

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE

MAY 19, 2014

TO ALL WHOM THESE PRESENTS SHALL COME, GREETING:

PENN NATIONAL GAMING, INC.

I, Carol Aichele, Secretary of the Commonwealth of Pennsylvania

do hereby certify that the foregoing and annexed is a true and correct

copy of

- 1 ARTICLES OF INCORPORATION filed on December 16, 1982
- 2 ARTICLES OF AMENDMENT-BUSINESS filed on December 23, 1986
- 3 ARTICLES OF AMENDMENT-BUSINESS filed on April 12, 1994
- 4 ARTICLES OF AMENDMENT-BUSINESS filed on October 15, 1996
- 5 ARTICLES OF AMENDMENT-BUSINESS filed on November 13, 1996

(List of documents continued on next page)

(List of documents continued)

- 6 MISCELLANEOUS FILINGS - Domestic filed on March 16, 1999
- 7 ARTICLES OF AMENDMENT-BUSINESS filed on July 23, 2001
- 8 ARTICLES MERGER/CONSOLIDATION-ALL TYPES filed on January 28,
2005
- 9 ARTICLES OF MERGER-BUSINESS filed on August 25, 2006
- 10 CHANGE OF REGISTERED OFFICE - Domestic filed on November 28,
2006
- 11 ARTICLES OF MERGER-BUSINESS filed on June 25, 2007
- 12 ARTICLES OF AMENDMENT-BUSINESS filed on December 28, 2007
- 13 ARTICLES OF AMENDMENT-MISCELLANEOUS filed on July 3, 2008
- 14 STATEMENT OF CORRECTION filed on July 9, 2008
- 15 ARTICLES OF AMENDMENT-MISCELLANEOUS filed on January 17, 2013

which appear of record in this department.



IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Seal of the Secretary's Office to be affixed, the day and year above written.

A handwritten signature in black ink, appearing to read "Carol Aichele".

Secretary of the Commonwealth

APPLICANT'S ACCT NO

DSCB BCL—204 (Rev. 8-72)

Filing Fee: \$75
A18-7

Articles of
Incorporation—
Domestic Business Corporation

82-70 1514

(Line for numbering)

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this 16th day of
December, 1982.

Commonwealth of Pennsylvania
Department of State

William L. Davis

Secretary of the Commonwealth slg

(Box for Certification)

In compliance with the requirements of section 204 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1204) the undersigned, desiring to be incorporated as a business corporation, hereby certifies (certify) that:

1. The name of the corporation is:

PNRC Corp.

2. The location and post office address of the initial registered office of the corporation in this Commonwealth is:

R. D. 1, P. O. Box 100, Grantville, PA 17028

(NUMBER)

(STREET)

Pennsylvania

(CITY)

(ZIP CODE)

3. The corporation is incorporated under the Business Corporation Law of the Commonwealth of Pennsylvania for the following purpose or purposes:

The corporation shall have unlimited power to engage in and do any lawful act concerning any or all lawful business for which corporations may be incorporated under the Pennsylvania Business Corporation Law, including the power to engage in manufacturing, this corporation being incorporated under the said Business Corporation Law.

4. The term for which the corporation is to exist is: Perpetual

5. The aggregate number of shares which the corporation shall have authority to issue is:

1,000,000 shares common stock, at a par value per share of \$0.01
1,000,000 shares preferred stock, on such terms and provisions as the Board of Directors, from time to time, shall designate, at a par value per share of \$.01

DSCB:BCL—204 (Rev. 8-72)-2

6. The name(~~s~~) and post office address(~~s~~) of each incorporator(~~s~~) and the number and class of shares subscribed by such incorporator(~~s~~) is (~~are~~):

NAME	ADDRESS (including street and number, if any)	NUMBER AND CLASS OF SHARES
Donna G. Haagland	15th Floor The Fidelity Bldg. Philadelphia, PA 19109	One (1) share common

7. In all elections for Directors, each shareholder entitled to vote shall be entitled to only one vote for each share held, it being intended hereby to deny to shareholders the right of cumulative voting in the election of Directors.

8. Except as otherwise provided by, and subject to the provisions of applicable law, any action which may be taken at a meeting of the shareholders or of a class of shareholders of the corporation may be taken without a meeting, provided a consent or consents in writing to such action, setting forth the action so taken, shall be (1) signed by the shareholders entitled to cast a majority (or such larger percentage as may be required by law) of the number of votes which all such shareholders are entitled to cast thereon, and (2) filed with the Secretary of the Corporation.

IN TESTIMONY WHEREOF, the incorporator(~~s~~) has (~~has~~) signed and sealed these Articles of Incorporation this 14th day of December, 19 82.

(SEAL)

Donna G. Haagland (SEAL)
Donna G. Haagland

(SEAL)

INSTRUCTIONS FOR COMPLETION OF FORM:

- A. For general instructions relating to the incorporation of business corporations see 19 Pa. Code Ch. 35 (relating to business corporations generally). These instructions relate to such matters as corporate name, stated purposes, term of existence, authorized share structure and related authority of the board of directors, inclusion of names of first directors in the Articles of Incorporation, optional provisions on cumulative voting for election of directors, etc.
- B. One or more corporations or natural persons of full age may incorporate a business corporation.
- C. Optional provisions required or authorized by law may be added as Paragraphs 7, 8, 9 . . . etc.
- D. The following shall accompany this form
 - (1) Three copies of Form DSCB:BCL—206 (Registry Statement Domestic or Foreign Business Corporation).
 - (2) Any necessary copies of Form DSCB:17.2 (Consent to Appropriation of Name) or Form DSCB:17.3 (Consent to Use of Similar Name).
 - (3) Any necessary governmental approvals.
- E. BCL §205 (15 Pa. S. §1205) requires that the incorporators shall advertise their intention to file or the corporation shall advertise the filing of articles of incorporation. Proofs of publication of such advertising should not be delivered to the Department, but should be filed with the minutes of the corporation.

Commonwealth of Pennsylvania
Department of State



CERTIFICATE OF INCORPORATION

Office of the Secretary of the Commonwealth
To All to Whom These Presents Shall Come, Greeting:

Whereas, Under the provisions of the Laws of the Commonwealth, the Secretary of the Commonwealth is authorized and required to issue a "Certificate of Incorporation" evidencing the incorporation of an entity.

Whereas, The stipulations and conditions of the Law have been fully complied with by

PNRC CORP.

Therefore, Know Ye, That subject to the Constitution of this Commonwealth, and under the authority of the Laws thereof, I do by these presents, which I have caused to be sealed with the Great Seal of the Commonwealth, declare and certify the creation, erection and incorporation of the above in deed and in law by the name chosen hereinbefore specified.

Such corporation shall have and enjoy and shall be subject to all the powers, duties, requirements, and restrictions, specified and enjoined in and by the applicable laws of this Commonwealth.

Given under my Hand and the Great Seal of the Commonwealth,
at the City of Harrisburg, this 16th day
of December in the year of our
Lord one thousand nine hundred and eighty-two
and of the Commonwealth the two hundred seventh



William R. Davis

Secretary of the Commonwealth

0724866

APPLICANT'S ACCT NO.

DSCB: BCL-806 (Rev. 8-72)

Filing Fee: \$40
AB-2

Articles of
Amendment
Domestic Business Corporation

8705 616

(Line for numbering)

724866

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

Filed this DEC 23 day of 1986

Commonwealth of Pennsylvania
Department of State



Secretary of the Commonwealth

(Box for Certification)

In compliance with the requirements of section 806 of the Business Corporation Law, act of May 5, 1933 (P. L. 364) (15 P. S. §1806), the undersigned corporation, desiring to amend its Articles, does hereby certify that:

1. The name of the corporation is:

PNRC Corp.

2. The location of its registered office in this Commonwealth is (the Department of State is hereby authorized to correct the following statement to conform to the records of the Department):

R.D. 1 P.O. Box 100

(NUMBER)

(STREET)

Grantville

Pennsylvania

17028

(CITY)

(ZIP CODE)

3. The statute by or under which it was incorporated is:

Business Corporation Law, Act of May 5, 1933 (P.L. 364)

4. The date of its incorporation is: December 16, 1982

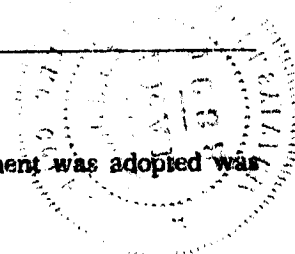
5. (Check, and if appropriate, complete one of the following):

The meeting of the shareholders of the corporation at which the amendment was adopted was held at the time and place and pursuant to the kind and period of notice herein stated.

Time: The _____ day of _____, 19____.

Place: _____

Kind and period of notice _____



The amendment was adopted by a consent in writing, setting forth the action so taken, signed by all of the shareholders entitled to vote thereon and filed with the Secretary of the corporation.

6. At the time of the action of shareholders:

(a) The total number of shares outstanding was:

300,000

(b) The number of shares entitled to vote was:

300,000

DSCB:BCL-806 (Rev. 8-72)-2

7. In the action taken by the shareholders:

(a) The number of shares voted in favor of the amendment was:
300,000

(b) The number of shares voted against the amendment was:
-0-

8. The amendment adopted by the shareholders, set forth in full, is as follows:

See Exhibit "A" attached hereto and made a part hereof.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 22 day of December, 1986.

Attest:

Robert P. Krauss
(SIGNATURE)

Robert P. Krauss

(CORPORATE SEAL) ASSISTANT SECRETARY

(CORPORATE SEAL)

PNRC Corp.

(NAME OF CORPORATION)

By:

Peter D. Carlino
(SIGNATURE)

Peter D. Carlino, President

(CORPORATE SEAL) PRESIDENT

INSTRUCTIONS FOR COMPLETION OF FORM

- A. Any necessary copies of Form DSCB:17.2 (Consent to Appropriation of Name) or Form DSCB:17.3 (Consent to Use of Similar Name) shall accompany Articles of Amendment effecting a change of name.
- B. Any necessary governmental approvals shall accompany this form.
- C. Where action is taken by partial written consent pursuant to the Articles, the second alternate of Paragraph 5 should be modified accordingly.
- D. If the shares of any class were entitled to vote as a class, the number of shares of each class so entitled and the number of shares of all other classes entitled to vote should be set forth in Paragraph 6(b).
- E. If the shares of any class were entitled to vote as a class, the number of shares of such class and the number of shares of all other classes voted for and against such amendment respectively should be set forth in Paragraphs 7(a) and 7(b).

Certification # BCL 807 (15 P. S. \$1807) requires that the corporation shall advertise its intention to file or the filing of Articles of Amendment. Proofs of publication of such advertising should not be delivered to the Department, but should be filed with the minutes of the corporation.

DEPT OF STATE
1986 DEC 22 10 50 AM '86

Article 5 of the Corporation's Articles of Incorporation is amended in its entirety to read as follows:

The aggregate number of shares which the Corporation shall have authority to issue is 1,000,000 shares of Class A Common Stock, \$.01 par value and 1,000,000 shares of Class B Common Stock, \$.01 par value. Except as otherwise required by the Pennsylvania Business Corporation Law, the entire voting power of the Corporation shall be vested exclusively in the holders of the Class A Common Stock, each share thereof being entitled to one vote, and the holders of the Class B Common Stock shall not have any voting power or any right to participate in any meeting of Shareholders and shall have not any rights of Shareholders with respect to any notice, election, meeting, consent or waiver of notice. Except as provided for in the immediately preceding sentence, each share of Class A Common Stock and each share of Class B Common Stock shall in all respects be equal and entitled to the same rights and privileges, and in the event of any dividend or any liquidation, dissolution or winding-up of the affairs of the Corporation, whether voluntary or involuntary, partial or otherwise, the amount paid or distributed in respect of each share of Class A Common Stock shall be same as the amount paid or distributed in respect of each share of Class B Common Stock.

Commonwealth of Pennsylvania



Department of State

To All to Whom These Presents Shall Come, Greeting:

Whereas, In and by Article VIII of the Business Corporation Law, approved the fifth day of May, Anno Domini one thousand nine hundred and thirty-three, P. L. 364, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment of the Articles of Incorporation of a business corporation organized under or subject to the provisions of that Law, and

Whereas, The stipulations and conditions of that Law pertaining to the amendment of Articles of Incorporation have been fully complied with by

PNRC CORP.

Therefore, Know Ye, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be sealed with the Great Seal of the Commonwealth, extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Business Corporation Law and all other applicable laws of this Commonwealth.

Given under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 23rd day of December in the year of our Lord one thousand nine hundred and eighty six and of the Commonwealth the two hundred eleventh.

Secretary of the Commonwealth

ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
PNRC CORP.

Filed in the Department of
State on

APR 12 1994
[Signature]
Secretary of the Commonwealth

724866

In compliance with the provisions of Section 1915 (relating to Articles of Amendment) of the Pennsylvania Business Corporation Law of 1988, as amended, the undersigned business corporation, desiring to amend and restate in their entirety its Articles of Incorporation, hereby states that:

1. The name of the corporation is PNRC Corp.
2. The address of this corporation's current registered office in this Commonwealth is R.D.1, P.O. Box 100, Grantville, PA 17028.
3. The statute by or under which it is incorporated is the Act of May 5, 1933, as amended.
4. The original date of its incorporation is December 16, 1982.
5. The amendment to the Articles of Incorporation of this corporation as set forth herein shall be effective upon the filing of these Articles of Amendment with the Department of State.
6. The amendment was adopted by the shareholders of this corporation pursuant to 15 Pa. C.S. §1914(a)(b).
7. The amendment adopted by the corporation is set forth in full as follows:

RESOLVED, that the Articles of Incorporation of this Corporation be, and they hereby are, amended and restated, in their entirety, to read as follows:

1. The name of the Corporation is: Penn National Gaming, Inc.
2. The Corporation was incorporated under the provisions of the Act of May 5, 1933, as amended.

3. The address of the Corporation's registered office in this Commonwealth is: Wyomissing Professional Center, 825 Berkshire Boulevard, Suite 203, Wyomissing, Berks County, Pennsylvania 19610.

4. The aggregate number of shares which this Corporation shall have authority to issue is:

(a) Ten Million (10,000,000) shares of Common Stock with a par value of \$.01 per share; and

(b) (i) One Million (1,000,000) shares of Preferred Stock with a par value of \$.01 per share.

(ii) The Preferred Stock may be issued from time to time in one or more series with such distinctive designations as may be stated in the resolution or resolutions providing for the issue of such stock adopted, from time to time, by the Board of Directors of this Corporation. The resolution or resolutions providing for the issue of shares of a particular series shall fix, subject to applicable laws and the provisions hereof, the designation, rights, preferences and limitations of the shares of each such series. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(A) The number of shares constituting such series, including the authority to increase or decrease such number, and the distinctive designation of such series;

(B) The dividend rate of the shares of such series, whether the dividends shall be cumulative and, if so, the date from which they shall be cumulative, and the relative rights of priority, if any, of payment of dividends on shares of such series;

(C) The right, if any, of the Corporation to redeem shares of such series and the terms and conditions of such redemption;

(D) The rights of the shares in case of a voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of such series;

(E) The voting power, if any, of such series and the terms and conditions under which such voting power may be exercised;

(F) The obligation, if any, of the Corporation to retire shares of such series pursuant to a retirement or sinking fund or funds of a similar nature or otherwise and the terms and conditions of such obligations;

(G) The terms and conditions, if any, upon which shares of such series shall be convertible into or exchangeable for shares of stock of any other class or classes, including the price or prices or the rate or rates of conversion or exchange and the terms of adjustment if any; and

(H) Any other rights, preferences or limitations of the shares of such series.

5. In all elections for Directors, each shareholder entitled to vote shall be entitled to only one vote for each share held, it being intended hereby to deny to shareholders of this Corporation the right of cumulative voting in the election of Directors.

IN TESTIMONY WHEREOF, the undersigned officers of this Corporation have executed and sealed these Amended and Restated Articles of Incorporation this 11th day of April, 1994.

PNRC CORP.

By: 

PETER M. CARLINO,
Chairman of the Board

Attest: 

ROBERT S. IPPOLITO,
Secretary

966B-1588

Filed in the Department of
State on OCT 15 1996

Hette K...
Secretary of the Commonwealth

AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

PENN NATIONAL GAMING, INC.

724866

14

In compliance with the provisions of Section 1915 (relating to Articles of Amendment) of the Pennsylvania Business Corporation Law of 1988, as amended, the undersigned business corporation, desiring to amend and restate in their entirety its Articles of Incorporation, hereby states that:

1. The name of the Corporation is: Penn National Gaming, Inc.

2. The Corporation was incorporated under the provisions of the Act of July 5, 1933, as amended.

3. The address of the Corporation's registered office in this Commonwealth is: Wyomissing Professional Center, 825 Berkshire Boulevard, Suite 203, Wyomissing, Berks County, Pennsylvania 19610.

4. The aggregate number of shares which this Corporation shall have authority to issue is:

(a) Ten Million (10,000,000) shares of Common Stock with a par value of \$.01 per share; and

(b) (i) One Million (1,000,000) shares of Preferred Stock with a par value of \$.01 per share.

(ii) The Preferred Stock may be issued from time to time in one or more series with such distinctive designations as may be stated in the resolution or resolutions providing for the issue of such stock adopted, from time to time, by the Board of Directors of this Corporation. The resolution or resolutions providing for the issue of shares of a particular series shall fix, subject to applicable laws and the provisions hereof, the designation, rights, preferences and limitations of the shares of each such series. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(A) The number of shares constituting such series, including the authority to increase or decrease such number, and the distinctive designation of such series;

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(B) The dividend rate of the shares of such series, whether the dividends shall be cumulative and, if so, the date from which they shall be cumulative, and the relative rights of priority, if any, of payment of dividends on shares of such series;

(C) The right, if any, of the Corporation to redeem shares of such series and the terms and conditions of such redemption;

(D) The rights of the shares in case of a voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of such series;

(E) The voting power, if any, of such series and the terms and conditions under which such voting power may be exercised;

(F) The obligation, if any, of the Corporation to retire shares of such series pursuant to a retirement or sinking fund or funds of a similar nature or otherwise and the terms and conditions of such obligations;

(G) The terms and conditions, if any, upon which shares of such series shall be convertible into or exchangeable for shares of stock of any other class or classes, including the price or prices or the rate or rates of conversion or exchange and the terms of adjustment if any; and

(H) Any other rights, preferences or limitations of the shares of such series.

