

MISSOURI GAMING COMMISSION  
COMMISSION RESOLUTION NO. 18-043  
APPROVING THE JOINT PETITION FOR  
APPROVAL OF CHANGE IN CONTROL filed by  
PENN NATIONAL GAMING, INC., PINNACLE ENTERTAINMENT, INC. AND BOYD  
GAMING CORPORATION

August 29, 2018

WHEREAS, Penn National Gaming, Inc. (“Penn”) is a duly organized Pennsylvania corporation. Penn is the ultimate parent of The Missouri Gaming Company, LLC d/b/a Argosy Casino Riverside, a Missouri limited liability company (“Argosy Riverside”) and St. Louis Gaming Ventures, LLC d/b/a Hollywood Casino St. Louis, a Delaware limited liability company (“Hollywood St. Louis”). Penn is currently licensed by the Commission as a Class A Licensee; and

WHEREAS, as a Class A Licensee, Pinnacle Entertainment, Inc. (“Pinnacle”) is the owner PNK (River City), LLC, Ameristar Casino St. Charles, LLC and Ameristar Casino Kansas City, LLC; and

WHEREAS, the parties have entered into an agreement in which Penn will acquire Pinnacle, including Pinnacle’s interest and control of River City. Boyd Gaming Corporation (“Boyd”) will acquire all of Pinnacle’s membership interest in Ameristar Casino St. Charles and Ameristar Casino Kansas City; and

WHEREAS, 11 CSR 45-10.040(12) requires approval of the Commission prior to the closing of any sale which would constitute a change of control; and

WHEREAS, 11 CSR 45-10.040(8)(A)1. defines a change of control as the acquisition of any ownership interest of 25% or more; and

THEREFORE, BE IT RESOLVED by the Missouri Gaming Commission that the Joint Petition for Approval of Change in Control filed by Penn National Gaming, Inc., Pinnacle Entertainment, Inc. and Boyd Gaming Corporation, a copy of which is attached hereto and incorporated herein by reference, is hereby approved.

IN THE MISSOURI GAMING COMMISSION  
STATE OF MISSOURI

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MISSOURI GAMING COMMISSION

In re: )  
)  
PENN NATIONAL GAMING, INC. )  
825 Berkshire Boulevard, Suite 200 )  
Wyomissing, Pennsylvania 19610 )  
)  
and )  
)  
PINNACLE ENTERTAINMENT, INC. )  
3980 Howard Hughes Parkway )  
Las Vegas, Nevada 89169 )  
)  
And )  
)  
BOYD GAMING CORPORATION )  
6465 S. Rainbow Boulevard )  
Las Vegas, Nevada 89118 )

No. \_\_\_\_\_

**JOINT PETITION FOR APPROVAL OF  
TRANSFER OF INTEREST AND CHANGE IN CONTROL**

COME NOW PENN NATIONAL GAMING, INC., a Pennsylvania corporation (“Penn”), PINNACLE ENTERTAINMENT, INC., a Delaware corporation (“Pinnacle”), and BOYD GAMING CORPORATION, a Nevada Corporation (“Boyd”), by and through their authorized representatives and pursuant to 11 CSR 45-10.040, to petition the Missouri Gaming Commission (the “Commission”) for its approval of the following: (i) Penn’s acquisition of Pinnacle, including Pinnacle’s interest and control of PNK (River City), LLC (“PNK-RC”); (ii) Penn as a Class A license holder of PNK-RC; (iii) Boyd’s acquisition of Pinnacle’s membership interest in Ameristar Casino St. Charles, LLC., (“ACSC”) and Ameristar Casino Kansas City, LLC; (“ACKC”) (iv) licensure of Boyd as a Class A Licensee of ACSC and ACKC; and (v) licensure of all key persons and key business entities of Boyd (items (i) and (ii) noted above are sometimes collectively referred to herein as the “Transactions”).

