

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
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1. Name and Address of Reporting Person * <u>CARLINO PETER M</u> (Last) (First) (Middle) 825 BERKSHIRE BLVD SUITE 200 (Street) WYOMISSING PA 19610 (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>PENN NATIONAL GAMING INC [PENN]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) <p style="text-align: center;">Chairman</p>
	3. Date of Earliest Transaction (Month/Day/Year) 09/22/2004	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	

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 Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock ⁽²⁾	09/22/2004		M		37,636	A	\$3.44	1,330,296 ⁽¹⁾	D	
Common Stock	09/22/2004		S		37,636	D	\$40.0166	1,292,660 ⁽¹⁾	D	
Common Stock	09/23/2004		M		30,364	A	\$3.44	1,323,024 ⁽¹⁾	D	
Common Stock	09/23/2004		M		18,121	A	\$4.06	1,341,145 ⁽¹⁾	D	
Common Stock	09/23/2004		S		48,485	D	\$40	1,292,660 ⁽¹⁾	D	
Common Stock	09/24/2004		M		13,879	A	\$4.06	1,306,539 ⁽¹⁾	D	
Common Stock	09/24/2004		S		13,879	D	\$40.0077	1,292,660 ⁽¹⁾	D	

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Non-Qualified Stock Options (Right to buy)	\$3.44	09/22/2004		M			37,636	01/04/2000	01/04/2009	Common Stock	37,636	\$0	30,364	D	
Non-Qualified Stock Options (Right to buy)	\$3.44	09/23/2004		M			30,364	01/04/2000	01/04/2009	Common Stock	30,364	\$0	0	D	
Non-Qualified Stock Options (Right to buy)	\$4.06	09/23/2004		M			18,121	02/08/2001	02/08/2010	Common Stock	18,121	\$0	131,879	D	
Non-Qualified Stock Options (Right to buy)	\$4.06	09/24/2004		M			13,879	02/08/2001	02/08/2010	Common Stock	13,879	\$0	118,000	D	

Explanation of Responses:

1. The reporting person is also the indirect beneficial owner of 5,533,180 shares, which are owned by The Carlino Family Trust, a ten percent owner of the issuer. Peter M. Carlino is a Trustee of the Trust. Peter M. Carlino disclaims beneficial ownership of the shares owned by the Carlino Family Trust, and this report should not be deemed an admission that Peter M. Carlino is the beneficial owner of such securities for the purpose of section 16 or any other purpose.

2. All Transactions reported on this form 4 were made pursuant to a stock trading plan, dated April 23, 2004, established pursuant to rule 10b5-1.

/s/Robert S Ippolito as attorney-in-fact for Peter M. Carlino 09/23/2004

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

* 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).

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

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 Number.