

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15 (d) of the  
Securities Exchange Act of 1934**

**Date of Report – December 26, 2007**  
(Date of earliest event reported)

**PENN NATIONAL GAMING, INC.**

(Exact name of registrant as specified in its charter)

**Pennsylvania**  
(State or other jurisdiction  
of incorporation)

**0-24206**  
(Commission File Number)

**23-2234473**  
(IRS Employer  
Identification Number)

**825 Berkshire Blvd., Suite 200, Wyomissing Professional Center, Wyomissing, PA 19610**

(Address of principal executive offices)

(Zip Code)

**Area Code (610) 373-2400**  
(Registrant's telephone number)

Check the appropriate box below if the form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 to Form 8-K):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 5.02**

**Departure of Directors or Certain Officers; Election of Directors;  
Appointment of Certain Officers; Compensatory Arrangements for Certain  
Officers.**

On December 26, 2007, Penn National Gaming, Inc. (the "Company") entered into a Change in Control Payment Acknowledgement and Agreement (the "Acknowledgement and Agreement") with its principal financial officer, William J. Clifford, and two of its other named executive officers, Leonard DeAngelo and Jordan B. Savitch. Pursuant to employment agreements between the Company and each of Messrs. Clifford, DeAngelo and Savitch (the "Executives"), in the event of a change in control, each Executive is entitled to receive a cash payment equal to three times the sum of the highest annual base salary he received during the past two years and the highest annual cash bonus he received with respect to the last two calendar years (a "Change in Control Payment"). The consummation of the acquisition of the Company by certain funds managed by affiliates of Fortress Investment Group LLC and Centerbridge Partners LP (the "Merger") pursuant to the terms of the Agreement and Plan of Merger, dated as of June 15, 2007, by and among the Company, PNG Acquisition Company Inc. (the "Parent") and PNG Merger Sub Inc. will represent a change in control triggering a Change in Control Payment under the Executives' employment agreements.

Pursuant to the Acknowledgement and Agreement, a portion of the Change in Control Payment is being accelerated (the "Accelerated Change in Control Payment") to be paid on or before December 31, 2007. The Accelerated Change in Control Payment for each of the Messrs. Clifford, DeAngelo and Savitch is \$3,409,875, \$3,653,438 and \$1,281,138, respectively. However, the Executive is required to return the Accelerated Change in Control Payment in the event the Merger is terminated pursuant to the terms of the Merger Agreement or the closing of the Merger otherwise fails to occur or if the Executive's employment with the Company is terminated prior to the effective date of the Merger under circumstances where the Executive is not entitled to receive the remainder of his change in control payment under the terms of his employment agreement. The Acknowledgement and Agreements were entered into as part of actions taken by the Company to reduce the amount of the federal excise taxes imposed on the Company's officers and, consequently, the amount of the "gross-up" payments payable under such officers' employment agreements, and the Company has obtained the prior written consent of the Parent and its lenders to take all such actions. The foregoing description of the Acknowledgement and Agreements is qualified in its entirety by reference to the full text of the form of Acknowledgement and Agreement, which is filed as Exhibit 10.1 to this report and is incorporated into this report by reference.

**Item 5.03**

**Amendments to Articles of Incorporation or Bylaws; Change in Fiscal  
Year.**

Effective upon filing with the Pennsylvania Department of State, which filing was effected on December 28, 2007, the Company amended its Amended and Restated Articles of Incorporation, which adds new Article 7 (the "Articles Amendment"). Article 7 permits the issuance of uncertificated shares of capital stock. The Articles Amendment was adopted in response to a new rule adopted by The Nasdaq Stock Market, Inc. ("Nasdaq") that requires Nasdaq-listed companies to be eligible for a direct registration program by January 1,

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2008. A direct registration program permits an investor's ownership to be recorded and maintained on the books of the issuer or the transfer agent without the issuance of a physical stock certificate. The new rule does not require issuers to actually participate in a direct registration program or to eliminate physical stock certificates. However, listed securities must be "eligible" for such a program. The Articles Amendment was adopted because, to be eligible to participate in the Direct Registration System administered by The Depository Trust Company, the only direct registration program currently in existence, a company's organizational documents must permit the issuance of uncertificated shares.

