



## **Penn National Gaming Enters Agreement to Purchase Bangor Historic Track and Secures Option to Purchase Vernon Downs**

January 8, 2004

WYOMISSING, Pa.--(BUSINESS WIRE)--Jan. 8, 2004--

Agreements Would Significantly Expand Penn National's Presence in  
the Northeast

Penn National Gaming, Inc. (Nasdaq: PENN) announced today that it has entered into an agreement with Capital Seven, LLC to purchase all of the shares of Bangor Historic Track, Inc., the company that operates harness racing at the city-owned track at Bass Park in Bangor, Maine. In conjunction with the purchase agreement, Penn National also has secured an option to purchase the interests in Vernon Downs (Mid-State Raceway), a harness racing facility in Vernon, New York, controlled by an affiliate of Capital Seven. The purchases are subject to a number of conditions and contingencies, including gaming and other approvals.

The purchase price for both of these opportunities includes up front cash, progress and milestone payments and a final payment subject to adjustment based on the economics of the opportunities. The closing date and total purchase price will be determined based on the outcome of the various conditions and contingencies.

In November 2003, voters in Maine approved a ballot initiative, effective in the first quarter of 2004, authorizing the operation of slot machines at existing racetracks in the State, subject to local referenda. The citizens of Bangor approved a local referendum on this matter in June 2003. Bangor Historic Track anticipates having all necessary licenses and permits to commence gaming and racing operations in the first quarter; however, no assurance can be given that such licenses and permits will be granted in a timely manner.

Vernon Downs is one of eight racetracks in New York State that have been authorized to place Video Lottery Terminals (VLTs) in their facility.

Peter M. Carlino, Chief Executive Officer of Penn National commented: "We believe this deal represents an attractive opportunity for Penn National and its shareholders, as well as the many employees, horsemen, breeders, and farm owners across Maine who depend on the long term survival of the state's harness racing industry. Bangor Raceway will be operated by an experienced, professional and responsible management team, thereby ensuring it will serve as a significant economic engine for its local and state economies for years to come."

Penn National Gaming owns and operates: Penn National Race Course, a thoroughbred racing facility in Pennsylvania; Pocono Downs, a harness racing facility in Pennsylvania; Charles Town Races, a thoroughbred racing facility in West Virginia which also offers slots; an interest in the Pennwood Racing Inc. joint venture which owns and operates Freehold Raceway in New Jersey; and, various casino properties throughout the United States.

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may vary materially from expectations. Although the Company believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that actual results will not differ materially from the Company's expectations. Meaningful factors which could cause actual results to differ from expectations include, but are not limited to, risks related to the following: successful completion of capital projects; the activities of the Company's competitors; the existence of attractive acquisition candidates; the Company's ability to maintain regulatory approvals for its existing businesses and to receive regulatory approvals for its new businesses; the passage of local, state or federal legislation that would expand, restrict, further tax or prevent gaming operations in the jurisdictions in which the Company operates; the Company's dependence on key personnel; the Company's inability to realize the benefits of the integration of Hollywood Casino Corporation or any other acquired entity; the maintenance of agreements with the Company's horsemen and pari-mutuel clerks; the impact of terrorism and other international hostilities and other factors as discussed in the Company's filings with the United States Securities and Exchange Commission. The Company does not intend to update publicly any forward-looking statements except as required by law.

CONTACT: Penn National Gaming, Inc.  
Eric Schippers, 610-378-8321  
or  
Jaffoni & Collins Incorporated  
Joseph N. Jaffoni, 212-835-8500  
penn@jcir.com

SOURCE: Penn National Gaming, Inc.