

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report — **June 6, 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
(Address of principal executive offices)

19610
(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))

Item 5.02 **Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On June 6, 2007, the shareholders of Penn National Gaming, Inc. (the "Company") approved the Company's Annual Incentive Plan (the "Plan") and the performance goals thereunder. The Plan provides for cash bonuses payable upon the attainment of pre-established corporate performance goals. The Compensation Committee approved a performance measure of free cash flow compared to the results of a peer group of the Company's competitors and a performance measure of earnings before interest, taxes, depreciation, and amortization ("EBIDTA") compared to plan as the business criteria upon which performance goals are based. Participants may receive a bonus with a threshold, target and maximum payout. The Committee may determine to pay the bonus in shares of the Company's common stock, instead of cash, under the Company's equity-based incentive compensation plans. The Compensation Committee may reduce, but may not increase, any bonus. Eligible employees of the Plan include the Company's Chief Executive Officer, the other executive officers of the Company and other key officers of the Company.

The Plan will be administered by the Compensation Committee of the Board of Directors of the Company who will, among other things, designate participants from among the eligible employees of the Company, establish performance goals within the parameters of the Plan and administer the Plan as it deems necessary or advisable. The Compensation Committee also has the right to terminate or amend the Plan, without shareholder approval, at any time and for any reason.

A full description of the Plan is attached as Exhibit 10.1 and incorporated herein by reference.

Item 8.01 **Other Events.**

On June 6, 2007, the Company issued a press release announcing the results of its 2007 Annual Meeting of Shareholders and that, as a result of the fact that the 2007 Employees Long Term Incentive Compensation Plan and the 2007 Long Term Incentive Compensation Plan for Non-Employee Directors of the Company were not approved by shareholders, the Company will not proceed with its previously announced program to repurchase up to \$200 million of the Company's common stock, as it was conditioned on shareholder approval of such plans.

Item 9.01 **Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Description of the Penn National Gaming, Inc. Annual Incentive Plan.
99.1	Press Release of Penn National Gaming, Inc., dated June 6, 2007

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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: June 12, 2007

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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Description of the Penn National Gaming, Inc. Annual Incentive Plan

The Annual Incentive Plan provides for cash bonuses payable upon the attainment of pre-established performance goals. The Annual Incentive Plan will enable Penn National Gaming, Inc. (the "Company") to claim tax deductions for all bonuses payable under the Annual Incentive Plan, including bonuses for the 2007 calendar year and bonuses for calendar years through 2011. Without such Annual Incentive Plan, Section 162(m) of the Internal Revenue Code of 1986, as amended, would deny the Company a deduction for bonuses under the Annual Incentive Plan paid to the Chief Executive Officer and the four other most highly compensated executive officers, to the extent each officer's compensation that is subject to Section 162(m) exceeds \$1 million. The unavailability of this deduction would cause the Company to pay higher Federal income taxes.

Administration. The Annual Incentive Plan is administered by the Compensation Committee. The Compensation Committee will, among other things, designate participants from among the eligible employees, establish performance goals within the parameters described below and administer the Annual Incentive Plan as it deems necessary or advisable. The Compensation Committee has the right to terminate or amend the Annual Incentive Plan, without stockholder approval, at any time and for any reason. The Company also may adopt other bonus or incentive plans.

Eligible Employees. Employees eligible to participate in the Annual Incentive Plan include the Chief Executive Officer, the other executive officers of the Company and other key officers of the Company, which currently consists of approximately nine individuals.

Performance Goals. The Annual Incentive Plan is an incentive compensation plan designed to promote teamwork towards achieving pre-established corporate performance goals each year. The Compensation Committee approved a performance measure of free cash flow compared to the results of a peer group of the Company's competitors and a performance measure of earnings before interest, taxes, depreciation, and amortization ("EBIDTA") compared to plan as the business criteria upon which performance goals are based.

Plan Benefits. Participants in the Annual Incentive Plan may receive a bonus with a threshold, target and maximum payout. The annual bonus will be paid depending on whether the performance criteria established for the year are achieved. No bonuses will be paid if performance criteria established for the year do not meet the threshold. If the Company's performance with respect to any or all of the performance criteria meets or exceeds the threshold, then a varying amount of cash, up to the maximum, may be achieved. A maximum of \$6,000,000 may be paid each year to each executive who participates in the Annual Incentive

Plan. The Committee may determine to pay the bonus in shares of the Company's common stock, instead of cash, under the Company's equity-based incentive compensation plans. The Compensation Committee may reduce, but may not increase, any bonus.

News Announcement



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PENN NATIONAL GAMING REPORTS ON ANNUAL MEETING RESULTS

— Two Class II Directors Elected and Annual Incentive Plan is Approved —

— Employees Long Term Incentive Compensation Plan and Long Term Incentive Compensation Plan for Non-Employee Directors of the Company are Not Approved —

Wyomissing, Penn., (June 6, 2007) -- Penn National Gaming, Inc. (PENN: Nasdaq) today announced results of its Annual Meeting of Shareholders, which was held earlier today:

- Shareholders voted to re-elect Robert P. Levy and Barbara Z. Shattuck for three year terms as Class II directors.
- Shareholders approved the Annual Incentive Plan and the performance goals thereunder, which specifies bonus compensation for employees based upon the attainment of pre-established performance goals.
- Shareholders voted against the 2007 Employees Long Term Incentive Compensation Plan and the 2007 Long Term Incentive Compensation Plan for Non-Employee Directors of the Company (“the 2007 Equity Compensation Plans”). Accordingly, the Company will not proceed with its previously announced program to repurchase up to \$200 million of the Company’s common stock as it was conditioned on shareholder approval of the 2007 Equity Compensation Plans.

About Penn National Gaming

Penn National Gaming owns and operates casino and horse racing facilities with a focus on slot machine entertainment. The Company presently operates eighteen facilities in fourteen jurisdictions including Colorado, Illinois, Indiana, Iowa, Louisiana, Maine, Mississippi, Missouri, New Jersey, New Mexico, Ohio, Pennsylvania, West Virginia, and Ontario. In aggregate, Penn National’s operated facilities feature nearly 23,000 slot machines, over 400 table games, approximately 1,731 hotel rooms and approximately 808,000 square feet of gaming floor space.

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