SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2001

OR

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ___________

Commission file number: 0-24206

PENN NATIONAL GAMING, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	23-2234473
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Penn National Gaming, Inc.
825 Berkshire Blvd., Suite 200
Wyomissing, PA 19610

(Address of principal executive offices)

610-373-2400

(Registrant's telephone number including area code:)

Not Applicable

(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ___ No ___

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Title	Outstanding as of August 9, 2001
Common Stock par value .01 per share	15,472,850

THIS REPORT INCLUDES "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933 AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDED IN THIS REPORT REGARDING THE COMPANY'S OPERATIONS, FINANCIAL POSITION AND BUSINESS STRATEGY MAY CONSTITUTE FORWARD-LOOKING TERMINOLOGY. THESE STATEMENTS MAY BE IDENTIFIABLE BY WORDS SUCH AS "MAY", "WILL", "EXPECT", "INTEND", "ESTIMATE", "ANTICIPATE", "BELIEVE" OR "CONTINUE" OR THE NEGATIVE THEREOF OR VARIATIONS THEREON OR SIMILAR TERMINOLOGY. ALTHOUGH THE COMPANY BELIEVES THAT THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS ARE REASONABLE AT THIS TIME, IT CAN GIVE NO ASSURANCE THAT SUCH EXPECTATIONS WILL PROVE TO HAVE BEEN CORRECT AND, THEREFORE, YOU SHOULD NOT RELY ON ANY SUCH FORWARD-LOOKING STATEMENTS. IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE COMPANY'S EXPECTATIONS ("CAUTIONARY STATEMENTS") ARE DISCLOSED IN THIS REPORT AND IN OTHER MATERIALS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE COMPANY OR PERSONS ACTING ON ITS BEHALF ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS. THE COMPANY DOES NOT INTEND, AND IS NOT OBLIGATED, TO UPDATE PUBLICLY ANY FORWARD-LOOKING STATEMENTS. THIS DISCUSSION IS PERMITTED BY THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995.

PENN NATIONAL GAMING, INC. AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PENN NATIONAL GAMING INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

June 30, December 31, 2001 2000 (Unaudited) - ------------ ------------ ASSETS Current assets Cash and cash equivalents $ 37,673 $ 23,287 Accounts receivable 20,599 10,341 Prepaid expenses and other current assets 6,951 5,312 Prepaid income taxes 1,649 1,905 - --------- --- ------- TOTAL CURRENT ASSETS 66,872 40,845 ------ ---- -------- -- Property, plant and equipment, at cost Land and improvements 82,906 81,177 Building and improvements 218,606 142,753 Furniture, fixtures and equipment 99,081 79,606 Transportation equipment 1,126 1,015 Leasehold improvements 11,876 11,704 Construction in progress 6,598 3,643 - --------- --- ------- 420,193 319,898 Less accumulated depreciation and amortization 43,745 31,582 ---------- -- -------- NET PROPERTY, PLANT AND EQUIPMENT 376,448 288,316 ----- ----- ------- --- Other assets Investment in and advances

to
unconsolidated
affiliate
15,067 14,584
Cash in
escrow -
5,107 Excess
of cost over
fair market
value of net
assets
acquired (net
of
accumulated
amortization
of $4,367 and
$3,858,
respectively)
164,678
78,161 Other
intangible
assets (net
of
accumulated
amortization
of $734)
25,012 -
Deferred
financing
costs, net
15,356 9,585
Miscellaneous
6,093 3,302 -
--------- ---
------- TOTAL
OTHER ASSETS
226,206
110,739 -----
----- -------
--- $ 669,526
$ 439,900
==========
==========

See accompanying notes to consolidated financial statements

PENN NATIONAL GAMING INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

June 30, December 31, 2001
2000 (Unaudited) ----------

LIABILITIES AND
SHAREHOLDERS' EQUITY
Current liabilities Current
maturities of long-term
debt $ 13,266 $ 11,390
Accounts payable 13,857
18,436 Purses due horsemen
2,390 2,262 Uncashed pari-
mutuel tickets 764 1,393
Accrued expenses 26,725
6,913 Accrued interest
11,048 1,289 Accrued
salaries and wages 4,965
3,957 Customer deposits 825
834 Taxes, other than
income taxes 3,026 2,816 --

TOTAL CURRENT LIABILITIES
76,866 49,290 -------------

--------------- Long term liabilities Long-term debt, net of current maturities 463,368 297,909 Deferred income taxes 36,329 13,480 --------------------------- 499,697 311,389 --------- ------------------- TOTAL LONG-TERM LIABILITIES Commitments and contingencies Shareholders' equity Preferred stock,$.01 par value, authorized 1,000,000 shares; no shares issued Common stock,$.01 par value, authorized 200,000,000 shares; shares issued and outstanding 15,896,550 and 15,459,175, respectively 159 155 Treasury stock, at cost 424,700 shares (2,379) (2,379) Additional paid in capital 44,291 39,482 Retained earnings 53,063 41,963 Other comprehensive income (2,188) - Cumulative translation adjustment 17 - --------------------------- - TOTAL SHAREHOLDERS' EQUITY 92,963 79,221 ------ ---------------------- $ 669,526 $ 439,900 ============================

See accompanying notes to consolidated financial statements

PENN NATIONAL GAMING INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

Six Months Ended June 30, 2001 2000 ---------------------------- ------ REVENUE Gaming $ 162,898 $ 49,680 Racing 56,727 57,003 Management service fees 1,981 -- Other revenue 16,285 6,352 ------- --------------------------- TOTAL REVENUES 237,891 $ 113,035 ------- ---------------------------- OPERATING EXPENSES Gaming 89,365 $ 29,545 Racing 39,143 38,646 Other 16,243 6,206 General and administrative 42,320 16,173 Depreciation and amortization 15,922 4,368 --------------------- -------------- TOTAL OPERATING EXPENSES 202,993 94,938 ---------- ------------------------ INCOME FROM OPERATIONS 34,898 18,097 ---- ------------------------------- OTHER INCOME (EXPENSES) Interest expense (20,907) (4,816) Interest income 2,186 881 Earnings from joint venture 1,560 1,429 Other (584) (154) --------------------- ------------- TOTAL OTHER EXPENSES (17,745) (2,660) ----------------- ------------------ INCOME BEFORE TAXES 17,153 15,437 -------------- --------------------- TAXES ON INCOME 6,053 5,591 ---------------

