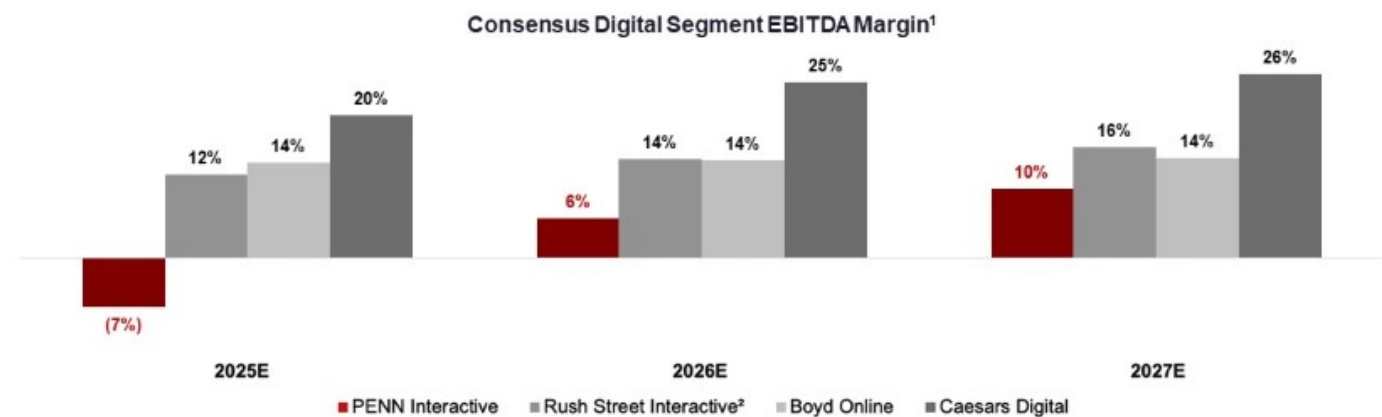
...And Margins Have Declined...

PENN's Peers Have Expanded EBITDAR Margins, while PENN's Margins Have Declined



...And Are Expected to Remain Inferior

Analysts Expect PENN's Interactive Margins to Remain Low Relative to Peers

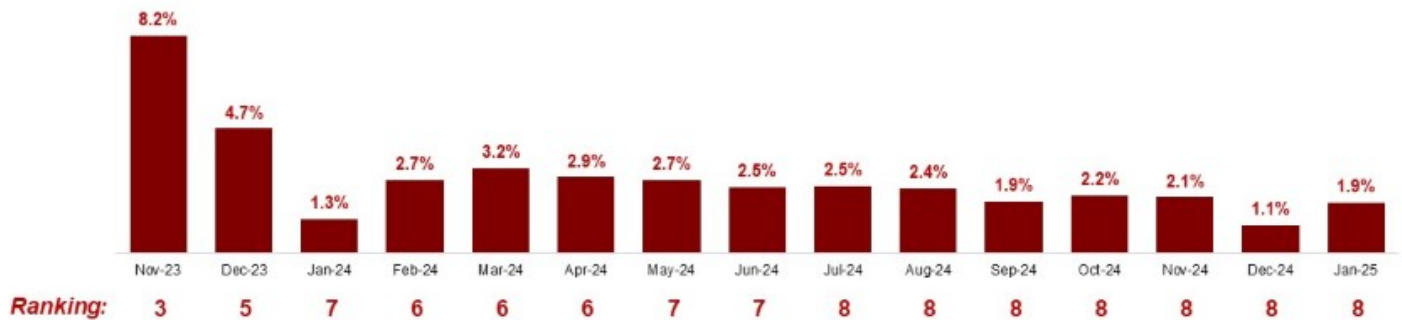


“PENN... continues to have an Interactive EBITDA drag when others are turning or have turned the corner on profitability.”
— CBRE Capital Advisors, May 12, 2025

ESPN Bet Has Failed to Gain Meaningful Market Share...

ESPN Bet used sign-up bonuses to incentivize trial upon launch, but quickly ceded market share; by Mr. Snowden's own admission, ESPN Bet has failed to meet his goal of competing for a "podium position"¹

ESPN Bet Monthly Market Share and Ranking Since November 2023 Launch²



What we don't want to have is a giant splash in the first month or two months and then you leak market share. Like *that would not be deemed a success.*"

— Jay Snowden, PENN President & CEO, November 2, 2023

...And Has Performed Poorly in Key States

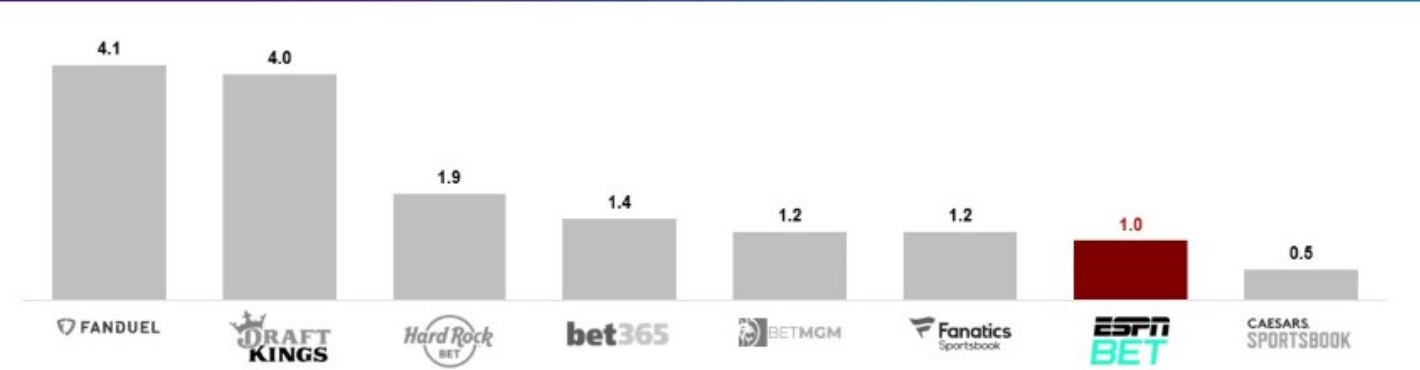
ESPN Bet's Market Share Is in the Low Single-Digits in the States with the Largest OSB Markets



ESPN Bet Underperformed During the Critical 2024 NFL Season

During its first full NFL season after launch, ESPN Bet lagged behind its peers in terms of app downloads

U.S. OSB NFL Season App Downloads (iOS and Android) (in millions)¹



“ I think we have a good offering today, but we have an opportunity to make it a lot better for *this upcoming football season, where it matters the most.* ”

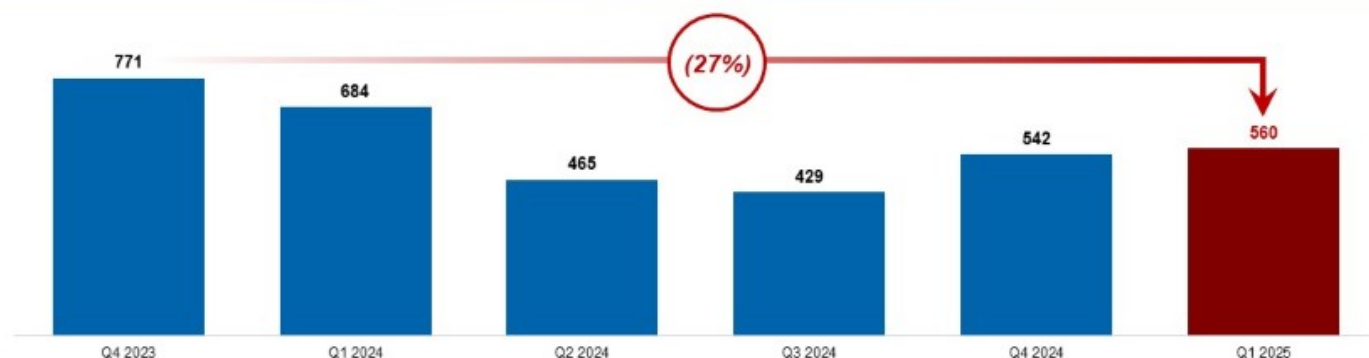
— Jay Snowden, PENN President & CEO, May 2, 2024

¹ Source: Sensor Tower / Eilers & Krejlik Gaming.

PENN's Interactive User Base Has Declined Since the Launch of ESPN Bet...

Despite PENN's claims that ESPN Bet would drive top-of-funnel growth, the Company's Interactive user base has declined significantly over the last year

Average Monthly Active Users (in 000s)¹



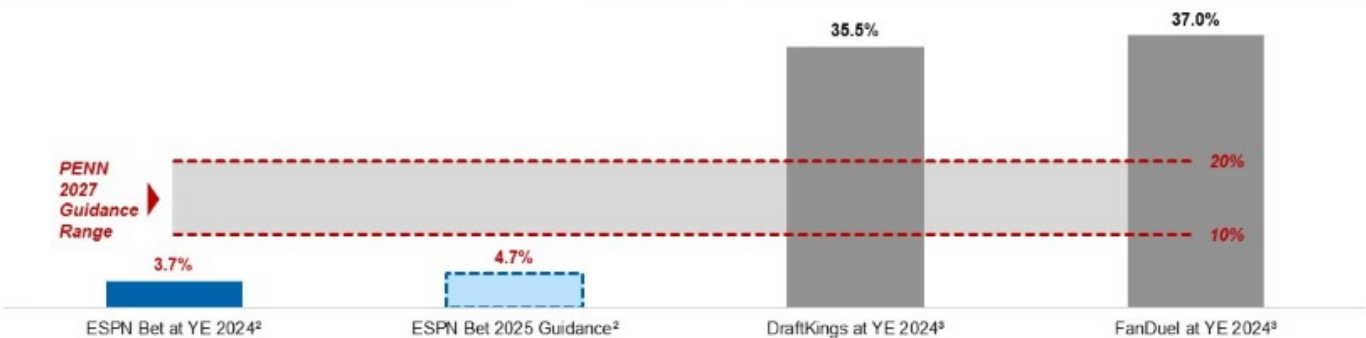
“ESPN Bet continues to drive meaningful growth in both our digital database and our active user base.”