The foregoing description of the amendment to the Articles is qualified in its entirety by reference to the full text of the amendment to the Articles, which is filed as Exhibit 3.1 to this report and is incorporated into this report by reference.

**Item 9.01**      **Financial Statements and Exhibits.**

(d)      *Exhibits.*

<u>Exhibit No.</u>	<u>Description</u>
3.1	Amendment to Penn National Gaming, Inc.'s Amended and Restated Articles of Incorporation, as amended, effective December 28, 2008.
10.1	Form of Change in Control Payment Acknowledgement and Agreement between Penn National Gaming, Inc. and Certain Executive Officers of Penn National Gaming, Inc.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: January 2, 2008

PENN NATIONAL GAMING, INC.

By:      /s/ Robert S. Ippolito  
            Robert S. Ippolito  
            Vice President, Secretary and Treasurer

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**EXHIBIT INDEX**

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corporation has caused these Articles of Amendment to be signed by a duly authorized officer thereof this 28<sup>th</sup> day of December, 2007.

PENN NATIONAL GAMING, INC.

Name of Corporation

/s/Robert S. Ippolito

ROBERT S. IPPOLITO

Signature

VICE PRESIDENT, SECRETARY & TREASURER

Title



Department of State  
Corporation Bureau  
P.O. Box 8722  
Harrisburg, PA 17105-8722  
(717) 787-1057

web site: [www.dos.state.pa.us/corp.htm](http://www.dos.state.pa.us/corp.htm)

**Instructions for Completion of Form:**

- A. Typewritten is preferred. If not, the form shall be completed in black or blue-black ink in order to permit reproduction. The filing fee for this form is \$52 made payable to the Department of State.
- B. Under 15 Pa.C.S. § 135(c) (relating to addresses) an actual street or rural route box number must be used as an address, and the Department of State is required to refuse to receive or file any document that sets forth only a post office box address.
- C. The following, in addition to the filing fee, shall accompany this form:
  - (1) Two copies of a completed form DSCB:15-134B (Docketing Statement-Changes).
  - (2) Any necessary copies of form DSCB:17.2.3 (Consent to Appropriation or Use of Similar Name) shall accompany Articles of Amendment effecting a change of name and the change in name shall contain a statement of the complete new name.
  - (3) Any necessary governmental approvals.
- D. *Nonprofit Corporations:* If the action was authorized by a body other than the board of directors Paragraph 6 should be modified accordingly.
- E. This form and all accompanying documents shall be mailed to the above stated address.
- F. To receive confirmation of the file date prior to receiving the microfilmed original, send either a self-addressed, stamped postcard with the filing information noted or a self-addressed, stamped envelope with a copy of the filing document.

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.



## PENN NATIONAL GAMING, INC.

## CHANGE IN CONTROL PAYMENT ACKNOWLEDGEMENT AND AGREEMENT

This Change in Control Payment Acknowledgement and Agreement (this "Agreement") is made as of December 26, 2007 by and between Penn National Gaming, Inc. (the "Company") and (the "Executive"). The Company and the Executive are sometimes referred to in this Agreement as the "Parties".

WHEREAS, the Company entered in to an Agreement and Plan of Merger, dated as of June 15, 2007, by and among the Company, PNG Acquisition Company Inc. and PNG Merger Sub Inc. (the "Merger Agreement") providing for the acquisition of the Company by certain funds managed by affiliates of Fortress Investment Group LLC and Centerbridge Partners LP (the "Merger");

WHEREAS, pursuant to Section 8 of the Employment Agreement dated as of July 31, 2006 by and between the Company and the Executive (the "Employment Agreement"), the Executive was granted the right to receive certain payments in the event of a Change of Control (as defined in the Employment Agreement);

WHEREAS, the consummation of the Merger will result in a Change of Control of the Company triggering the Change of Control payments required by the Employment Agreement;

WHEREAS, the Company desires to accelerate the payment of a portion of the Change of Control payment due on the effective date of the Merger and has received the written consent of PNG Acquisition Company Inc., Deutsche Bank Securities Inc., Deutsche Bank AG New York Branch, Wachovia Capital Markets, LLC, Wachovia Bank, National Association and Wachovia Investment Holdings, LLC to make such payment under the circumstances set forth in this Agreement; and

WHEREAS, the Company has requested that the Executive accept such payment pursuant to the terms set forth in this Agreement.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, and for good and valuable consideration, the receipt of sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. The Company represents and acknowledges that the sole purpose of accelerating the timing of the Change of Control payment contemplated by Section 8.2(i) of the Employment Agreement in the amount of \_\_\_\_\_ Dollars (\$) (the "Initial Change of Control Payment"), otherwise due and payable upon the effective date of the Merger, is to advance the business of the Company in anticipation of the Merger and is not in response to a request by, or as the provision of an additional benefit to, the Executive.