-------------------- NET INCOME $
11,100 $ 9,846
===================================
Per share data Basic $ .73 $ .66
Diluted $ .71 $ .64 Weighted
shares outstanding Basic 15,167
14,918 Diluted 15,729 15,338

See accompanying notes to consolidated financial statements

PENN NATIONAL GAMING INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

Three Months Ended
June 30, 2000 2001 --

REVENUE Gaming $
92,289 $ 27,356
Racing 29,604 30,036
Management service
fees 1,981 -- Other
revenue 8,858 3,519 -

TOTAL REVENUES
132,732 60,911 ------

OPERATING EXPENSES
Gaming 50,296 16,066
Racing 20,669 20,515
Other 9,015 3,393
General and
administrative 23,175
7,910 Depreciation
and amortization
8,987 2,192 ---------
------------- TOTAL
OPERATING EXPENSES
112,142 50,076 ------

INCOME FROM
OPERATIONS 20,590
10,835 OTHER INCOME
(EXPENSES) Interest
expense (12,309)
(2,434) Interest
income 1,180 585
Earnings from joint
venture 490 842 Other
(25) (154) ----------
------------ TOTAL
OTHER EXPENSES
(10,664) (1,161) ----

INCOME BEFORE TAXES
9,926 9,674 TAXES ON
INCOME 3,442 3,450 --

NET INCOME $ 6,484 $
6,224
======================
Per share data $ .42
$ .42 Basic $ .41 $
.40 Diluted Weighted
shares outstanding
Basic 15,282 14,939
Diluted 15,895 15,431

PENN NATIONAL GAMING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE DATA)
(UNAUDITED)

ADDITIONAL OTHER COMMON STOCK TREASURY PAID-IN RETAINED COMPREHENSIVE SHARES AMOUNTS STOCK CAPITAL EARNINGS INCOME TOTAL ------ ------- ----- ------- -------- ------ ----- Balance, January 1, 2001 15,459,175 $ 155 $ (2,379) $ 39,482 $ 41,963 $ - $ 79,221 Issuance of common stock 437,375 4 - 4,809 - - 4,813 Comprehensive Income: Net income for the six months Ended June 30, 2001 - - - - 11,100 - 11,100 Fair Market Value of Swap Agreement - - - - - (2,188) (2,188) Translation Adjustment - - - - - 17 17 ------------- -- Total comprehensive income - - - - 11,100 (2,171) 8,929 ------------------------------------ --- Balance, June 30, 2001 15,896,550 $ 159 $ (2,379) $ 44,291 53,063 $ (2,171) $ 92,963
===

See accompanying notes to consolidated financial statements

PENN NATIONAL GAMING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

Six Months Ended June 30, 2001 2000 ------------------ --------- Cash flows from operating activities Net income $ 11,100 $ 9,846 Adjustments to reconcile net income to net cash provided by operating activities Depreciation and amortization 15,922 4,368 Earnings from joint venture (1,560) (1429) Loss on sale of net assets 598 - Deferred income taxes 216 276 Decrease (increase) in: Accounts receivable 994 (232) Prepaid expenses and other current assets 254 (1,155) Prepaid income taxes 1,905 1,088 Miscellaneous other assets (929) (17) Increase (decrease) in: Accounts payable (7,591) (3,548) Purses due horsemen 128 337 Uncashed pari-mutuel tickets (629) (542) Accrued expenses 18,017 (778) Customers deposits (9) 321 Taxes payable, other than income taxes 210 77 Income taxes payable - 2,640 ------ ----------------------- Net cash provided by operating activities 38,626 11,252 --- -------------------------- Cash flows from investing activities Expenditures for property, plant and equipment (13,365) (7,298) Proceeds from sale of property and equipment 98 178 Investment in and advances to joint venture 1,077 - Decrease in cash in escrow 5,107 - Acquisition of business, net of cash acquired (182,423) (5,845) - ----------------------------- Net cash used in investing activities (189,506) (12,191) ----------------------------- Cash flows from financing activities Proceeds from exercise of stock options 4,813 599 Proceeds of long-term debt 202,000 4,847 Principal payments on long-term debt (34,664) (17) Increase in unamortized financing costs (6,883) (93) ----------------------------- Net cash provided by financing activities 165,266 5,336 ----------------------------- Net increase in cash and cash equivalents 14,386 4,397 Cash and cash equivalents, at beginning of period 23,287 9,434 ----------------------------- Cash and cash equivalents, at end of period $ 37,673 $ 13,831 ============================

See accompanying notes to consolidated financial statements

PENN NATIONAL GAMING, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The consolidated financial statements are unaudited and include the accounts of Penn National Gaming, Inc., (Penn) and its wholly owned subsidiaries, (collectively the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to current year presentation.

In the opinion of management, all adjustments (consisting of normal recurring accruals) have been made which are necessary to present fairly the financial position of the Company as of June 30, 2001 and the results of its operations for the six month periods ended June 30, 2001 and 2000. The results of operations experienced for the six month period ended June 30,2001 are not necessarily indicative of the results to be experienced for the fiscal year ended December 31, 2001.

The statements and related notes have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations. The accompanying notes should therefore be read in conjunction with the Company's December 31, 2000 annual financial statements.

