

PENN NATIONAL GAMING INC
 Form 4
 January 15, 2009

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
IPPOLITO ROBERT S

2. Issuer Name and Ticker or Trading Symbol
**PENN NATIONAL GAMING INC
 [PENN]**

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
825 BERKSHIRE BLVD SUITE 200
 (Street)

3. Date of Earliest Transaction
 (Month/Day/Year)
12/31/2008

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 VP, Secretary/Treasurer

WYOMISSING, PA 19610
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 ____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------|
| | | | | (A) or (D) | Code V Amount (D) Price | | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security | 2. Conversion or Exercise | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any | 4. Transaction Code | 5. Number of Derivative Securities Acquired (A) or | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. T... |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|----------------------------------------------------|----------------------------------------------------------|---------|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|----------------------------------------------------|----------------------------------------------------------|---------|

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| (Instr. 3) | Price of Derivative Security | (Month/Day/Year) | (Instr. 8) Code | Disposed of (D) (Instr. 3, 4, and 5) | | Date Exercisable | Expiration Date | Title |
|-------------------------------------------------|------------------------------------|------------------|-------------------------|-----------------------------------------|---------|---------------------------|--------------------|---------|
| | | | | V | (A) (D) | | | |
| Non-Qualified Stock Option - right to buy | \$ 7.95 | 12/31/2008 | <u>D</u> ⁽¹⁾ | | 6,000 | 02/06/2007 | 02/06/2010 | Co S |
| Non-Qualified Stock Option - right to buy | \$ 7.95 | 12/31/2008 | <u>A</u> ⁽¹⁾ | | 6,000 | 01/01/2010 | 12/31/2010 | Co S |
| Non-Qualified Stock Option - right to buy | \$ 12.15 | 12/31/2008 | <u>D</u> ⁽²⁾ | | 51,770 | 01/29/2008 | 01/29/2011 | Co S |
| Non-Qualified Stock Option - right to buy | \$ 12.15 | 12/31/2008 | <u>A</u> ⁽²⁾ | | 51,770 | 01/01/2012 | 12/31/2012 | Co S |
| Incentive Stock Option - right to buy | \$ 29.22 | 12/31/2008 | <u>D</u> ⁽³⁾ | | 3,422 | 01/06/2009 | 01/06/2012 | Co S |
| Incentive Stock Option - right to buy | \$ 29.22 | 12/31/2008 | <u>A</u> ⁽³⁾ | | 3,422 | 01/06/2009 | 01/06/2015 | Co S |
| Non-Qualified Stock Option - right to buy | \$ 29.22 | 12/31/2008 | <u>D</u> ⁽⁴⁾ | | 116,578 | 01/06/2009 | 01/06/2012 | Co S |
| Non-Qualified Stock Option - right to buy | \$ 29.22 | 12/31/2008 | <u>A</u> ⁽⁴⁾ | | 116,578 | 01/06/2009 | 01/06/2015 | Co S |
| Incentive Stock Option - right to buy | \$ 33.12 | 12/31/2008 | <u>D</u> ⁽⁵⁾ | | 3,019 | 01/12/2010 | 01/12/2013 | Co S |
| Incentive Stock Option - right to buy | \$ 33.12 | 12/31/2008 | <u>A</u> ⁽⁵⁾ | | 3,019 | 01/12/2010 | 01/12/2016 | Co S |
| Non-Qualified Stock Option - right to buy | \$ 33.12 | 12/31/2008 | <u>D</u> ⁽⁶⁾ | | 56,981 | 01/12/2007 ⁽⁶⁾ | 01/12/2013 | Co S |
| Non-Qualified Stock Option - right to buy | \$ 33.12 | 12/31/2008 | <u>A</u> ⁽⁶⁾ | | 56,981 | 01/12/2007 ⁽⁶⁾ | 01/12/2016 | Co S |
| Incentive Stock Option - right to buy | \$ 41.62 | 12/31/2008 | <u>D</u> ⁽⁷⁾ | | 2,402 | 01/02/2011 | 01/02/2014 | Co S |