— Jay Snowden, PENN President & CEO, May 2, 2024

...And By PENN's Own Measures, ESPN Bet Has Underperformed

PENN's opportunity for a "podium position" in OSB looks increasingly remote, as the Company expects its market share to continue to trend well below the targets it set when the ESPN Bet deal was announced

Sports Betting Handle Market Share



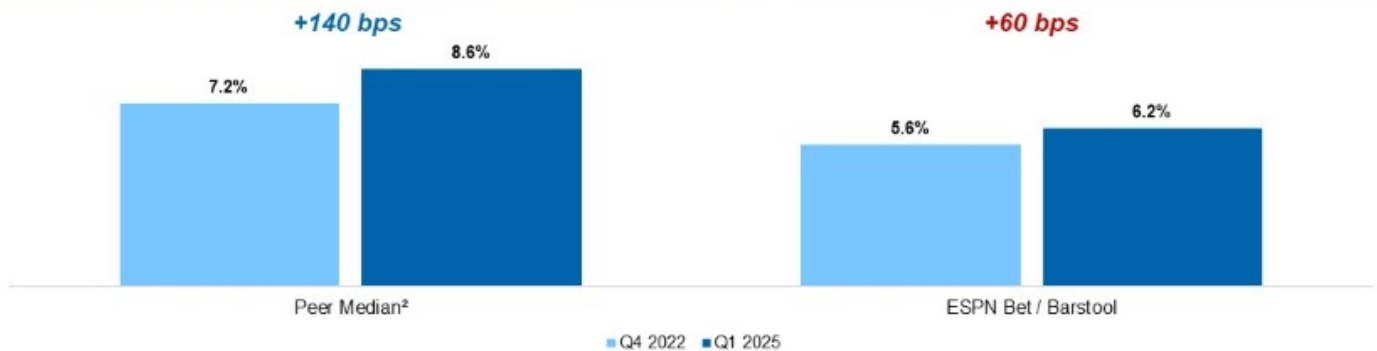
“The bull case when PENN entered the ESPN deal was to get to 20-25% of the sports betting market by 2027; the bear case was 10% of the market... *Getting to that bear case of 10%, as we sit here, seems like a stretch.*”

— The Cashout, February 28, 2025

OSB “Hold Rate” (Revenue) Is Too Low

The “hold” percentage refers to the amount wagered that the casino retains as revenue; PENN’s gross hold for Barstool and ESPN Bet has consistently been below the peer median

Aggregated OSB Gross Hold Rate¹



“[I]f you look at in the U.S. I think *we're the lowest average hold percentage of all of the top 6 players*. We think that, that will start to reverse itself once we're on our own tech stack and our own player account management.”

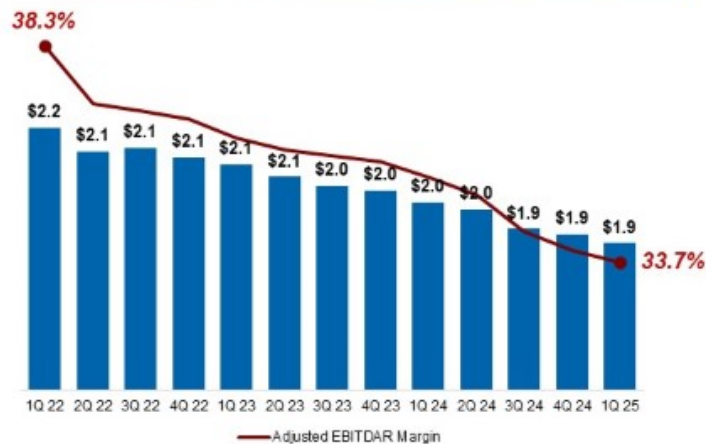
— Jay Snowden, PENN President & CEO, February 2, 2023

Meanwhile, Even PENN's Core Business Has Deteriorated...

LTM Retail Segment Revenue (\$B)¹



LTM Retail Segment Adjusted EBITDAR (\$B)¹



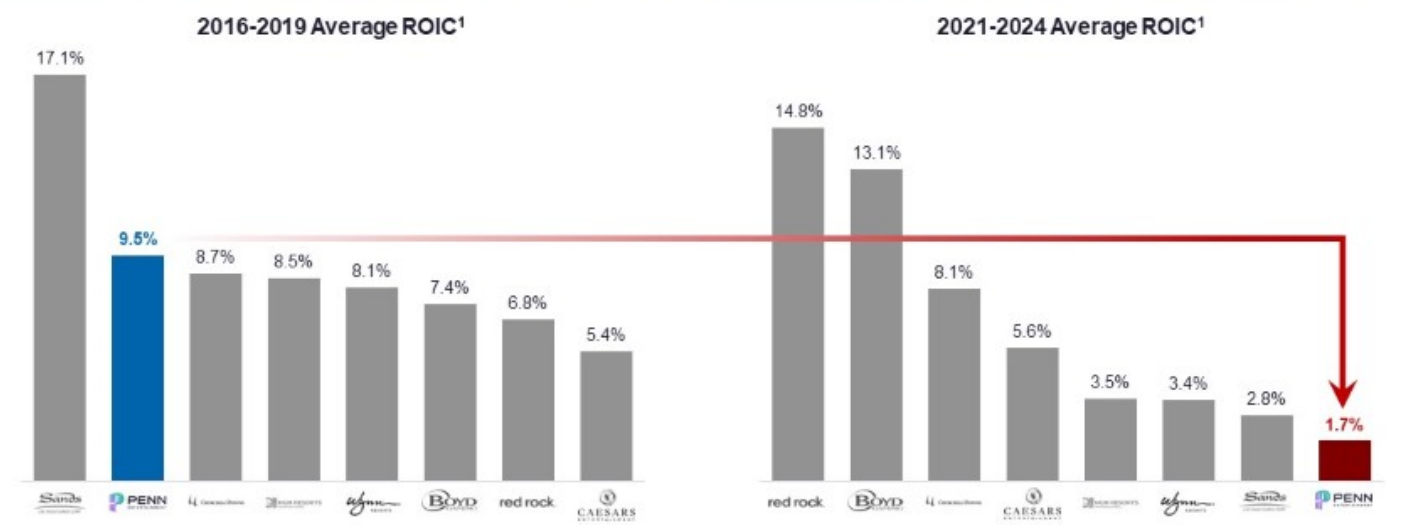
“The casino side isn’t broken—it’s just been ignored. If the company focuses on running its casinos properly, slashes digital losses, and returns capital to shareholders, the stock could easily re-rate to the mid-\$20s...”

— Junk Bond Investor, February 22, 2025

...Resulting in the Collapse of Returns on Capital

PENN Has Gone from an Industry Leader with Respect to Return on Invested Capital...

...to an Industry Laggard



The Company Has Meaningfully Missed Guidance

PENN Has Missed Adjusted EBITDAR Guidance Significantly for the Last Two Years



“*[W]e have not been as tight and accurate with our financial forecasting in the early days of ESPN BET, which is not representative of our long-term track record or internal expectations at PENN.*”

— Jay Snowden, May 2, 2024

Forecasts for the Interactive Segment Have Been Particularly Unreliable

PENN Has Consistently Moved the Goalposts with Respect to Its Expectations for Interactive Segment Profitability

The Company has pushed its breakeven point back more than four years from its original estimate

First Target | 2021

*"I would assume that **2021 maybe as sort of breakeven-ish on the interactive side**. But we clearly have a path to ramping up profitability faster than anybody else, and I would expect to start to see that really raring through in 2022 and beyond from there."*

- Jay Snowden, February 4, 2021

Second Target | 2022

*"[W]e think we'll be probably breakeven from the **PENN Interactive and the Score combination in 2022**. And then you'll see that EBITDA ramp really start to hockey stick in '23 and beyond."*

- Jay Snowden, August 5, 2021

Third Target | 2023

"[P]rofitability is definitely going to be there in 2023, and it would be there in '22 if we weren't also going vertical on tech stack."

- Jay Snowden, November 4, 2021

Fourth Target | Late 2023

*"For our Interactive segment, **we expect the fourth quarter to be profitable**, while the second and third quarters should look very similar to each other."*

- Jay Snowden, May 4, 2023

Fifth Target | 2025

*"[W]e now expect the digital segment to inflect to **roughly breakeven in 2025** and start generating meaningful EBITDA and free cash flow in 2026 and beyond."*

- Jay Snowden, February 15, 2024



Sixth Target | 2026

*"We are confident that our digital business is nearing an inflection point, and we anticipate each quarter of 2025 to deliver a lower loss sequentially throughout the year and **our Interactive division to be profitable in 2026...**"*

- PENN Board of Directors, April 28, 2025

We Believe the Board Has Failed to Recruit the Right Leadership Team...

PENN's Leadership Team Lacks Experience in OSB and Online Casino Gaming

PENN Executive	Prior Role	Prior OSB Experience?	Prior Online Casino Experience?
 Jay Snowden President and CEO	Chief Operating Officer	✗	✗
 Felicia Hendrix Chief Financial Officer	Managing Director and Equity Research Analyst, Barclays	✗	✗
 Todd George Executive Vice President, Operations	Senior Vice President, Regional Operations (Midwest)	✗	✗
 Chris Rogers Chief Strategy and Legal Officer	Senior Vice President, Corporate Development	✗	✗
 Jason Birney Head of Interactive Operations	Vice President and General Manager, Hollywood Casino Columbus	✗	✗
 Wendy Hamilton Chief Human Resources Officer	Chief Guest Engagement Officer, Philadelphia Zoo	✗	✗
 Aaron LaBerge Chief Technology Officer	President & Chief Technology Officer, Disney Entertainment and ESPN	✗	✗
 Billy Turchin Chief Product Officer (joined 2025)	Senior Vice President of Product, FanDuel	✓	✓
 Jennifer Weissman Chief Marketing Officer	Regional Vice President of Marketing, Caesars	✗	✗

...And Failed to Retain the Team It Did Recruit

PENN's Interactive Strategy Was Previously Led by Members of the Levy Family...



John Levy
Founder and Former
CEO of theScore



Benjie Levy
Former President and COO
of theScore and Former
Head of PENN Interactive



Aubrey Levy
Former Senior Vice
President of Content and
Marketing and Head of
esports of theScore



Noah Levy
Former Senior Vice
President of Product
Management of theScore

“The mgmt. team responsible for Barstool's failure won't be operating the ESPN partnership. Rather, **PENN's online strategy is now run by the legacy Score team led by the Levy's.**”

— Roth Capital Partners, August 10, 2023

...All of Whom Abruptly Departed in 2024

PENN Entertainment Announces Interactive Leadership Transition Scheduled for April 2024 January 31, 2024



WYOMISSING, Pa. —(BUSINESS WIRE)—PENN Entertainment, Inc. (“PENN” or the “Company”) (NASDAQ: PENN) announced today that the founding family behind theScore -- John Levy, Benjie Levy, Aubrey Levy and Noah Levy -- will be stepping down from their roles at PENN Interactive, with John departing in mid-February and with Benjie, Aubrey and Noah departing in April 2024.

PENN acquired Score Media and Gaming Inc. (“theScore”) in October 2021 and integrated theScore with its PENN Interactive unit under the leadership of Benjie Levy as Head of Interactive with John Levy assuming the role of Executive Chairman of theScore.

“[T]he **Levy family are about to ride off into the sunset.** In [an] interview... in 2019, [John] Levy, who was 66 at the time, was asked how long he expected to keep going. He scoffed at the question. ‘I’m just having too much fun,’ he replied. ‘There’s no limits on this thing.’ And yet there were.”