2. INTEREST RATE SWAPS

Financial Accounting Standards Board ("FASB") Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," and Statement No. 138, "Accounting for Derivative Instruments and Hedging Activities - an amendment of FASB 133," are effective for fiscal years beginning after June 15, 2000 - fiscal year 2001 for the Company. The Company has conducted evaluations of hedging policies and strategies for existing and anticipated future derivative transactions. Adoption of these statements as of January 1, 2001 did not have a significant effect on the Company's financial statements other than recognition of derivative assets and liabilities on the balance sheet with market value adjustments recognized in other comprehensive income.

3. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the six months ended June 30, 2001 and 2000 for interest was $12,397,000 and $4,849,000 respectively.

Cash paid during the six months ended June 30, 2001 and 2000 for income taxes was $1,021,000 and $1,735,000 respectively.

4. SEGMENT INFORMATION

In the year ended December 31, 2000, the Company adopted SFAS No. 131 "Disclosures About Segments of an Enterprise and Related Information." The Company has determined that it currently operates in two segments: (1) gaming and (2) racing.

The accounting policies for each segment are the same as those described in the "Summary of Significant Accounting Policies" for the year ended December 31, 2000. The Company and the gaming

industry use EBITDA as a means to evaluate performance. EBITDA should not be considered as an alternative to, or more meaningful than, net income (as determined in accordance with accounting principles generally accepted in the United States) as a measure of operating results or cash flows (as determined in accordance with accounting principles generally accepted in the United States) or as a measure of the Company's limitations.

The table below presents information about reported segments:

REVENUES (in thousands)	SIX MONTHS ENDED JUNE 30, 2001	2000
Gaming(1) (2)	$ 188,109	$ 62,446
Racing	50,272	51,353
Eliminations(3)	(490)	(764)
Total	$ 237,891	$ 113,035

EBITDA (in thousands)	SIX MONTHS ENDED JUNE 30, 2001	2000
Gaming(1) (2)	$ 42,936	$ 12,964
Racing	9,444	10,930
Total	$ 52,380	$ 23,894

TOTAL ASSETS (in thousands)	JUNE 30, 2001	DECEMBER 31, 2000
Gaming(1) (2)	$1,100,617	$ 671,655
Racing	90,504	91,756
Eliminations(3)	(521,595)	(323,511)
Total	$ 669,526	$ 439,900

- --------------

(1) Reflects results of the Mississippi properties since the August 8, 2000 acquisition from Pinnacle Entertainment.

(2) Reflects results of the CRC Acquisition since April 28, 2001.

(3) Primarily reflects intracompany transactions related to import/export simulcasting.

5. SENIOR SUBORDINATED NOTES

On March 12, 2001, the Company completed an offering of $200,000,000 of its 11 1/8% Senior Subordinated Notes due 2008. Interest on the notes is payable on March 1 and September 1 of each year, beginning September 1, 2001. These notes mature on March 1, 2008.

The Company may redeem all or part of the notes on or after March 1, 2005 at certain specified redemption prices. Prior to March 1, 2004, the Company may redeem up to 35% of the notes from proceeds of certain sales of its equity securities. The notes also are subject to redemption requirements imposed by state and local gaming laws and regulations.

The notes are general unsecured obligations and are guaranteed on a senior subordinated basis by all of the Company's current and future wholly owned domestic subsidiaries. The notes rank equally with the Company's future senior subordinated debt and junior to its senior debt, including debt under the Company's senior credit facility. In addition, the notes will be effectively junior to any indebtedness of our non-U.S. or unrestricted subsidiaries, none of which guarantee the notes.

The notes and guarantees were originally issued in a private placement pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). On July 30, 2001, the Company completed an offer to exchange the notes and guarantees for notes and guarantees registered under the Securities Act having substantially identical terms.

The proceeds from these notes were used to finance the CRC acquisition that was completed on April 27, 2001.

6. ACQUISITIONS

MISSISSIPPI

On August 8, 2000, the Company completed its acquisition of all of the assets of the Casino Magic hotel, casino, golf resort, recreational vehicle park and marina in Bay St. Louis, Mississippi and the Boomtown Biloxi casino in Biloxi, Mississippi (the "Mississippi Acquisitions"), from Pinnacle Entertainment, Inc. (formerly Hollywood Park, Inc.) The Mississippi Acquisitions were accomplished pursuant to the terms of two asset purchase agreements, each dated December 10, 1999, for an aggregate of $195 million. The terms of each of the agreements were the result of arm's length negotiations among the parties. In addition to acquiring all of the operating assets and related operations of the Casino Magic Bay St. Louis and Boomtown Biloxi properties, the Company entered into a licensing agreement to use Boomtown and Casino Magic names and marks at the properties acquired.

CRC

On April 27, 2001, the Company completed its acquisitions of (i) CRC Holdings, Inc. ("CRC") from the shareholders of CRC and (ii) the minority interest in Louisiana Casino Cruises, Inc.("LCCI") not owned by CRC from Dan S. Meadows, Thomas L. Meehan and Jerry L. Bayles (together, the "CRC Acquisition"). The CRC Acquisition was accomplished pursuant to the terms of Agreement and Plan of Merger among CRC Holdings, Inc., Penn National Gaming, Inc., Casino Holdings, Inc. and certain shareholders of CRC Holdings, Inc., dated as of July 31, 2000 (the "Merger Agreement"), and a Stock Purchase Agreement by and among Penn National Gaming, Inc., Dan S. Meadows, Thomas L. Meehan and Jerry L. Bayles, dated as of July 31, 2000. Under the Merger Agreement, CRC merged with Casino Holdings, Inc., a wholly-owned subsidiary of the Company (the "Merger"). The terms of each of the agreements were the result of arm's length negotiations among the parties. The aggregate consideration paid by the Company for the CRC Acquisition was approximately $182.4 million, including the repayment of existing debt at CRC or its subsidiaries. The purchase price of the

CRC Acquisition was funded by the proceeds of the Company's offering of senior subordinated notes, which was completed in March 2001.

