



Dear Team Members,

Let me start by saying that this is by far the most difficult week of my professional career. I have written and re-written this communication now a dozen times because it is so hard to both convey all of the information you all need to know, coupled with attempting to make sure each of you understand how heart wrenching and challenging it is to make decisions like this at a time when our company has so much long term promise and potential.

Nothing is more important to me than the health and welfare of all of you. Our entire culture is built on a sense of pride everyone feels because they are part of Penn. What began as a great start to 2020 has us now facing an unprecedented challenge. Your leadership team at Penn has been working around the clock to maximize the support we can provide our Team Members, while at the same time securing the liquidity and future of Penn National for when things return to normal. I want to thank each of you for your tremendous pride and loyalty to this amazing company. As your CEO, I put that weight on my shoulders and will do everything in my power to ensure we persevere and figure out a way to come out of this stronger and better than ever.

I know everyone is understandably concerned about the impact this ongoing battle will have on pay, benefits, and job security. While we are able to continue to pay team members their wages and benefits through March 31, more and more governors have since extended the time we must remain closed at our properties. Given the uncertainty about the duration of the pandemic, and with no revenues for an undefined period of time, I'm afraid we are left with no choice but to require unpaid furloughs of our workforce beginning April 1.

This decision was extremely difficult to make for all of us at Penn. Penn National is a family, and we deeply regret the hardship this will place on you and your loved ones. We are extremely motivated and focused on re-opening our properties as soon as it is safe and legal to do so. To try to help ease some of the burden, we're maintaining your medical benefits through June 30, for those team members who are currently enrolled on our health plans.

I want you to be aware of how your leadership team at Penn is dealing with the current environment and the other actions we are taking. All of our attention and decision making right now are focused entirely on the following:

### **Protecting and Advocating for You**

Penn National has established a special COVID-19 Emergency Relief Fund under the Penn National Gaming Foundation to provide direct assistance to team members and local relief organizations in need in our communities. We have already raised over \$1.2 million in team member relief funds, including more than \$425,000 in personal contributions from me and my senior management team, our Board of Directors, and our GMs. We will continue to work tirelessly to grow these relief funds over the coming days and weeks. More information on how you can apply for assistance can be found on our Employee Self Service Home Page. We'll also

be posting additional COVID-19 updates there as they become available, as well as a summary of the Federal Relief legislation and how it could benefit you and your families.

Penn has been actively involved at the Federal, State and Local levels aggressively advocating for various programs that will support our Team Members during the furlough. The American Gaming Association released numbers this week showing that roughly 650,000 workers in our industry are temporarily out of work across the country. An analysis by Moody's Investor Service revealed that the gaming industry is second only to the airlines in terms of industries impacted by the coronavirus. This week Congress reached agreement on a \$2 trillion bipartisan deal that is being called "the largest rescue package in American history," which includes stimulus checks for individuals and various taxpayer relief and unemployment benefits provisions. We're also continuing to fight at the state level for additional measures to assist our team members and to help with our Company's immediate cash flow needs.

### **Remain a Leader in our Communities**

I am proud of the fact that when the call came down from our governors across the country to temporarily close our facilities, we managed the process in a safe and orderly fashion, ensuring the health and well-being of our team members and guests. Thank you to all of you. I'm equally proud of the fact that since closing our doors over a week ago, our properties have donated more than 45 tons of food to local food banks and homeless shelters in our communities, ensuring our perishable food items can help those in need. In addition, our properties have donated thousands of unused masks and surgical gloves to first responders and health care providers. In times of crisis, we come together.

### **Securing Penn's Future**

As we publicly announced, we reached an agreement with our landlord, Gaming & Leisure Properties, involving the sale of the Tropicana Las Vegas real estate assets (we'll continue to operate the facility) and a new ground lease for our planned Category 4 satellite casino in Morgantown, Pennsylvania, in exchange for \$337.5 million in rent credits. While this transaction will help to relieve liquidity pressure in terms of rent obligations, we are committed to taking further steps to reduce our ongoing operating expenses in order to ensure we have a healthy business to return to when we are able to re-open our doors.

### **Other Short Term Actions Penn is Taking**

Below are additional steps we will be taking to reduce our cost structure during the property closures:

- I will be taking an immediate, meaningful pay cut, along with the remaining executive members of our property and corporate leadership teams, and our Board of Directors have elected to forgo their cash compensation until further notice.
- The vast majority of our corporate team members will also be furloughed, and we will be operating with the minimum, mission critical staffing to keep operations moving forward.

- We are amending the 401(k) Plan as of April 1<sup>st</sup> to allow for up to two (2) loans, should you wish additional access to your funds. In addition, the Stimulus Package allows penalty-free withdrawals from your 401(k), increased loan amounts and relaxed repayment schedules. The 401(k) Company match program will, however, be temporarily suspended.
- We are eliminating or significantly reducing third-party contracting, vendor costs and other discretionary spending wherever possible.
- We have eliminated all non-essential travel across the company.
- We are indefinitely deferring all maintenance and growth capital expenditures, including the construction of the Pennsylvania Category 4 casinos in York and Morgantown.
- We are working with various local and state government and regulatory bodies to defer or abate local tax payments and fees.

### **Thank You ... We Will Get Through This**

I can't thank you enough for your understanding, patience and personal sacrifice as we deal with this unprecedented crisis. I know the impact this has on your families at a time when so many are feeling uncertain about their future. I am laser focused on getting Penn National back to where we were just a few weeks ago, and we'll once again be able to open our doors to our valued guests and begin the journey to recovery. In the meantime, please be mindful to take steps to protect yourself and your loved ones, including social distancing and recognizing those who are most vulnerable, including the elderly and those with underlying health conditions.

We will be communicating in the future through both our textcaster and on our webpages. Communication is paramount during times like these and we will do our part to keep the information flow to all of you real time and relevant. Our property leadership will also provide their email and phone numbers to ensure we are keeping everyone current on the impact of our efforts while we are working towards opening dates across the country.

Thank you for being you. Pride, hard work, perseverance, family focus and grit has defined us over the years at Penn and that is exactly what will get us through this current challenge as well.

We'll be back in touch soon. Be safe.

A handwritten signature in cursive script, appearing to read "Jay".

Jay Snowden  
President & CEO