— Simon Houpt, The Global and Mail, February 16, 2024

But PENN's Leadership Is Full of Excuses

PENN's Challenge	Mr. Snowden's Explanation	HG Vora's Perspectives
The Barstool Acquisition Was an Expensive Failure	<p>"The Gaming Industry Is Too Heavily Regulated"</p> <p>"[I]t became very clear to Barstool and us that... we're not a natural owner long term because of how highly regulated our industry is."¹</p>	<ul style="list-style-type: none"> ✗ PENN should have known better; virtually as soon as the transaction was announced, observers noted the potential risks associated with Barstool's controversial founder and brand operating in a highly regulated industry³ ✗ PENN was aware that Barstool's content could be divisive⁴ and acknowledged less than two months after the transaction was announced that Barstool could negatively impact its relationships with gaming regulators⁵
Marketing Spend Has Been Excessive	<p>"The Market Has Been Irrational"</p> <p>"[T]he promotional and marketing advertising environment [is] a lot more rational today than it was a couple of years ago."⁶</p>	<ul style="list-style-type: none"> ✗ PENN's excessive spending is largely self-inflicted, though advertising spend and volume appears to have moderated across the OSB industry.⁶ PENN's agreement with ESPN obligates the Company to pay \$150 million annually for media marketing services and brand and other rights until 2033
ESPN Bet's Market Share Growth Has Been Disappointing	<p>"ESPN Bet Was Missing a Few Key Features"</p> <p>"[W]e [had] some ground to make up, particularly in key feature categories such as parlays and player props."²</p>	<ul style="list-style-type: none"> ✗ In an industry with notoriously low switching costs, product functionality is critical to driving customer loyalty and retention ✗ Instead of developing a compelling product with competitive features, PENN appears to have relied on aggressive promotions to boost engagement and drive monetization
PENN's Interactive Investments Have Not Generated Satisfactory Returns	<p>"Returns Don't Matter"</p> <p>"People are like, oh, did you get a return? We have 1.5 million that are in our database today that stay with us after we moved on from Barstool."¹</p>	<ul style="list-style-type: none"> ✗ PENN's larger database does not appear to be translating to improved performance; PENN's digital database is more than 4x larger than it was in 2021, but the Interactive segment lost more money than ever in 2024











SECTION II

3

The Board Lacks Sufficient Relevant Expertise, Alignment and Accountability

The Board is Still Not Comprised of Directors Whose Skills Align with OSB or Online Casino

PENN Directors as of May 2025	Primary Industry Background	EXPERIENCE			
		M&A	Technology Product Development & Operations	Online Gaming	Strategic Transformation
 Vimla Black-Gupta	Consumer packaged goods				
 Anuj Dhanda	Technology operations		•		
 David A. Handler (Chair)	Technology investment banking	•			
 Maria Kaplowitz	Advertising and media				
 Barbara Shattuck Kohn	Healthcare investment banking	•			
 Saul V. Reibstein	Brick-and-mortar casinos; public accounting				
 Jane Scaccetti	Public accounting				
 Jay Snowden (CEO)	Brick-and-mortar casinos				
TOTAL		2 of 8 Directors	1 of 8 Directors	0 of 8 Directors	0 of 8 Directors

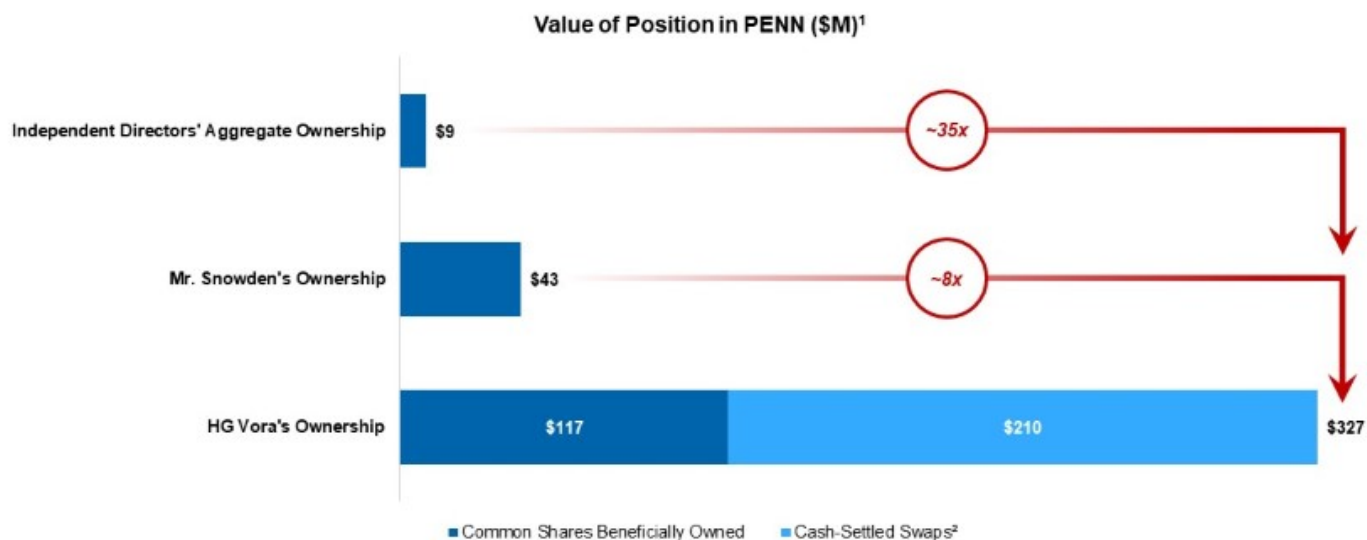


[D]igital gaming and online sports betting experience... [are] essential to the future of PENN's business and the industry...

— PENN Letter to Shareholders, May 15, 2025

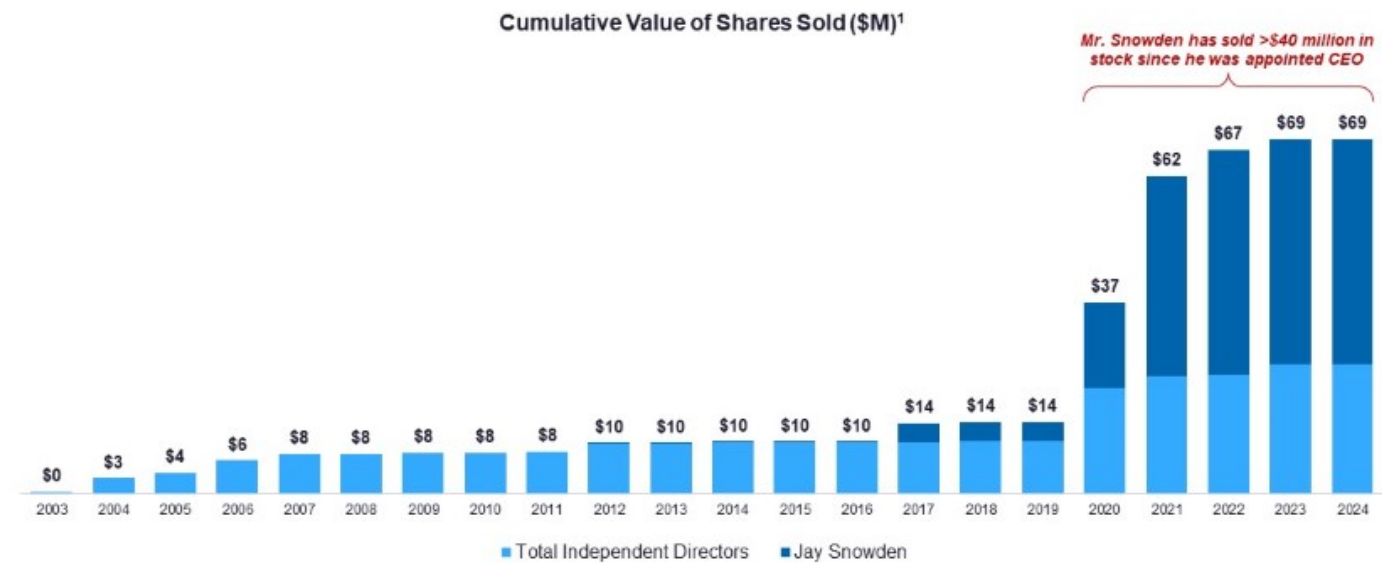
PENN's Directors Own Very Little Stock...

We Believe PENN's Directors Lack Alignment with Shareholders Because They Own Relatively Little Stock



...And Have Been Selling


PENN's Directors— Especially Mr. Snowden – Have Been Selling Shares, Insulating Themselves from PENN's Decline



PENN's Governance Framework Does Not Ensure Accountability

PENN's Governance Makes It Difficult for Shareholders to Hold the Board Accountable¹

Percentage of Companies with Provision

		Company Proxy Peers	Company Performance Peers	US Gaming Peers	S&P 500	S&P 600
Majority Vote Standard	✗	50%	50%	40%	92%	54%
Declassified Board	✗	83%	83%	80%	88%	86%
Simple Majority to Remove Directors	✗	50%	50%	60%	89%	71%
Shareholders Can Fill Board Vacancies	✗	33%	50%	60%	20%	15%
Shareholders Can Access Proxy	✗	25%	33%	40%	83%	16%
Shareholders Can Call Special Meetings	✗	50%	67%	100%	75%	53%
Shareholders Can Act by Written Consent	✗	42%	50%	40%	31%	25%
Simple Majority to Amend Bylaws	✗	50%	50%	80%	81%	64%
Simple Majority to Amend Charter	✗	67%	67%	80%	69%	49%
Shareholders Can Choose Litigation Forum	✗	33%	33%	40%	42%	41%



SECTION II

4

The Board Has Failed to Align the Interests of Management and Shareholders

We Believe PENN's Compensation Program Is Deeply Flawed

HG Vora's Perspective	Summary Observations
A <i>PENN's Executive Compensation Is Excessive</i>	<ul style="list-style-type: none"> • Mr. Snowden's target compensation is higher than all but one of his peers, despite the fact that he is the second-worst performing CEO among his peers, and PENN is the second-smallest company • PENN's NEO compensation has been growing consistently for years, even though the Company is smaller and less profitable than it was in 2019 • The pay disparity between Mr. Snowden and PENN's other NEOs is also very high
B <i>Executive Pay Has Not Been Aligned with Performance</i>	<ul style="list-style-type: none"> • PENN's annual incentive awards have paid out at or above target for three of the past four years, even though PENN's total shareholder return was negative during each calendar year • The Compensation Committee has set Adjusted EBITDAR targets below analyst consensus and prior year totals, which we believe reflects a lack of rigor • In 2023, the Compensation Committee exercised its discretion to modify performance targets post hoc to ensure that executives still received their annual incentive award payouts
C <i>PENN's Equity Grant Practices Are Excessive</i>	<ul style="list-style-type: none"> • The Company's stock-based compensation and value-adjusted burn rate have increased significantly in recent years • In 2021, Mr. Snowden was awarded a supplemental equity grant with the potential to be worth more than \$200 million, more than 4x what he had earned during his previous ten years at PENN • The target value of Mr. Snowden's 2024 equity grant was higher than the stock-based compensation of the <i>entire</i> company each year from 2015 to 2019

A | Mr. Snowden's Target Compensation Is Too High...

PENN is the second-smallest company in its peer group...

...And Mr. Snowden Has Been the Second-Worst Performing CEO Among His Peers...

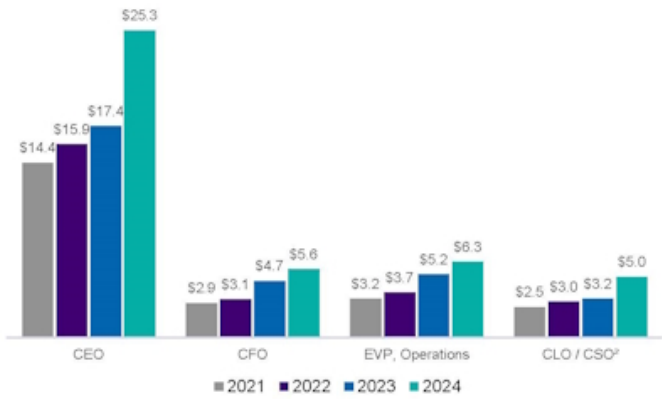
...Yet Mr. Snowden Has Been Paid More than All But One of His Peers...