5. In all elections for Directors, each shareholder entitled to vote shall be entitled to only one vote for each share held, it being intended hereby to deny to shareholders of this Corporation the right of cumulative voting in the election of Directors.

6. The amended and restated Articles of Incorporation of this corporation as set forth herein shall be effective upon the filing of these Amended and Restated Articles of Incorporation with the Department of State.

7. The amended and restated Articles of Incorporation were adopted by the shareholders of this corporation pursuant to 15 Pa. C.S. §1914 (a) (b).

8. The amended and restates Articles of Incorporation adopted by the corporation is set forth in full as follows:

RESOLVED, that the Articles of Incorporation of this Corporation be, and they hereby are, amended and restated, in their entirety, to read as follows:

1. The name of the Corporation is: Penn National Gaming, Inc.

2. The Corporation was incorporated under the provisions of the Act of May 5, 1933, as amended.

3. The address of the Corporation's registered office in this Commonwealth is: Wyomissing Professional Center, 825 Berkshire Boulevard, Suite 203, Wyomissing, Berks County, Pennsylvania 19610.

4. The aggregate number of shares which this Corporation shall have authority to issue is:

(a) Ten Million (10,000,000) shares of Common Stock with a par value of \$.01 per share; and

(b) (i) One Million (1,000,000) shares of Preferred Stock with a par value of \$.01 per share.

(ii) The Preferred Stock may be issued from time to time in one or more series with such distinctive designations as may be stated in the resolution or resolutions providing for the issue of such stock adopted, from time to time, by the Board of Directors of this Corporation. The resolution or resolutions providing for the issue of shares of a particular series shall fix, subject to applicable laws and the provisions hereof, the designation, rights, preferences and limitations of the shares of each such series. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(A) The number of shares constituting such series, including the authority to increase or decrease such number, and the distinctive designation of such series;

(B) The dividend rate of the shares of such series, whether the dividends shall be cumulative and, if so, the date from which they shall be cumulative, and the relative rights of priority, if any, of payment of dividends on shares of such series;

966B-1591

(C) The right, if any, of the Corporation to redeem shares of such series and the terms and conditions of such redemption;

(D) The rights of the shares in case of a voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of such series;

(E) The voting power, if any, of such series and the terms and conditions under which such voting power may be exercised;

(F) The obligation, if any, of the Corporation to retire shares of such series pursuant to a retirement or sinking fund or funds of a similar nature or otherwise and the terms and conditions of such obligations;

(G) The terms and conditions, if any, upon which shares of such series shall be convertible into or exchangeable for shares of stock of any other class or classes, including the price or prices or the rate or rates of conversion or exchange and the terms of adjustment if any; and

(H) Any other rights, preferences or limitations of the shares of such series.

5. In all elections for Directors, each shareholder entitled to vote shall be entitled to only one vote for each share held, it being intended hereby to deny to shareholders of this Corporation the right of cumulative voting in the election of Directors.

6. (a) Except as otherwise fixed by or pursuant to the provisions of Article 6 hereof relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional directors under specified circumstances, the number of Directors of the Corporation shall be fixed from time to time by or pursuant to the By-Laws of the Corporation. The Directors, other than those who may be elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, as shall be provided in the manner specified in the By-Laws of the Corporation, one class to be originally elected for a term expiring at the annual meeting of shareholders to be

held in 1997, another class to be elected for a term expiring at the annual meeting of shareholders to be held in 1998, and another class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1999, with each director to hold office until his or her successor shall have been duly elected and qualified. At each annual meeting of the shareholders of the Corporation, the successors of the class of Directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of shareholders held in the third year following the year of election.

(b) Advance notice of shareholder nominations for the election of Directors and advance notice of business to be brought by shareholders before an annual meeting shall be given in the manner provided in the By-Laws of the Corporation.

(c) Except as otherwise provided for or fixed by or pursuant to the provisions of Article 6 hereof relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional directors under specified circumstances, newly created directorships resulting from any increase in the number of Directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled only by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board of Directors. Any Directors elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of Directors in which the new directorship was created or the vacancy occurred and until such Director's successor shall have been duly elected and qualified. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director.

(d) Subject to the rights of any class or series of stock having preference over the Common Stock as to dividends or upon liquidation to elect Directors under specified circumstances, any Director may be removed from office, with or without cause, only by the affirmative vote of the holders of 75% of the voting power of all shares of the Corporation entitled to vote generally in the election of Directors, voting together as a single class.

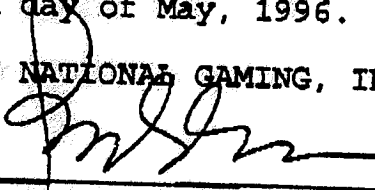
(e) Notwithstanding anything contained in these Amended and Restated Articles of Incorporation to the contrary, the affirmative vote of the holders of at least 75% of the voting power of all shares of the Corporation entitled to vote generally in the election of Directors,

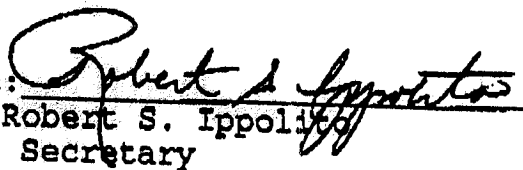
966B-1593

voting together as a single class, shall be required to alter, amend or repeal this Article 6.

IN TESTIMONY WHEREOF, the undersigned officers of this Corporation have executed and sealed these Amended and Restated Articles of Incorporation this 8th day of May, 1996.

PENN NATIONAL GAMING, INC.

By: 
Name: Peter M. Carlino
Title: President

Attest: 
Name: Robert S. Ippolito
Title: Secretary

Microfilm No. _____

Filed with the Department of State on NOV 13 1996

Entity No. 724866

Patricia K...
Secretary of the Commonwealth

**ARTICLES OF AMENDMENT-DOMESTIC BUSINESS CORPORATION
DSCB:15-1915 (Rev. 91)**

In compliance with the requirements of 15 Pa.C.S. Section 1915 (relating to Articles of Amendment), the undersigned business corporation, desiring to amend its Articles, hereby states that:

1. The name of the corporation is: Penn National Gaming, Inc.

2. The address of this corporation's current registered office in this Commonwealth and the county of venue is: Wyomissing Professional Center, 825 Berkshire Boulevard, Suite 203, Wyomissing, Berks County, Pennsylvania 19610.

3. The statute by or under which it was incorporated is: Pennsylvania Business Corporation Law, as amended.

4. The date of its incorporation is: 12/16/82

5. The amendment shall be effective upon filing these Articles of Amendment in the Department of State.

6. A resolution setting forth the amendment was duly adopted by the Board of Directors at a meeting of such Board pursuant to 15 Pa.C.S. Sections 1914(c) and 1912.

Document No. 348302.1

96/5-142

7. The amendment adopted by the corporation, set forth in full, is as follows:

Article 4, subparagraph (a), of the Articles of Incorporation of this corporation be and it hereby is, amended to read as follows:

"4. The aggregate number of shares which this Corporation shall have authority to issue is:

(a) Twenty Million (20,000,000) shares of Common Stock with a par value of \$.01 per share; and"

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer thereof this 13 day of November, 1996.

PENN NATIONAL GAMING, INC.

By:



Peter M. Carline
Chairman of the Board and
Chief Executive Officer

9921-384

724866

Filed in the Department of State on **MAR 16 1999**
Kim Fitzgerald
ACTING Secretary of the Commonwealth

**STATEMENT WITH RESPECT TO SHARES
OF SERIES A PREFERRED STOCK
OF
PENN NATIONAL GAMING, INC.**

In compliance with the requirements of Section 1522 of the Business Corporation Law of 1988, P.L. 1444, No. 177 (15 Pa. Cons. Stat. § 1522(c)), the undersigned company, desiring to state the voting rights, designations, preferences, qualifications, privileges, limitations, options, conversion rights, and other special rights, if any, of a class or a series of a class of its shares, **HEREBY CERTIFIES THAT:**

(1) The name of the corporation is Penn National Gaming, Inc. (the "Company");

(2) The resolution establishing and designating the class or series of shares and fixing and determining the relative rights and preferences thereof is set forth in Exhibit 1 attached hereto and made a part hereof;

(3) The aggregate number of shares of such class or series established and designated by (i) such resolution, (ii) all prior statements, if any, filed under Section 1522 of the Business Corporation Law of 1988 or corresponding provisions of prior law with respect thereto, and (iii) any other provision of the Articles of Incorporation of the Company is 400,000 shares; and

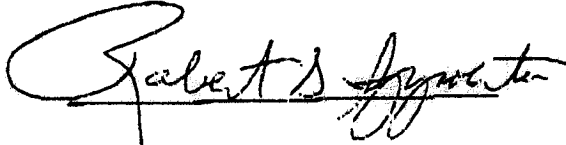
(4) The resolution was adopted by the Board of Directors of the Company at a duly called meeting held on May 20, 1998.

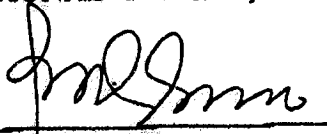
9921-385

IN WITNESS WHEREOF, Penn National Gaming has caused this statement to be
duly executed in its corporate name on this 2nd day of March, 1999.

Attest:

PENN NATIONAL GAMING, INC.



By: 

Name: Peter M. Carlino

Title: Chairman and Chief Executive Officer

[Corporate Seal]

PENN NATIONAL GAMING, INC.**Secretary's Certificate**

The undersigned, Robert S. Ippolito, hereby certifies that he is the duly elected, qualified and acting Secretary, Treasurer and Chief Financial Officer of PENN NATIONAL GAMING, INC., a Pennsylvania corporation (the "Company"), and that what follows is a true and correct copy of resolutions duly adopted by the Board of Directors of the Company at a meeting duly held on May 20, 1998, which resolutions have not been altered, amended, modified or rescinded and remain in full force and effect on the date hereof:

WHEREAS, the Board of Directors deems it desirable and in the best interests of the Company and its shareholders that steps be taken to preserve for shareholders the long-term value of the Company in the event of an attempted takeover of the Company; and

WHEREAS, the Board of Directors believes that a dividend to holders of the Company's Common Stock, par value \$.01 per share (the "Common Shares"), of rights to purchase fractional shares of Series A Preferred Stock (the "Preferred Stock"), on the terms and subject to the conditions hereinafter provided, is in the best interests of the Company and will contribute to the preservation of the Company's long-term value for its shareholders; and in arriving at this belief, the Board also considered the effects upon employees, suppliers and customers of the Company, and upon communities in which offices or other establishments of the Company are located and all other pertinent factors; and

WHEREAS, the Board of Directors wishes to create the Preferred Stock, and designate the number of shares thereof and the voting powers, preferences, rights and restrictions thereof.

NOW, THEREFORE, BE IT RESOLVED, that pursuant to the authority expressly vested in the Board of Directors of Penn National Gaming, Inc. (the "Company") by Article 4(b) of the Articles of Incorporation of the Company, the Board of Directors hereby creates the first series of Preferred Stock, par value \$0.01 per share, which shall consist of 400,000 shares and shall be designated as the Preferred Stock, and fixes and determines the voting rights, designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion

Certification#: 11852026 and other special or relative rights thereof as follows:

Section 1. Dividends and Distributions:

(a) The rate of dividends payable per share of Preferred Stock on the first day of March, June, September and December in each year or such other quarterly payment date as shall be specified by the Board of Directors (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of the Preferred Stock, shall be (rounded to the nearest cent) equal to the product of 100 multiplied by the aggregate per share amount of all cash dividends, and the product of 100 multiplied by the aggregate per share amount (payable in cash, based upon the fair market value at the time the non-cash dividend or other distribution is declared or paid as determined in good faith by the Board of Directors) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, \$.01 par value, of the Company since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of the Preferred Stock, subject to the provision for adjustment hereinafter set forth. Dividends on the Preferred Stock shall be paid out of funds legally available for such purpose. In the event the Company shall at any time after May 20, 1998 (the "Rights Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the amounts to which holders of Preferred Stock were entitled immediately prior to such event under clause (ii) of the preceding sentence shall be adjusted by multiplying each such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Dividends shall begin to accrue and be cumulative on outstanding Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

Section 2. Voting Rights. In addition to any other voting rights required by law, the holders of Preferred Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the Shareholders of the Company. In the event the Company shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) In the event that dividends on the Preferred Stock shall be in arrears to an amount equal to six full quarterly dividends thereon, the holders of such Preferred Stock shall become entitled to the extent hereinafter provided to vote noncumulatively at all elections of directors of the Company, and to receive notice of all Shareholders' meetings to be held for such purpose. At such meetings, to the extent that directors are being elected, the holders of such Preferred Stock voting as a class shall be entitled to elect two members of the Board of Directors of the Company; and all other directors of the Company shall be elected by all Shareholders of the Company entitled to vote in the election of directors. Such voting rights of the holders of such Preferred Stock shall continue until all accumulated and unpaid dividends thereon shall have been paid or funds sufficient therefor set aside, whereupon all such voting rights of the holders of shares of such series shall cease, subject to being again revived from time to time upon the reoccurrence of the conditions above described as giving rise thereto.

At any time when such right to elect directors separately as a class shall have so vested, the Company may, and upon the written request of the holders of record of not less than 20% of the then outstanding total number of shares of all the Preferred Stock having the right to elect directors in such circumstances shall, call a special meeting of holders of such Preferred Stock for the election of directors. In the case of such a written request, such special meeting shall be held within 90 days after the delivery of such request, and, in either case, at the place and upon the notice provided by law and in the By-laws of the Company; provided that the Company shall not be required to call such a special meeting if such request is received less than 120 days before the date fixed for the next ensuing annual or special meeting of Shareholders of the Company. Upon the mailing of the notice of such special meeting to the holders of such Preferred Stock, or, if no such meeting be held; then upon the mailing of the notice of the next annual or special meeting of Shareholders for the election of directors, the number of

directors of the Company shall, ipso facto, be increased to the extent, but only to the extent, necessary to provide sufficient vacancies to enable the holders of such Preferred Stock to elect the two directors hereinabove provided for, and all such vacancies shall be filled only by vote of the holders of such Preferred Stock as hereinabove provided. Whenever the number of directors of the Company shall have been increased, the number as so increased may thereafter be further increased or decreased in such manner as may be permitted by the By-laws and without the vote of the holders of Preferred Stock, provided that no such action shall impair the right of the holders of Preferred Stock to elect and to be represented by two directors as herein provided.

As long as the holders of Preferred Stock are entitled hereunder to voting rights, any vacancy in the Board of Directors caused by the death or resignation of any director elected by the holders of Preferred Stock, shall, until the next meeting of Shareholders for the election of directors, in each case be filled by the remaining director elected by the holders of Preferred Stock having the right to elect directors in such circumstances.

Upon termination of the voting rights of the holders of any series of Preferred Stock the terms of office of all persons who shall have been elected directors of the Company by vote of the holders of Preferred Stock or by a director elected by such holders shall forthwith terminate.

(c) Except as otherwise provided herein, in the Articles of Incorporation of the Company, or by law, the holders of Preferred Stock and the holders of Common Stock (and the holders of shares of other series or class entitled to vote thereon) shall vote together as one class on all matters submitted to a vote of Shareholders of the Company.

Section 3. Reacquired Shares. Any Preferred Stock purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors.

Section 4 Liquidation, Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of Preferred Stock shall be entitled to receive the greater of (a) \$1.00 per share, plus accrued dividends to the date of distribution, whether or not earned or declared, or (b) an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock. In the event the Company shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a

smaller number of shares, then in each such case the amount to which holders of Preferred Stock were entitled immediately prior to such event pursuant to clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately before such event.

Section 5. Consolidation, Merger, etc. In case the Company shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other capital stock or securities, cash and/or any other property, then in any such case the Preferred Stock shall at the same time be similarly exchanged for, or changed into an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of capital stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Company shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 6. No Redemption. The Preferred Stock shall not be redeemable.

Section 7. Fractional Shares. Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Preferred Stock.

RESOLVED FURTHER, that the Board of Directors hereby declares that a dividend of one right (a "Right") for each Common Share be paid on March 19, 1999 to shareholders of record of the Common Shares issued and outstanding at the close of business on such date, each Right representing the right to purchase one-hundredth of a Preferred Stock (a "Preferred Stock Fraction") upon the terms and subject to the conditions set forth in the form of Rights Agreement between the Company and Continental Stock Transfer and Trust Company as Rights Agent presented to this meeting (the "Rights Agreement"), which agreement is hereby approved in all respects.

RESOLVED FURTHER, that the exercise price of the Rights shall be \$40.00 per Preferred Stock Fraction and that the redemption price therefor shall be \$.01 per Right, in each case, subject to the adjustments set forth in the Rights Agreement.

RESOLVED FURTHER, that the President or Chief Executive Officer of the Company, alone or together with the Secretary or Assistant Secretary of the Company be, and each of them hereby is, authorized, empowered and directed, for and on behalf of the Company, to execute the Rights Agreement, with such modifications as the officers executing the same shall approve, and to deliver the same to the Rights Agent thereunder, such execution and delivery conclusively to evidence the due authorization and approval thereof by the Company.

RESOLVED FURTHER, that certificates evidencing the Rights (the "Rights Certificates") shall be substantially in the form set forth in the Rights Agreement and shall be issued and delivered as provided therein.

RESOLVED FURTHER, that the Rights Certificates shall be signed by the Chairman of the Board, the President or any Vice President and by the Secretary or any Assistant Secretary of the Company (collectively, the "Proper Officers") under the corporate seal of the Company (which may be in the form of a facsimile of the seal of the Company), provided that the signatures of any of said officers of the Company may, but need not be, a facsimile signature imprinted or otherwise reproduced on the Rights Certificates, and that the Company adopts for such purpose the facsimile signature of the present or any future Chairman of the Board, President, Vice President, Secretary and Assistant Secretary of the Company, notwithstanding the fact that at the time the Rights Certificates shall be authenticated and delivered or disposed of he shall have ceased to be such officer.

