

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934

PENN NATIONAL GAMING, INC.

(Name of Issuer)

Common Stock, \$0.01 par value

(Title of Class of Securities)

707569109

(CUSIP Number)

Randal Nardone
PNG Holdings LLC
1345 Avenue of the Americas, 46th Floor
New York, New York 10105
(212) 798-6100

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

copies to:
Adam M. Turteltaub, Esq.
Willkie Farr & Gallagher LLP
New York, New York 10019
(212) 728-8000

December 26, 2007

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of ss.240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box: []

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13D

CUSIP No. 707569109

Page 2 of 8 Pages

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

PNG Holdings LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF; see Item 3

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

0

8 SHARED VOTING POWER

NUMBER OF SHARES
BENEFICIALLY OWNED
BY EACH REPORTING
PERSON WITH

2,866,335; see Items 4 and 5

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

2,866,335; see Item 5

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,866,335

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.3%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

00

SCHEDULE 13D

CUSIP No. 707569109

Page 3 of 8 Pages

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

FIF V Voteco LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS

N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

0

8 SHARED VOTING POWER

NUMBER OF SHARES
BENEFICIALLY OWNED
BY EACH REPORTING
PERSON WITH

2,821,821; see Items 4 and 5

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

2,821,821; see Item 5

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,821,821

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.2%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

00

SCHEDULE 13D

CUSIP No. 707569109

Page 4 of 8 Pages

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Centerbridge Voteco LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS

N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

0

8 SHARED VOTING POWER

NUMBER OF SHARES
BENEFICIALLY OWNED
BY EACH REPORTING
PERSON WITH

2,708,513; see Items 4 and 5

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

2,708,513; see Item 5

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,708,513

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.1%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

00

This Schedule 13D (the "Schedule 13D") is being filed on behalf of PNG Holdings LLC, a Delaware limited liability company ("Holdings"), FIF V Voteco LLC, a Delaware limited liability company ("FIF V Voteco"), and Centerbridge Voteco LLC, a Delaware limited liability company ("CB Voteco").

The foregoing persons are hereinafter collectively referred to as the "Reporting Persons." The Reporting Persons are making this single joint filing pursuant to the agreement (the "Joint Filing Agreement") attached hereto as Exhibit 1.

Item 1. Security and the Issuer

This Schedule 13D relates to the common stock, \$0.01 par value per share (the "Common Stock"), of Penn National Gaming, Inc., a Pennsylvania corporation (the "Company"). The Company's principal executive offices are located at 825 Berkshire Blvd., Suite 200, Wyomissing, PA 19610.

Item 2. Identity and Background

The Reporting Persons are making this joint filing because, together with Peter M. Carlino ("Mr. Carlino"), the Reporting Persons may be deemed to constitute a "group" within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), although neither the fact of this filing nor anything contained herein shall be deemed to be an admission by the Reporting Persons that such a group exists.

Holdings was formed as a holding company through which certain funds affiliated with Fortress Investment Group LLC and Centerbridge Partners, L.P. intend to make their investments in PNG Acquisition Company, Inc., a Delaware corporation ("Parent"), a wholly owned subsidiary of Holdings, in connection with the Merger (as defined below).

FIF V Voteco is the managing member of Holdings and holds approximately 78% of the voting membership interests in Holdings. CB Voteco holds approximately 22% of voting membership interests in Holdings.

The address of the principal business office of Holdings and FIF V Voteco is 1345 Avenue of the Americas, 46th Floor, New York, New York 10105. The address of the principal business office of CB Voteco is 375 Park Avenue, 12th Floor, New York, New York 10152.

Set forth in Annex A attached hereto is a list of the managers and members of the Reporting Persons (collectively, the "Covered Persons"), and the business address and present principal occupation or employment of each of the Covered Persons, and is incorporated herein by reference. Except as set forth in Annex A, each of the Covered Persons is a United States citizen.

During the last five years, none of the Reporting Persons, nor, to the best of their knowledge, none of the Covered Persons (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or

prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

Holdings acquired beneficial ownership of the 202,336 shares of Common Stock it holds directly pursuant to the Stock Purchase Agreement (as defined below). The aggregate cash purchase price for such shares, \$11,974,244.48, was funded by affiliates of Holdings. As described in Item 4 below, the Reporting Persons may be deemed to constitute a "group" with Mr. Carlino within the meaning of Section 13(d)(3) of the Exchange Act. As a result, the Reporting Persons' aggregate beneficial ownership also includes 2,663,999 shares of Common Stock beneficially owned by Mr. Carlino, although the Reporting Persons and the Covered Persons expressly disclaim beneficial ownership of the shares owned by Mr. Carlino. The source and amount of funds used to acquire such shares are described in that certain Schedule 13D filed by Mr. Carlino on June 25, 2007, as amended from time to time (the "Carlino Schedule 13D").