The assets acquired pursuant to the Merger and CRC Acquisition consist primarily of the Casino Rouge riverboat gaming facility in Baton Rouge, Louisiana, and a management contract for Casino Rama, a gaming facility located in Orillia, Canada.

LCCI NOTES TENDER OFFER

On February 20, 2001, the Company commenced a cash tender offer to purchase all of the LCCI 11% Senior Secured Notes due 2005 (the "LCCI Notes") and a related consent solicitation to eliminate certain restrictive covenants and related provisions in the indenture pursuant to which the LCCI Notes were issued. The tender offer was completed on April 27, 2001 in conjunction with the completion of the CRC Acquisition. The total consideration for each $1,000 principal amount of notes tendered was $1,146.90, plus accrued and unpaid interest up to but not including, the payment date, which includes a consent payment of $30 per $1,000 principal amount of notes. Payment for the notes and consent payments were made on April 30, 2001.

UNAUDITED PROFORMA FINANCIAL INFORMATION

Unaudited pro forma financial information for the six months ended June 30, 2001 and 2000, as though the Mississippi and CRC Acquisitions had occurred on January 1, 2000, is as follows:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2001	2000	2001	2000
Revenues	$273,865	$250,039	$140,191	$128,592
Net Income	13,688	13,944	7,189	7,981
Net Income per common share				
Basic	$ .90	$ .93	$ .47	$ .53
Diluted	$ .87	$ .91	$ .45	$ .52
Weighted shares outstanding				
Basic	15,167	14,918	15,282	14,939
Diluted	15,729	15,338	15,895	15,431

7. RECENT ACCOUNTING STANDARDS

In June 2001, the Financial Accounting Standards Board finalized FASB Statements No. 141, BUSINESS COMBINATIONS (SFAS 141). and No. 142, GOODWILL AND OTHER INTANGIBLES ASSETS (SFAS 142). SFAS 141 requires the use of the purchase method accounting and prohibits the use of pooling-of-interests method of accounting for business combinations initiated after June 30, 2001. SFAS 141 also requires that the Company recognize acquired intangible assets apart from goodwill if the acquired intangible assets meet certain criteria. SFAS 141 applies to all business combinations initiated after June 30, 2001 and for the purchase business combinations completed on or after July 1, 2001. It also requires, upon adoption of SFAS 142, that the Company reclassifies the carrying amounts of intangible assets and goodwill based on certain criteria in SFAS 141.

SFAS 142 requires, among other things, that companies no longer amortize goodwill, but

instead test goodwill for impairment at least annually. In addition, SFAS 142 requires that the Company identify reporting units for the purpose of assessing potential future impairments of goodwill, reassess the useful lives of the other existing recognized intangible assets, and cease amortization of intangible assets with an indefinite useful life. Any intangible asset with an indefinite useful life should be tested for impairment in accordance with the guidance in SFAS 142. SFAS 142 is required to be applied in fiscal years beginning after December 15, 2001 to all goodwill and other intangible assets recognized at that date, regardless of when those assets were initially recognized. SFAS 142 requires the Company to complete a transitional goodwill impairment test six months from the date of adoption. The Company is also required to reassess the useful lives of the other intangible assets within the first interim quarter after adoption of SFAS 142.

The Company's previous business combinations were accounted for using the purchase method. As of June 30, 2001, net carrying amount of goodwill is $164,678 and other intangible assets is $25,012. Amortization expense during the six-month period ended June 30, 2001 was $2,193. Currently, the Company is assessing but has not yet determined how the adoption of SFAS 142 will impact its financial position and results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

We derive substantially all of our revenues from gaming and racing operations. Revenues from our gaming machines at the Charles Town Entertainment Complex and our gaming operations in Mississippi and Louisiana and our management contract in Orillia, Canada have accounted for an increasingly larger share of our total revenues. Our racing revenues have been derived from wagering on our live races, wagering on import simulcasts at our racetracks and OTWs and through telephone account wagering, and fees from wagering on export simulcasting our races at out-of-state locations. Our other revenues have been derived from admissions, program sales, food and beverage sales, concessions and certain other ancillary activities.

On a prospective basis, our acquisition of the Mississippi properties and the consummation of the CRC acquisition on April 27, 2001 will impact further our revenue mix between gaming and racing revenues. We expect that in future periods gaming revenue as a percentage of our total revenues will continue to increase as we continue to focus on our gaming operations. For the six months ended June 30, 2001 and 2000, gaming revenue represented approximately 68.5% and 44.0% of our total revenue, respectively.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2001 COMPARED TO THREE MONTHS ENDED JUNE 30, 2000

The results of operations by property level for the three months ended June 30, 2001 and 2000 are summarized below:

	REVENUES		EBITDA	
	2001	2000	2001	2000
Charles Town Entertainment Complex	$ 48,014	$ 34,263	$13,659	$ 9,391
Casino Magic Bay St. Louis (1)	22,892	-	5,023	-
Boomtown Biloxi (1)	17,939	-	3,685	-
Casino Rouge (2)	16,053	-	4,034	-
Casino Rama Management Contract (2)	1,981	-	1,826	-
Penn National Race Course and its OTWs	15,514	16,733	2,017	2,763
Pocono Downs and its OTWs	10,779	10,354	1,955	2,385
Pennwood Racing, Inc.	-	-	490	842
Corporate eliminations (3)	(479)	(499)	-	-
Corporate operations	39	60	(2,463)	(1,512)
Corporate operations-CRC Holdings (2)	-	-	(159)	-
Total	$132,732	$ 60,911	$ 30.067	$ 13,869

- -----------

(1) Reflects results of the Mississippi properties since the August 8, 2000 acquisition from Pinnacle Entertainment.