| | | | | | | | |
|-------------------------------------------|----------|------------|-------------------|--------|----------------------------|------------|------|
| Incentive Stock Option - right to buy | \$ 41.62 | 12/31/2008 | A ⁽⁷⁾ | 2,402 | 01/02/2011 | 01/02/2017 | Co S |
| Non-Qualified Stock Option - right to buy | \$ 41.62 | 12/31/2008 | D ⁽⁸⁾ | 37,598 | 01/02/2008 ⁽⁸⁾ | 01/02/2014 | Co S |
| Non-Qualified Stock Option - right to buy | \$ 41.62 | 12/31/2008 | A ⁽⁸⁾ | 37,598 | 01/02/2008 ⁽⁸⁾ | 01/02/2017 | Co S |
| Incentive Stock Option - right to buy | \$ 29.87 | 12/31/2008 | D ⁽⁹⁾ | 3,347 | 07/08/2012 | 07/08/2015 | Co S |
| Incentive Stock Option - right to buy | \$ 29.87 | 12/31/2008 | A ⁽⁹⁾ | 3,347 | 07/08/2012 | 07/08/2018 | Co S |
| Non-Qualified Stock Option - right to buy | \$ 29.87 | 12/31/2008 | D ⁽¹⁰⁾ | 36,653 | 07/08/2009 ⁽¹⁰⁾ | 07/08/2015 | Co S |
| Non-Qualified Stock Option - right to buy | \$ 29.87 | 12/31/2008 | A ⁽¹⁰⁾ | 36,653 | 07/08/2009 ⁽¹⁰⁾ | 07/08/2018 | Co S |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---------------------------------------------------------------------------|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| IPPOLITO ROBERT S 825 BERKSHIRE BLVD SUITE 200 WYOMISSING, PA 19610 | | | VP, Secretary/Treasurer | |

Signatures

/s/Robert S
Ippolito

01/15/2009

**Signature of
Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The two reported transactions involve an amendment of an outstanding option to extend the expiration date of such option. For purposes of Section 16 reporting, the amendment of the outstanding option constitutes a deemed cancellation of an "old" option and the grant of a "new" replacement option. The option was originally granted on 02/06/2003.

(2) The two reported transactions involve an amendment of an outstanding option to extend the expiration date of such option. For purposes of Section 16 reporting, the amendment of the outstanding option constitutes a deemed cancellation of an "old" option and the grant of a "new" replacement option. The option was originally granted on 01/29/2004.

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- (3) The two reported transactions involve an amendment of an outstanding option to extend the expiration date of such option. For purposes of Section 16 reporting, the amendment of the outstanding option constitutes a deemed cancellation of an "old" option and the grant of a "new" replacement option. The option was originally granted on 01/06/2005.
- (4) The two reported transactions involve an amendment of an outstanding option to extend the expiration date of such option. For purposes of Section 16 reporting, the amendment of the outstanding option constitutes a deemed cancellation of an "old" option and the grant of a "new" replacement option. The option was originally granted on 01/06/2005.
- (5) The two reported transactions involve an amendment of an outstanding option to extend the expiration date of such option. For purposes of Section 16 reporting, the amendment of the outstanding option constitutes a deemed cancellation of an "old" option and the grant of a "new" replacement option. The option was originally granted on 01/12/2006.
- (6) The two reported transactions involve an amendment of an outstanding option to extend the expiration date of such option. For purposes of Section 16 reporting, the amendment of the outstanding option constitutes a deemed cancellation of an "old" option and the grant of a "new" replacement option. The option was originally granted on 01/12/2006 and vests in installments over 4 years on the anniversary of the date of grant.
- (7) The two reported transactions involve an amendment of an outstanding option to extend the expiration date of such option. For purposes of Section 16 reporting, the amendment of the outstanding option constitutes a deemed cancellation of an "old" option and the grant of a "new" replacement option. The option was originally granted on 01/02/2007.
- (8) The two reported transactions involve an amendment of an outstanding option to extend the expiration date of such option. For purposes of Section 16 reporting, the amendment of the outstanding option constitutes a deemed cancellation of an "old" option and the grant of a "new" replacement option. The option was originally granted on 01/02/2007 and vests in installments over 4 years on the anniversary of the date of grant.
- (9) The two reported transactions involve an amendment of an outstanding option to extend the expiration date of such option. For purposes of Section 16 reporting, the amendment of the outstanding option constitutes a deemed cancellation of an "old" option and the grant of a "new" replacement option. The option was originally granted on 07/08/2008.
- (10) The two reported transactions involve an amendment of an outstanding option to extend the expiration date of such option. For purposes of Section 16 reporting, the amendment of the outstanding option constitutes a deemed cancellation of an "old" option and the grant of a "new" replacement option. The option was originally granted on 07/08/2008 and vests in installments over 4 years on the anniversary of the date of grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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