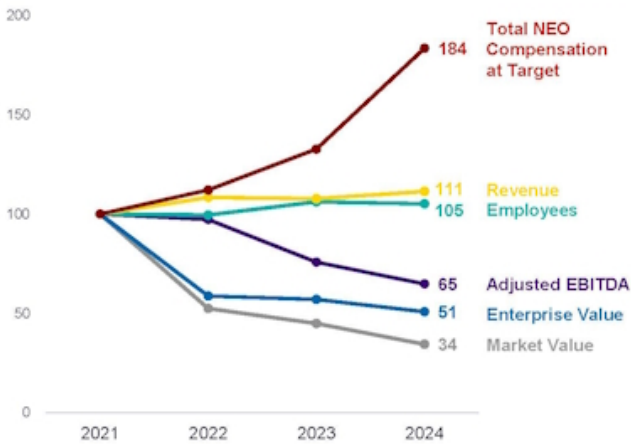
A | ...And Has Grown Rapidly...

The compensation of PENN's executives has been growing for years, even though PENN itself has not grown meaningfully by any relevant metric

Total Executive Compensation Opportunity at Target (\$M)¹



Growth from 2021 to 2024 (Indexed to 100)^{1,2}



A | ...Even After an Unusual and Excessive “Mega-Grant” in 2021

The 2021 mega-grant gave Mr. Snowden—who at the time was just one year into his tenure as CEO—the opportunity to earn ~4.6x more than what he had earned during his previous ten years at PENN

Jay Snowden's Compensation Opportunity (\$M)¹

■ Cumulative Compensation Earned Prior to Mega-Grant² ■ 2021 Annual Compensation Opportunity³ ■ Potential Value of Stock Price Hurdle Award⁴ ■ Potential Value of Relative TSR Hurdle Award⁴



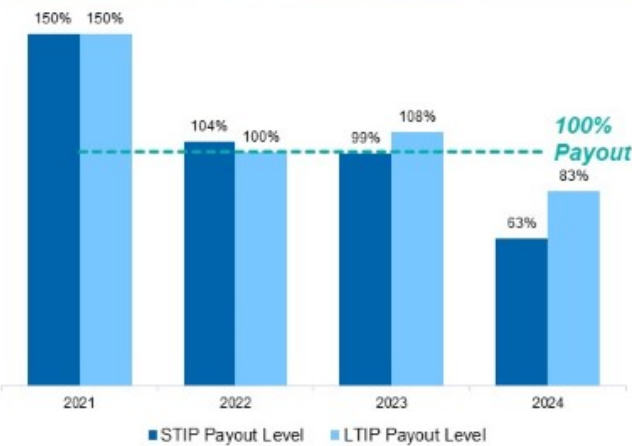
“ [T]he CEO received a special equity award in addition to his annual-cycle award... [T]he [compensation] committee did not provide sufficient rationale for the magnitude, which is **multiple times larger than total CEO peer median pay** by itself, nor was any commitment not to grant the CEO further special equity awards over the duration of the grant disclosed. [T]he size of the grant and potential payout is... **concerning.**”

— Institutional Shareholder Services, May 20, 2022

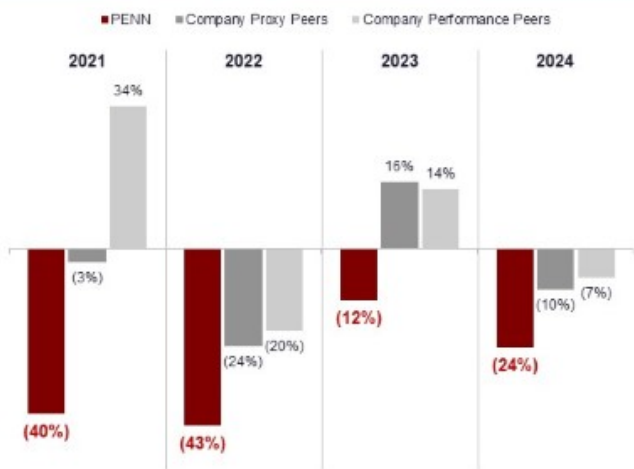
B | Payouts Have Been High Despite Poor Performance...

PENN has consistently paid out executive bonuses at or near target levels despite the Company's persistent total shareholder return underperformance

Incentive Plan Payout Levels¹



Total Shareholder Return During Calendar Year²

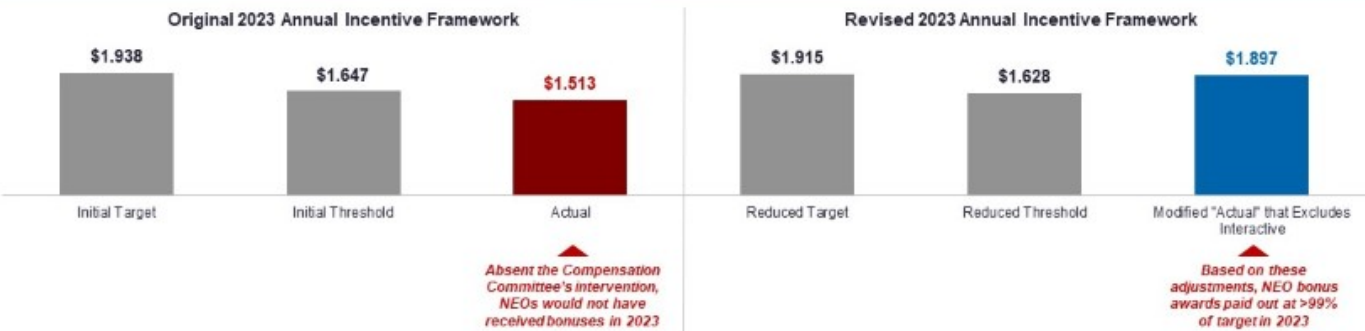


1. Source: Company filings.
2. Source: Bloomberg. "Company Proxy Peers" refers to Boyd Gaming, Caesars Entertainment, DraftKings, Electronic Arts, Las Vegas Sands, Lions Gate Entertainment, MGM Resorts Int'l, Red Rock Resorts, Roku, SiriusXM and Wynn Resorts. "Company Performance Peers" refers to Boyd Gaming, Caesars Entertainment, DraftKings, Electronic Arts, Las Vegas Sands, Lions Gate Entertainment, MGM Resorts Int'l, Red Rock Resorts, Roku, SiriusXM and Wynn Resorts. Peer data refers to trailing.

B | ...Because the Compensation Committee Adjusted Targets Post Hoc...

While PENN's Interactive segment lost more than \$400 million in 2023, PENN's Compensation Committee simply adjusted the targets and used a pro forma EBITDAR calculation and executives were paid at 99%

Adjusted EBITDAR (\$B)¹

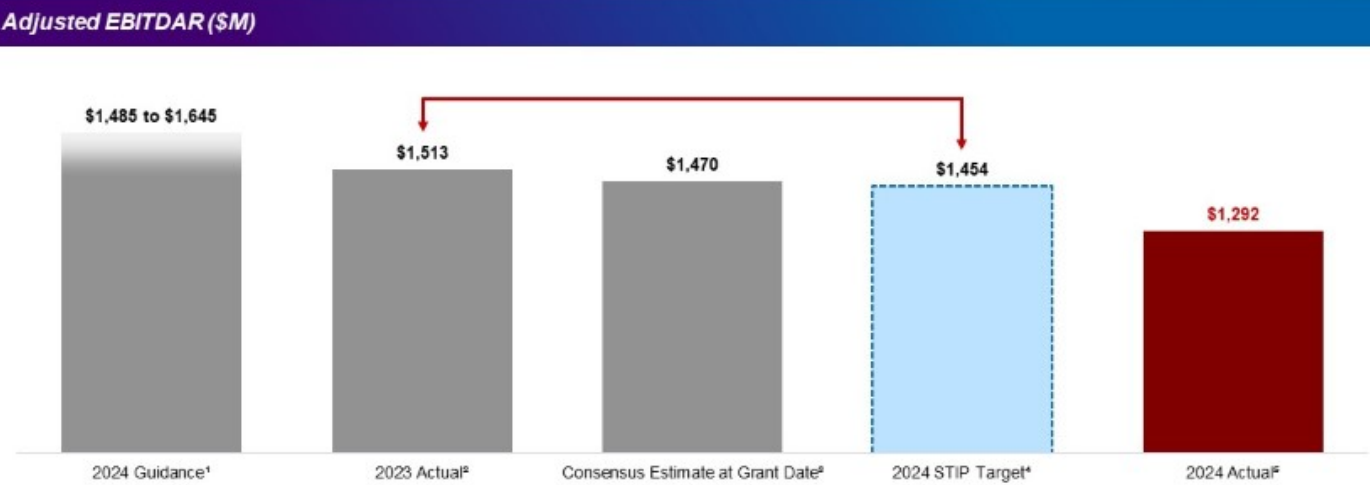


“ [T]he performance target and actual results for Corporate Adjusted EBITDAR were adjusted from \$1.923 billion to \$1.915 billion, and from \$1.513 billion to \$1.897 billion, respectively, to remove Interactive results from both the performance target and actual results, resulting in an adjusted payout percentage of 99.6% of target.”

— PENN 2024 Proxy Statement

B | ...And Has Set Targets Below Prior Year Performance

For 2024, the Compensation Committee set Adjusted EBITDAR targets that, in our view, should have been easily achievable; however, the Company failed to reach even these modest targets





1. Source: PENN Q4 2023 Earnings Call
2. Source: PENN Press Release, February 15, 2024
3. Source: FactSet, Data as of March 12, 2024

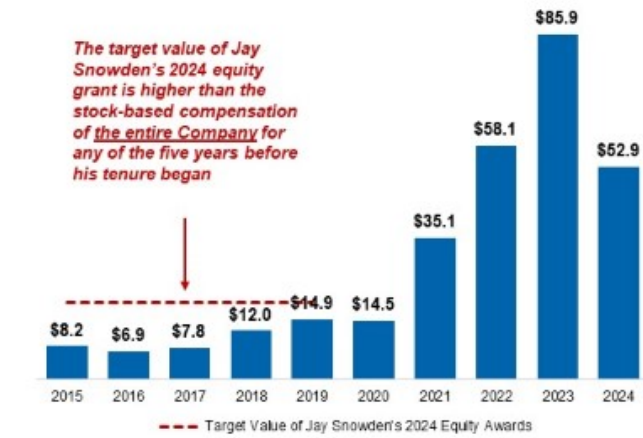
4. Source: PENN Definitive Proxy Statement, filed with the SEC on April 28, 2025.
5. Source: PENN Press Release, February 27, 2025



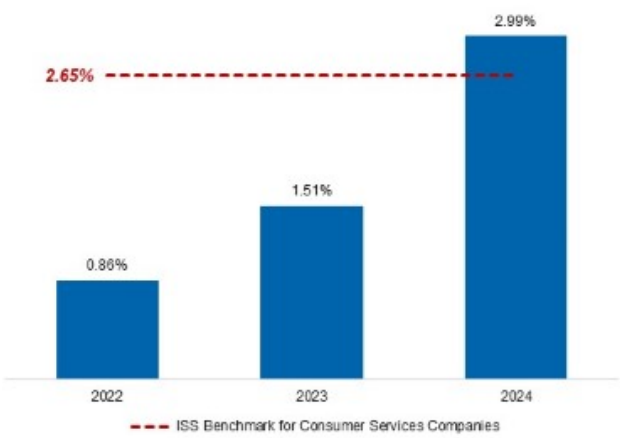
79

The Company's stock-based compensation and burn rate have increased dramatically in recent years