RESOLVED FURTHER, that the Proper Officers be, and each of them hereby is, authorized, empowered and directed, to execute for and on behalf of the Company and under its corporate seal (which may be in the form of a facsimile of the seal of the Company), Rights Certificates issued to replace lost, stolen, mutilated or destroyed Rights Certificates, and such Rights Certificates as may be required for exchange, substitution or transfer as provided in the Rights Agreement in the manner and form to be required in, or contemplated by, the Rights Agreement.

RESOLVED FURTHER, that the Rights Certificates shall be manually countersigned by the Rights Agent and books for the registration and transfer of the Rights Certificates shall be maintained by the Rights Agent as provided for in the Rights Agreement.

RESOLVED FURTHER, that 400,000 Preferred Stock be, and hereby is, initially reserved for issuance upon exercise of the Rights, such number to be subject to adjustment from time to time in accordance with the Rights Agreement.

RESOLVED FURTHER, that Continental Stock Transfer and Trust Company (the "Bank") be, and it hereby is, appointed Transfer Agent and Registrar for the Preferred Stock.

RESOLVED FURTHER, that the Bank be, and it hereby is, appointed Rights Agent under the Rights Agreement, and that upon presentation to it of Rights Certificates for exercise in accordance with the Rights Agreement, the Bank is authorized, as Transfer Agent and Registrar for the Preferred Stock, to issue, countersign, register and deliver the Preferred Stock Fractions issuable upon such exercise.

RESOLVED FURTHER, that the Proper Officers be, and each of them hereby is, authorized, empowered and directed, for and on behalf of the Company, to take all such actions and to execute all such documents as they may deem necessary or appropriate in connection with the issuance of the Rights and the Preferred Stock or other securities issuable upon exercise of the Rights in order to comply with the Securities Act of 1933, as amended (the "Securities Act"), and the Securities Exchange Act of 1934, as amended.

RESOLVED FURTHER, that the Secretary of the Company be and he hereby is appointed as agent for service of the Company with respect to said registration statement for the Preferred Stock or other securities, and any amendments or supplements, with all the powers and functions specified in the General Rules and Regulations of the Securities and Exchange Commission under the Securities Act.

RESOLVED FURTHER, that the Proper Officers be, and each of them hereby is, authorized, empowered and directed, for and on behalf of the Company, to execute and file such application or applications, and amendments and supplements thereto, and take such other action as may be necessary to qualify the Rights (and, if in the judgment of such officers it is appropriate to do so, the Preferred Stock or other securities issuable upon exercise thereof) for trading on NASDAQ or any stock exchange or national market system deemed appropriate by such officers of the Company or as is required by the Rights Agreement, and that the proper officers of the Company be, and each of them hereby is, authorized to appear before the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and any stock exchange, and to execute such papers and agreements as may be necessary to conform with the requirements of any such body and to effectuate such qualification and registration.

7021-494

RESOLVED FURTHER, that as long as the Rights are attached to the Common Shares as provided in the Rights Agreement, one Right shall be delivered with each Common Share that shall become outstanding after March 19, 1999.

RESOLVED FURTHER, in connection with the issuance or sale of Common Shares following the Distribution Date (as defined in the Rights Agreement) and prior to the Expiration Date (as is defined in the Rights Agreement), the Company shall, with respect to Common Shares so issued or sold pursuant to the exercise of stock options or under any employee plan or arrangement, or upon the exercise, conversion or exchange of securities issued by the Company prior to the Distribution Date, issue Rights Certificates representing the appropriate number of Rights in connection with such issuance or sale, as provided in the Rights Agreement.

RESOLVED FURTHER, that the Board of Directors deems it desirable and in the best interests of the Company that the Preferred Stock issuable upon exercise of the Rights be qualified or registered for sale in various jurisdictions; that the Proper Officers be, and each of them hereby is, authorized, empowered and directed, for and on behalf of the Company, to determine the jurisdictions in which appropriate action shall be taken to qualify or register for sale all or such part of the Preferred Stock issuable upon exercise of the Rights as said officers may deem advisable or as is required by the Rights Agreement; that the Proper Officers be, and each of them hereby is, authorized, empowered and directed, for and on behalf of the Company, to perform any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such jurisdictions, and in connection therewith to execute and file all requisite papers and documents, including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process; and the execution by such officers of any such papers or documents or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor and the approval and ratification by the Company of the papers and documents so executed and the action so taken.

RESOLVED FURTHER, that the Board of Directors hereby adopts, as if expressly set forth herein, the form of any resolution required by any authority to be filed in connection with any applications, consents to service, issuer's covenants or other documents if (i) in the opinion of the officers of the Company executing the same, the adoption of such resolutions is necessary or desirable (such execution or delivery being deemed conclusive evidence of such determination of such necessity or desirability) and (ii) the Secretary or an Assistant Secretary of the Company evidences such adoption by inserting in the minutes of this meeting copies of such resolutions, which will thereupon be deemed to be adopted by the Board of Directors with the same force and effect as if presented at this meeting.

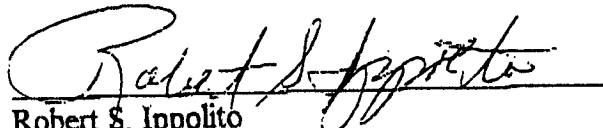
RESOLVED FURTHER, that the Proper Officers be, and each of them
by is, authorized, empowered and directed, for and on behalf of the Company,
execute and deliver any and all certificates, agreements and other documents,
take any and all steps and do any and all things which they may deem necessary or
advisable (such execution or delivery being deemed conclusive evidence of such
determination of such necessity or desirability) in order to effectuate the purposes
of each and all of the foregoing resolutions.

RESOLVED FURTHER, that any actions taken by the proper officers
prior to the date of this meeting that are within the authority conferred hereby are
hereby ratified, confirmed and approved in all respects as the act and deed of the
Company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the

Company this 2nd day of March, 1999.

[SEAL]

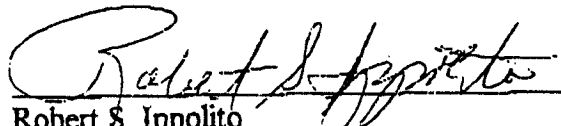

Robert S. Ippolito
Secretary, Treasurer and Chief Financial Officer

RESOLVED FURTHER, that the Proper Officers be, and each of them hereby is, authorized, empowered and directed, for and on behalf of the Company, to execute and deliver any and all certificates, agreements and other documents, take any and all steps and do any and all things which they may deem necessary or advisable (such execution or delivery being deemed conclusive evidence of such determination of such necessity or desirability) in order to effectuate the purposes of each and all of the foregoing resolutions.

RESOLVED FURTHER, that any actions taken by the proper officers prior to the date of this meeting that are within the authority conferred hereby are hereby ratified, confirmed and approved in all respects as the act and deed of the Company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company this 2nd day of March, 1999.

[SEAL]


Robert S. Ippolito
Secretary, Treasurer and Chief Financial Officer

Microfilm Number _____

Filed with the Department of State on 2001571786 **JUL 29 2001**
Kim Ryzengulth
Secretary of the Commonwealth

Entity Number 724866

ARTICLES OF AMENDMENT-DOMESTIC BUSINESS CORPORATION
DSCB:15-1915 (Rev 91)

In compliance with the requirements of 15 Pa.C.S. § 1915 (relating to articles of amendment), the undersigned business corporation, desiring to amend its Articles, hereby states that:

- 1. The name of the corporation is: Penn National Gaming, Inc.
- 2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) <u>Wyomissing Professional Center, 825 Berkshire Boulevard, Suite 203, Wyomissing, PA 19610</u>	<u>Berks</u>
Number and Street	County
City	State
	Zip

(b) _____ County

Name of Commercial Registered Office Provider

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

- 3. The statute by or under which it was incorporated is: Pennsylvania Business Corporation Law, as amended
- 4. The date of its incorporation is: December 16, 1982

- 5. (Check, and if appropriate complete, one of the following):
 - The amendment shall be effective upon filing these Articles of Amendment in the Department of State.
 - The amendment shall be effective on: _____ at _____
Date Hour

- 6. (Check one of the following):
 - The amendment was adopted by the shareholders (or members) pursuant to 15 Pa.C.S. §1914 (a) and 1914 (b).
 - The amendment was adopted by the board of directors pursuant to 15 Pa.C.S. §1914(c).

- 7. (Check, and if appropriate complete, one of the following):
 - The amendment adopted by the corporation, set forth in full, is as follows:
 - "4. The aggregate number of shares which this Corporation shall have the authority to issue is: (a) Two hundred million (200,000,000) shares of Common stock with a par value of \$.01 per share; and"
 - The amendment adopted by the corporation as set forth in full in Exhibit A attached hereto and made a part hereof.

- 8. (Check if the amendment restates the Articles):
 - The restated Articles of Incorporation supersede the original Articles and all amendments thereto.

200157 1787

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer thereof this 23rd day of July 2001.

Penn National Gaming, Inc.

(Name of Corporation)

BY: Robert S. Ippolito

Robert S. Ippolito
Secretary and Treasurer

2005010-819

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU

Articles/Certificate of Merger

(15 Pa.C.S.)

Entity Number
724866

- Domestic Business Corporation (§ 1926)
- Domestic Nonprofit Corporation (§ 5926)
- Limited Partnership (§ 8547)

Name
ESQUIRE ASSIST

Address
COUNTER PICK-UP

City _____ State _____ Zip Code _____

Document will be returned to the name and address you enter to the left.



Fee: \$108 plus \$28 additional for each Party in additional to two

Filed in the Department of State on JAN 28 2005

[Signature]
Secretary of the Commonwealth

In compliance with the requirements of the applicable provisions (relating to articles of merger or consolidation), the undersigned, desiring to effect a merger, hereby state that:

1. The name of the corporation/limited partnership surviving the merger is:
PENN NATIONAL GAMING, INC.

2. Check and complete one of the following:

The surviving corporation/~~limited partnership~~ is a domestic business/~~nonprofit corporation~~/~~limited partnership~~ and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County
825 BERKSHIRE BLVD., STE. 200, WYOMISSING PROFESSIONAL CTR., WYOMISSING, PA 19610 BERKS				

(b) Name of Commercial Registered Office Provider _____ County _____
c/o _____

The surviving corporation/limited partnership is a qualified foreign business/nonprofit corporation /limited partnership incorporated/formed under the laws of _____ and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County
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(b) Name of Commercial Registered Office Provider _____ County _____
c/o _____

The surviving corporation/limited partnership is a nonqualified foreign business/nonprofit corporation/limited partnership incorporated/formed under the laws of _____ and the address of its principal office under the laws of such domiciliary jurisdiction is:

Number and Street	City	State	Zip
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DSCB:15-1926/5926/8547-2

3. The name and the address of the registered office in this Commonwealth or name of its commercial registered office provider and the county of venue of each other domestic business/nonprofit corporation/~~limited partnership~~ and qualified foreign business/~~nonprofit corporation/limited partnership~~ which is a party to the plan of merger are as follows:

Name	Registered Office Address	Commercial Registered Office Provider	County
WILKES BARRE DOWNS, INC.	c/o PENN NATIONAL GAMING, INC., 825 BERKSHIRE BOULEVARD, SUITE 200, WYOMISSING, PA 19610		BERKS COUNTY

4. Check, and if appropriate complete, one of the following:

The plan of merger shall be effective upon filing these Articles/Certificate of Merger in the Department of State.

The plan of merger shall be effective on: _____ at _____
Date Hour

5. The manner in which the plan of merger was adopted by each domestic corporation/limited partnership is as follows:

Name	Manner of Adoption
WILKES-BARRE DOWNS, INC.	Adopted by the directors and shareholders pursuant to 15 Pa.C.S. § 1924(b)(3)
PENN NATIONAL GAMING, INC.	Adopted by the directors and shareholders pursuant to 15 Pa.C.S. § 1924 (b)(3)

6. ~~Strike out this paragraph if no foreign corporation/limited partnership is a party to the merger.~~

~~The plan was authorized, adopted or approved, as the case may be, by the foreign business/nonprofit corporation/limited partnership (or each of the foreign business/nonprofit corporations/limited partnerships) party to the plan in accordance with the laws of the jurisdiction in which it is incorporated/organized.~~

7. Check, and if appropriate complete, one of the following:

The plan of merger is set forth in full in Exhibit A attached hereto and made a part hereof.

Pursuant to 15 Pa.C.S. § 1901/§ 8547(b) (relating to omission of certain provisions from filed plans) the provisions, if any, of the plan of merger that amend or constitute the operative provisions of the Articles of Incorporation/~~Certificate of Limited Partnership~~ of the surviving corporation/~~limited partnership~~ as in effect subsequent to the effective date of the plan are set forth in full in Exhibit A attached hereto and made a party hereof. The full text of the plan of merger is on file at the principal place of business of the surviving corporation/limited partnership, the address of which is:

825 BERKSHIRE BOULEVARD, SUITE 200, WYOMISSING, PA 19610				BERKS
Number and street	City	State	Zip	County

DSCB: 15-1926/5926/8547-3

IN TESTIMONY WHEREOF, the undersigned corporation/limited partnership has caused these Articles/Certificate of Merger to be signed by a duly authorized officer thereof this

27th day of January

2005

PENN NATIONAL GAMING, INC.

Name of Corporation/Limited Partnership

Robert S. Ippolito

Robert S. Ippolito Signature

Vice President, Secretary and Treasurer

Title

Name of Corporation/Limited Partnership

Signature

Title

**PENNSYLVANIA DEPARTMENT OF STATE
 CORPORATION BUREAU**

Articles/Certificate of Merger

(15 Pa.C.S.)

Entity Number
 724866

- Domestic Business Corporation (§ 1926)
 Domestic Nonprofit Corporation (§ 5926)
 Limited Partnership (§ 8547)

Name
 ESQUIRE ASSIST, LTD.

Address
 COUNTER PICK-UP

City State Zip Code

Document will be returned to the name and address you enter to the left.



Fee: \$150 plus \$40 additional for each Party in addition to two

Filed in the Department of State on _____

Secretary of the Commonwealth

In compliance with the requirements of the applicable provisions (relating to articles of merger or consolidation), the undersigned, desiring to effect a merger, hereby state that:

1. The name of the corporation/limited partnership surviving the merger is:
 PENN NATIONAL GAMING, INC.

2. Check and complete one of the following:

The surviving corporation/limited partnership is a domestic business/nonprofit corporation/limited partnership and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County
825 BERKSHIRE BOULEVARD, SUITE 200	WYOMISSING	PA	19610	BERKS

(b) Name of Commercial Registered Office Provider _____ County _____
 c/o _____

The surviving corporation/limited partnership is a qualified foreign business/nonprofit corporation /limited partnership incorporated/formed under the laws of _____ and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County
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(b) Name of Commercial Registered Office Provider _____ County _____
 c/o _____

The surviving corporation/limited partnership is a nonqualified foreign business/nonprofit corporation/limited partnership incorporated/formed under the laws of _____ and the address of its principal office under the laws of such domiciliary jurisdiction is:

Number and Street	City	State	Zip
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Commonwealth of Pennsylvania
 ARTICLES OF MERGER-BUSINESS 5 Page(s)



T0624011068

3. The name and the address of the registered office in this Commonwealth or name of its commercial registered office provider and the county of venue of each other domestic business/nonprofit corporation/limited partnership and qualified foreign business/nonprofit corporation/limited partnership which is a party to the plan of merger are as follows:

Name	Registered Office Address	Commercial Registered Office Provider	County
W-B DOWNS, INC.,	825 BERKSHIRE BOULEVARD, SUITE 200, WYOMISSING, PA 19610		BERKS

PENN NATIONAL SPEEDWAY, INC.,	825 BERKSHIRE BOULEVARD, WYOMISSING, PA 19610		BERKS
-------------------------------	---	--	-------

4. Check, and if appropriate complete, one of the following:

The plan of merger shall be effective upon filing these Articles/Certificate of Merger in the Department of State.

The plan of merger shall be effective on: _____ at _____
Date Hour

5. The manner in which the plan of merger was adopted by each domestic corporation/limited partnership is as follows:

Name	Manner of Adoption
W-B DOWNS, INC.	Adopted by action of the board of directors of the parent corporation pursuant to 15 Pa.C.S. § 1924(b)(3)
PENN NATIONAL SPEEDWAY, INC.	Adopted by action of the board of directors of the parent corporation pursuant to 15 Pa.C.S. § 1924(b)(3)
PENN NATIONAL GAMING, INC.	Adopted by action of the board of directors of the parent corporation pursuant to 15 Pa.C.S. § 1924(b)(3)

6. ~~Strike out this paragraph if no foreign corporation/limited partnership is a party to the merger.~~

~~The plan was authorized, adopted or approved, as the case may be, by the foreign business/nonprofit corporation/limited partnership (or each of the foreign business/nonprofit corporations/limited partnerships) party to the plan in accordance with the laws of the jurisdiction in which it is incorporated/organized.~~

7. Check, and if appropriate complete, one of the following:

The plan of merger is set forth in full in Exhibit A attached hereto and made a part hereof.

Pursuant to 15 Pa.C.S. § 1901/§ 8547(b) (relating to omission of certain provisions from filed plans) the provisions, if any, of the plan of merger that amend or constitute the operative provisions of the Articles of Incorporation/Certificate of Limited Partnership of the surviving corporation/limited partnership as in effect subsequent to the effective date of the plan are set forth in full in Exhibit A attached hereto and made a part hereof. The full text of the plan of merger is on file at the principal place of business of the surviving corporation/limited partnership, the address of which is.

DSC	825 BERKSHIRE BOULEVARD, SUITE 200, WYOMISSING, PA 19610	BERKS
	Number and street	County
	City	State
		Zip

IN TESTIMONY WHEREOF, the undersigned corporation/limited partnership has caused these Articles/Certificate of Merger to be signed by a duly authorized officer thereof this

16 day of AUGUST

2006

PENN NATIONAL GAMING, INC.

Name of Corporation/Limited Partnership


PETER M. CARLINO

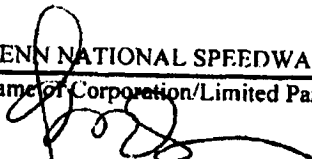
Signature

Chief Executive Officer

Title

PENN NATIONAL SPEEDWAY, INC.