Item 4. Purpose of Transaction.

On June 15, 2007, the Company agreed to be acquired by Holdings, through its wholly owned subsidiary, Parent. The acquisition will be consummated pursuant to an Agreement and Plan of Merger by and among the Company, Parent and PNG Merger Sub Inc., a Pennsylvania corporation and wholly owned subsidiary of Parent ("Merger Sub"), dated June 15, 2007 (the "Merger Agreement"), which provides, subject to the satisfaction or waiver of the conditions set forth therein, for the merger of Merger Sub with and into the Company (the "Merger"), with the Company as the surviving corporation. As a result of the Merger, the Company will become an indirect wholly owned subsidiary of Holdings.

In connection with the execution of the Merger Agreement, on June 15, 2007, Mr. Carlino entered into a letter agreement with Holdings (the "Letter Agreement") agreeing that he would become a member of Holdings immediately prior to the consummation of the Merger. Pursuant to the terms of the Letter Agreement, Mr. Carlino also agreed to enter into an employment agreement with Holdings and the Company upon consummation of the Merger. The employment agreement will have terms similar to his current terms of employment, continuing his current role as Chairman and Chief Executive Officer of the Company. Mr. Carlino may also participate in an equity incentive plan of Holdings. As a result of the foregoing, the Reporting Persons may be deemed to constitute a "group" with Mr. Carlino within the meaning of Section 13(d)(3) of the Exchange Act and, as such, the Reporting Persons' aggregate beneficial ownership includes shares of common stock beneficially owned by Mr. Carlino. The Reporting Persons and the Covered Persons expressly disclaim beneficial ownership of any shares owned by Mr. Carlino. The Reporting Persons and Mr. Carlino are making separate Schedule 13D filings.

On December 26, 2007, Holdings entered into an agreement (the "Stock Purchase Agreement") with Len DeAngelo, Gene Clark and Bill Clifford, each executives of the Company (collectively, the "Executives") pursuant to which Holdings agreed to purchase shares of Common Stock acquired by the Executives pursuant to the exercise of stock options, at a price equal to the fair market value of the Common Stock on the date of purchase. The Stock Purchase

Agreement was entered into in connection with actions taken by the Company and the Executives to minimize the amount of "gross-up payments" pertaining to certain federal excise taxes that may have been owed to the Executives under the terms of their existing employment agreements with the Company. The transactions contemplated by the Stock Purchase Agreement were consummated on December 29, 2007.

On February 4, 2008, Mr. Carlino entered into a letter agreement (the "Trustee Letter Agreement") with respect to that certain irrevocable trust, dated April 11, 1994 (the "Carlino Family Trust"), among Peter D. Carlino, his eight children (including Mr. Carlino), and the former spouse of one of his children, as settlors, and certain trustees. Prior to the Trustee Letter Agreement, (a) Mr. Carlino had sole voting power for the election of directors and certain other matters and (b) the majority vote of Peter D. Carlino, Mr. Carlino, David E. Carlino, Richard J. Carlino and Harold Cramer was required in connection with investment decisions and voting with respect to matters relating to changes of control. Pursuant to the Trustee Letter Agreement, Mr. Carlino irrevocably delegated to Harold Cramer and, in certain instances, to the other three trustees of the Carlino Family Trust his authority to vote and/or dispose of the 9,533,604 shares of Common Stock (the "Trust Shares") owned by the Carlino Family Trust until the earlier of (i) the termination of the Merger or the Closing otherwise failing to occur on the Closing Date, (ii) any actual or proposed amendment to the Agreement that would be adverse to any shareholder of the Company, or (iii) the consummation of the Merger. Mr. Carlino disclaims beneficial ownership of the Trust Shares and, as previously noted, the Reporting Persons and the Covered Persons disclaim beneficial ownership of any shares of Common Stock beneficially owned by Mr. Carlino; however, if Mr. Carlino was deemed to have beneficial ownership of the Trust Shares, then for the period between December 26, 2007 (the date of the Stock Purchase Agreement) and February 4, 2008 (the date of the Trustee Letter Agreement), the Reporting Persons may also be deemed to have beneficial ownership of the Trust Shares for such period.

The foregoing descriptions of the Merger Agreement, the Stock Purchase Agreement, the Letter Agreement and the Trustee Letter Agreement are qualified in their entirety by reference to such agreements, copies of which are attached to this Schedule 13D as Exhibits 2, 3, 4 and 5, respectively, and incorporated herein by reference.

Item 5. Interest in Securities of the Issuer.

