

CLIFFORD WILLIAM J  
Form 4  
January 15, 2009

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
CLIFFORD WILLIAM J

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  
 Officer (give title below)  
\_\_\_\_ 10% Owner  
\_\_\_\_ Other (specify below)  
Chief Financial Officer

WYOMISSING, PA 19610

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

(City) (State) (Zip)

**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.

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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. Title Underlying Security (Instr. 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8) Code	V	Disposed of (D) (Instr. 3, 4, and 5)		Date Exercisable	Expiration Date	Title
					(A)	(D)			
Incentive Stock Option - right to buy	\$ 29.22	12/31/2008	D <sup>(1)</sup>			3,422	01/06/2009	01/06/2012	Com Sto
Incentive Stock Option - right to buy	\$ 29.22	12/31/2008	A <sup>(1)</sup>			3,422	01/06/2009	01/06/2015	Com Sto
Non-Qualified Stock Option - right to buy	\$ 29.22	12/31/2008	D <sup>(2)</sup>			296,578	01/06/2009	01/06/2012	Com Sto
Non-Qualified Stock Option - right to buy	\$ 29.22	12/31/2008	A <sup>(2)</sup>			296,578	01/06/2009	01/06/2015	Com Sto
Incentive Stock Option - right to buy	\$ 33.12	12/31/2008	D <sup>(3)</sup>			3,019	01/12/2010	01/12/2013	Com Sto
Incentive Stock Option - right to buy	\$ 33.12	12/31/2008	A <sup>(3)</sup>			3,019	01/12/2010	01/12/2016	Com Sto
Non-Qualified Stock Option - right to buy	\$ 33.12	12/31/2008	D <sup>(4)</sup>			96,981	01/12/2007 <sup>(4)</sup>	01/12/2013	Com Sto
Non-Qualified Stock Option - right to buy	\$ 33.12	12/31/2008	A <sup>(4)</sup>			96,981	01/12/2007 <sup>(4)</sup>	01/12/2016	Com Sto
Incentive Stock Option - right to buy	\$ 41.62	12/31/2008	D <sup>(5)</sup>			2,402	01/02/2011	01/02/2014	Com Sto
Incentive Stock Option - right to buy	\$ 41.62	12/31/2008	A <sup>(5)</sup>			2,402	01/02/2011	01/02/2017	Com Sto
Non-Qualified Stock Option - right to buy	\$ 41.62	12/31/2008	D <sup>(6)</sup>			97,598	01/02/2008 <sup>(6)</sup>	01/02/2014	Com Sto
Non-Qualified Stock Option - right to buy	\$ 41.62	12/31/2008	A <sup>(6)</sup>			97,598	01/02/2008 <sup>(6)</sup>	01/02/2017	Com Sto
Incentive Stock Option - right to buy	\$ 29.87	12/31/2008	D <sup>(7)</sup>			3,347	07/08/2012	07/08/2015	Com Sto

Incentive Stock Option - right to buy	\$ 29.87	12/31/2008	A <sup>(7)</sup>	3,347	07/08/2012	07/08/2018	Com Sto
Non-Qualified Stock Option - right to buy	\$ 29.87	12/31/2008	D <sup>(8)</sup>	146,653	07/08/2009 <sup>(8)</sup>	07/08/2015	Com Sto
Non-Qualified Stock Option - right to buy	\$ 29.87	12/31/2008	A <sup>(8)</sup>	146,653	07/08/2009 <sup>(8)</sup>	07/08/2018	Com Sto

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CLIFFORD WILLIAM J 825 BERKSHIRE BLVD SUITE 200 WYOMISSING, PA 19610			Chief Financial Officer	

## Signatures

/s/Robert S Ippolito as attorney-in-fact for William J Clifford 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 01/06/2005.
  - (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 01/06/2005.
  - (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 01/12/2006.
  - (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 01/12/2006 and vests in installments over 4 years on the anniversary of the date of grant.
  - (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 01/02/2007.
  - (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 01/02/2007 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 and vests in installments over 4 years on the anniversary of the date of grant.

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"new" replacement option. The option was originally granted on 07/08/2008.

- (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 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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