Name of Corporation/Limited Partnership


PETER M. CARLINO

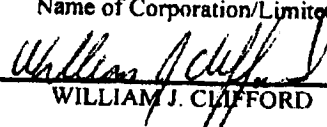
Signature

Chief Executive Officer

Title

W-B DOWNS, INC.

Name of Corporation/Limited Partnership


WILLIAM J. CLIFFORD

Signature

President

Title

DSCB: 15-1926/5926/8547

**PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU**

Statement of Change of Registered Office (15 Pa.C.S.)

- Domestic Business Corporation (§ 1507)
- Foreign Business Corporation (§ 4144)
- Domestic Nonprofit Corporation (§ 5507)
- Foreign Nonprofit Corporation (§ 6144)
- Domestic Limited Partnership (§ 8506)

Name
Address
City
State
Zip Code

CT CORP-COUNTER

Document will be returned to the name and address you enter to the left.



Commonwealth of Pennsylvania
DOMESTIC - CHANGE OF REGISTERED OFFICE 3 Page(s)



T0633360027

Fee: \$70

In compliance with the requirements of the applicable provisions of 15 Pa.C.S. (relating to corporations and unincorporated associations), the undersigned corporation or limited partnership, desiring to effect a change of registered office, hereby states that:

1. The name is:
Penn National Gaming, Inc.

2. The (a) address of its initial registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

(a) Number and street	City	State	Zip	County
Wyomissing Professional Ctr. 825 Berkshire Blvd., Ste. 203	Wyomissing	PA	17028	Berks
(b) Name of Commercial Registered Office Provider				County
c/o:				

3. Complete part (a) or (b):

(a) The address to which the registered office of the corporation or limited partnership in this Commonwealth is to be changed is:

Number and street	City	State	Zip	County
(b) The registered office of the corporation or limited partnership shall be provided by:				
c/o: C T Corporation System				Berks
Name of Commercial Registered Office Provider				County

DSCB:15-1507/4144/5507/6144/8506-2

4. *Strike out if a limited partnership:*

Such change was authorized by the Board of Directors of the corporation.

IN TESTIMONY WHEREOF, the undersigned has caused this Application for Registration to be signed by a duly authorized officer thereof this

20 day of November 2002

Penn National Gaming Inc
Name of Corporation/Limited Partnership

[Signature]
Signature

Attorney in fact
Title

POWER OF ATTORNEY

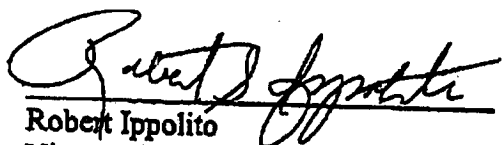
NOTICE IS HEREBY GIVEN THAT, Robert Ippolito, Vice President, Secretary and Treasurer of Penn National Gaming, Inc., ("the Corporation"), a corporation incorporated under the laws of the State of Pennsylvania, and the direct or indirect owner of the subsidiary entities shown on the list appended hereto, does hereby appoint each of Maria Chambers and Jannetta Thomas as lawful attorney-in-fact for the Corporation and for the subsidiary entities to act for the Corporation and for the subsidiary entities and in the name of the Corporation and of the subsidiary entities for the limited purposes authorized herein.

The Corporation and the attached subsidiary entities, having taken or will take all necessary steps to authorize the changes, hereby grants each of the aforesaid attorneys-in-fact the power to execute the documents necessary to change the Corporation's and the subsidiary entities' registered agent and registered office, or the agent and office of similar import, in any state as designated on the attached list.

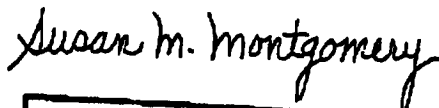
In the execution of any documents necessary for the purposes set forth herein, Maria Chambers shall exercise the power of Vice President of the Corporation and Jannetta Thomas shall exercise the power of Assistant Secretary of the Corporation.

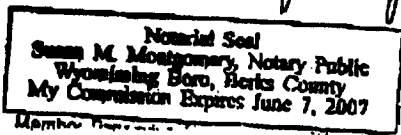
This Power of Attorney expires when revoked by the undersigned.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on this 16th day of November, 2006.


Robert Ippolito
Vice President, Secretary and Treasurer

Sworn to and subscribed before me this 16th Day of November, 2006.





PENNSYLVANIA DEPARTMENT OF STATE
 CORPORATION BUREAU

Articles/Certificate of Merger

(15 Pa.C.S.)

Entity Number
 724866

- Domestic Business Corporation (§ 1926)
 Domestic Nonprofit Corporation (§ 5926)
 Limited Partnership (§ 8547)

Name
 ESQUIRE ASSIST, LTD.

Address
 COUNTER PICK-UP

City State Zip Code

Document will be returned to the name and address you enter to the left.



Fee: \$150 plus \$40 additional for each Party in addition to two

Commonwealth of Pennsylvania
 ARTICLES OF MERGER-BUSINESS 4 Page(s)



T0717865023

In compliance with the requirements of the applicable provisions (relating to articles of merger or consolidation), the undersigned, desiring to effect a merger, hereby state that:

1. The name of the corporation/limited partnership surviving the merger is:
 PENN NATIONAL GAMING, INC.

2. Check and complete one of the following:

The surviving corporation/limited partnership is a domestic business/nonprofit corporation/limited partnership and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street City State Zip County
 825 BERKSHIRE BOULEVARD, SUITE 200, WYOMISSING, PA 19610 BERKS

(b) Name of Commercial Registered Office Provider County
 c/o

The surviving corporation/limited partnership is a qualified foreign business/nonprofit corporation /limited partnership incorporated/formed under the laws of _____ and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street City State Zip County

(b) Name of Commercial Registered Office Provider County
 c/o

The surviving corporation/limited partnership is a nonqualified foreign business/nonprofit corporation/limited partnership incorporated/formed under the laws of _____ and the address of its principal office under the laws of such domiciliary jurisdiction is:

Number and Street City State Zip

3. The name and the address of the registered office in this Commonwealth or name of its commercial registered office provider and the county of venue of each other domestic business/nonprofit corporation/limited partnership and qualified foreign business/nonprofit corporation/limited partnership which is a party to the plan of merger are as follows:

Name	Registered Office Address	Commercial Registered Office Provider	County

4. Check, and if appropriate complete, one of the following:

The plan of merger shall be effective upon filing these Articles/Certificate of Merger in the Department of State.

The plan of merger shall be effective on: _____ at _____
Date Hour

5. The manner in which the plan of merger was adopted by each domestic corporation/limited partnership is as follows:

Name	Manner of Adoption
PENN NATIONAL GAMING, INC.	Adopted by action of the board of directors of the parent corporation pursuant to 15 Pa.C.S. § 1924(b)(3)

6. ~~Strike out this paragraph if no foreign corporation/limited partnership is a party to the merger.~~
 The plan was authorized, adopted or approved, as the case may be, by the foreign business/nonprofit corporation/limited partnership (or each of the foreign business/nonprofit corporations/limited partnerships) party to the plan in accordance with the laws of the jurisdiction in which it is incorporated/organized.

7. Check, and if appropriate complete, one of the following:

The plan of merger is set forth in full in Exhibit A attached hereto and made a part hereof.

Pursuant to 15 Pa.C.S. § 1901/§ 8547(b) (relating to omission of certain provisions from filed plans) the provisions, if any, of the plan of merger that amend or constitute the operative provisions of the Articles of Incorporation/Certificate of Limited Partnership of the surviving corporation/limited partnership as in effect subsequent to the effective date of the plan are set forth in full in Exhibit A attached hereto and made a party hereof. The full text of the plan of merger is on file at the principal place of business of the surviving corporation/limited partnership, the address of which is.

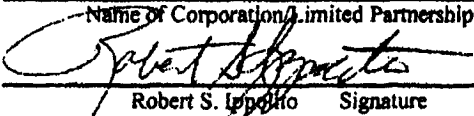
825 BERKSHIRE BOULEVARD, SUITE 200, WYOMISSING, PA	19610	BERKS
Number and street	City	County

IN TESTIMONY WHEREOF, the undersigned corporation/limited partnership has caused these Articles/Certificate of Merger to be signed by a duly authorized officer thereof this

6th day of June,
2007.

PENN NATIONAL GAMING, INC.

Name of Corporation/Limited Partnership


Robert S. Ippolito Signature

Vice President, Secretary and Treasurer
Title

STERLING AVIATION, INC.

Name of Corporation/Limited Partnership

A Wholly Owned Subsidiary
Signature

Title

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU

Articles of Amendment-Domestic Corporation

(15 Pa.C.S.)

Entity Number
724866

Business Corporation (§ 1915)
 Nonprofit Corporation (§ 5915)

Name
ESQUIRE ASSIST

Address
COUNTER PICK-UP


City State Zip Code

Document will be returned to the name and address you enter to the left.



Fee: \$52

Commonwealth of Pennsylvania
ARTICLES OF AMENDMENT-BUSINESS 5 Page(s)



T0738547012

In compliance with the requirements of the applicable provisions (relating to articles of amendment), the undersigned, desiring to amend its articles, hereby states that:

1. The name of the corporation is:
PENN NATIONAL GAMING, INC.

2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street City State Zip County

(b) Name of Commercial Registered Office Provider County
c/o CT CORPORATION SYSTEM

3. The statute by or under which it was incorporated: Pennsylvania Business Corporation Law

4. The date of its incorporation: DECEMBER 16, 1982

5. Check, and if appropriate complete, one of the following:

The amendment shall be effective upon filing these Articles of Amendment in the Department of State.

The amendment shall be effective on: _____ at _____
Date Hour

Certification#: 11855026-11 Page 45 of 85

PA. DEPT. OF STATE

6. Check one of the following:

The amendment was adopted by the shareholders or members pursuant to 15 Pa.C.S. § 1914(a) and (b) or § 5914(a).

The amendment was adopted by the board of directors pursuant to 15 Pa. C.S. § 1914(c) or § 5914(b).

7. Check, and if appropriate, complete one of the following:

The amendment adopted by the corporation, set forth in full, is as follows:

The amendment adopted by the corporation is set forth in full in Exhibit A attached hereto and made a part hereof.

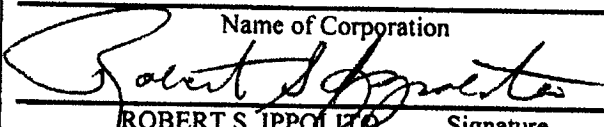
8. Check if the amendment restates the Articles:

The restated Articles of Incorporation supersede the original articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer thereof this 28 day of December, 2007.

PENN NATIONAL GAMING, INC.

Name of Corporation



Signature

ROBERT S. IPPOLITE

VICE PRESIDENT, SECRETARY & TREASURER
Title

EXHIBIT A
TO
ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
PENN NATIONAL GAMING, INC.

The amended and restated Articles of Incorporation, as amended, be further amended to add a new Article 7 to read in its entirety as follows:

7. Any or all classes and series of shares, or any part thereof, may be represented by certificates or may be uncertificated shares, provided, however, that any shares represented by a certificate that are issued and outstanding shall continue to be represented thereby until the certificate is surrendered to the Corporation. The rights and obligations of the holders of shares represented by certificates and the rights and obligations of the holders of uncertificated shares of the same class and series shall be identical.

**PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU**

**Statement with Respect to Shares
Domestic Business Corporation
(15 Pa.C.S. § 1522)**

Name		
ESQUIRE ASSIST - COUNTER PICKUP		
Address		
City	State	Zip Code

Commonwealth of Pennsylvania
STATEMENT WITH RESPECT TO SHARES 16 Page(s)



Fee: \$70

In compliance with the requirements of 15 Pa.C.S. § 1522(b) (relating to statement with respect to shares), the undersigned corporation, desiring to state the designation and voting rights, preferences, limitations, and special rights, if any, of a class or series of its shares, hereby states that:

1. The name of the corporation is:
Penn National Gaming, Inc.

2. Check and complete one of the following:

The resolution amending the Articles under 15 Pa.C.S. § 1522(b) (relating to divisions and determinations by the board), set forth in full, is as follows:

The resolution amending the Articles under 15 Pa.C.S. § 1522(b) is set forth in full in Exhibit A attached hereto and made a part hereof.

3. The aggregate number of shares of such class or series established and designated by (a) such resolution, (b) all prior statements, if any, filed under 15 Pa.C.S. § 1522 or corresponding provisions of prior law with respect thereto, and (c) any other provision of the Articles is 412,500 shares.

4. The resolution was adopted by the Board of Directors or an authorized committee thereon on:
July 2, 2008

5. Check, and if appropriate complete, one of the following:

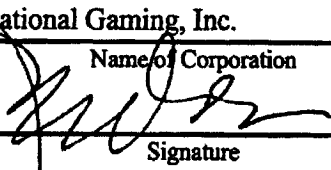
The resolution shall be effective upon the filing of this statement with respect to shares in the Department of State.

The resolution shall be effective on: _____ at _____
Date Hour

IN TESTIMONY WHEREOF, the undersigned corporation has caused this statement to be signed by a duly authorized officer thereof this

3rd day of July, 2008.

Penn National Gaming, Inc.
Name of Corporation


Signature

Chairman and Chief Executive officer
Title

**STATEMENT WITH RESPECT TO SHARES OF
SERIES B REDEEMABLE PREFERRED STOCK OF
PENN NATIONAL GAMING, INC.**

Pursuant to Section 1522(c) of the
Pennsylvania Business Corporation Law of 1988

In compliance with the requirements of Section 1522(c) of the Pennsylvania Business Corporation Law of 1988, as amended (the "PBCL"), Penn National Gaming, Inc., a Pennsylvania corporation (the "**Corporation**") does hereby certify that, pursuant to the authority expressly vested in the Board of Directors of the Corporation by the Corporation's Amended and Restated Articles of Incorporation, the Board of Directors has adopted the resolution set forth below at a duly-called meeting held on July 2, 2008, establishing and designating a series of Preferred Stock of the Corporation, par value \$0.01 per share (the "**Preferred Stock**") and fixing and determining the amount and the voting powers, designations, preferences and other special rights, and the qualifications, limitations and restrictions, of a series of Preferred Stock (this "**Resolution**").

RESOLVED, that a series of Preferred Stock of the Corporation, par value \$0.01 per share be, and hereby is, created, and the voting powers, designations, preferences and other special rights, and the qualifications, limitations and restrictions thereof are as follows:

1. Number of Shares and Designation. 12,500 shares of Preferred Stock of the Corporation shall constitute a series of Preferred Stock designated as Series B Redeemable Preferred Stock (the "**Series B Preferred Stock**"). The number of shares of Series B Preferred Stock may be increased (to the extent of the Corporation's authorized and unissued Preferred Stock) or decreased (but not below the number of shares of Series B Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors and the requisite filing with the Department of State of the Commonwealth of Pennsylvania.

2. Rank. Each share of the Series B Preferred Stock shall rank equally in all respects with all other shares of the Series B Preferred Stock. The Series B Preferred Stock shall, with respect to redemption payments and rights (including as to the distribution of assets) upon liquidation, dissolution or winding up of the affairs of the Corporation (i) rank senior and prior to the common stock of the Corporation, par value \$0.01 per share (the "**Common Stock**"), the Series A Preferred Stock of the Corporation, par value \$0.01 per share, and each other class or series of equity securities of the Corporation, whether currently issued or issued in the future, that by its terms ranks junior to the Series B Preferred Stock as to rights upon liquidation, dissolution or winding up of the affairs of the Corporation (all of such equity securities, including the Common Stock, are collectively referred to herein as the "**Junior Securities**"), (ii) rank on a parity with each class or series of equity securities of the Corporation, issued in the future without violation of this Resolution, that does not by its terms expressly provide that it

ranks senior to or junior to the Series B Preferred Stock as to rights (including as to the distribution of assets) upon liquidation, dissolution or winding up of the affairs of the Corporation (all of such equity securities, other than Junior Securities, are collectively referred to herein as the “**Parity Securities**”), and (iii) rank junior to each other class or series of equity securities of the Corporation, issued in the future without violation of this Resolution, that by its terms ranks senior to the Series B Preferred Stock as to rights (including as to the distribution of assets) upon liquidation, dissolution or winding up of the affairs of the Corporation (all of such equity securities are collectively referred to herein as the “**Senior Securities**”). The respective definitions of Junior Securities, Parity Securities and Senior Securities shall also include any securities, rights or options exercisable or exchangeable for or convertible into any of the Junior Securities, Parity Securities or Senior Securities, as the case may be. At the date of the initial issuance of the Series B Preferred Stock there are no Parity Securities and no Senior Securities authorized or outstanding. For so long as any shares of Series B Preferred Stock remain outstanding, the Corporation will not, without the affirmative vote or consent of the Holders of a majority of the shares of Series B Preferred Stock outstanding at the time, authorize or issue any Parity Securities or Senior Securities.

3. *Dividends.*

(a) For so long as any shares of Series B Preferred Stock remain outstanding, the Corporation shall not, without the affirmative vote or consent of the Holders of a majority of the shares of Series B Preferred Stock outstanding at the time, redeem, purchase or acquire, or pay or make available any monies for a sinking fund for the redemption of, any Common Stock or other Junior Securities of the Corporation, except for (i) open-market purchases of Common Stock or (ii) tender offers for Common Stock made by the Corporation at a price which is not higher than the price which the Board of Directors has determined in good faith would enable the Corporation to acquire the desired number of shares to be purchased and in no event at price per share greater than a 20% premium to the market price of the Common Stock on the date that such tender offer is announced.

(b) The Holders of record of the issued and outstanding shares of Series B Preferred Stock shall be entitled to receive, out of assets legally available for the payment of dividends, dividends on the terms described below:

(i) Subject to Section 3(b)(ii), Holders shall be entitled to participate equally and ratably with the holders of shares of Common Stock in all dividends and distributions paid (whether in the form of cash, stock, other assets, or otherwise, and including, without limitation, any dividend or distribution of shares of stock or other equity, or evidences of indebtedness, of any Person, including, without limitation, the Corporation or any Subsidiary) on the shares of Common Stock, in the amount that such Holders would have received if, immediately prior to each record date in respect of which dividends or distributions are paid, each share of Series B Preferred Stock were redeemed for a number of Common Shares equal to the Liquidation Preference divided by the Ceiling Price. Dividends or distributions payable to the Holders pursuant to this Section 3(b)(i) shall be declared and paid on the same dates that such dividends or distributions are declared and paid, and in the same form payable, to holders of shares of Common Stock.