(2) Reflect results of the CRC acquisition since April 28, 2001
(3) Primarily reflects intracompany transactions related to import/export simulcasting.

Revenues for the three months ended June 30, increased by $71.8 million, or 117.9%, to $132.7 million in 2001 from $60.9 million in 2000. The Mississippi properties accounted for $40.8 million of the increase, while the CRC properties, which were acquired on April 27, 2001, accounted for $18.0 million of the increase. Revenues increased at the Charles Town Entertainment Complex by $13.7 million or 39.9% to $48.0 million in 2001 from $34.3 million in 2000. Gaming revenue accounted for 96% of the increase at Charles Town due to an increase in the number of machines from 1,500 to 2,000 in 2001 and a change in machine mix from video voucher machines to coin-out machines. Revenues from the Pennsylvania racetracks and their OTWs have decreased by $.8 million due to a slight decrease in wagering.

Operating expenses for the three months ended June 30, 2001 increased by $62.1 million, or 124.2%, to $112.1 million from $50.0 million in 2000. The Mississippi properties accounted for $35.2 million of the increase, while the CRC properties accounted for $14.4 million of the increase. Operating expenses increased at the Charles Town Entertainment Complex by $10.8 million, or 42.0% to $36.5 million in 2001 from $25.7 million in 2000. Operating expenses at the Pennsylvania racetracks and their OTWs increased by $.4 million in the year 2000. Corporate overhead increased by $1.1 million or 52.4% to $3.2 million in 2001 from $2.1 million in 2000. Net interest expense increased by $9.3 million to $11.1 million in 2001 from $1.8 million in 2000

due to the additional borrowings to fund the acquisitions of the Mississippi properties on August 7, 2000 and the CRC acquisition on April 27, 2001. Income before income taxes for the three months ended June 30, 2001 increased by $.2 million to $9.9 in 2001 from $9.7 in 2000 as a result of the above.

CHARLES TOWN ENTERTAINMENT COMPLEX

Revenues increased at Charles Town by approximately $13.7 million or 39.9% to $48.0 million in 2001 from $34.3 million in 2000. Gaming revenue increased by $12.9 million or 47.1% to $40.3 million in 2001 from $27.4 million in 2000 due to the addition of 474 new reel spinning and video, coin-out slot machines since the fourth quarter of last year and an additional 26 coin-out video slots since June 21, 2001. The average number of slot machines increased to 1,956 in 2001 from 1,344 in 2000. The company currently has 2,000 slot machines operating at the facility. Racing revenue increased by $.5 million or 9.3% to $5.9 million in 2001 from $5.4 million in 2000. The live meet consisted of 59 race days in 2001 compared to 60 race days in 2000. The increase in racing revenue is due mainly to the growth of export simulcasting. Charles Town began exporting its live race program to tracks across the country on June 5, 1999 and generated export simulcasting revenues of $.8 million for 2001 compared to $.6 million in 2000. Other revenues increased by approximately $.3 million or 20.0% to $1.8 million in 2001 from $1.5 million in 2000 due to increased attendance for gaming and racing, the opening of the Sundance Cafe in the OK Corral, and the expansion of the concession areas, dining room and buffet area. Operating expenses increased by $10.8 million or 42.0% to $36.5 million in 2001 from $25.7 million in 2000. The increase was due to increased lottery taxes, purses, salaries, wages and administrative expenses relating to the increase in gaming revenues. Depreciation expense increased by $1.3 million to $2.1 million in 2001 from $.8 million in 2000 due to additional gaming machines and improvements in 2001. EBITDA increased by $4.3 million, or 45.7% to $13.7 million in 2001 from $9.4 million in 2000.

MISSISSIPPI CASINOS

The Casino Magic Bay St Louis and Boomtown Biloxi acquisitions were completed on August 8, 2000. For the three months ended June 30, 2001, Casino Magic Bay St. Louis had revenues of $22.9 million consisting mainly of gaming revenues. Operating expenses for Casino Magic totaled $19.7 million consisting of gaming ($11.4 million), other ($1.7 million), general and administrative ($4.8 million) and depreciation and amortization expense ($1.8 million). For the three months ended June 30, 2001, Boomtown Biloxi had revenues of $17.9 million consisting mainly of gaming revenues. Operating expenses for Boomtown totaled $15.5 million consisting of gaming ($7.2 million), other ($2.3 million), general and administrative ($4.7 million) and depreciation and amortization expense ($1.3 million). EBITDA for the Mississippi casinos totaled $8.7 million for the period. Our Mississippi casino operations have numerous competitors, many of which have greater name recognition and financial and marketing resources than we do. Competition in the Mississippi gaming markets is significantly more intense than the competition that our gaming operations face in Louisiana, West Virginia or our pari-mutuel operations face in Pennsylvania and New Jersey.

CRC ACQUISITION

The CRC acquisition was completed on April 27, 2001 and includes the purchase of Casino Rouge in Baton Rouge Louisiana and a management contract to operate Casino Rama in Orillia Canada. For the period which commenced April 28, 2001 and ended June 30, 2001, Casino Rouge had revenues of $16.1 million consisting mainly of gaming revenues. Operating expenses for Casino Rouge totaled $13.0

million consisting of gaming ($7.6 million), other ($.8 million), general and administrative ($3.6 million) and depreciation and amortization expense ($1.0 million). For the period ended June 30, 2001, management fees from the Casino Rama management contract totaled $2.0 million for which there was $155,000 of operating expenses relating to the associated revenues. EBITDA for the CRC acquisition totaled $5.7 million for the period.