Stock-Based Compensation (\$M)¹

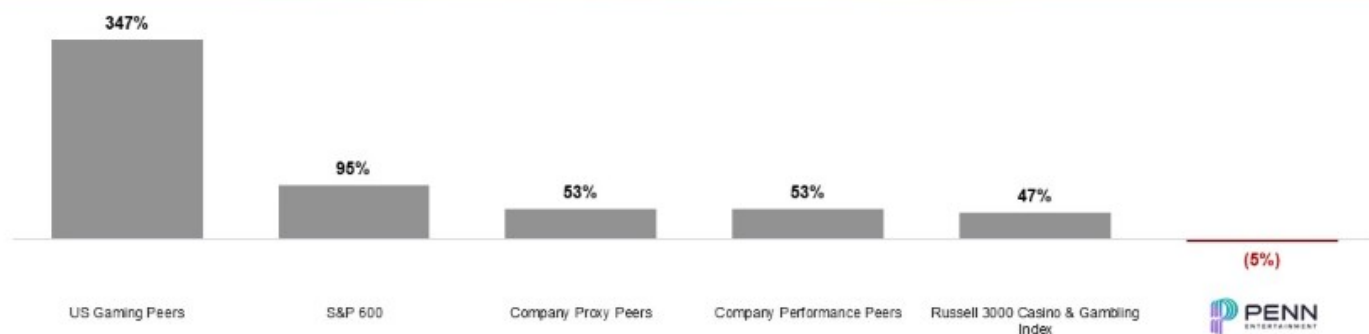


Value-Adjusted Burn Rate^{1,2}



PENN has falsely claimed that its performance justifies such excessive equity grants

10-Year Total Shareholder Return Through Filing of 2025 Proxy Statement^{1,2}



“Our equity compensation program has encouraged strong shareholder alignment and has been an integral component in the **substantial increase in shareholder value generated by the Company over the last decade.**”

— PENN 2025 Proxy Statement

Other Shareholders Seemingly Share Our Concerns Regarding PENN's Compensation

PENN Has One of the Worst Say-on-Pay Track Records in the S&P 600 Over the Last Three Years

Just 17 companies in the S&P 600 have a lower average Say-on-Pay vote than PENN since 2022, and only four companies have more votes that received <70% support

Say-on-Pay Proposal Support¹



Recommendation

ISS	AGAINST	For	For
Glass Lewis	AGAINST	AGAINST	AGAINST

We Believe PENN's Private Jet Use Is Excessive and Unnecessary

PENN's Executives Are Frequent Flyers

- PENN owns two private jets: a Bombardier Challenger 600 and a Learjet 45
- Over the last five calendar years, PENN's aircraft have logged more than 1,100 flights and 1,400 hours of flight time¹
- PENN has 43 gaming and racing properties spread across 20 states—and often in areas that are not well-served by commercial flights; we acknowledge the benefits of having corporate aircraft
- However, based on publicly available flight data, some of the most common points of origin and destinations for these flights appear to be airports near the homes of PENN's executives, suggesting that the jets are used primarily for commuting



Total Flights¹



Total Flight Time (Hours)¹



We Believe PENN's Private Jet Use Is Excessive and Unnecessary (Continued)

Mr. Snowden and Ms. Hendrix Appearto Be Using PENN's Corporate Aircraft as Their Personal Uber Service

Location	# Flights Origin	# Flights Destination	Total Flights To/From	Comments
Reading, PA	381	379	760	PENN's headquarters are in Wyomissing, PA, a ~10-minute drive from Reading
Boston, MA	231	231	462	CEO Jay Snowden resides in a suburb of Boston
Teterboro, NJ	105	107	212	CFO Felicia Hendrix resides in New York
Las Vegas, NV	29	29	58	Gaming industry hub; PENN also has a casino outside Las Vegas in Henderson, NV
Chicago, IL	29	28	57	PENN has two casinos in the greater Chicago area
Miami, FL	22	22	44	Chair David Handler has a home in Miami
St Louis, MO	19	21	40	PENN has three casinos in the greater St Louis area
Detroit, MI	15	15	30	PENN has a casino in Detroit
Philadelphia, PA	14	15	29	Largest airport near PENN's headquarters
Lake Charles, LA	14	13	27	PENN has a casino in Lake Charles

Other Notable Destinations: Charleston, SC (home of Aaron LaBerge) (17 flights); East Hampton / Westhampton Beach, NY (20 flights); Nantucket / Cape Cod, MA (16 flights)

“PENN has a dispersed empire with 43 casinos in 20 states. However, the top three airports for both planes between 2022 and year-to-date in 2024 are Reading airfield in Pennsylvania, the closest airfield to PENN's Wyomissing base, **Logan Airport in Boston and Teterboro in New Jersey**, which is close to Manhattan. Sources pointed out that CEO **Jay Snowden is a resident [of] Boston while CFO Felicia Hendrix lives in New York.**”

— Earnings + More, May 20, 2024



SECTION II

5

The Board Has Failed to Engage with Shareholders in Good Faith

PENN Has Repeatedly Sought to Avoid Accountability to Shareholders

1 Maintained Unequal Class Sizes

- In June 2021, PENN's classified Board expanded to nine directors by increasing the size of Class III to four directors
- As a result, PENN had director class sizes of two, three and four
- However, Pennsylvania state law and the Company's governing documents require director class sizes to be "as nearly equal in number as possible"
- PENN **maintained unequal class sizes for more than two years**
- In January 2024, HG Vora sent a letter to the Company to bring this deficiency to the Board's attention and to ensure that the opportunity for any eligible shareholder to nominate candidates for election at the 2024 Annual Meeting was not artificially constricted
- However, **the Company did not remedy this apparent breach of Pennsylvania law** until after the deadline for nominating directors for election at the 2024 Annual Meeting had passed

2 Argued to Gaming Regulator to Bar Shareholder Nominations

- The gaming industry is highly regulated, and large shareholders may be required to submit licensure or similar applications in one or more states
- By October 2024, Massachusetts was the only state taking the position that HG Vora could not proceed with providing notice of director nominees
- HG Vora sought seeking emergency relief from the Massachusetts gaming regulator to expedite the review of its application for licensure or, alternatively, allow HG Vora to nominate directors while its licensure review was ongoing. HG Vora was granted a public hearing
- **PENN's corporate counsel attended the hearing and argued that HG Vora should be barred from nominating directors**, warning that Board change "will have a dramatic impact on the status quo"²
- HG Vora was unable to obtain licensure in Massachusetts by the nomination deadline and, following discussions with the Massachusetts gaming regulator, **reduced its ownership of PENN voting common stock by approximately half** in order to nominate directors

3 Threatened to Invalidate HG Vora's Nomination Notice

- In January 2025, HG Vora delivered a 227-page nomination notice to the Company, in which it provided extensive details about each nominee's employment history, investments and licensing history
- HG Vora intentionally provided information above and beyond what PENN's bylaws require in order to facilitate the Board's evaluation
- In February 2025, PENN's outside counsel sent HG Vora's outside counsel a letter citing alleged "deficiencies" in the nomination notice
- However, **these purported "deficiencies" were, in our view, trivial and sometimes incorrect**; among other things, the Company asserted that **HG Vora had provided too much information** in its notice
- Nevertheless, in an effort to be cooperative and advance our nominees, **HG Vora responded to each of the Company's allegations** and, on a voluntary and supplemental basis, provided additional information

PENN Has Repeatedly Sought to Avoid Accountability to Shareholders (Continued)

4 Limited HG Vora's Ability to Discuss Constructive Resolutions

- During settlement discussions with the Company, HG Vora's advisors emphasized HG Vora's views that it was important for the Board to recognize the need for an objective and fresh examination of the Company's capital allocation, and thus strategy and execution
- PENN's advisors warned that HG Vora would face gaming regulatory hurdles** during the proxy contest
- Mere days after this warning, **HG Vora received a letter from a state gaming regulator indicating that HG Vora was prohibited from raising certain topics** — such as board size or corporate governance — with PENN
- HG Vora's advisors communicated to PENN's advisors that while HG Vora could not raise corporate governance matters as part of settlement discussions, the Company was permitted to seek input from a state gaming regulator if it wished to have such discussions
- However, PENN and its advisors **expressed no interest in seeking input from or approaching the state gaming regulator**

5 Abruptly Reduced the Number of Directors Up for Election in 2025

- The parties continued to engage in settlement discussions; during those discussions, **PENN's representatives urged HG Vora to delay the filing of its preliminary proxy statement**, as doing so could disturb the process of reaching a resolution
- On April 15, 2025, PENN provided HG Vora with notice of its candidates — as it was required to do under SEC Rule 14a-19 — **indicating that the Company intended to solicit proxies for the election of three incumbent directors**
- However, just ten days later — without any notice to HG Vora — PENN issued a press release announcing that one of its long-tenured directors had retired and that the "Board now comprises eight directors"
- The press release did *not* acknowledge that, as a result of this change, **the Board had reduced the number of seats available for election at the 2025 Annual Meeting from three to two, depriving shareholders of the opportunity to vote for all three independent candidates nominated by HG Vora**

6 Filed Materially False and Misleading Proxy Materials

- On April 28, 2025, PENN filed its definitive proxy statement for the Annual Meeting
- The Company's proxy statement failed to disclose critical information**, including that its nominees, Johnny Hartnett and Carlos Ruisanchez, were first proposed as candidates by HG Vora, and that that HG Vora had nominated three candidates
- Indeed, PENN's initial definitive proxy statement gave no indication that the meeting was even contested, **HG Vora was not mentioned**
- PENN also omitted any mention of HG Vora's third candidate, William Clifford**, and failed to include Mr. Clifford on its proxy card, which we believe is a violation of the universal proxy card rules

We Believe PENN's Board Reduction Scheme Was an Egregious Act of Entrenchment

PENN Delivered a Misleading 14a-19 Notice

In a required notice, PENN indicated that the Board intended to nominate three incumbent directors at the 2025 Annual Meeting

Based on this notice, representatives of PENN and HG Vora continued to discuss how best to fill the three available Board seats



PENN April 15, 2025 Rule 14a-19 Notice

"[T]he Company currently *intends to solicit proxies for the election of Barbara Shattuck Kohn, Ronald Naples and Saul Reibstein as directors at the 2025 Annual Meeting.*"

The Board Reduced the Number of Seats Up for Election at the Annual Meeting

The Company issued a press release indicating that the Board had reduced the number of seats up for election at the Annual Meeting from three to two, depriving shareholders of the opportunity to elect all three of HG Vora's candidates

The press release 1) did not disclose that PENN's nominees had originally been nominated by HG Vora; and 2) did not state that the Board did not accept HG Vora's third candidate, William Clifford



PENN April 25, 2025 Press Release

"Ron Naples has informed the Board that he will retire from the Board... Barbara Shattuck Kohn and Saul Reibstein have notified the Company that they will not stand for reelection at the 2025 Annual Meeting of Shareholders. *The Board now comprises eight directors...*"

We Believe PENN Is in Blatant Violation of the Universal Proxy Rules

PENN is depriving shareholders of the ability to choose from all three validly nominated director candidates

HG Vora properly nominated three independent candidates to stand for election at PENN's Annual Meeting...