(ii) In the event that any dividend or distribution is made in excess of a Regular Dividend (a “**special dividend**”), the Ceiling Price and Floor Price shall be reduced by an amount equal to (A) the aggregate Fair Market Value of such special dividend payable in respect of all outstanding Common Shares, restricted stock and Preferred Stock *divided by* (B)(I) the total number of Common Shares and restricted stock currently outstanding *plus* (II) the number of Common Shares into which all shares of Series B Preferred Stock could have been redeemed as calculated in accordance with the provisions of Section 3(b)(i) prior to such special dividend. Furthermore, in the event of any special dividend, the Liquidation Preference per share of Series B Preferred Stock shall be an amount equal to (A) the Liquidation Preference immediately prior to such special dividend *multiplied by* (B) a fraction, the numerator of which is the aggregate Liquidation Preference immediately prior to such special dividend less the aggregate Fair Market Value of such special dividend or distribution payable in respect of all of the Series B Preferred Stock and the denominator of which is the aggregate Liquidation Preference of the Series B Preferred Stock immediately prior to the date of such special dividend or distribution. The Corporation shall not make any special dividend to the extent that the payment of the special dividend would cause the Ceiling Price to be reduced below \$1.00 pursuant to the calculations set forth in this Section 3(b)(ii), or, in the good faith judgment of the Board of Directors, make, any non-cash special dividend that, when taken together with all other non-cash special dividends and asset sale self-tenders (as defined below), would, or when declared or paid would be reasonably likely to, cause the Ceiling Price to be reduced by greater than \$7.50 (appropriately adjusted for events of the type set forth in Section 8) pursuant to the calculations set forth in this Section 3(b)(ii), without, in either instance, obtaining the affirmative vote or consent of the Holders of a majority of the shares of Series B Preferred Stock outstanding at the time (unless such non-cash special dividends which would cause the Ceiling Price to be reduced by more than \$7.50 (appropriately adjusted for events of the type set forth in Section 8) shall be approved by Holders of a majority of the shares of Series B Preferred Stock outstanding at the time, which approval shall not be unreasonably withheld). In addition, in the event that the Floor Price would otherwise be reduced to less than zero as a result of any special dividend, then the Floor Price shall be deemed to equal zero after such special dividend.

(iii) Notwithstanding Section 3(a), any purchase of Common Stock by the Corporation by means of a tender offer which is funded by an asset sale outside the ordinary course (an “**asset sale self-tender**”) will require the approval of the Holders of a majority of the shares of Series B Preferred Stock outstanding at the time of such asset sale self-tender (such approval not to be unreasonably withheld) if the aggregate amount to be paid in such asset sale self-tender would have, if paid as a special dividend, alone or together with other asset sale self-tenders and special dividends, caused the Ceiling Price to be reduced by greater than \$7.50 pursuant to the calculations set forth in Section 3(b)(ii). In addition, in the event of any asset sale self-tender, the Ceiling Price and the Floor Price shall be reduced pursuant to the calculations set forth in Section 3(b)(ii), substituting, for these purposes, the total premium in such asset sale self-tender for the term “special dividend” in Section 3(b)(ii). The “total premium” in an asset sale self-tender shall be the excess of the aggregate amount paid to the holders of Common Stock pursuant to such asset sale self-tender over the market price of the Common Stock on the date of the announcement of such asset sale self-tender.

(iv) Each dividend or distribution payable pursuant to Section 3(b)(i) hereof shall be payable to the Holders of record of shares of Series B Preferred Stock as they appear on the stock records of the Corporation at the close of business on the record date designated by the Board of Directors for such dividends or distributions (each, a “**Dividend Payment Record Date**”), which shall be the same day as the record date for the payment of such dividends or distributions to the holders of shares of Common Stock.

(c) For the avoidance of doubt, the shares of Series B Preferred Stock that have been redeemed upon payment of the Redemption Price shall not be entitled to receive any dividend or distribution pursuant to this Section 3 payable on or after the Redemption Date.

4. Liquidation Preference. In the event of any liquidation of the Corporation, the Holders shall, with respect to each share of Series B Preferred Stock, receive and be paid out of the assets of the Corporation available for distribution to its shareholders an amount equal to the greater of (i) the Liquidation Preference and (ii) the amount such Holder would have been entitled to receive in the liquidation if the share of Series B Preferred Stock were redeemed for a number of Common Shares equal to the Liquidation Preference *divided by* the Ceiling Price, in preference to the holders of, and before any payment or distribution of any assets of the Corporation is made on or set apart for, any Junior Securities. If the assets of the Corporation available for distribution to its shareholders are not sufficient to pay in full the amount payable to the Holders pursuant to this Section 4 and the liquidation preference payable to the holders of any Parity Securities, then such assets, or the proceeds thereof, shall be distributed among the Holders and any such other Parity Securities ratably in accordance with the amount payable pursuant to this Section 4 and the liquidation preference for the Parity Securities, respectively. For the avoidance of doubt, no Business Combination shall be considered a liquidation of the Corporation.

5. Business Combination.

(a) In the event of any Business Combination in which the consideration for the transaction is payable to all of the holders of Common Stock generally and consists entirely of cash, upon consummation of such Business Combination each share of Series B Preferred Stock shall be entitled to receive from the entity (or an Affiliate thereof) merging with the Corporation or acquiring its assets or voting shares, in exchange for the cancellation of such share, an amount in cash per share equal to:

(i) if the Transaction Price is less than or equal to the Ceiling Price and greater than or equal to the Floor Price, the Stated Value (calculated as of the date of consummation of such Business Combination),

(ii) if the Transaction Price is greater than the Ceiling Price, the amount equal to (x) the Stated Value (calculated as of the date of consummation of such Business Combination) *plus* (y) the product of (A)(I) the Transaction Price less the Ceiling Price *divided by* (II) the Ceiling Price *multiplied by* (B) the Liquidation Preference, and

(iii) if the Transaction Price is less than the Floor Price, the amount equal to (x) the Stated Value (calculated as of the date of consummation of such Business Combination)

minus (y) the product of (A)(I) the Floor Price less the Transaction Price *divided by* (II) the Floor Price *multiplied by* (B) the Stated Value (calculated as of the date of consummation of such Business Combination).

(b) In the event of any Business Combination in which the consideration for the transaction is payable to all of the holders of Common Stock generally and includes stock and/or other securities and property (including cash), upon consummation of such Business Combination the Holder of each share of Series B Preferred Stock shall be entitled to receive from the entity (or an Affiliate thereof) merging with the Corporation or acquiring its assets or voting shares, in exchange for the cancellation of each such share, the same kind or kinds of shares of stock and/or other securities and property (including cash), in the same relative proportion, receivable by holders of shares of Common Stock, which would have an aggregate Fair Market Value per share of Series B Preferred Stock equal to the Fair Market Value of the consideration such Holder would have received for one share of Series B Preferred Stock pursuant to clause (i), (ii) or (iii) of Section 5(a), as applicable.

(c) The Holders shall have the right to vote upon any Business Combination to which clause (iii) of Section 5(a) applies (regardless of the form of consideration paid in such Business Combination), voting together with the holders of Common Stock as a single class. In any such vote, each Holder shall be entitled to cast the number of votes, for each share of Series B Preferred Stock held, equal to the quotient obtained by dividing the Liquidation Preference by the Transaction Price (with such Transaction Price determined, solely for this purpose, as of the record date for determining which holders of Common Stock are entitled to vote on such Business Combination, rather than as of immediately prior to the consummation of the Business Combination). The Corporation shall secure the agreement of any entity (or Affiliate thereof) merging with the Corporation, or acquiring its assets or voting shares, to make the payment referred to in Section 5(a) or 5(b), as applicable.

(d) To the extent that the shares of stock payable to the holders of Common Stock generally in a Business Combination are, upon delivery, duly and validly authorized and issued, fully paid and nonassessable and free from all liens, security interests and charges (other than liens or charges created by or imposed upon the holders of Common Stock or taxes in respect of any transfer occurring contemporaneously therewith), then the shares of stock received by the Holders pursuant to Section 5(b) will be duly and validly authorized and issued, fully paid and nonassessable and free from all liens, security interests and charges (other than liens or charges created by or imposed upon the Holder or taxes in respect of any transfer occurring contemporaneously therewith) to the same extent.

6. *Redemption by the Corporation.*

(a) On June 30, 2015 (the “**Maturity Date**”), the Corporation shall redeem all (but not less than all) of the outstanding shares of Series B Preferred Stock (the “**Redemption**”), for an amount in cash per share equal to:

(i) if the Average Trading Price calculated as of May 26, 2015 is greater than or equal to the Floor Price, but less than or equal to the Ceiling Price, the Liquidation Preference,

(ii) if the Average Trading Price calculated as of May 26, 2015 is less than the Floor Price, the product of (x)(I) the Liquidation Preference *divided by* (II) the Floor Price, *multiplied by* (y) the Average Trading Price (calculated as of May 26, 2015), or

(iii) if the Average Trading Price calculated as of May 26, 2015 is greater than the Ceiling Price, the product of (x)(I) the Liquidation Preference *divided by* (II) the Ceiling Price, *multiplied by* (y) the Average Trading Price (calculated as of May 26, 2015) ((i), (ii) or (iii), as applicable, the “**Redemption Price**”).

(b) Notwithstanding anything in Section 6(a) to the contrary, at the election of and in the sole and absolute discretion of the Corporation, in connection with the mandatory redemption contemplated by Section 6(a), the Corporation may pay all or part of the Redemption Price in shares of Common Stock (such election, the “**Stock Election**”), provided that public announcement of the Stock Election is made on or prior to June 1, 2015. Any such Stock Election shall be irrevocable. In the event of a Stock Election, the number of shares (calculated to the nearest whole share) so payable shall be determined by dividing (i) the amount of the Redemption Price that the Corporation elects to pay in Common Stock by (ii) the Average Trading Price (calculated as of May 26, 2015). All shares of Common Stock delivered upon redemption of the Series B Preferred Stock will, upon delivery, be duly and validly authorized and issued, fully paid and nonassessable and free from all liens, security interests and charges (other than liens or charges created by or imposed upon the Holder or taxes in respect of any transfer occurring contemporaneously therewith). Prior to the Maturity Date, the Corporation will procure the listing of the shares of Common Stock, subject to issuance or notice of issuance and approval by the Corporation’s shareholders and/or Board of Directors (to the extent such approval is necessary in order to increase the number of authorized shares of Common Stock or to approve the issuance of Common Stock), on NASDAQ (or, if the Common Stock is not listed or quoted on NASDAQ, the principal national or regional exchange or market on which the Common Stock is then listed or quoted), and will pay all fees and expenses associated with such listing. If notified by a Holder of any required filing or reasonable request for information pursuant to the HSR Act or other required regulatory approvals, the Corporation will, at the sole expense of such Holder, make such filings or provide such information, as applicable, and the Corporation shall cooperate with such Holder to obtain HSR approval or other required regulatory approvals prior to the Maturity Date. In addition, in the event that the Corporation makes a Stock Election, the Corporation shall use commercially reasonable efforts (i) to cause a registration statement covering the resale of such shares of Common Stock to be issued to the Holders to be effective as of the Maturity Date as the shares may be issued and (ii) to obtain the Issuance Approval (as defined below) prior to the Maturity Date.

Until such time as there has been any vote of the Corporation’s shareholders that is necessary to approve the issuance of Common Stock on the Redemption Date pursuant to the rules of NASDAQ (or, if the Common Stock is not listed or quoted on NASDAQ, the requirements of the principal national or regional exchange or market on which the Common Stock is then listed or quoted) (such approval, the “**Issuance Approval**”), the provisions of this Section 6(b) shall not apply for those shares of Common Stock with respect to which such Issuance Approval shall be required. If such vote is held and the Corporation’s shareholders vote in favor of the Issuance Approval, then the Redemption Price shall be paid pursuant to the provisions of this Section 6(b), provided that the Corporation shall be entitled to hold one or

more shareholder meetings in order to seek the Issuance Approval. If the Corporation's shareholders fail to vote in favor of the Issuance Approval after such meeting or meetings, then unless and until the Corporation shall receive such approval, the Corporation shall pay the Redemption Price in shares of Common Stock pursuant to Section 6(b), up to the maximum amount permitted by applicable law or regulation (including the rules of the principal national or regional exchange or market on which the Common Stock is then listed or quoted) without obtaining such approval (such amount, the "**Permitted Issuance Amount**"), with the remainder of the Redemption Price (the "**Remaining Amount**") to be paid in cash funded with the proceeds of a public offering (as such term is defined by the rules of NASDAQ) of Common Shares, which offering the Corporation shall use commercially reasonable efforts to complete.

In the event that the payment of all or part of the Redemption Price in shares of Common Stock would cause a Holder of Series B Preferred Stock to be an Acquiring Person making a Control Share Acquisition (as such terms are defined in the Control Share Acquisition Statute), then, unless the Corporation and such Holder shall have completed the procedures under the Control Share Acquisition Statute to accord voting rights to the full number of shares of Common Stock to be issued to such Holder, the shares of Common Stock delivered to such Holder upon Redemption shall be issued together with, and the Holder shall execute and deliver to the Corporation, a proxy in favor of an attorney-in-fact designated by the Board of Directors covering a number of the shares of Common Stock such that the shares of Common Stock delivered upon Redemption would not be Control Shares (as such term is defined in the Control Share Acquisition Statute) (such number of shares issued with such proxy, the "**Excess Shares**"). As to any Excess Shares, the proxy shall automatically be terminated on any sale of such Excess Shares or as of the date on which the Holder would not have sufficient voting power over voting shares of the Corporation to meet the threshold in the definition of Control-Share Acquisition in the Control Share Acquisition Statute.

(c) To the extent that the Corporation has not paid the Holders the Redemption Price in full on or prior to the Maturity Date, then any such unpaid amount shall bear interest at a rate of 7.75% per annum, compounded semi-annually (the "**Default Rate**"), until it is paid in full. The Default Rate shall increase by 1.00% after each ninety (90) day period following the commencement of accrual of interest following the Maturity Date, up to an amount equal to 13.50% per annum. The Default Rate shall commence accruing on the forty-fifth (45th) calendar day following the Maturity Date, with respect to any portion of the Redemption Price as to which a stock election has been made, and on the first day after the Maturity Date, with respect to any portion of the Redemption Price which is to be paid in cash.

(d) Any shares of Common Stock issued in connection with a redemption of Series B Preferred Stock pursuant to Section 6(b) are to be issued in the same name as the name in which such shares of Series B Preferred Stock are registered.

(e) If the Redemption does not occur on the Maturity Date, from the Maturity Date until the Redemption Date, the Corporation may not, at any time, (i) declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, or pay or make available monies for a sinking fund for the redemption of, any Common Stock or other Junior Securities of the Corporation, or (ii) redeem, purchase or

acquire, or make a liquidation payment with respect to, or pay or make available monies for a sinking fund for the redemption of, any Parity Securities.

(f) The redemption of the Series B Preferred Stock shall be deemed to have been effected immediately prior to the close of business on the first Business Day on which the Corporation pays the Redemption Price in full (the “**Redemption Date**”). At such time on the Redemption Date, the shares of Series B Preferred Stock shall no longer be deemed to be outstanding, and all rights of a Holder with respect to such shares shall immediately terminate except the right to receive cash and/or Common Stock pursuant to this Section 6.

7. *Voting Rights.*

(a) Except as set forth below or in Section 5(c) or as required by applicable law, the Holders shall not be entitled to vote at any meeting of the shareholders for election of Directors or for any other purpose or otherwise to participate in any action taken by the Corporation or the shareholders thereof, or to receive notice of any meeting of shareholders.

(b) So long as any Series B Preferred Stock remains outstanding, the Corporation will not, without the affirmative vote or consent of the holders of a majority of the Series B Preferred Shares outstanding at the time, given in person or by proxy, either in writing or at a meeting (such series voting separately as a class) amend, alter or repeal the provisions of this Resolution, including by merger or consolidation (an “**Event**”), so as to adversely affect any right or privilege of the Series B Preferred Stock; provided, however, that no Event shall be deemed to adversely affect the rights and privileges of the Series B Preferred Stock, and the Holders shall have no right to vote with respect to such Event, if (x) following such Event, the Series B Preferred Stock remains outstanding with the terms thereof not adversely changed and represent an interest in the same issuer in which holders of Common Stock prior to such Event will hold their shares following such Event, (y) in connection with the merger or consolidation of the Corporation with or into another entity in which the Corporation is not the surviving entity, which merger or consolidation is not a Business Combination pursuant to the definition thereof, the Series B Preferred Stock is redeemed or exchanged for a security (a “**Replacement Security**”) with rights, preferences, privileges and voting powers that are not less favorable than the rights, preferences, privileges and voting powers of the Series B Preferred Stock (it being understood that a Replacement Security shall not be deemed to have rights, preferences, privileges or voting power that are less favorable than the Series B Preferred Stock if the difference in the rights, preferences, privileges or voting power is caused solely by differences between the state law of the jurisdiction of incorporation of the Corporation and the jurisdiction of incorporation of the issuer of the Replacement Security) or (z) Section 5 hereof shall apply to the Event, and as a result the Holders shall be entitled to receive the consideration provided for in Section 5(a) or 5(b), as applicable.

(c) On each matter submitted to a vote of the Holders in accordance with Section 7(b), or as otherwise required by applicable law, each share of Series B Preferred Stock shall be entitled to one vote. With respect to each share of Series B Preferred Stock, the Holder thereof may designate a proxy, with each such proxy having the right to vote on behalf of the Holder.

8. **Stock Splits, Subdivisions, Reclassifications or Combinations.** If the Corporation shall (1) declare a dividend or make a distribution on its Common Stock in shares of Common Stock, (2) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares or (3) combine or reclassify the outstanding Common Stock into a smaller number of shares, the Floor Price and the Ceiling Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be adjusted to the number obtained by multiplying each of the Floor Price and the Ceiling Price, respectively, in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action, and the denominator of which shall be the number of shares of Common Stock outstanding immediately following such action. An appropriate adjustment to the Floor Price and the Ceiling Price shall also be made in connection with any event that causes a Triggering Event or a Distribution Date (as such terms are defined in the Rights Agreement or corresponding terms in any successor plan).