PENN NATIONAL RACE COURSE AND ITS OTW FACILITIES

Penn National Race Course and its OTWs, for the three months ended June 30, 2000 had a decrease in revenue of $1.2 million, or 7.3%, to $15.5 million in 2001 from $16.7 million in 2000. Pari-mutuel wagering was $95.1 million in 2001 compared to $103.3 million in 2000. The decrease in wagering is attributed to the reduction of telephone account wagering as a result of the discontinuation of the Track Power agreement, the reduction at Penn National of horse field sizes and increased competition from other telephone account and internet wagering systems. The decrease in revenue is attributed to the decrease in wagering. Operating expenses decreased by $.5 million, or 3.5%, to $13.9 million in 2001 from $14.4 million in 2000. The decrease in operating expenses was directly related to the decrease in total revenues. EBITDA decreased by $.8 million, or 28.5%, to $2.0 million in 2001 from $2.8 million in 2000.

POCONO DOWNS AND ITS OTW FACILITIES

For the three months ended June 30, 2001 Pocono Downs and its OTWs had revenue of $10.8 million compared to $10.3 million for the same period in 2000 which was an increase of $.4 million or 3.8%. The increase came primarily from the opening of a new OTW facility (East Stroudsburg) which increased the import simulcast revenue by $.6 million to $ 7.8 million in 2001 from $ 7.2 million in 2000. Operating expenses increased by approximately $.9 million or 10.6% to $9.4 million in 2001 from $8.5 million in 2000. Operating and administrative expense increase was attributable to the opening of the new OTW facility. Purse expenses, simulcast expenses and pari-mutuel tax increases were directly related to the revenue increase. For the quarter, EBITDA decreased by 16.7% to $2.0 million in 2001 from $2.4 million in 2000.

CORPORATE OVERHEAD EXPENSES

Corporate overhead expenses increased by $1.1 million, or 52.4%, to $3.2 million in 2001 from $2.1 million in 2000. Salaries and wages, payroll taxes, benefits and related expenses increased by $.8 million due to the expansion of the corporate office to support the Mississippi and CRC acquisitions.

NEW JERSEY JOINT VENTURE

The Company has an investment in Pennwood Racing, Inc., which operates Freehold Raceway and, until May 2001, operated Garden State Park. Revenues of the joint venture decreased by $2.4 million to $12.3 million in 2001 from $14.7 million in 2000. Net income decreased by $.8 million to $.9 million in 2001 compared to $1.7 million in 2000 primarily due to the decrease in revenue and a decrease in expenses associated with running 113 live race days in 2001 compared to 121 live race days in 2000. In May 2001 Garden State Park was sold and the joint venture ceased operating Garden State Park. Our 50% share of net income was $.5 million in 2001 compared to $.8 million in 2000 and was recorded as other income on the income statement.

SIX MONTHS ENDED JUNE 30, 2001 COMPARED TO SIX MONTHS ENDED JUNE 30, 2000

The results of operations by property level for the six months ended June 30, 2001 and 2000 are summarized below:

	REVENUES		EBITDA	
	2001	2000	2001	2000
Charles Town Entertainment Complex	$89,130	$62,446	$24,658	$16,104
Casino Magic Bay St. Louis (1)	45,113	-	10,121	-
Boomtown Biloxi (1)	35,832	-	7,270	-
Casino Rouge (2)	16.053	-	4,034	-
Casino Rama Management Contract (2)	1,981	-	1,826	-
Penn National Race Course and its OTWs	30,793	33,005	4,319	5,528
Pocono Downs and its OTWs	19,479	18,345	3,568	3.975
Pennwood Racing, Inc.	-	-	1,560	1,429
Corporate eliminations (3)	(529)	(821)	-	-
Corporate operations	39	60	(4,817)	(3,142)
Corporate operations-CRC Holdings (2)	-	-	(159)	-
Total	$237,891	$113,035	$52,380	$23,894

- -----------
(1) Reflects results of the Mississippi properties since the August 8, 2000 acquisition from Pinnacle Entertainment.
(2) Reflect results of the CRC acquisition since April 28, 2001
(3) Primarily reflects intracompany transactions related to import/export simulcasting.

Revenues for the six months ended June 30, increased by $124.9 million, or 110.5%, to $237.9 million in 2001 from $113.0 million in 2000. The Mississippi properties accounted for $80.9 million of the increase, while the CRC properties, which were acquired on April 27, 2001, accounted for $18.0 million of the increase. Revenues increased at the Charles Town Entertainment Complex by $26.7 million or 42.7% to $89.1 million in 2001 from $62.4 million in 2000. Gaming revenue accounted for 96% of the increase at Charles Town due to an increase in the number of machines from 1,500 to 2,000 in 2001 and a change in machine mix from video voucher machines to coin-out machines. Revenues from their Pennsylvania racetracks and OTWs have decreased by $1.1 million due to a slight increase in wagering.

Operating expenses for the six months ended June 30, 2001 increased by $108.1 million, or 113.9%, to $203.0 million from $94.9 million in 2000. The Mississippi properties accounted for $69.6 million of the increase, while the CRC properties accounted for $14.4 million of the increase. Operating expenses increased at the Charles Town Entertainment Complex by $21.2 million, or 44.3% to $69.1 million in 2001 from $47.9 million in 2000. Operating expenses at the Pennsylvania racetracks and their OTWs increased by $.6 million in the year 2000. Corporate overhead increased by $1.7 million or 54.8% to $4.8 million in 2001 from $3.1 million in 2000. Net interest expense increased by $14.6 million to $18.7 million in 2001 from $4.1 million in 2000 due to the additional borrowings to fund the acquisitions of the Mississippi properties on August 7, 2000 and the CRC acquisition on April 27, 2001. Income before income taxes for the six months ended June 30 increased by $1.7 million, or 11.0%, to $17.1 in 2001 from $15.4 in 2000 as a result of the above.