... Yet, PENN's proxy card omits the name of one of HG Vora's candidates, William Clifford, giving shareholders no way to vote for a properly nominated candidate just because PENN does not support Mr. Clifford



HG Vora's Nomination Notice

HG Vora delivered proper notice of its intent to nominate three candidates at PENN's Annual Meeting

A proxy card for Penn Energy Services, Inc. The card lists several proposals for the 2022 Annual Meeting. A red circle highlights the "Nominate" section, which lists three candidates: William Clifford, and two others. The "For" column for all three candidates has a "0" in the box, indicating no votes were cast for them.

PENN's Proxy Card

PENN did not include HG Vora's candidate William Clifford on its proxy card

“

*“[The universal proxy rules] put [all] candidates on the same ballot. They will put investors voting in person and by proxy on equal footing. **This is an important aspect of shareholder democracy.**”*

— Gary Gensler, Former Chair of the United States Securities and Exchange Commission, November 17, 2021

Observers Have Questioned PENN's Scheme to Manipulate the Election

"Almost certainly, [HG Vora] would have won that third seat if investors had been allowed to vote for its nominee. Rather than suffer the ignominy of being shut out, PENN chose to add two [HG Vora] nominees to the board... Because [PENN] decided to not fill the seat of the third retiree, there are only two names on this year's ballot and thus, [HG Vora] has been denied the opportunity to complete its Hat Trick."

Gordon Haskett, May 8, 2025

"[PENN's] board was suspiciously silent about its decision to nominate Ruisanchez and Hartnett but omit Clifford from its proxy card. [Said Professor Emiliano Catan from NYU School of Law,] '[This] is weird and seems inconsistent with the universal proxy rules.'"

Earnings + More, May 9, 2025

"[W]e'd argue that PENN, by going scorched earth in 2025, has set itself up for another difficult fight in 2026 unless the stock stages a rebound. And for what? To save a little face by keeping a third HGV nominee on the sidelines?"

Gordon Haskett, April 29, 2025

"It appears that as only two director positions are now up for election this year, HG Vora won't be able to continue its three-person director battle, raising questions about whether the activist will file a lawsuit arguing the [Board] violated its fiduciary duty."

The Deal, April 28, 2025

"Now it appears as though [PENN] invited the proxy fight of which it was warned and one it may have difficulty in winning. As for creating shareholder value, it's hard to argue adding Clifford to the board would stand in the way of that goal."

Casino.org, April 28, 2025

We Believe PENN Intends to Appoint Directors Unilaterally After the Annual Meeting

We are concerned that, after reducing the size of the Board to thwart the will of shareholders at the Annual Meeting, the Board will add back the seat it removed and unilaterally appoint a director of its choosing after the Annual Meeting

PENN indicated in a letter to shareholders that the Board has an ongoing director search process and intends to refresh the Board after the Annual Meeting...

...And reiterated that intention in a subsequent letter to shareholders

We believe it was always the Board's intention to name a director of its choosing after the Annual Meeting

In our view, this latest scheme demonstrates the lengths to which PENN's Board will go to avoid shareholder-driven change



PENN May 15, 2025 Letter to Shareholders

*"[We have] a **Board refreshment initiative dating back to 2020** with the assistance of a national search firm to identify prospective Board candidates... The PENN Board continues to consider opportunities to further refresh the Board."*



PENN May 19, 2025 Letter to Shareholders

*"[We will continue to consider opportunities to **further refresh the Board**."*

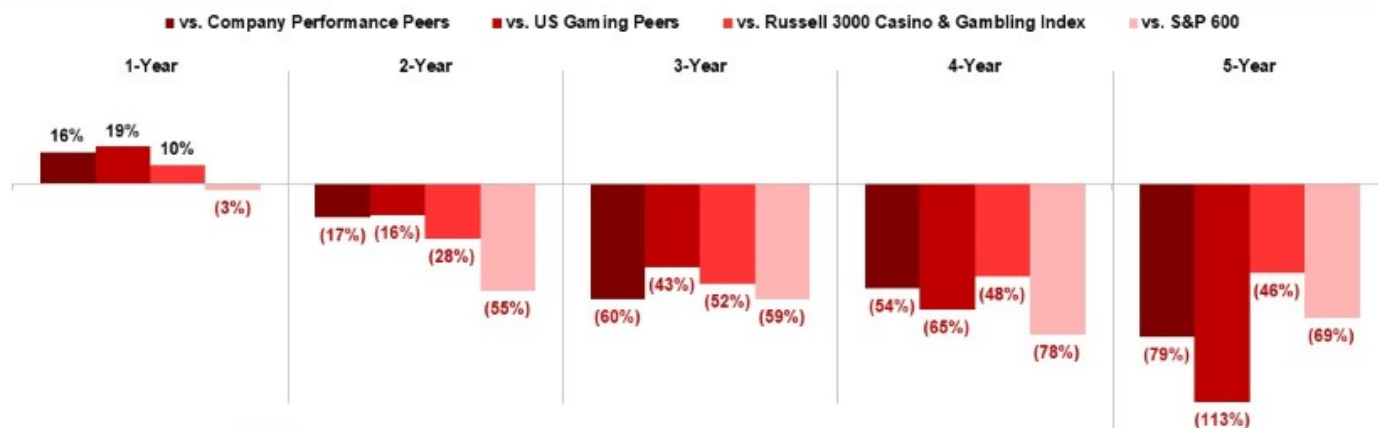


SECTION III

As a Result of the Board's Failures,
PENN's Stock Has Underperformed

PENN Has Underperformed on a TSR Basis Over the Short Term...

PENN's Relative Total Shareholder Return to Present¹

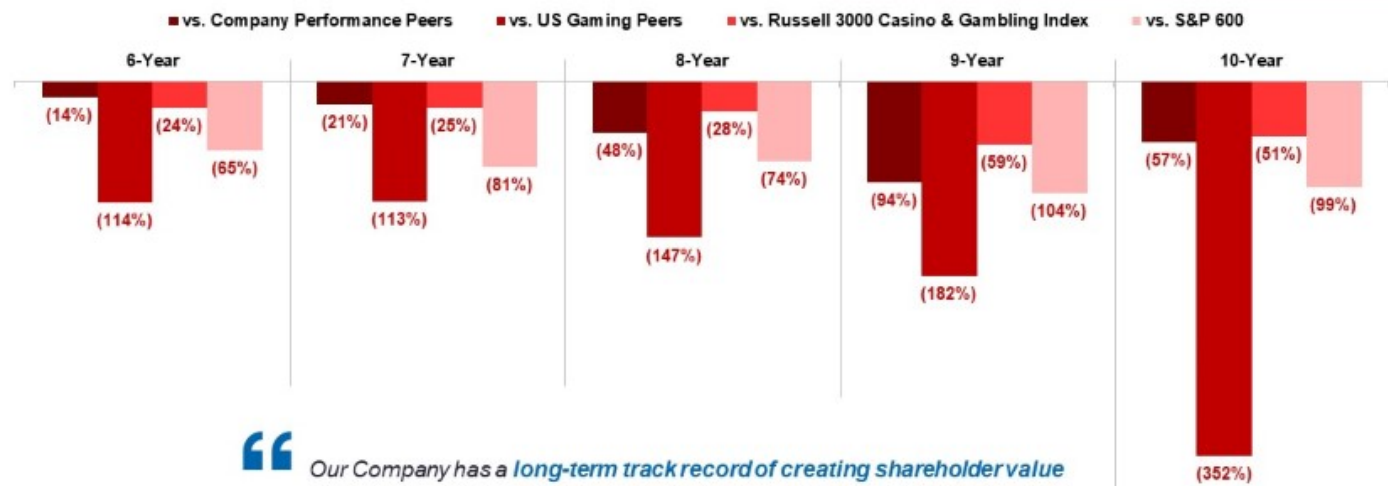


*We believe we can achieve substantial EBITDA in our Interactive segment over the coming years, and this will translate to **very strong free cash flow generation for the company and value creation for our shareholders.***

— Jay Snowden, PENN President & CEO, August 9, 2023

...And the Long Term

PENN's Relative Total Shareholder Return to Present¹



“ Our Company has a *long-term track record of creating shareholder value* through a relentless focus on delivering best-in-class margins, accretive M&A, organic growth and return on invested capital.”

— Jay Snowden, PENN President & CEO, April 23, 2024

PENN Has Destroyed Nearly \$19 Billion in Shareholder Value

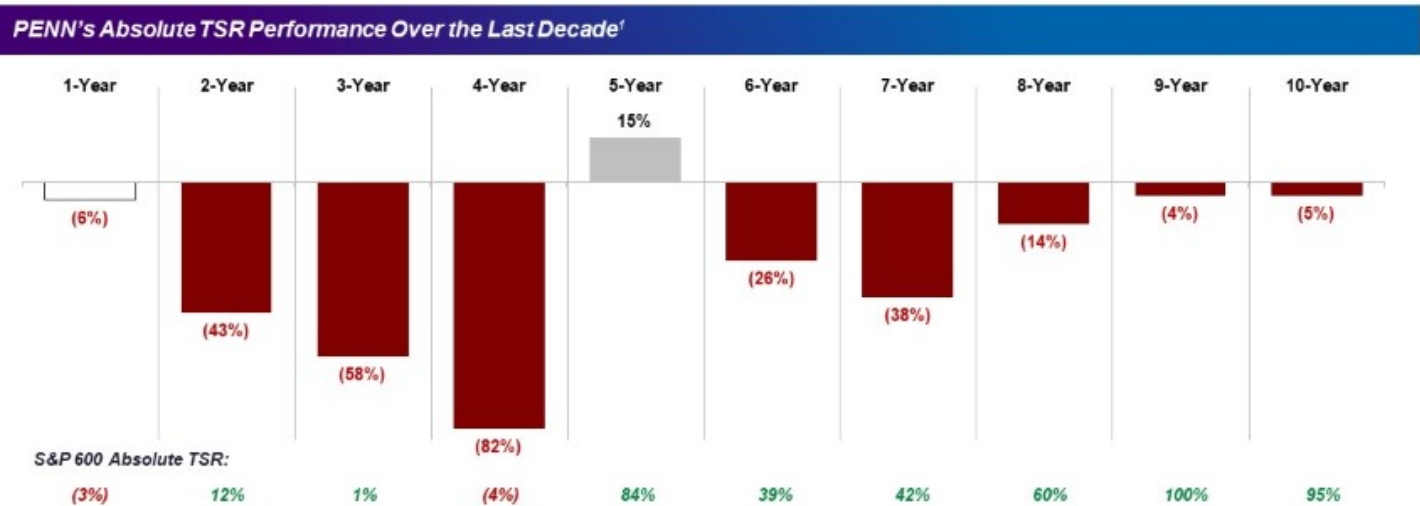
PENN's Share Price Has Declined by Nearly 90% Compared to Its 2021 Peak



“We remain busy at work on a variety of growth initiatives, all with a **focus on driving shareholder value** well into the future.”