Due to their respective relationships with Holdings and with each other and Mr. Carlino, as of January 31, 2007, (i) FIF V Voteco may be deemed to beneficially own, in the aggregate 2,821,821 shares of Common Stock, (ii) CB Voteco may be deemed to beneficially own, in the aggregate 2,708,513 shares of Common Stock, and (iii) Holdings may be deemed to beneficially own, in the aggregate 2,866,335 shares of Common Stock. The totals set forth above include 2,663,999 shares of Common Stock beneficially owned by Mr. Carlino as described in the Carlino Schedule 13D and, as discussed above in Item 4, do not include the Trust Shares as to which the Reporting Persons and the Covered Persons disclaim beneficial ownership.

All percentages set forth in this Item 5 and in the cover pages of this Schedule 13D are calculated on the basis of 86,882,020 shares of the Company's Common Stock outstanding as of February 4, 2008. The 861,300 shares of the Company's Common Stock that may be acquired upon the exercise of outstanding options held by Mr. Carlino as reported in the Carlino Schedule 13D were deemed outstanding for purposes of computing the percentage of Common Stock beneficially owned by the Reporting Persons.

Neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission by any of the Reporting Persons or Covered Persons that it is the beneficial owner of any of the Common Stock owned by Mr. Carlino referred to herein for purposes of the Exchange Act, or for any other purpose, and such beneficial ownership is expressly disclaimed by each Reporting Person and Covered Person. To the knowledge of the Reporting Persons, none of the Covered Persons directly owns any Common Stock. However, by reason of their status as a manager or member of a Reporting Person, a Covered Person may be deemed to be the beneficial owner of the shares of the Common Stock beneficially owned by such Reporting Person.

Except as set forth herein, none of the Reporting Persons, nor, to their knowledge, any Covered Person, has made any purchase, sale or any other transaction in the Company's Common Stock during the 60 days preceding the date of this Schedule 13D. A description of any purchase, sale or other transaction in the Company's Common Stock by Mr. Carlino is set forth in the Carlino Schedule 13D.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

See Item 4 of this Schedule 13D for a description of the agreements entered into by the Reporting Persons.

Item 7. Material to be filed as Exhibits.

Exhibit 1 - Joint Filing Agreement, dated as of February 4, 2008, by and among the Reporting Persons.

Exhibit 2 - Agreement and Plan of Merger, dated as of June 15, 2007, by and among the Company, Parent and Merger Sub, incorporated herein by reference to Exhibit 2.1 to Form 8-K filed by the Company with the Securities and Exchange Commission on June 15, 2007.

Exhibit 3 - Stock Purchase Agreement, dated December 26, 2007, between Holdings and Len DeAngelo, Gene Clark and Bill Clifford.

Exhibit 4 - Agreement by and between Mr. Carlino and Holdings dated June 15, 2007, incorporated herein by reference to Exhibit C to Schedule 13D filed by Mr. Carlino with the Securities and Exchange Commission on June 25, 2007.

Exhibit 5 - Letter Agreement by and between Mr. Carlino and the other Trustees of the Carlino Family Trust, dated as of February 4, 2008.

SIGNATURES

After reasonable inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned, severally and not jointly, certifies that the information set forth in this statement is true, complete and correct.

Dated: February 4, 2008

PNG HOLDINGS LLC

By: FIF V VOTECO LLC
its managing member

By: /s/ Randal Nardone

Name: Randal Nardone
Title: Member

FIF V VOTECO LLC

By: /s/ Randal Nardone

Name: Randal Nardone
Title: Member

CENTERBRIDGE VOTECO LLC

By: /s/ Mark Gallogly

Name: Mark Gallogly
Title: Member

ANNEX A

MANAGERS OF PNG HOLDINGS LLC

The name and principal occupation of each of the managers of PNG Holdings LLC are listed below. Unless otherwise set forth below, the principal business address of each of the managers of PNG Holdings LLC is 1345 Avenue of the Americas, 46th Floor, New York, NY 10105.

| NAME | PRINCIPAL OCCUPATION |
|-----------------|--|
| Wesley R. Edens | Chief Executive Officer and Chairman of the Board of Directors of Fortress Investment Group LLC |
| William Doniger | Managing Director of Fortress Investment Group LLC |
| Steven Price | Senior Managing Director of Centerbridge Partners, L.P. Principal business address is 375 Park Avenue, 12th Floor, New York, New York 10152. |
| Mark Gallogly | Managing Principal of Centerbridge Partners, L.P. Principal business address is 375 Park Avenue, 12th Floor, New York, New York 10152. |

MEMBERS OF FIF V VOTECO LLC

The name and principal occupation of each of the members of FIF V Voteco LLC are listed below. The principal business address of each of the members of FIF V Voteco LLC is 1345 Avenue of the Americas, 46th Floor, New York, NY 10105.