CHARLES TOWN ENTERTAINMENT COMPLEX

Revenues increased at Charles Town by $26.7 million or 42.7% to $89.1 million in 2001 from $62.4 million in 2000. Gaming revenue increased by $25.5 million or 51.3% to $75.2 million in 2001 from $49.7 million in 2000 due to the addition of 474 new reel spinning and video, coin-out slot machines since the fourth quarter of last year and an additional 26 coin-out video slots since June 21, 2001. The average number of slot machines increased to 1,927 in 2001 from 1,358 in 2000. The company currently has 2,000 slot machines operating at the facility. Racing revenue increased by $.5 million or 5.0% to $10.6 million in 2001 from $10.1 million in 2000. The live meet consisted of 103 race days in 2001 and 105 race days in 2000. Charles Town generated export simulcasting revenues of $1.4 million for 2001 compared to 1.0 million in 2000. Concessions and other revenues increased by approximately $.4 million or 14.8% to $3.1 million in 2001 from $2.7 million in 2000 due to increased attendance for gaming and racing, the opening of the Sundance Cafe in the OK Corral, and the expansion of the concession areas, dining room and buffet area. Operating expenses increased by $21.2 million or 44.2% to $69.1 million in 2001 from $47.9 million in 2000. The increase was primarily due to an increase in gaming expenses of $17.1 million, or 57.8%, to $46.7 million in 2001 from $29.6 million in 2000. This increase was mainly due to increased lottery taxes, purses, salaries and wages and administrative expenses related to the increase in gaming revenues. Depreciation expense increased by $3.0 million to $4.6 million in 2001 from $1.6 million in 2000 due to additional gaming machines and improvements in 2001. EBITDA increased by $8.6 million, or 53.4% to $24.7 million in 2001 from $16.1 million in 2000.

MISSISSIPPI CASINOS

The Casino Magic Bay St Louis and Boomtown Biloxi acquisitions were completed on August 8, 2000. For the six months ended June 30, 2001, Casino Magic Bay St. Louis had revenues of $45.1 million consisting mainly of gaming revenues. Operating expenses for Casino Magic totaled $38.7 million consisting of gaming ($22.4 million), other ($3.2 million), general and administrative ($9.3 million) and depreciation and amortization expense ($3.8 million). For the six months ended June 30, 2001, Boomtown Biloxi had revenues of $35.8 million consisting mainly of gaming revenues. Operating expenses for Boomtown totaled $30.8 million consisting of gaming ($14.6 million), other ($4.5 million), general and administrative ($9.4 million) and depreciation and amortization expense ($2.3 million). EBITDA for the Mississippi casinos totaled $17.4 million for the period. Our Mississippi casino operations have numerous competitors, many of which have greater name recognition and financial and marketing resources than we do. Competition in the Mississippi gaming markets is significantly more intense than the competition that our gaming operations face in Louisiana, West Virginia or our pari-mutuel operations face in Pennsylvania and New jersey. We do not expect that this competition will have a material adverse effect on our results of operations.

CRC ACQUISITION

The CRC acquisition was completed on April 27, 2001 and includes the purchase of Casino Rouge in Baton Rouge Louisiana and a management contract to operate Casino Rama in Orilio Canada. For the period ended June 30, 2001, Casino Rouge had revenues of $16.1 million consisting mainly of gaming revenues. Operating expenses for Casino Rouge totaled $13.0 million consisting of gaming ($7.6 million), other ($.8 million), general and administrative ($3.6 million) and depreciation and amortization expense ($1.0 million). For the period ended June 30, 2001, management fees from the Casino Rama management contract totaled $2.0 million for

which there was $155,000 of operating expenses relating to the associated revenues. EBITDA for the CRC acquisition totaled $5.7 million for the period.

PENN NATIONAL RACE COURSE AND ITS OTW FACILITIES

Penn National Race Course and its OTWs for the six months ended June 30, had a decrease in revenue of $2.2 million, or 6.7%, to $30.8 million in 2001 from $33.0 million in 2000. The decrease was primarily at Penn National Race Course with pari-mutuel wagering decreasing by $2.9 million, or 2.2% to $130.2 million in 2001 from $133.1 million in 2000. Inclement weather for the northeastern part of the country had an adverse impact on both live racing, as well as simulcast attendance during the first three months of the year. Operating expenses decreased by approximately $1.1 million, or 3.9%, to $27.3 million in 2001 from $28.4 million in 2000. The decrease was primarily related to the decrease in revenues as discussed above. EBITDA attributable to these properties decreased by $1.2 million, or 21.8%, to $4.3 million in 2001 from $5.5 million in 2000.

POCONO DOWNS AND ITS OTW FACILITIES

Pocono Downs and its OTWs, for the six months ended June 30, had a increase in revenue of $1.2 million, or 6.6%, to $19.5 million in 2001 from $18.3 million in 2000. The increase was due primarily to the opening of the new East Stroudsburg OTW facility in late July 2000 which generated revenues of $1.7 million. The racetrack, along with the other four established OTWs, reported a slight decrease in revenue of $.5 million. Operating expenses increased by approximately $1.6 million, or 10.3%, to $17.1 million in 2001 from $15.5 million in 2000. The operating expense increases in the amount of $1.5 million was attributable to the opening of the East Stroudsburg OTW. For the six months ended June 30, 2001, EBITDA decreased by $.4 million to $3.6 million in 2001 from $4.0 million in 2000.

CORPORATE OVERHEAD EXPENSES

Corporate overhead expenses increased by $1.7 million, or 54.8%, to $4.8 million in 2001 from $3.1 million in 2000. Salaries and wages, payroll taxes, benefits and related expenses increased by $1.4 million due to the expansion of the corporate office to support the Mississippi and CRC acquisitions.

NEW JERSEY JOINT VENTURE

The Company has an investment in Pennwood Racing, Inc., which operates Freehold Raceway and, until May 2001, operated Garden State Park. Revenues of the joint venture decreased by $2.3 million to $27.5 million in 2001 from $29.8 million in 2000. Net income increased by $.2 million to $3.1 million in 2001 compared to $2.9 million in 2000 primarily due to the decrease in expenses associated with running 56 live race days in 2001 compared to 65 live race days in 2000. In May 2001 Garden State Park was sold and the joint venture ceased operating Garden State Park. Our 50% share of net income was $1.6 million in 2001 compared to $1.4 million in 2000 and was recorded as other income expenses on the income statement.