— Jay Snowden, PENN President & CEO, May 6, 2021

Shareholders Have Lost Money Over Almost All Recent Time Periods



“Our equity compensation program has encouraged strong shareholder alignment and has been an integral component in the **substantial increase in shareholder value generated by the Company over the last decade.**”

— PENN 2025 Proxy Statement, April 25, 2025

PENN's TSR Has Trailed Most of Its Peers

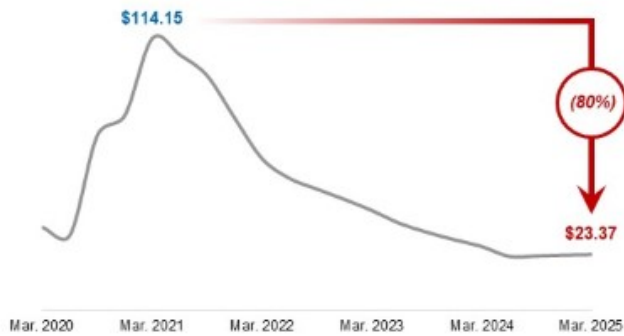
PENN's Relative TSR vs. Individual Peers¹

PENN'S TSR Relative to:	Relative TSR for the Period Ending April 25, 2025					
	1-Year	2-Year	3-Year	4-Year	5-Year	During CEO's Tenure
S&P 600	(3%)	(55%)	(59%)	(78%)	(69%)	(66%)
Company Performance Peers	16%	(17%)	(60%)	(54%)	(79%)	(15%)
Boyd Gaming Corporation	(17%)	(50%)	(69%)	(89%)	(347%)	(175%)
Caesars Entertainment Inc	19%	(11%)	1%	(12%)	(45%)	15%
Las Vegas Sands Corp.	14%	(3%)	(60%)	(44%)	30%	9%
MGM Resorts International	19%	(16%)	(33%)	(58%)	(113%)	(33%)
Red Rock Resorts, Inc.	21%	(40%)	(59%)	(130%)	(397%)	(151%)
Wynn Resorts, Limited	8%	(19%)	(74%)	(50%)	5%	2%
Company Proxy Peers	13%	(29%)	(60%)	(47%)	(30%)	(24%)
Boyd Gaming Corporation	(17%)	(50%)	(69%)	(89%)	(347%)	(175%)
Caesars Entertainment Inc	19%	(11%)	1%	(12%)	(45%)	15%
DraftKings, Inc.	12%	(104%)	(188%)	(40%)	(60%)	(253%)
Electronic Arts Inc.	(22%)	(58%)	(74%)	(87%)	(15%)	(77%)
Las Vegas Sands Corp.	14%	(3%)	(60%)	(44%)	30%	9%
Lions Gate Entertainment Corp	14%	(18%)	(18%)	(37%)	(1%)	(14%)
Live Nation Entertainment, Inc.	(56%)	(143%)	(79%)	(144%)	(233%)	(123%)
MGM Resorts International	19%	(16%)	(33%)	(58%)	(113%)	(33%)
Red Rock Resorts, Inc.	21%	(40%)	(59%)	(130%)	(397%)	(151%)
Roku, Inc.	(11%)	(57%)	(23%)	(0%)	62%	14%
SiriusXM Holdings Inc.	19%	(6%)	4%	(21%)	69%	28%
Wynn Resorts, Limited	8%	(19%)	(74%)	(50%)	5%	2%

Analysts Are Increasingly Bearish

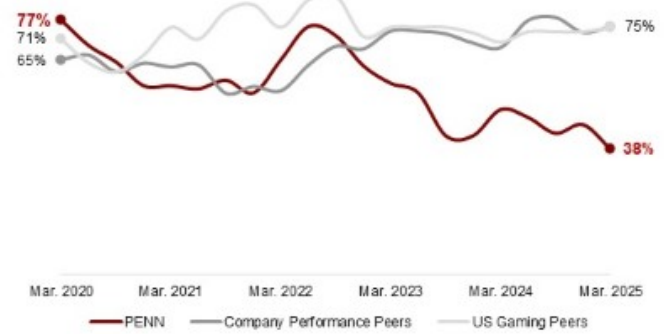
Mean Price Targets Have Declined Dramatically

Mean Analyst Price Target¹



Analysts Are Less Enthusiastic About PENN than Other Gaming Peers

% Buy / Overweight Ratings^{1,2}



















[N]othing about the business has really changed. Interactive continues to burn through cash and PENN/ESPN Bet has a major uphill battle... We believe investors are better off moving to the sidelines..."

— Raymond James, June 24, 2024

Analysts Are Increasingly Bearish (Continued)

Analysts Do Not Appear to Share Mr. Snowden's Optimism Regarding PENN's Opportunity

Event	Decline in 2025 EBITDAR Consensus ¹	Decline in 2025 EPS Consensus ¹	Mr. Snowden's Perspective on the Future
Q3 2024 Earnings	(9%) 	(92%) 	"[W]e feel like we're strongly positioned. We've got some momentum in the business right now."
Q2 2024 Earnings	(10%) 	(93%) 	"[W]e're all very excited for what the future holds in store for PENN Entertainment and its valued shareholders."
Q1 2024 Earnings	(14%) 	(95%) 	"[W]e are now strongly positioned to deliver on our vision and deliver on the shareholder value that comes with it."
Q4 2023 Earnings	(13%) 	(96%) 	"The future looks very promising given our unique position and long-term strategic advantages."
Q3 2023 Earnings	(20%) 	(97%) 	"We... have... exciting new growth catalysts on the retail and interactive fronts."
Q2 2023 Earnings	(26%) 	(98%) 	"Our new relationship with ESPN will enable us to build on this successful foundation as we move forward. It's truly a momentous day for us at PENN..."
Q1 2023 Earnings	(26%) 	(98%) 	"We've got tremendous people at Barstool, tremendous IP, great leadership and have a very exciting future ahead..."
Q4 2022 Earnings	(25%) 	(98%) 	"We are excited about the upcoming acquisition of the remainder of Barstool Sports..."



SECTION IV

PENN's Performance Can Be Improved

Initiatives to Enhance PENN's Performance

We Believe Genuine Change Can Help Drive Significant Value for Shareholders

Initiative	Description
1 <i>Enhance Board Composition</i>	<ul style="list-style-type: none">• Refresh the Board by adding all three independent candidates nominated by HG Vora, including William Clifford
2 <i>Align Pay with Performance</i>	<ul style="list-style-type: none">• Conduct a peer benchmarking analysis, with the aim of right-sizing executive compensation• Set more challenging performance targets, and hold the leadership team accountable if those targets are not met• Consider a new independent compensation consultant
3 <i>Review the Company's Strategy and Leadership</i>	<ul style="list-style-type: none">• Conduct a fresh examination of the Company's capital allocation, and thus strategy and execution• In our view, having a subset of directors focused on reviewing the Company's strategy and evaluating alternative approaches would enhance and accelerate decision-making; directors tasked with this responsibility should possess the right skill set and experience and be capable of providing fresh perspectives• Carefully examine each major component of the Company's Interactive business and develop a clear strategy for each

1 | HG Vora's Nominees Have Necessary Skills and Experience

While PENN has indicated that the Board intends to nominate Messrs. Hartnett and Ruisanchez at the Annual Meeting, we believe the Board would benefit from the addition of all three candidates nominated by HG Vora



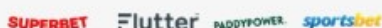
William Clifford
Former CFO, PENN Entertainment

- Mr. Clifford spent more than 30 years in the gaming industry, including 13 as CFO of PENN
- During his tenure, PENN delivered compounded annualized returns of over 20%, more than double that of the S&P 600
- He helped plan and execute PENN's spin-off of Gaming and Leisure Properties (the real estate investment trust that owns most of PENN's properties) and then spent five years as GLPI's CFO
- He has served on the board of Drive Shack since 2018 and previously served on the board of Intrawest Resorts Holdings



Johnny Hartnett
Former CEO, Superbet Group

- Mr. Hartnett has decades of experience building and running OSB and gaming businesses
- During his tenure as CEO of Superbet Group from 2019 to 2024, he grew revenue 7x and profitability 5x
- Earlier in his career, he spent 17 years at Flutter Group (previously Paddy Power) in a variety of roles
- As Flutter's Chief Development Officer, he led the group's M&A efforts, including the acquisition of FanDuel



Carlos Ruisanchez
Former CFO, Pinnacle Entertainment

- Mr. Ruisanchez is the co-founder of Sorelle Capital and Sorelle Hospitality, a business focused on investing in the hospitality sector and real estate development
- He previously served as CFO of Pinnacle Entertainment from 2013 to 2018, helping to deliver a nearly 5x return for shareholders
- He helped execute several major transactions, including the acquisition of Ameristar, a sale-leaseback with GLPI and the merger with PENN
- He currently serves on the board of Southwest Gas and previously served on the boards of Cedar Fair Entertainment and Pinnacle



1 | By PENN's Own Standards, All Three Independent Nominees Would Be Additive to the Board

PENN's Qualifications, Skills and Experience Matrix (from the Company's 2025 Proxy Statement)



**William
Clifford**



**Johnny
Hartnett**



**Carlos
Ruisanchez**

Corporate Governance	•		•
Corporate Stewardship	•		
Cybersecurity		•	
Financial (Includes Capital Markets, Accounting and Tax)	• +	•	• +
Government Affairs	•	•	•
HR / Talent Management	•	•	•
Industry Experience (Gaming, Hospitality or Media)	• ▲	•	•
Regulatory / Public Policy	•	•	•
Risk Management	•		•
Sales & Marketing		•	•
Strategic Planning / M&A	•	•	•
Technology / Digital		•	•

+ Denotes public company CFO experience ▲ Denotes industry experience gained at PENN















The Board intends to nominate Messrs. Hartnett and Ruisanchez at the Annual Meeting.

HG VORA

103

1 | HG Vora's Nominees Have Expertise in Critical Areas

We believe the candidates nominated by HG Vora are well positioned to help the Board address PENN's most challenging and pressing strategic issues

HG Vora's Nominees	EXPERIENCE			
	M&A	Technology Product Development & Operations	Online Gaming	Strategic Transformation
 William Clifford	 <p>As CFO of PENN, helped source, negotiate, execute and integrate more than a dozen acquisitions</p>			 <p>Helped execute PENN's spin-off of GLPI and the stand-up of GLPI as an independent public company</p>
 Johnny Hartnett	 <p>As Chief Development Officer of Flutter Group, led the company's M&A efforts, including the acquisition of FanDuel</p>	 <p>As Managing Director of Paddy Power Online, helped develop and oversee the company's technology platform</p>	 <p>Former CEO of Superbet, Managing Director of Paddy Power Online and COO of Flutter</p>	 <p>Led Superbet's expansion from Romania into other European markets and abroad and transition from retail to digital gaming</p>
 Carlos Ruisanchez	 <p>As CFO of Pinnacle, helped execute the sale-leaseback of Pinnacle's real estate to GLPI and the sale of Pinnacle to PENN</p>		 <p>Led Pinnacle's evaluation of digital and online gaming opportunities prior to the company's acquisition by PENN</p>	 <p>As CFO of Pinnacle, helped execute and integrate the transformative acquisition of Ameristar, which doubled the size of the company</p>
	3 of 3 Nominees	1 of 3 Nominees	2 of 3 Nominees	3 of 3 Nominees

1 | Industry Executives and Analysts Have Spoken Highly of Our Nominees

"Bill [Clifford] has been a significant part of everything that we have done in this company, all the major movements over the years... [W]e built a terrific company at PENN, and Bill was very much a part of that, and then led this effort to form Gaming and Leisure Properties from PENN. And those years and that time and that decision has produced enormous value for shareholders..."

Peter Carlino, Chairman and CEO of **Gaming and Leisure Properties**

"Carlos brings relevant gaming industry and capital markets knowledge and experience... Carlos has a terrific mix of leadership and business capabilities that will serve our organization and shareholders well..."