The Transactions are proposed to be accomplished pursuant to (a) an Agreement and Plan of Merger, dated as of December 17, 2017, by and among Penn, Pinnacle, and Franchise Merger Sub, Inc., a Delaware Corporation and a wholly owned subsidiary of Penn ("Merger Sub"), (the "Merger Agreement") under which Merger Sub will merge with into Pinnacle, with Pinnacle surviving as a wholly owned subsidiary of Penn (the "Merger"). As a result of the Merger, Penn will acquire all ownership interest in Pinnacle and its subsidiaries (except for the entities to be divested), including ownership and control of PNK-RC ; and (b) the Membership Interest Purchase Agreement, dated as of December 17, 2017, by and among (i) Penn, (ii) Boyd, (iii) Boyd TCIV, LLC a Nevada limited liability company and a wholly owned subsidiary of Boyd ("Boyd Purchaser"), and, solely following the execution of a joinder, (iv) Pinnacle, and (v) Pinnacle MLS, LLC a Delaware limited liability company (the "Boyd Agreement"), under which it is contemplated that Boyd Purchaser will acquire the membership interests ACSC and ACKC (the "Boyd Purchase"). In support of their petition for approval of this transfer of ownership interest and "change in control," as defined in 11 C.S.R. 45-10.040(8)(A), the parties state as follows:

1. Penn is a duly organized Pennsylvania corporation in good standing. Penn is the ultimate parent of The Missouri Gaming Company, LLC d/b/a Argosy Casino Riverside, a Missouri limited liability company in good standing ("Argosy Riverside") and St. Louis Gaming Ventures, LLC d/b/a Hollywood Casino St. Louis, a Delaware limited liability company in good standing ("Hollywood St. Louis"). Penn is currently licensed by the Commission as a Class A Licensee.

2. Argosy Riverside and Hollywood St. Louis each hold a current Missouri Class B gaming license.

3. Pinnacle is a duly organized Delaware corporation in good standing. Pinnacle is the ultimate parent of PNK-RC, ACSC and ACKC. Pinnacle is currently licensed by the Commission as a Class A Licensee.

4. PNK-RC is a Missouri limited liability company in good standing which holds a current Missouri Class B gaming license.

5. ACSC is a Missouri limited liability company in good standing which holds a current Missouri Class B gaming license.

6. ACKC is a Missouri limited liability company in good standing which holds a current Missouri Class B gaming license.

7. All of the membership interests of PNK-RC, ACSC and ACKC are currently owned by Pinnacle directly or indirectly through one of its wholly owned subsidiaries.

8. Boyd is not yet licensed in the State of Missouri, but has filed a Class A Riverboat Gaming Application and such Key Business Entity and Key Person application that the Commission has requested.

### **MERGER AGREEMENT**

9. The Merger Agreement was executed on December 17, 2017 for the purpose of effecting the acquisition of all of the equity, property and interests of Pinnacle and all its subsidiaries, except ACSC, ACKC and two unrelated properties in Indiana and Ohio. At the effective time of the Merger, Merger Sub will be merged with and into Pinnacle and whereupon the separate corporate existence of Merger Sub shall cease and Pinnacle shall continue as the surviving company and a wholly owned subsidiary of Penn. At the closing, each share of Pinnacle common stock (except certain specified shares) shall be converted to and receive the right to receive \$20.00 plus 0.42 shares of Penn common stock as such conversions and rights are more

fully detailed in the Merger Agreement. Petitioners have previously provided a fully executed copy of the Merger Agreement to the Commission on December 18, 2017.

10. At the effective time of the Merger, Pinnacle will continue to own all of the outstanding membership interests of PNK-RC; however, Penn will become the ultimate indirect owner of PNK-RC's membership interests through its ownership of Pinnacle's outstanding shares of common stock.

11. As Pinnacle, Penn and PNK-RC each currently have Missouri licenses, it is not anticipated that any new license application will be filed in connection with the Merger; however, updated applications for Penn and PNK-RC will be filed with the Commission following the consummation of the Transactions.

12. Subject to the final review and approval of the Commission, after the Merger, PNK-RC will continue to operate as a Missouri riverboat gaming operation under its existing Missouri Class B gaming license.

13. The closing of the transactions contemplated by the Merger Agreement is subject to the satisfaction of various conditions, including receipt of all necessary regulatory approvals, including the approval of this Commission. It is anticipated that the acquisition will be completed shortly after the receipt of the necessary regulatory approvals by or before September 13, 2018. After September 13, 2018, significant monetary fees begin to accrue.