LIQUIDITY AND CAPITAL RESOURCES

Historically, our primary sources of liquidity and capital resources have been cash flow from operations, borrowings from banks and proceeds from the issuance of securities.

Net cash provided by operating activities was $38.6 million for the six months ended June 30, 2001. This consisted of net income and non-cash items ($27.6 million), earnings from joint venture ($ 1.6 million), an increase in deferred income taxes ($.2 million), and a decrease in current assets ($2.2 million) and an increase in current liabilities ($10.2 million) related to the normal course of business, net of the CRC acquisition on April 27, 2001.

Cash flows from investing totaled $189.5 million for the six months ended June 30, 2001. Expenditures for property, plant, and equipment totaled $ 13.4 million and included new hotel construction at Casino Magic ($ 3.7 million), new gaming equipment at Casino Magic ($1.4 million), new gaming equipment and slot system at Boomtown ($2.9 million), land and building acquisitions at Charles Town ($1.0 million), the OK Corral slot center at Charles Town ($0.6 million), property additions at Charles Town ($0.3 million), building and design of a steak house at Casino Rouge ($0.7 million), other small projects ($0.4 million) and maintenance capital expenditures ($ 2.4 million). The CRC acquisition totaled $182.4 million. Cash received from the joint venture totaled $1.1 million. Cash in escrow decreased by $5.1 million as a result of the closing of the CRC acquisition on April 27, 2001.

Cash flows from financing activities provided net cash flow of $165.3 million for the six months ended June 30, 2001. Aggregate proceeds from the issuance of notes were $200.0 million, a portion of which were used to pay financing costs associated with the issuance ($6.9 million). Principal payments on long-term debt under our existing credit facility, net of additional borrowings on the revolving line of credit, were $32.6 million. Proceeds from the exercise of stock options totaled $4.8 million.

CAPITAL EXPENDITURES

The following table summarizes our planned capital expenditures, other than maintenance capital expenditures, by property level, for 2001:

PROPERTY	BUDGET 2001	EXPENDITURES THRU 6/30/01	BALANCE TO EXPEND
Charles Town Entertainment Complex	$ 9,200	$ 1,786	$ 7,414
Casino Magic Bay St. Louis	18,500	3,698	

14,802
Boomtown
Biloxi 2,000
2,000 -
Casino Rouge
2,000 704
1,296
Pennsylvania
Racetracks
and OTWs 800
494 306 ----
----- ------
-- ---------
--- Total $
32,500 $
8,682 $
23,818 -----
---- -------
- ----------
--

SENIOR SUBORDINATED NOTES

On March 12, 2001, we completed through a private placement, the sale of $200 million in aggregate principal amount of 11 1/8% of Senior Subordinated Notes due March 1, 2008 the proceeds of the notes were used, in part, to complete the acquisition of CRC Holding, Inc. and the minority interest in Louisiana Casino Cruises, Inc. (LCCI) not owned by CRC. The Senior Subordinated Notes rank equally with our other senior indebtedness and junior to our senior debt, including debt under our senior secured credit facility. The Senior Subordinated Notes are guaranteed by all of our current and future wholly owned domestic subsidiaries. We have filed a registration statement under the Securities Act of 1933 to effect an exchange offer of registered Senior Subordinated Notes.

OUTLOOK

Based on our current level of operations, and anticipated revenue growth, we believe that cash generated from operations and amounts available under our credit facility will be adequate to meet our anticipated debt service requirements, capital expenditures and working capital needs for the foreseeable future. We cannot assure you, however, that our business will generate sufficient cash flow from operations, that our anticipated revenue growth will be realized, or that future borrowings will be available under our credit facility or otherwise will be available to enable us to service our indebtedness, including the credit facility and the notes, to retire or redeem the notes when required or to make anticipated capital expenditures. In addition, if we consummate significant acquisitions in the future, our cash requirements may increase significantly. We may need to refinance all or a portion of our debt on or before maturity. Our future operating performance and our ability to service or refinance our debt will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

On December 20, 2000, we entered into an interest rate swap agreement with a financial institution in the notional amount of $100 million. The interest rate swap agreement hedges our exposure on our outstanding floating rate obligations, which were $276,600,000 at June 30, 2001. The purpose of the interest rate swap is to convert a portion of our floating rate interest obligations to obligations having a fixed rate of 5.835% plus an applicable margin up to 4.00% per annum through December 20, 2003. The fixing of interest rates reduces in part our exposure to the uncertainty of floating interest rates. The differentials paid or received by us on the interest rate swap agreement is recognized as adjustments to interest expense in the period incurred. For the six months ended June 30, 2001, interest expense increased by approximately $265,000 as a result of the interest rate swap agreement. We are exposed to credit loss in the event of nonperformance by our counter party to the interest rate swap agreement. We do not anticipate nonperformance by such financial institution, and no material loss would be expected from the nonperformance by such financial institution. Our interest rate swap agreement expires in December 2003.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

Current Report on Form 8-K filed on May 7, 2001 that reflected the completion on April 27,2001, of the purchase of CRC Holdings, Inc. and the minority interest in Louisiana Casino Cruises, Inc. for approximately $160 million.

Current Report on Form 8-K/A filed on June 8, 2001 that included financial information pertaining to the purchase of CRC Holdings, Inc and the minority interest in Louisiana Casino Cruises, Inc. for approximately $160 million which was reported in the current Form 8-K filed May 7, 2001

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.

Penn National Gaming, Inc.

August 14, 2001	By: /s/ WILLIAM J. CLIFFORD
Date	William J. Clifford, Chief Financial Officer