9. **Definitions.**

Unless the context otherwise requires, when used herein the following terms shall have the meaning indicated.

“**Affiliate**” means, with respect to any Person, any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person. For purposes of this definition, the term “control” (and correlative terms “controlling,” “controlled by” and “under common control with”) means possession of the power, whether by contract, equity ownership or otherwise, to direct the policies or management of a Person.

“**Average Trading Price**” means, as of any date, the volume weighted average trading price per share of Common Stock for the 20 consecutive Trading Days immediately preceding such date.

“**Beneficially Own,**” “**Beneficially Owned,**” or “**Beneficial Ownership**” shall have the meaning set forth in Rule 13d-3 of the rules and regulations promulgated under the Exchange Act, except that for purposes of this Resolution (i) the words “within sixty days” in Rule 13d-3(d)(1)(i) shall not apply, to the effect that a Person shall be deemed to be the beneficial owner of a security if that Person has the right to acquire beneficial ownership of such security at any time and (ii) a Person shall be deemed to Beneficially Own any security that, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, is the subject of a derivative transaction entered into by such Person, or derivative security acquired by such Person, which gives such Person the economic equivalent of ownership of an amount of or an interest in such securities due to the fact that the value of the derivative is determined by reference to the price or value of such securities.

“**Board of Directors**” means the board of directors of the Corporation.

“Business Combination” means (i) the direct or indirect sale, assignment, conveyance, transfer or other disposition by the Corporation of all or substantially all of its properties or assets (other than a bona fide financing transaction) or (ii) the acquisition by any Person of Beneficial Ownership of more than 50% of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors, other than any such acquisition in which the holders of the Common Stock and/or Preferred Stock prior to such acquisition own greater than 50% of the voting securities of such Person immediately following the consummation of such acquisition, provided that the term Business Combination shall not include any transaction described in (i) or (ii) above that occurs solely between the Corporation and either (A) a corporation of which it is a wholly-owned subsidiary (a **“Parent”**) or (B) any direct or indirect wholly-owned subsidiary of the Corporation or a Parent, and in which holders of Common Stock receive solely shares of common stock of the Parent or of such direct or indirect wholly-owned subsidiary of the Corporation or a Parent. For the avoidance of doubt, no liquidation of the Corporation shall be considered a Business Combination. Any merger, consolidation or similar transaction or series of related transaction as a result of which the holders of Common Stock immediately prior to the consummation of such transaction represent less than 50% of the voting securities of the surviving corporation or successor corporation of such transaction shall be deemed to be a “Business Combination” if such designation would not result in the Series B Preferred Stock being deemed to be “Disqualified Capital” or “Disqualified Capital Stock” under either of the indentures governing the Corporation’s publicly traded senior notes and/or senior subordinated notes or the Corporation’s credit agreement, as in effect as of the date of the initial issuance of the Series B Preferred Stock or if it would constitute “Disqualified Capital” or “Disqualified Capital Stock,” the indebtedness issued under such indentures or the credit agreement is no longer outstanding or is being satisfied in full in such transaction.

“Business Day” means any day other than a Saturday, Sunday or a day on which the banks in New York City are authorized by law or executive order to be closed.

“Capital Stock” means (i) with respect to any Person that is a corporation or company, any and all shares, interests, participations or other equivalents (however designated) of capital or capital stock of such Person and (ii) with respect to any Person that is not a corporation or company, any and all partnership or other equity interests of such Person.

“Ceiling Price” means \$67.00 per share (subject to adjustment pursuant to the terms of this Resolution, including adjustment pursuant to Section 3(b)(ii) and 3(b)(iii)).

“Common Stock” means the common stock of the Corporation, par value \$0.01 per share.

“Comparable Treasury Issue” means the United States Treasury security selected by a Reference Treasury Dealer appointed by the Corporation as having a maturity comparable to the remaining term of the Series B Preferred Stock (as if the final maturity of the Series B Preferred Stock was the Maturity Date) that would be utilized at the time of selection and in accordance with customary financial practice in pricing new

issues of corporate debt securities of comparable maturity to the remaining term of the Series B Preferred Stock (as if the final maturity of the Series B Preferred Stock was the Maturity Date).

“Comparable Treasury Price” means with respect to any date on which the Stated Value is calculated, (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such calculation date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated “Composite 3:30 p.m. Quotations for U.S. Government Securities” or (2) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the average of the Reference Treasury Dealer Quotations for such calculation date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (B) if the Corporation obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

“Control Share Acquisition Statute” means the Pennsylvania Control Share Acquisition Statute, 15 Pa.C.S. §2561 et seq.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“Fair Market Value” means the fair market value (as determined by an independent third party appraiser selected by the Corporation and reasonably acceptable to the Holders of a majority of the then outstanding Preferred Stock) of any cash, stock or other property.

“Floor Price” means \$45.00 per share (subject to adjustment pursuant to the terms of this Resolution, including adjustment pursuant to Section 3(b)(ii) and 3(b)(iii)).

“Holder” means the holders of Series B Preferred Stock.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.

“Investor Rights Agreement” means the Investor Rights Agreement, dated as of July 3, 2008, by and among the Corporation, FIF V PFD LLC, Centerbridge Capital Partners, L.P., DB Investment Partners, Inc. and Wachovia Investment Holdings, LLC.

“Liquidation Preference” means \$100,000 per share of Series B Preferred Stock (subject to adjustment pursuant to the terms of this Resolution, including adjustment pursuant to Section 3(b)(ii)).

“Person” means an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

“Purchase Agreement” means the Stock Purchase Agreement, dated as of July 3, 2008 among the Corporation and the purchasers named therein, including all schedules and exhibits thereto, as the same may be amended from time to time.

“Reference Treasury Dealer” means any primary U.S. government securities dealer in the City of New York selected by the Corporation.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any date on which the Stated Value is calculated, the average, as determined by the Corporation, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Corporation by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business date preceding such calculation date.

“Regular Dividend” means cash dividends or distributions with respect to the Common Stock or other Junior Securities of the Corporation in amounts and at intervals which are within the customary practice for companies that pay current recurring cash dividends. Although the Corporation does not pay Regular Dividends on the date hereof, it reserves the right to institute the payment of a Regular Dividend in the future.

“Rights Agreement” means the Rights Agreement between the Corporation and Continental Stock Transfer and Trust Company, dated as of March 2, 1999, as amended from time to time, or any subsequent rights plan.

“Securities Act” means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“Stated Value” means, for each share of Series B Preferred Stock, the present value, as of any calculation date, of the Liquidation Preference to be paid on the Maturity Date, computed using a discount rate equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such period. For the avoidance of doubt, in the event that the Stated Value is calculated as of the Maturity Date, the Stated Value shall equal \$100,000 per share of Series B Preferred Stock.

“Subsidiary” of a Person means (i) a corporation, a majority of whose stock with voting power, under ordinary circumstances, to elect directors is at the time of determination, directly or indirectly, owned by such Person or by one or more Subsidiaries of such Person, or (ii) any other entity (other than a corporation) in which such Person or one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof has at least a majority ownership interest.

“Trading Day” means any day that the NASDAQ (or, if the Common Stock is not listed or quoted on the NASDAQ, such other national or regional exchange or market on which the Common Stock is then listed or quoted) is open for trading.

“Transaction Price” means the Fair Market Value of the consideration payable in any Business Combination in respect of one share of Common Stock as of the time immediately prior to the consummation of the Business Combination.

10. *Certain Other Provisions.*

(a) If any Series B Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation will issue, in exchange and in substitution for and upon cancellation of the mutilated certificate, or in lieu of and substitution for the certificate lost, stolen or destroyed, a new Series B Preferred Stock certificate of like tenor and representing an equivalent amount of Series B Preferred Stock, upon receipt of evidence of such loss, theft or destruction of such certificate and, if requested by the Corporation, an indemnity on customary terms for such situations reasonably satisfactory to the Corporation.


(b) The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

(c) The Corporation shall be entitled to deduct and withhold from any payment of cash, shares of Common Stock or other consideration payable to a Holder of a share of Series B Preferred Stock, any amounts required to be deducted or withheld under applicable U.S. federal, state, local or foreign tax laws with respect to such payment. In the event the Corporation previously remitted withholding taxes to a governmental authority in respect of any amount treated as a distribution on a share of Series B Preferred Stock, the Corporation shall be entitled to offset any such taxes against any amounts otherwise payable in respect of such share of Series B Preferred stock.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be duly executed and acknowledged by its undersigned duly authorized officer this 3rd day of July, 2008.

PENN NATIONAL GAMING, INC.

By:


Name: Mr. Peter M. Carrino
Title: Chairman and Chief Executive Officer

(Signature Page to Respect to Shares)

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU

Statement of Correction
(15 Pa.C.S. § 138)

Name ESQUIRE ASSIST - COUNTER PICKUP		
Address _____		
City _____	State _____	Zip Code _____

Document will be returned to the name and address you enter to the left.



Commonwealth of Pennsylvania
STATEMENT OF CORRECTION 16 Page(s)



T0819260002

Fee: \$70

In compliance with the requirements of 15 Pa.C.S. § 138 (relating to statement of correction) the undersigned association or other person, desiring to correct an inaccurate record of corporate or other action or correct defective or erroneous execution of a document, hereby states that:

1. The name of the association or other person is:
Penn National Gaming, Inc.

2. The (a) address of this association's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (*the Department is hereby authorized to correct the following information to conform to the records of the Department*):

(a) Number and Street City State Zip County

(b) Name of Commercial Registered Office Provider County
c/o: CT Corporation System Philadelphia

3. The statute by or under which it was incorporated or the preceding filing was made, in the case of a filing that does not constitute a part of the articles of incorporation of a corporation is:
Pennsylvania Business Corporation Law of 1988, as amended, Section 1522(b)

4. The inaccuracy or defect, which appears in Department of State form DSCB:15-1522-2 filed on 7/3/2008 and recorded in Roll and Film Number _____ et seq., is:

The Exhibit A attached to such Statement with Respect to Shares contained certain omissions/errors; the Exhibit A attached hereto is intended to correct and replace such Exhibit A.

5. Check one of the following:

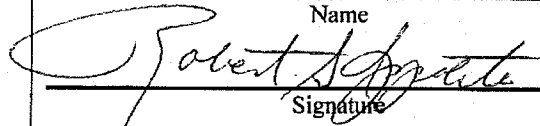
- The portion of the document requiring correction in corrected form is set forth in Exhibit A attached hereto and made a part hereof.
- The original document to which this statement relates shall be deemed re-executed.
- The original document to which this statement relates shall be deemed stricken from the records of the Department.

IN TESTIMONY WHEREOF, the undersigned association or other person has caused this statement to be signed by a duly authorized officer thereof or otherwise in its name this

9 day of July, 2008.

Robert Ippolito

Name



Signature

Vice President, Secretary, Treasurer

Title

Exhibit "A"

**STATEMENT WITH RESPECT TO SHARES OF
SERIES B REDEEMABLE PREFERRED STOCK OF
PENN NATIONAL GAMING, INC.**

Pursuant to Section 1522(c) of the
Pennsylvania Business Corporation Law of 1988

In compliance with the requirements of Section 1522(c) of the Pennsylvania Business Corporation Law of 1988, as amended (the "PBCL"), Penn National Gaming, Inc., a Pennsylvania corporation (the "Corporation") does hereby certify that, pursuant to the authority expressly vested in the Board of Directors of the Corporation (the "Board of Directors") by the Corporation's Amended and Restated Articles of Incorporation, the Board of Directors has adopted the resolution set forth below at a duly-called meeting held on July 2, 2008, establishing and designating a series of Preferred Stock of the Corporation, par value \$0.01 per share (the "Preferred Stock") and fixing and determining the amount and the voting powers, designations, preferences and other special rights, and the qualifications, limitations and restrictions, of a series of Preferred Stock (this "Resolution").

RESOLVED, that a series of Preferred Stock of the Corporation, par value \$0.01 per share be, and hereby is, created, and the voting powers, designations, preferences and other special rights, and the qualifications, limitations and restrictions thereof are as follows:

1. Number of Shares and Designation. 12,500 shares of Preferred Stock of the Corporation shall constitute a series of Preferred Stock designated as Series B Redeemable Preferred Stock (the "Series B Preferred Stock"). The number of shares of Series B Preferred Stock may be increased (to the extent of the Corporation's authorized and unissued Preferred Stock) or decreased (but not below the number of shares of Series B Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors and the requisite filing with the Department of State of the Commonwealth of Pennsylvania.

2. Rank. Each share of the Series B Preferred Stock shall rank equally in all respects with all other shares of the Series B Preferred Stock. The Series B Preferred Stock shall, with respect to redemption payments and rights (including as to the distribution of assets) upon liquidation, dissolution or winding up of the affairs of the Corporation (i) rank senior and prior to the common stock of the Corporation, par value \$0.01 per share (the "Common Stock"), the Series A Preferred Stock of the Corporation, par value \$0.01 per share, and each other class or series of equity securities of the Corporation, whether currently issued or issued in the future, that by its terms ranks junior to the Series B Preferred Stock as to rights upon liquidation, dissolution or winding up of the affairs of the Corporation (all of such equity securities, including the Common Stock, are collectively referred to herein as the "Junior Securities"), (ii) rank on a parity with each class or series of equity securities of the Corporation, issued in the future without violation of this Resolution, that does not by its terms expressly provide that it

ranks senior to or junior to the Series B Preferred Stock as to rights (including as to the distribution of assets) upon liquidation, dissolution or winding up of the affairs of the Corporation (all of such equity securities, other than Junior Securities, are collectively referred to herein as the “**Parity Securities**”), and (iii) rank junior to each other class or series of equity securities of the Corporation, issued in the future without violation of this Resolution, that by its terms ranks senior to the Series B Preferred Stock as to rights (including as to the distribution of assets) upon liquidation, dissolution or winding up of the affairs of the Corporation (all of such equity securities are collectively referred to herein as the “**Senior Securities**”). The respective definitions of Junior Securities, Parity Securities and Senior Securities shall also include any securities, rights or options exercisable or exchangeable for or convertible into any of the Junior Securities, Parity Securities or Senior Securities, as the case may be. At the date of the initial issuance of the Series B Preferred Stock there are no Parity Securities and no Senior Securities authorized or outstanding. For so long as any shares of Series B Preferred Stock remain outstanding, the Corporation will not, without the affirmative vote or consent of the Holders of a majority of the shares of Series B Preferred Stock outstanding at the time, authorize or issue any Parity Securities or Senior Securities.

3. *Dividends.*

(a) For so long as any shares of Series B Preferred Stock remain outstanding, the Corporation shall not, without the affirmative vote or consent of the Holders of a majority of the shares of Series B Preferred Stock outstanding at the time, redeem, purchase or acquire, or pay or make available any monies for a sinking fund for the redemption of, any Common Stock or other Junior Securities of the Corporation, except for (i) open-market purchases of Common Stock or (ii) tender offers for Common Stock made by the Corporation at a price which is not higher than the price which the Board of Directors has determined in good faith would enable the Corporation to acquire the desired number of shares to be purchased and in no event at a price per share greater than a 20% premium to the market price of the Common Stock on the date that such tender offer is announced.

(b) The Holders of record of the issued and outstanding shares of Series B Preferred Stock shall be entitled to receive, out of assets legally available for the payment of dividends, dividends on the terms described below:

(i) Subject to Section 3(b)(ii), Holders shall be entitled to participate equally and ratably with the holders of shares of Common Stock in all dividends and distributions paid (whether in the form of cash, stock, other assets, or otherwise, and including, without limitation, any dividend or distribution of shares of stock or other equity, or evidences of indebtedness, of any Person, including, without limitation, the Corporation or any Subsidiary of the Corporation) on the shares of Common Stock, in the amount that such Holders would have received if, immediately prior to each record date in respect of which dividends or distributions are paid, each share of Series B Preferred Stock were redeemed for a number of shares of Common Stock equal to the Liquidation Preference divided by the Ceiling Price. Dividends or distributions payable to the Holders pursuant to this Section 3(b)(i) shall be declared and paid on the same dates that such dividends or distributions are declared and paid, and in the same form payable, to holders of shares of Common Stock.

(ii) In the event that any dividend or distribution is made in excess of a Regular Dividend (a “special dividend”), the Ceiling Price and Floor Price shall be reduced by an amount equal to (A) the aggregate Fair Market Value of such special dividend payable in respect of all outstanding Common Shares, restricted stock and Preferred Stock *divided by* (B)(I) the total number of Common Shares and restricted stock currently outstanding *plus* (II) the number of Common Shares into which all shares of Series B Preferred Stock could have been redeemed as calculated in accordance with the provisions of Section 3(b)(i) prior to such special dividend. Furthermore, in the event of any special dividend, the Liquidation Preference per share of Series B Preferred Stock shall be an amount equal to (A) the Liquidation Preference per share immediately prior to such special dividend *multiplied by* (B) a fraction, the numerator of which is the aggregate Liquidation Preference immediately prior to such special dividend less the aggregate Fair Market Value of such special dividend payable in respect of all of the Series B Preferred Stock and the denominator of which is the aggregate Liquidation Preference of the Series B Preferred Stock immediately prior to the date of such special dividend. The Corporation shall not make any special dividend to the extent that the payment of the special dividend would cause the Ceiling Price to be reduced below \$1.00 pursuant to the calculations set forth in this Section 3(b)(ii), or, in the good faith judgment of the Board of Directors, make any non-cash special dividend that, when taken together with all other non-cash special dividends and asset sale self-tenders (as defined below), would, or when declared or paid would be reasonably likely to, cause the Ceiling Price to be reduced by greater than \$7.50 (appropriately adjusted for events of the type set forth in Section 8) pursuant to the calculations set forth in this Section 3(b)(ii), without, in either instance, obtaining the approval of the Holders of a majority of the shares of Series B Preferred Stock outstanding at the time, which approval shall not be unreasonably withheld. In addition, in the event that the Floor Price would otherwise be reduced to less than zero as a result of any special dividend, then the Floor Price shall be deemed to equal zero after such special dividend.