Anthony Sanfilippo, Former President and CEO of **Pinnacle Entertainment**

"[W]e believe PENN would benefit tremendously from Johnny Hartnett's proposed appointment to the BoD given his experience leading and scaling Superbet and multiple roles at industry-leader Flutter."

Jeff Stantial, **Stifel**

"[HG Vora] has submitted about as impressive of a slate as you will ever see... The [HG Vora nominees] bring specific experience to PENN, regional gaming and digital gaming... In short, we view the candidates as having relevant credentials."

David Katz, **Jefferies**

"HG Vora's nominees have significant transaction, M&A and capital return experience... The nominee experience could imply a variety of ways to either grow or recalibrate."

Shaun Kelley, **Bank of America**

2 | We Believe PENN Should Reassess Its Compensation Program

In our view, PENN has failed to align pay with performance

We believe HG Vora's nominees can help ensure that the Board conducts a comprehensive assessment of the Company's deeply flawed compensation program, including areas we have highlighted:

A | No More Mega-Grants

- Mr. Snowden's 2021 supplemental equity award did not serve its purpose of driving "transformational growth and creating long-term value"; instead, we believe it incentivized Mr. Snowden to double down on his "swing for the fences" approach to OSB
- The Compensation Committee should refrain from similar mega-grants in the future and should instead focus on optimizing the existing annual and long-term incentive programs to drive value

B | Set More Rigorous Targets for Annual Incentive Awards

- The Compensation Committee should reexamine the process by which it sets Adjusted EBITDAR and other incentive targets and aim to set targets that challenge management to exceed — not meet or just miss — internal and external expectations
- The Compensation Committee should refrain from modifying these targets after the fact; executives should not be rewarded as shareholders suffer

C | Realign Executive Compensation with Peers

- We believe PENN's executive compensation — especially that of the CEO — is excessive; however, recent increases to each NEO's target compensation indicate that the Compensation Committee considered PENN's executives to be underpaid
- The Compensation Committee should conduct a peer benchmarking analysis and reset executive salary, annual incentive and long-term incentive targets to more moderate levels, consistent with PENN's size and performance relative to peers

D | Consider a New Independent Compensation Consultant

- PENN has retained its current compensation consultant for 14 years
- We believe new thinking and fresh perspectives are needed given PENN's history of excessive compensation and poor pay-for-performance alignment

3 | The Board Should Review the Company's Strategy and Leadership

In our view, PENN has spent far too much time and shareholder capital without a clear focus on the Company's strengths or a coherent long-term strategy

We believe the candidates nominated by HG Vora can help ensure that the Board conducts a comprehensive assessment of the Company's leadership and strategy, in light of the key challenges and opportunities it faces, and does so in an efficient and effective manner, including dedicating appropriate resources at the Board-level to capital allocation, and thus strategy and execution

In our view, having a dedicated subset of directors focused on reviewing the Company's strategy and evaluating alternative approaches would enhance and accelerate decision-making; directors tasked with this responsibility should possess the right skill set and experience and be capable of providing fresh perspectives

A | Review Management Performance and Succession Plan

- Mr. Snowden's employment agreement expires at the end of 2025
- The Board should carefully review Mr. Snowden's performance and track record and consider whether his contract should be renewed
- The Board should not take any action with respect to Mr. Snowden's contract until after the Annual Meeting

B | Review Strategy and Evaluate Alternative Approaches

- The Board should conduct a comprehensive review of the Company's business and strategy
- The Board should evaluate all available alternatives, including acquisitions and sales of businesses or the entire company
- The Board should engage with shareholders and incorporate their feedback into its discussions

C | Develop Recommendations and Action Items

- The Board should work with management and external advisors to develop plans for improving the business and enhancing value

D | Hold Management Accountable for Executing

- The Board's conclusions should be clearly communicated to the market
- The Board should consider incorporating key strategic goals into executive incentive plans to enhance alignment




3 | The Board Should Carefully Examine the Company's Interactive Business

We believe PENN has not realized the full opportunity of its Interactive business

In our view, PENN has valuable assets and significant potential, which has been overshadowed by poor strategic choices and misguided capital allocation decisions

The candidates nominated by HG Vora can help ensure that the Board conducts a fulsome review of all opportunities to enhance value and develops a clear strategy for PENN's Interactive business

Key Components of PENN's Interactive Business

	Challenges	Key Questions for the Board
	<ul style="list-style-type: none"> ▶ Unprofitable, with significant fixed costs ▶ Limited market share and few signs of meaningful growth ▶ Approaching opt-out decision point 	<ul style="list-style-type: none"> ▶ Should PENN continue its partnership with ESPN beyond 2026? ▶ If so, how can PENN restructure the deal and right-size the cost structure to accelerate breakeven and increase profitability? ▶ If not, can ESPN Bet be sold or otherwise monetized?
	<ul style="list-style-type: none"> ▶ Significant upside opportunity, but still in its early stages of growth ▶ Online casino vertical has been starved of resources due to prioritization of ESPN Bet 	<ul style="list-style-type: none"> ▶ Can the leadership team be upgraded with the addition of experienced online casino operators? ▶ Is PENN maximizing the cross-selling opportunities between online casino and brick-and-mortar?
	<ul style="list-style-type: none"> ▶ Strong market position, but in a market that is not necessarily core to PENN ▶ Should have good contribution margin, but profitability under PENN is likely impaired by shared platform costs with ESPN Bet 	<ul style="list-style-type: none"> ▶ Is PENN the right owner of this asset? ▶ Is theScore's cost structure appropriate? ▶ How much opportunity for growth exists in Canada?



SECTION V

Conclusion

Shareholders Should Support Change at PENN

PENN's Strategic Transformation Has Destroyed Significant Value

- We initially invested in PENN due to its consistent, predictable and profitable core brick-and-mortar casino business and the potential upside from online casino gaming
- However, under the leadership of its CEO, Jay Snowden, and the Chair of the Board, David Handler, PENN has been pursuing a misguided transformation into a sports, media and technology conglomerate
- Since the beginning of 2020, PENN has committed more than \$4 billion of shareholder capital to OSB
- Despite this prolific spending, we believe PENN's OSB strategy has failed
 - ESPN Bet's market share remains in the low single-digits, far below the Company's target
 - Earnings, Adjusted EBITDAR, return on invested capital and free cash flow have all declined over the last five years
 - PENN's stock price is down over the last one, two, three and four years

Inadequate Board Oversight and Accountability Have Led to PENN's Underperformance

- In our view, PENN's underperformance is attributable to poor strategic choices, failed M&A transactions and poor execution
- The Board approved three large acquisitions that, in our view, are some of the worst transactions ever in the sector, including paying more than \$550 million for Barstool Sports, only to sell it back to its founder for \$1 four years later
- Despite the Company's persistent underperformance, the Board has failed to hold management accountable and has rewarded Mr. Snowden and PENN's other NEOs with ever-increasing compensation
- The Board seemingly refuses to objectively evaluate PENN's situation and management's repeated failure to achieve its stated targets
- Accordingly, for the first time in our history, we decided to take our case directly to shareholders

Genuine Change Is Needed to Unlock Value at PENN

- We nominated three candidates independent of both PENN and HG Vora with proven track records of success and value creation in the gaming and hospitality industry
- Each of these candidates is committed to working diligently with the incumbent directors to improve performance and explore all opportunities to enhance value
- Unfortunately, PENN's Board has deprived shareholders of the opportunity to elect all three candidates nominated by HG Vora by reducing the number of seats available for election at the Annual Meeting from three to two
- In our view, the Board's actions illustrate its aversion to substantive change and reinforces why such change is urgently needed
- By voting the **GOLD** proxy card, shareholders can send a clear message that the status quo is no longer acceptable and that it is time for genuine change at PENN

Vote the **GOLD** Proxy Card to Support Genuine Change at PENN

Help us send a message to PENN that the status quo is unacceptable

Vote using the **GOLD proxy card “FOR” all three candidates nominated by HG Vora:
William Clifford, Johnny Hartnett and Carlos Ruisanchez**

Because PENN intends to nominate two of the candidates nominated by HG Vora, it is only by voting on the **GOLD** proxy card that shareholders can express their desire for genuine change

For more information or assistance with voting your shares, please contact our proxy solicitor:



Okapi Partners

1212 Avenue of the Americas, 17th Floor
New York, NY 10036

Banks and Brokerage Firms, Please Call: (212) 297-0720
Shareholders and All Others Call Toll-Free: (877) 796-5274
Email: info@okapipartners.com

HG Vora encourages all shareholders to review its materials, which are available at www.WinAtPENN.com





APPENDIX

Nominee Biographies



William Clifford has more than 30 years of experience delivering excellent returns for shareholders in the gaming industry

Seasoned Gaming Industry Executive

- ▶ Former Senior Vice President, Chief Financial Officer and Treasurer of Gaming and Leisure Properties
- ▶ Former Senior Vice President of Finance and Chief Financial Officer of PENN
 - In 12 years as CFO, Mr. Clifford played an instrumental role in the Company's exponential growth, helping to drive an approximately 20x return for shareholders
- ▶ Served in various operational finance roles for a variety of casino companies in Las Vegas and the Bahamas

Board Experience

- ▶ Current director on the Board of Drive Shack Inc., where he sits on the Audit Committee and serves as chairman of the Nominating and Governance Committee
- ▶ Previously served as a director of Intrawest Holdings, Inc. and as chairman of the Audit Committee



Johnny Hartnett has decades of experience building and running OSB and gaming businesses

Experienced at Growing and Leading Gaming Businesses

- ▶ Former CEO of Superbet Group
 - Under his leadership, revenue grew 7x and profitability increased 5x
- ▶ Former Chief Development Officer of Flutter Group
 - Led the company's M&A activities, including its acquisition of FanDuel
- ▶ Former Chief Operating Officer of Flutter
 - During his tenure, shareholder returns were approximately 23x from the 2002 IPO to 2019
- ▶ Former COO of Sportsbet Australia and former MD of Paddy Power Online

Board Experience

- ▶ Current non-executive director of Superbet Group
- ▶ Current director of Hentons & Co LLP, a privately held investment vehicle, and Ding, a global mobile top up and remittance business
- ▶ Previously served as a non-executive director of Xtremepush Limited, an omnichannel customer engagement platform



Carlos Ruisanchez has a strong track record of capital allocation and value creation for shareholders

Entrepreneurial and Gaming Industry Success

- ▶ Former President and Chief Financial Officer of Pinnacle Entertainment
 - Helped drive a nearly 5x total return for shareholders during his tenure
 - Played a critical role in multiple transformative moves to unlock shareholder value, including:
 - The acquisition of Ameristar;
 - Executing multiple highly accretive share repurchase plans;
 - Entering a sale-leaseback with GLPI; and
 - Leading strategic conversations with PENN which resulted in a merger with Pinnacle
- ▶ Co-Founder of Sorelle Capital and Sorelle Hospitality

Board Experience

- ▶ Current member of the Board of Directors of Southwest Gas Holdings, Inc. (NYSE: SWX)
- ▶ Prior director of Cedar Fair Entertainment Company (NYSE: FUN, from 2019 to 2024) until its merger with Six Flags Entertainment Corporation and Pinnacle (NASDAQ: PNK, from 2016 to 2018)
- ▶ Former director of Pinnacle Entertainment prior to its sale in 2018



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