2. The Company hereby agrees to pay the Executive the Initial Change of Control Payment on or prior to December 31, 2007.

3. Except as otherwise specified in the foregoing paragraph 2, the balance, if any, of the amount due under Section 8.2(i) or any other provision of the Employment Agreement shall be made in accordance with its terms.

4. Upon the occurrence of any of the following circumstances, the Executive shall return the Initial Change of Control Payment (the "Return Payment") in accordance with paragraphs 5 and 6 below:

(a) if the Merger is terminated pursuant to Section 9.1 of the Merger Agreement or the Closing otherwise fails to occur on the Closing Date (as such terms are defined in Section 2.1(d) of the Merger Agreement); or

(b) if the Executive's employment with the Company is terminated prior to the effective date of the Merger and the Executive does not remain entitled to receive the remainder of the Change of Control payment under the applicable provisions of the Employment Agreement.

5. The Company shall exercise its right to require a Return Payment promptly after the first occurrence of one of the circumstances set forth in paragraph 4 by delivering a written notice (the "Return Notice") to the Executive requesting the Return Payment and specifying the reason therefore. Upon the occurrence of a Change of Control, the Company's right to demand a Return Payment hereunder shall immediately terminate.

6. The Return Payment shall be made by delivering the following to the Company: (i) an amount equal to the Return Payment minus the Federal, state and local income taxes actually paid, if any, by the Executive with respect to the Return Payment shall be paid in cash within 20 days after the date the Executive receives the Return Notice and (ii) together with such payment, if applicable, an assignment agreement in form and substance to be agreed upon by the Parties providing for the assignment of the Executive's right to receive a refund from the Federal, state and local taxing authorities for taxes actually paid with respect to the Return Payment. The Executive hereby agrees to use all commercially reasonable efforts to diligently pursue the refund of all such amounts and to cooperate with the Company in its efforts to obtain such refunds, if necessary.

7. The Parties agree that the accelerated payment of the Initial Change of Control Payment pursuant to the terms and conditions contained in this Agreement constitutes the payment of compensation to the Executive and, notwithstanding the contingent agreement to repay such amounts in the event of certain unexpected circumstances as set forth above, is not intended to constitute a loan.

8. The Employment Agreement shall remain in full force and effect following the execution of this Agreement and nothing in this Agreement is intended to amend, waive or otherwise change the terms and conditions of the Employment Agreement in any manner other than as specifically provided herein.

9. The Company acknowledges that the Executive is accepting the Initial Change of Control Payment at the time specified herein to advance the business of the Company,

and the Company hereby agrees to indemnify and hold harmless the Executive from and against any and all losses, claims, demands, liabilities, costs and expenses incurred by the Executive arising from or relating to the matters contemplated herein other than in respect of ordinary Federal, state and local income taxes paid or payable by Executive with respect to payment of the Initial Change of Control Payment.

10. This Agreement shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the Commonwealth of Pennsylvania.

11. The Parties hereby irrevocably consent to the jurisdiction of the courts of the Commonwealth of Pennsylvania for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be commenced, prosecuted and continued only in the state or federal courts having jurisdiction for matters arising in Wyomissing, Pennsylvania, which shall be the exclusive and only proper forum for adjudicating such a claim.

12. This Agreement cannot be changed, modified, extended, waived or terminated except upon a written instrument signed by the party against which it is to be enforced.

13. This Agreement may be executed in counterparts, each of which shall be deemed an original, but which together shall constitute one instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first written above.

**PENN NATIONAL GAMING, INC.**

**[EXECUTIVE]**

By: _____	Signature: _____
Name: _____	Print: _____
Title: _____	_____