(iii) Notwithstanding Section 3(a), any purchase of Common Stock by the Corporation by means of a tender offer which is funded by an asset sale outside the ordinary course (an “asset sale self-tender”) will require the approval of the Holders of a majority of the shares of Series B Preferred Stock outstanding at the time of such asset sale self-tender (such approval not to be unreasonably withheld) if the aggregate amount to be paid in such asset sale self-tender would have, if paid as a special dividend, alone or together with other asset sale self-tenders and special dividends, caused the Ceiling Price to be reduced by greater than \$7.50 pursuant to the calculations set forth in Section 3(b)(ii). In addition, in the event of any asset sale self-tender, the Ceiling Price and the Floor Price shall be reduced pursuant to the calculations set forth in Section 3(b)(ii), substituting, for these purposes, the total premium in such asset sale self-tender for the term “special dividend” in Section 3(b)(ii). The “total premium” in an asset sale self-tender shall be the excess of the aggregate amount paid to the holders of Common Stock pursuant to such asset sale self-tender over the market price of the Common Stock immediately prior to the announcement of such asset sale self-tender.

(iv) Each dividend or distribution payable pursuant to Section 3(b)(i) hereof shall be payable to the Holders of record of shares of Series B Preferred Stock as they appear on the stock records of the Corporation at the close of business on the record date designated by

the Board of Directors for such dividends or distributions (each, a “**Dividend Payment Record Date**”), which shall be the same day as the record date for the payment of such dividends or distributions to the holders of shares of Common Stock.

(c) For the avoidance of doubt, the shares of Series B Preferred Stock that have been redeemed upon payment of the Redemption Price shall not be entitled to receive any dividend or distribution pursuant to this Section 3 payable on or after the Redemption Date.

4. Liquidation Preference. In the event of any liquidation of the Corporation, the Holders shall, with respect to each share of Series B Preferred Stock, receive and be paid out of the assets of the Corporation available for distribution to its shareholders an amount equal to the greater of (i) the Liquidation Preference and (ii) the amount such Holder would have been entitled to receive in the liquidation if the share of Series B Preferred Stock were redeemed for a number of Common Shares equal to the Liquidation Preference *divided by* the Ceiling Price, in preference to the holders of, and before any payment or distribution of any assets of the Corporation is made on or set apart for, any Junior Securities. If the assets of the Corporation available for distribution to its shareholders are not sufficient to pay in full the amount payable to the Holders pursuant to this Section 4 and the liquidation preference payable to the holders of any Parity Securities, then such assets, or the proceeds thereof, shall be distributed among the Holders and any such other Parity Securities ratably in accordance with the amount payable pursuant to this Section 4 and the liquidation preference for the Parity Securities, respectively. For the avoidance of doubt, no Business Combination shall be considered a liquidation of the Corporation.

5. Business Combination.

(a) In the event of any Business Combination in which the consideration for the transaction is payable to all of the holders of Common Stock generally and consists entirely of cash, upon consummation of such Business Combination each share of Series B Preferred Stock shall be entitled to receive from the entity (or an Affiliate thereof) merging with the Corporation or acquiring its assets or voting shares, in exchange for the cancellation of such share, an amount in cash per share equal to:

(i) if the Transaction Price is less than or equal to the Ceiling Price and greater than or equal to the Floor Price, the Stated Value (calculated as of the date of consummation of such Business Combination),

(ii) if the Transaction Price is greater than the Ceiling Price, the amount equal to (x) the Stated Value (calculated as of the date of consummation of such Business Combination) *plus* (y) the product of (A)(I) the Transaction Price less the Ceiling Price *divided by* (II) the Ceiling Price *multiplied by* (B) the Liquidation Preference, and

(iii) if the Transaction Price is less than the Floor Price, the amount equal to (x) the Stated Value (calculated as of the date of consummation of such Business Combination) *minus* (y) the product of (A)(I) the Floor Price less the Transaction Price *divided by* (II) the Floor Price *multiplied by* (B) the Stated Value (calculated as of the date of consummation of such Business Combination).

(b) In the event of any Business Combination in which the consideration for the transaction is payable to all of the holders of Common Stock generally and includes stock and/or other securities and property (including cash), upon consummation of such Business Combination the Holder of each share of Series B Preferred Stock shall be entitled to receive from the entity (or an Affiliate thereof) merging with the Corporation or acquiring its assets or voting shares, in exchange for the cancellation of each such share, the same kind or kinds of shares of stock and/or other securities and property (including cash), in the same relative proportion, receivable by holders of shares of Common Stock, which would have an aggregate Fair Market Value per share of Series B Preferred Stock equal to the Fair Market Value of the consideration such Holder would have received for one share of Series B Preferred Stock pursuant to clause (i), (ii) or (iii) of Section 5(a), as applicable.

(c) The Holders shall have the right to vote upon any Business Combination to which clause (iii) of Section 5(a) applies (regardless of the form of consideration paid in such Business Combination), voting together with the holders of Common Stock as a single class. In any such vote, each Holder shall be entitled to cast the number of votes, for each share of Series B Preferred Stock held, equal to the quotient obtained by dividing the Liquidation Preference by the Transaction Price (with such Transaction Price determined, solely for this purpose, as of the record date for determining which holders of Common Stock are entitled to vote on such Business Combination, rather than as of immediately prior to the consummation of the Business Combination). The Corporation shall secure the agreement of any entity (or Affiliate thereof) merging with the Corporation, or acquiring its assets or voting shares, to make the payment referred to in Section 5(a) or 5(b), as applicable.

(d) To the extent that the shares of stock payable to the holders of Common Stock generally in a Business Combination are, upon delivery, duly and validly authorized and issued, fully paid and nonassessable and free from all liens, security interests and charges (other than liens or charges created by or imposed upon the holders of Common Stock or taxes in respect of any transfer occurring contemporaneously therewith), then the shares of stock received by the Holders pursuant to Section 5(b) will be duly and validly authorized and issued, fully paid and nonassessable and free from all liens, security interests and charges (other than liens or charges created by or imposed upon the Holder or taxes in respect of any transfer occurring contemporaneously therewith) to the same extent.

6. *Redemption by the Corporation.*

(a) On June 30, 2015 (the "**Maturity Date**"), the Corporation shall redeem all (but not less than all) of the outstanding shares of Series B Preferred Stock (the "**Redemption**"), for an amount in cash per share equal to:

(i) if the Average Trading Price calculated as of May 26, 2015 is greater than or equal to the Floor Price, but less than or equal to the Ceiling Price, the Liquidation Preference,

(ii) if the Average Trading Price calculated as of May 26, 2015 is less than the Floor Price, the product of (x)(I) the Liquidation Preference *divided by* (II) the Floor Price, *multiplied by* (y) the Average Trading Price (calculated as of May 26, 2015), or

(iii) if the Average Trading Price calculated as of May 26, 2015 is greater than the Ceiling Price, the product of (x)(I) the Liquidation Preference *divided by* (II) the Ceiling Price, *multiplied by* (y) the Average Trading Price (calculated as of May 26, 2015) ((i), (ii) or (iii), as applicable, the “Redemption Price”).

(b) Notwithstanding anything in Section 6(a) to the contrary, at the election of and in the sole and absolute discretion of the Corporation, in connection with the mandatory redemption contemplated by Section 6(a), the Corporation may pay all or part of the Redemption Price in shares of Common Stock (such election, the “Stock Election”), provided that public announcement of the Stock Election is made on or prior to June 1, 2015. Any such Stock Election shall be irrevocable. In the event of a Stock Election, the number of shares (calculated to the nearest whole share) so payable shall be determined by dividing (i) the amount of the Redemption Price that the Corporation elects to pay in Common Stock by (ii) the Average Trading Price (calculated as of May 26, 2015). All shares of Common Stock delivered upon redemption of the Series B Preferred Stock will, upon delivery, be duly and validly authorized and issued, fully paid and nonassessable and free from all liens, security interests and charges (other than liens or charges created by or imposed upon the Holder or taxes in respect of any transfer occurring contemporaneously therewith). Prior to the Maturity Date, the Corporation will procure the listing of the shares of Common Stock, subject to issuance or notice of issuance and approval by the Corporation’s shareholders and/or Board of Directors (to the extent such approval is necessary in order to increase the number of authorized shares of Common Stock or to approve the issuance of Common Stock), on NASDAQ (or, if the Common Stock is not listed or quoted on NASDAQ, the principal national or regional exchange or market on which the Common Stock is then listed or quoted), and will pay all fees and expenses associated with such listing. If notified by a Holder of any required filing or reasonable request for information pursuant to the HSR Act or other required regulatory approvals, the Corporation will, at the sole expense of such Holder, make such filings or provide such information, as applicable, and the Corporation shall cooperate with such Holder to obtain approval under the HSR Act or other required regulatory approvals prior to the Maturity Date. In addition, in the event that the Corporation makes a Stock Election, the Corporation shall use commercially reasonable efforts (i) to cause a registration statement covering the resale of such shares of Common Stock to be issued to the Holders to be effective as of the Maturity Date as the shares may be issued and (ii) to obtain the Issuance Approval (as defined below) prior to the Maturity Date.

Until such time as there has been any vote of the Corporation’s shareholders that is necessary to approve the issuance of Common Stock on the Redemption Date pursuant to the rules of NASDAQ (or, if the Common Stock is not listed or quoted on NASDAQ, the requirements of the principal national or regional exchange or market on which the Common Stock is then listed or quoted) (such approval, the “Issuance Approval”), the provisions of this Section 6(b) shall not apply for those shares of Common Stock with respect to which such Issuance Approval shall be required. If such vote is held and the Corporation’s shareholders vote in favor of the Issuance Approval, then the Redemption Price shall be paid pursuant to the provisions of this Section 6(b), provided that the Corporation shall be entitled to hold one or more shareholder meetings in order to seek the Issuance Approval. If the Corporation’s shareholders fail to vote in favor of the Issuance Approval after such meeting or meetings, then unless and until the Corporation shall receive such approval, the Corporation shall pay the Redemption Price in shares of Common Stock pursuant to Section 6(b), up to the maximum

amount permitted by applicable law or regulation (including the rules of the principal national or regional exchange or market on which the Common Stock is then listed or quoted) without obtaining such approval (such amount, the “**Permitted Issuance Amount**”), with the remainder of the Redemption Price (the “**Remaining Amount**”) to be paid in cash funded with the proceeds of a public offering (as such term is defined by the rules of NASDAQ, or, if the Common Stock is not listed or quoted on NASDAQ, as such term may be defined by the principal national or regional exchange or market on which the Common Stock is then listed or quoted) of Common Shares, which offering the Corporation shall use commercially reasonable efforts to complete.

In the event that the payment of all or part of the Redemption Price in shares of Common Stock would cause a Holder of Series B Preferred Stock to be an Acquiring Person making a Control Share Acquisition (as such terms are defined in the Control Share Acquisition Statute), then, unless the Corporation and such Holder shall have completed the procedures under the Control Share Acquisition Statute to accord voting rights to the full number of shares of Common Stock to be issued to such Holder, the shares of Common Stock delivered to such Holder upon Redemption shall be issued together with, and the Holder shall execute and deliver to the Corporation, a proxy in favor of an attorney-in-fact designated by the Board of Directors covering a number of the shares of Common Stock such that the shares of Common Stock delivered upon Redemption would not be Control Shares (as such term is defined in the Control Share Acquisition Statute) (such number of shares issued with such proxy, the “**Excess Shares**”). As to any Excess Shares, the proxy shall automatically be terminated on any sale of such Excess Shares or as of the date on which the Holder would not have sufficient voting power over voting shares of the Corporation to meet the threshold in the definition of Control Share Acquisition in the Control Share Acquisition Statute.

(c) To the extent that the Corporation has not paid the Holders the Redemption Price in full on or prior to the Maturity Date, then any such unpaid amount shall bear interest at a rate of 7.75% per annum, compounded semi-annually (the “**Default Rate**”), until it is paid in full. The Default Rate shall increase by 1.00% after each ninety (90) day period following the commencement of accrual of interest following the Maturity Date, up to an amount equal to 13.50% per annum. The Default Rate shall commence accruing on the forty-fifth (45th) calendar day following the Maturity Date, with respect to any portion of the Redemption Price as to which a Stock Election has been made in accordance with Section 6(b), and on the first day after the Maturity Date, with respect to any portion of the Redemption Price which is to be paid in cash.

(d) Any shares of Common Stock issued in connection with a redemption of Series B Preferred Stock pursuant to Section 6(b) are to be issued in the same name as the name in which such shares of Series B Preferred Stock are registered.

(e) If the Redemption does not occur on the Maturity Date, from the Maturity Date until the Redemption Date, the Corporation may not, at any time, (i) declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, or pay or make available monies for a sinking fund for the redemption of, any Common Stock or other Junior Securities of the Corporation, or (ii) redeem, purchase or acquire, or make a liquidation payment with respect to, or pay or make available monies for a sinking fund for the redemption of, any Parity Securities.

(f) The redemption of the Series B Preferred Stock shall be deemed to have been effected immediately prior to the close of business on the first Business Day on which the Corporation pays the Redemption Price in full (the "**Redemption Date**"). At such time on the Redemption Date, the shares of Series B Preferred Stock shall no longer be deemed to be outstanding, and all rights of a Holder with respect to such shares shall immediately terminate except the right to receive cash and/or Common Stock pursuant to this Section 6.

7. Voting Rights.

(a) Except as set forth below or in Section 2, Section 3(a), Section 3(b)(iii) or Section 5(c) or as required by applicable law, the Holders shall not be entitled to vote at any meeting of the shareholders for election of members of the Board of Directors or for any other purpose or otherwise to participate in any action taken by the Corporation or the shareholders thereof, or to receive notice of any meeting of shareholders.

(b) So long as any Series B Preferred Stock remains outstanding, the Corporation will not, without the affirmative vote or consent of the holders of a majority of the Series B Preferred Shares outstanding at the time, given in person or by proxy, either in writing or at a meeting (such series voting separately as a class) amend, alter or repeal the provisions of this Resolution, including by merger or consolidation (an "**Event**"), so as to adversely affect any right or privilege of the Series B Preferred Stock; provided, however, that no Event shall be deemed to adversely affect the rights and privileges of the Series B Preferred Stock, and the Holders shall have no right to vote with respect to such Event, if (x) following such Event, the Series B Preferred Stock remains outstanding with the terms thereof not adversely changed and represent an interest in the same issuer in which holders of Common Stock prior to such Event will hold their shares following such Event, (y) in connection with the merger or consolidation of the Corporation with or into another entity in which the Corporation is not the surviving entity, which merger or consolidation is not a Business Combination pursuant to the definition thereof, the Series B Preferred Stock is redeemed or exchanged for a security (a "**Replacement Security**") with rights, preferences, privileges and voting powers that are not less favorable than the rights, preferences, privileges and voting powers of the Series B Preferred Stock (it being understood that a Replacement Security shall not be deemed to have rights, preferences, privileges or voting power that are less favorable than the Series B Preferred Stock if the difference in the rights, preferences, privileges or voting power is caused solely by differences between the state law of the jurisdiction of incorporation of the Corporation and the jurisdiction of incorporation of the issuer of the Replacement Security) or (z) Section 5 hereof shall apply to the Event, and as a result the Holders shall be entitled to receive the consideration provided for in Section 5(a) or 5(b), as applicable.

(c) On each matter submitted to a vote of the Holders in accordance with this Resolution, or as otherwise required by applicable law, each share of Series B Preferred Stock shall be entitled to one vote. With respect to each share of Series B Preferred Stock, the Holder thereof may designate a proxy, with each such proxy having the right to vote on behalf of the Holder.

8. Stock Splits, Subdivisions, Reclassifications or Combinations. If the Corporation shall (1) declare a dividend or make a distribution on its Common Stock in shares of Common

Stock, (2) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares or (3) combine or reclassify the outstanding Common Stock into a smaller number of shares, the Floor Price and the Ceiling Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be adjusted to the number obtained by multiplying each of the Floor Price and the Ceiling Price, respectively, in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action, and the denominator of which shall be the number of shares of Common Stock outstanding immediately following such action. An appropriate adjustment to the Floor Price and the Ceiling Price shall also be made in connection with any event that causes a Triggering Event or a Distribution Date (as such terms are defined in the Rights Agreement or corresponding terms in any successor plan).

9. *Definitions.*

Unless the context otherwise requires, when used herein the following terms shall have the meaning indicated.

“**Affiliate**” means, with respect to any Person, any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person. For purposes of this definition, the term “control” (and correlative terms “controlling,” “controlled by” and “under common control with”) means possession of the power, whether by contract, equity ownership or otherwise, to direct the policies or management of a Person.

“**Average Trading Price**” means, as of any date, the volume weighted average trading price per share of Common Stock for the 20 consecutive Trading Days immediately preceding such date.

“**Beneficially Own,**” “**Beneficially Owned,**” or “**Beneficial Ownership**” shall have the meaning set forth in Rule 13d-3 of the rules and regulations promulgated under the Exchange Act, except that for purposes of this Resolution (i) the words “within sixty days” in Rule 13d-3(d)(1)(i) shall not apply, to the effect that a Person shall be deemed to be the beneficial owner of a security if that Person has the right to acquire beneficial ownership of such security at any time and (ii) a Person shall be deemed to Beneficially Own any security that, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, is the subject of a derivative transaction entered into by such Person, or derivative security acquired by such Person, which gives such Person the economic equivalent of ownership of an amount of or an interest in such securities due to the fact that the value of the derivative is determined by reference to the price or value of such securities.