14. Penn will finance the acquisition of Pinnacle by amending its existing credit facility to, among other things, increase Penn's capacity for secured debt. It is anticipated that approximately One Billion, Two Hundred fifty Million Dollars (\$1,250,000,000) of new debt will be issued under that amended credit facility. Additionally, as noted above, Penn will issue stock to existing Pinnacle shareholders as a component of the acquisition cost. Further costs of the

acquisition will come from: (a) the sale of assets to Boyd, as further discussed herein; (b) the sale of non-Missouri assets to Gaming and Leisure Properties, Inc., and; (c) cash flows from existing operations.

### **BOYD AGREEMENT**

15. The Boyd Agreement was executed on December 17, 2017 for the purpose of effecting the transfer of all of the membership interests of ACSC and ACKC, plus two unrelated properties in Indiana and Ohio, from Pinnacle to Boyd following receipt of all regulatory approvals in exchange for a purchase price of approximately Five Hundred Seventy-Five Million Dollars (\$575,000,000), as adjusted by such adjustments described in the Boyd Agreement. Petitioners have previously provided a fully executed copy of the Boyd Agreement to the Commission.

16. At the closing of the Boyd Purchase, Pinnacle will sell and Boyd, via Boyd Purchaser, shall purchase, all of the membership interests of ACSC and ACKC and, accordingly, title to all such membership interests shall be transferred to Boyd Purchaser. Immediately following the consummation of this membership interest transfer, ACSC and ACKC will both be wholly owned subsidiaries of Boyd. Pinnacle will no longer possess any ownership interest in ACSC and ACKC or have any control over either of those two Missouri riverboat gaming operations. A Transition Services Agreement will allow Boyd Purchaser to obtain certain continuing services from Pinnacle for a limited period of time to allow for a smooth transition of the gaming operation.

17. To initiate an investigation on the Boyd Purchase and provide additional details to the Commission regarding the transition of ACSC and ACKC to Boyd, Boyd has filed with the Commission (i) a new Class A Riverboat Gaming Application on its own behalf and on behalf of ACSC and ACKC (from the perspective of the projected gaming operation following an assumed

consummation of the Boyd Purchase, as the case may be), and (ii) certain Key Person or Key Business Entity Applications (collectively the "Boyd Applications"). The Boyd Applications provide information for the Commission's review regarding the anticipated operation of ACSC and ACKC should the Transactions be consummated.

18. Subject to the final review and approval of the Commission, after the Boyd Purchase, ACSC and ACKC will continue to operate as Missouri riverboat gaming operations under their existing Missouri Class B gaming licenses.

19. Under the Boyd Agreement, ACSC and ACKC will initially be operated in substantially the same manner as it is currently operated as a Missouri riverboat gaming operation.

20. The closing of the transactions contemplated by the Boyd Agreement is subject to the satisfaction of various conditions, including receipt of all necessary regulatory approvals, including the approval of this Commission. It is anticipated that the acquisition will be completed shortly after the receipt of the necessary regulatory approvals and is conditioned on the substantially simultaneous completion of the Merger.

### **CONCLUSION**

21. Section 11 C.S.R. 45-10.040(12) provides that "[U]pon any voluntary change in control, the license held by the gaming licensee that is the subject of the change in control or that is a direct or indirect subsidiary of the holding company that is the subject of the change in control, shall automatically become null and void and of no legal effect, unless the commission has approved such change in control by vote of the commissioners prior to its consummation." Under this section of the Missouri gaming regulations, the transfer of the ownership interest and change in control of (i) Pinnacle, including PNK-RC, to Penn pursuant to the Merger Agreement and (ii)

ACSC and ACKC to Boyd pursuant to the Boyd Agreement requires the approval of the Commission.

22. The Transactions are in the best interest of the State of Missouri, are not injurious to the health, safety, morals, good order, or general welfare of the State of Missouri, will not discredit or tend to discredit the gaming industry or the State of Missouri, will have no material negative competitive interest, will have no potential to affect the licensees' suitability to a gaming license, and will not potentially result in any significant negative changes in the financial consideration of the licensees.

WHEREFORE, Penn, Boyd and Pinnacle respectfully request that the transfer of ownership interest and change in control to be effected through the Transactions be approved by the Commission.

Respectfully submitted,

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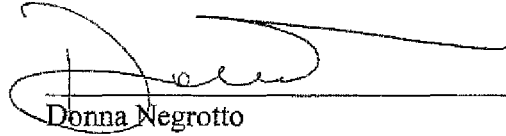
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