“**Business Combination**” means (i) the direct or indirect sale, assignment, conveyance, transfer or other disposition by the Corporation of all or substantially all of its properties or assets (other than a bona fide financing transaction) or (ii) the acquisition by any Person of Beneficial Ownership of more than 50% of the then-outstanding voting

securities of the Corporation entitled to vote generally in the election of directors, other than any such acquisition in which the holders of the Common Stock and/or Preferred Stock prior to such acquisition own greater than 50% of the voting securities of such Person immediately following the consummation of such acquisition, provided that the term Business Combination shall not include any transaction described in (i) or (ii) above that occurs solely between the Corporation and either (A) a corporation of which it is a wholly-owned Subsidiary (a “**Parent**”) or (B) any direct or indirect wholly-owned Subsidiary of the Corporation or a Parent, and in which holders of Common Stock receive solely shares of common stock of the Parent or of such direct or indirect wholly-owned Subsidiary of the Corporation or a Parent. For the avoidance of doubt, no liquidation of the Corporation shall be considered a Business Combination. Any merger, consolidation or similar transaction or series of related transaction as a result of which the holders of Common Stock immediately prior to the consummation of such transaction represent less than 50% of the voting securities of the surviving corporation or successor corporation of such transaction shall be deemed to be a “Business Combination” if such designation would not result in the Series B Preferred Stock being deemed to be “Disqualified Capital” or “Disqualified Capital Stock” under either of the indentures governing the Corporation’s publicly traded senior notes and/or senior subordinated notes or the Corporation’s credit agreement, as in effect as of the date of the initial issuance of the Series B Preferred Stock or if it would constitute “Disqualified Capital” or “Disqualified Capital Stock,” the indebtedness issued under such indentures or the credit agreement is no longer outstanding or is being satisfied in full in such transaction.

“**Business Day**” means any day other than a Saturday, Sunday or a day on which the banks in New York City are authorized by law or executive order to be closed.

“**Capital Stock**” means (i) with respect to any Person that is a corporation or company, any and all shares, interests, participations or other equivalents (however designated) of capital or capital stock of such Person and (ii) with respect to any Person that is not a corporation or company, any and all partnership or other equity interests of such Person.

“**Ceiling Price**” means \$67.00 per share (subject to adjustment pursuant to the terms of this Resolution, including adjustment pursuant to Sections 3(b)(ii), 3(b)(iii) and 8).

“**Common Stock**” means the common stock of the Corporation, par value \$0.01 per share.

“**Comparable Treasury Issue**” means the United States Treasury security selected by a Reference Treasury Dealer appointed by the Corporation as having a maturity comparable to the remaining term of the Series B Preferred Stock (as if the final maturity of the Series B Preferred Stock was the Maturity Date) that would be utilized at the time of selection and in accordance with customary financial practice in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Series B Preferred Stock (as if the final maturity of the Series B Preferred Stock was the Maturity Date).

“Comparable Treasury Price” means with respect to any date on which the Stated Value is calculated, (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such calculation date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated “Composite 3:30 p.m. Quotations for U.S. Government Securities” or (2) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the average of the Reference Treasury Dealer Quotations for such calculation date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (B) if the Corporation obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

“Control Share Acquisition Statute” means the Pennsylvania Control Share Acquisition Statute, 15 Pa.C.S. §2561 et seq.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“Fair Market Value” means the fair market value (as determined by an independent third party appraiser selected by the Corporation and reasonably acceptable to the Holders of a majority of the then outstanding Preferred Stock) of any cash, stock or other property.

“Floor Price” means \$45.00 per share (subject to adjustment pursuant to the terms of this Resolution, including adjustment pursuant to Sections 3(b)(ii), 3(b)(iii) and 8).

“Holder” means the holders of Series B Preferred Stock.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.

“Investor Rights Agreement” means the Investor Rights Agreement, dated as of July 3, 2008, by and among the Corporation, FIF V PFD LLC, Centerbridge Capital Partners, L.P., DB Investment Partners, Inc. and Wachovia Investment Holdings, LLC.

“Liquidation Preference” means \$100,000 per share of Series B Preferred Stock (subject to adjustment pursuant to the terms of this Resolution, including adjustment pursuant to Section 3(b)(ii)).

“Person” means an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

“Purchase Agreement” means the Stock Purchase Agreement, dated as of July 3, 2008 among the Corporation and the purchasers named therein, including all schedules and exhibits thereto, as the same may be amended from time to time.

“Reference Treasury Dealer” means any primary U.S. government securities dealer in the City of New York selected by the Corporation.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any date on which the Stated Value is calculated, the average, as determined by the Corporation, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Corporation by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business date preceding such calculation date.

“Regular Dividend” means cash dividends or distributions with respect to the Common Stock or other Junior Securities of the Corporation in amounts and at intervals which are within the customary practice for companies that pay current recurring cash dividends. Although the Corporation does not pay Regular Dividends on the date hereof, it reserves the right to institute the payment of a Regular Dividend in the future.

“Rights Agreement” means the Rights Agreement between the Corporation and Continental Stock Transfer and Trust Company, dated as of March 2, 1999, as amended from time to time, or any subsequent rights plan.

“Securities Act” means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“Stated Value” means, for each share of Series B Preferred Stock, the present value, as of any calculation date, of the Liquidation Preference to be paid on the Maturity Date, computed using a discount rate equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such period. For the avoidance of doubt, in the event that the Stated Value is calculated as of the Maturity Date, the Stated Value shall equal \$100,000 per share of Series B Preferred Stock.

“Subsidiary” of a Person means (i) a corporation, a majority of whose stock with voting power, under ordinary circumstances, to elect directors is at the time of determination, directly or indirectly, owned by such Person or by one or more Subsidiaries of such Person, or (ii) any other entity (other than a corporation) in which such Person or one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof has at least a majority ownership interest.

“Trading Day” means any day that the NASDAQ (or, if the Common Stock is not listed or quoted on the NASDAQ, such other national or regional exchange or market on which the Common Stock is then listed or quoted) is open for trading.

“Transaction Price” means the Fair Market Value of the consideration payable in any Business Combination in respect of one share of Common Stock as of the time immediately prior to the consummation of the Business Combination.

10. *Certain Other Provisions.*

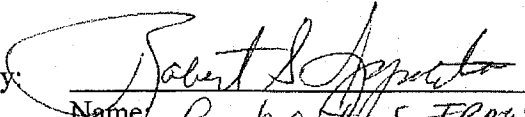
(a) If any Series B Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation will issue, in exchange and in substitution for and upon cancellation of the mutilated certificate, or in lieu of and substitution for the certificate lost, stolen or destroyed, a new Series B Preferred Stock certificate of like tenor and representing an equivalent amount of Series B Preferred Stock, upon receipt of evidence of such loss, theft or destruction of such certificate and, if requested by the Corporation, an indemnity on customary terms for such situations reasonably satisfactory to the Corporation.

(b) The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

(c) The Corporation shall be entitled to deduct and withhold from any payment of cash, shares of Common Stock or other consideration payable to a Holder of a share of Series B Preferred Stock, any amounts required to be deducted or withheld under applicable U.S. federal, state, local or foreign tax laws with respect to such payment. In the event the Corporation previously remitted withholding taxes to a governmental authority in respect of any amount treated as a distribution on a share of Series B Preferred Stock, the Corporation shall be entitled to offset any such taxes against any amounts otherwise payable in respect of such share of Series B Preferred Stock.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be duly executed and acknowledged by its undersigned duly authorized officer this 9th day of July, 2008.

PENN NATIONAL GAMING, INC.

By: 
Name: Robert S Appalito
Title: VP/Sec/Treas

ESQUIRE ASSIST
COUNTER PICKUP

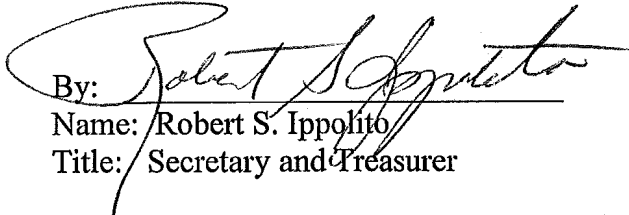
**STATEMENT WITH RESPECT TO SHARES
OF SERIES C CONVERTIBLE PREFERRED STOCK
OF
PENN NATIONAL GAMING, INC.**

In compliance with the requirements of Section 1522 of the Business Corporation Law of 1988, P.L. 1444, No. 177 (15 Pa. Cons. Stat Section 1522(c)), the undersigned company, desiring to state the voting rights, designations, preferences, qualifications, privileges, limitations, options, conversion rights, and other special rights, if any, of a class or a series of a class of its shares, HEREBY CERTIFIES THAT:

- (1) The name of the corporation is Penn National Gaming, Inc. (the "Company");
- (2) The resolutions establishing and designating the class or series of shares and fixing and determining the relative rights and preferences thereof are set forth in full in Exhibit 1 attached hereto and made a part hereof;
- (3) The aggregate number of shares of such class or series established and designated by (i) such resolutions, (ii) all prior statements, if any, filed under Section 1522 of the Business Corporation Law of 1988 or corresponding provisions of prior law with respect thereto, and (iii) any other provision of the Articles of Incorporation of the Company, is 31,000 shares; and
- (4) The resolutions were adopted by the Board of Directors of the Company at a duly called meeting held on January 14, 2013, and shall be effective after the filing of this statement with respect to shares in the Department of State.

IN WITNESS WHEREOF, the Company has caused this statement to be duly executed in its corporate name on this 17th day of January, 2013.

PENN NATIONAL GAMING, INC.

By: 
Name: Robert S. Ippolito
Title: Secretary and Treasurer

Commonwealth of Pennsylvania
STATEMENT WITH RESPECT TO SHARES 7 Page(s)



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RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of the Company in accordance with the provisions of the Articles of Incorporation of the Company, as amended, the Board of Directors hereby creates a series of Preferred Stock, par value \$0.01 per share, of the Company (the "Preferred Stock"), and hereby states the designation and number of shares, and fixes the relative rights, preferences, and limitations thereof as follows:

Series C Convertible Preferred Stock:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series C Convertible Preferred Stock" (the "Series C Preferred Stock") and the number of shares constituting the Series C Preferred Stock shall be 18,500. Such number of shares may be increased or decreased by resolution of the Board of Directors and the requisite filing with the Department of State of the Commonwealth of Pennsylvania; provided, that any such increase shall be limited to the number of authorized and unissued shares of undesignated Preferred Stock; and provided, further, that no decrease shall reduce the number of shares of Series C Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Company, in each case, convertible into Series C Preferred Stock.

Section 2. Dividends and Distributions. The holders of record of the issued and outstanding shares of Series C Preferred Stock shall be entitled to receive, out of assets legally available for the payment of dividends, dividends on the terms described below:

(A) Holders of shares of Series C Preferred Stock shall be entitled to participate equally and ratably with the holders of shares of common stock of the Company ("Common Stock") in all dividends and distributions paid (whether in the form of cash, stock, other assets, or otherwise, and including, without limitation, any dividend or distribution of shares of stock or other equity, or evidences of indebtedness, of any person, including, without limitation, the Company or any subsidiary, but not including any repurchase of Common Stock or other equity interests in the Company) on the shares of Common Stock, in the amount that such holders would have received if, immediately prior to each record date in respect of which dividends or distributions are paid, each 1/1,000th of a share of Series C Preferred Stock were converted into one share of Common Stock. Dividends or distributions payable to the holders of shares of Series C Preferred Stock pursuant to this Section 2(A) shall be declared and paid on the same dates that such dividends or distributions are declared and paid, and in the same form payable, to holders of shares of Common Stock.

(B) Each dividend or distribution payable pursuant to Section 2(A) hereof shall be payable to the holders of record of shares of Series C Preferred Stock as they appear on the stock records of the Company at the close of business on the record date designated by the Board of Directors for such dividends or distributions, which shall be the same day as the record date for the payment of such dividends or distributions to

holders of shares of Common Stock. In the event the Company shall at any time effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series C Preferred Stock were entitled immediately prior to such event under Section 2(A) hereof shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 3. Voting Rights.

(A) Except as set forth below or as required by applicable law, the holders of Series C Preferred Stock shall not be entitled to vote at any meeting of the shareholders for election of members of the Board of Directors or for any other purpose or otherwise to participate in any action taken by the Company or the shareholders thereof, or to receive notice of any meeting of shareholders.

(B) So long as any Series C Preferred Stock remains outstanding, the Company will not, without the affirmative vote or consent of the holders of a majority of the shares of Series C Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting (such series voting separately as a class) amend, alter or repeal the provisions of this Resolution, including by merger or consolidation (an "Event"), so as to adversely affect any right or privilege of the Series C Preferred Stock; provided, however, that no Event shall be deemed to adversely affect the rights and privileges of the Series C Preferred Stock, and the holders thereof shall have no right to vote with respect to such Event, if (x) following such Event, the Series C Preferred Stock remains outstanding with the terms thereof not adversely changed and represent an interest in the same issuer in which holders of Common Stock prior to such Event will hold their shares following such Event or (y) in connection with an Event in which the Company is not the surviving entity, the Series C Preferred Stock is exchanged for a security (a "Replacement Security") with rights, preferences, privileges and voting powers that are no less favorable than the rights, preferences, privileges and voting powers of the Series C Preferred Stock (it being understood that a Replacement Security shall not be deemed to have rights, preferences, privileges or voting power that are less favorable than the Series C Preferred Stock if the difference in the rights, preferences, privileges or voting power is caused solely by differences between the state law of the jurisdiction of incorporation of the Company and the jurisdiction of incorporation of the issuer of the Replacement Security).

(C) On each matter submitted to a vote of the holders of Series C Preferred Stock in accordance with this Resolution, or as otherwise required by applicable law, each share of Series C Preferred Stock shall be entitled to one vote. With respect to each share of Series C Preferred Stock, the holder thereof may designate a proxy, with each such proxy having the right to vote on behalf of such holder.

Section 4. Reacquired Shares. Any shares of Series C Preferred Stock duly converted in accordance with this Statement with Respect to Shares or otherwise reacquired by the Company in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Articles of Incorporation, or in any other Statement with Respect to Shares creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 5. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Company, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series C Preferred Stock unless, prior thereto, the holders of shares of Series C Preferred Stock shall have received \$1.00 per share, plus an amount equal to declared and unpaid dividends and distributions thereon, to the date of such payment, provided that the holders of shares of Series C Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series C Preferred Stock, except distributions made ratably on the Series C Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Company shall at any time effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series C Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 6. Consolidation, Merger, etc. In case the Company shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series C Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment set forth in the following sentence, equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Company shall at any time effect a subdivision or combination or consolidation of the outstanding shares of Common Stock, by reclassification or otherwise (except by payment of a dividend in shares of Common Stock), into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series C Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and

the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Mandatory Conversion. If, at any time (such date the “Conversion Date”), any share of Series C Preferred shall be Transferred to any person other than the Company or an Affiliate of the Initial Holder who held such share (such share a “Transferred Share”), each 1/1,000 of a Transferred Share shall automatically convert to one share of Common Stock, effective as of the close of business on the Conversion Date. In no event shall any Initial Holder or any of its Affiliates be permitted to own the shares of Common Stock issuable upon such conversion. In the event the Company shall at any time, on or prior to the Conversion Date, effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the first sentence of this Section 7 with respect to the number of shares of Common Stock to be issued upon conversion of Series C Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. For purposes of this Resolution, “Affiliate” means, with respect to any person or entity, any other person or entity directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such person or entity; the term “control” (and correlative terms “controlling,” “controlled by” and “under common control with”) means possession of the power, whether by contract, equity ownership or otherwise, to direct the policies or management of a person or entity, and “Transfer” means the sale, transfer, assignment or other disposition of any share of Series C Preferred Stock.

Section 8. Conversion Procedures.

(A) An Initial Holder shall immediately provide written notice to the Company of any Transfer by such Initial Holder of any share of Series C Preferred Stock to a person other than the Company or an Affiliate of such Initial Holder, which notice shall state the number of shares of Series C Preferred Stock subject to the Transfer, the person acquiring such shares and the Conversion Date.

(B) Effective immediately prior to the close of business on the Conversion Date with respect to any Transferred Share, but subject to the consummation of the Transfer of such share, dividends shall no longer be declared on such Transferred Share and such Transferred Share shall cease to be outstanding.

(C) Prior to the close of business on the Conversion Date with respect to any Transferred Share, shares of Common Stock issuable upon conversion thereof shall not be deemed outstanding for any purpose, and the holder of such Transferred Share shall have no rights with respect to Common Stock (including voting rights or rights to respond to tender offers for Common Stock) by virtue of holding such Transferred Share.

(D) The person or persons entitled to receive Common Stock issuable upon conversion of Transferred Shares shall be treated for all purposes as the record holder(s)

of such shares of Common Stock as of the close of business on the Conversion Date with respect thereto. In the event that an Initial Holder fails to by written notice designate the name in which shares of Common Stock to be issued upon conversion of Transferred Shares should be registered in the Company's transfer records or the manner in which such shares should be delivered, the Company shall not be obligated to register or deliver such shares, until such written notice is provided, and until such time, such shares of Common Stock shall be issued in the name of the Company, which will hold such shares and all distributions thereon in trust for the transferee, subject to reimbursement by the rightful owner for reasonable out-of-pocket expenses incurred in connection therewith.

(E) As soon as reasonably practicable following the Conversion Date with respect to any Transferred Share, certificates representing shares of Common Stock shall be issued and delivered to the holder thereof or such holder's designee upon presentation and surrender of the certificate evidencing the Transferred Share to the Company, or in the case of book-entry shares, a book-entry transfer and, if applicable, notice to the Company's transfer agent, will be made by the Company upon the furnishing of appropriate endorsements and transfer documents and the payment of all transfer and similar taxes, as applicable.

Section 9. No Redemption. The shares of Series C Preferred Stock shall not be redeemable.

Section 10. Rank. The Series C Preferred Stock shall rank junior to any other class of the Company's Preferred Stock with respect to the payment of dividends and the distribution of assets.

Section 11. Destroyed / Lost Certificates. If any Series C Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Company will issue, in exchange and in substitution for and upon cancellation of the mutilated certificate, or in lieu of and substitution for the certificate lost, stolen or destroyed, a new Series C Preferred Stock certificate of like tenor and representing an equivalent amount of Series C Preferred Stock, upon receipt of evidence of such loss, theft or destruction of such certificate and, if requested by the Company, an indemnity on customary terms for such situations reasonably satisfactory to the Company

Section 12. Certain Tax Matters. The Company shall be entitled to deduct and withhold from any payment of cash, shares of Common Stock or other consideration payable to a holder of a share of Series C Preferred Stock, any amounts required to be deducted or withheld under applicable U.S. federal, state, local or foreign tax laws with respect to such payment. In the event the Company previously remitted withholding taxes to a governmental authority in respect of any amount treated as a distribution on a share of Series C Preferred Stock, the Company shall be entitled to offset any such taxes against any amounts otherwise payable in respect of such share of Series C Preferred Stock.