| NAME | PRINCIPAL OCCUPATION |
|----------------------|---|
| Wesley R. Edens | Chief Executive Officer and Chairman of the Board of Directors of Fortress Investment Group LLC |
| Peter L. Briger, Jr. | President and Director of Fortress Investment Group LLC |
| Robert I. Kauffman | President - Europe and Director of Fortress Investment Group LLC |
| Randal A. Nardone | Chief Operating Officer and Director of Fortress Investment Group LLC |
| Michael E. Novogratz | President and Director of Fortress Investment Group LLC |

MEMBERS OF CENTERBRIDGE VOTECO LLC

The name and principal occupation of each of the members of Centerbridge Voteco LLC are listed below. The principal business address of each of the members of Centerbridge Voteco LLC is 375 Park Avenue, 12th Floor, New York, New York 10152.

| NAME | PRINCIPAL OCCUPATION |
|-----------------|---|
| Mark Gallogly | Managing Principal of Centerbridge Partners, L.P. |
| Jeffrey Aronson | Managing Principal of Centerbridge Partners, L.P. |

JOINT FILING AGREEMENT

PURSUANT TO RULE 13d-1(k)

The undersigned acknowledge and agree that the foregoing statement on Schedule 13D is filed on behalf of each of the undersigned and that all subsequent amendments to this statement on Schedule 13D may be filed on behalf of each of the undersigned without the necessity of filing additional joint filing agreements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning him or it contained herein or therein, but shall not be responsible for the completeness and accuracy of the information concerning the others, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

Dated: February 4, 2008

PNG HOLDINGS LLC

By: FIF V VOTECO LLC
its managing member

By: /s/ Randal Nardone

Name: Randal Nardone
Title: Member

FIF V VOTECO LLC

By: /s/ Randal Nardone

Name: Randal Nardone
Title: Member

CENTERBRIDGE VOTECO LLC

By: /s/ Mark Gallogly

Name: Mark Gallogly
Title: Member

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into this 26th day of December 2007, by and between PNG Holdings LLC, a limited liability company (the "Buyer"), and the Sellers listed on Schedule I hereto (each, a "Seller" and collectively, the "Sellers").

W I T N E S S E T H:

WHEREAS, the Sellers own shares of common stock, par value \$0.01 per share, of Penn National Gaming, Inc., a Pennsylvania corporation (the "Company");

WHEREAS, as set forth in the resolutions of the Board of Directors of the Company (the "Board") attached hereto as Exhibit A, the Board has approved a waiver of the standstill provisions of that certain letter agreement, dated April 23, 2007, between the Company and Fortress Investment Group, LLC, an affiliate of the Buyer, with respect to the transactions contemplated by this Agreement;

WHEREAS, the Buyer desires to purchase from each Seller, and each Seller desires to sell to the Buyer, that number of shares of common stock of the Company set forth opposite such Seller's name on Schedule I hereto (the "Securities"), upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual terms, conditions and other agreements set forth herein, the parties hereto hereby agree as follows:

ARTICLE I

SALE AND PURCHASE

Section 1.1. Subject to the terms and conditions set forth in this Agreement and in reliance upon each Seller's and the Buyer's representations set forth below, on the Closing Date (as defined below) each Seller shall sell, assign, transfer, convey and deliver the Securities to the Buyer, and the Buyer shall purchase the Securities from each Seller, for an aggregate amount in cash set forth opposite each Seller's name on Schedule I hereto (the "Purchase Price"). Notwithstanding anything in this Agreement to the contrary, the Buyer shall not be obligated to purchase any of Seller's Securities at the Closing (as defined below) unless the Buyer purchases all of the Securities from each Seller at the Closing.

Section 1.2. The closing of such sale and purchase (the "Closing") shall take place at the offices of Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019-6099, as of the date hereof, or at such other location, time or date as the Sellers and the Buyer shall mutually select, but in no event later than December 31, 2007 (the "Closing Date"). At the Closing, each Seller shall deliver to the Buyer or its designees the Securities to be sold by such Seller. Delivery of the Securities shall be made through the facilities of The Depository Trust Company. In full consideration and exchange for the Securities to be sold by such Seller, the Buyer shall thereupon pay to each Seller the applicable Purchase Price.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF EACH SELLER

Each Seller represents and warrants to the Buyer that:

Section 2.1. The Seller has valid and marketable title to the Securities set forth opposite such Seller's name on Schedule I hereto, and the sale and transfer of the Securities by the Seller to the Buyer hereunder will vest title to the Securities in the Buyer.

Section 2.2. The Securities are owned by the Seller free and clear of any security interest, lien, claim or other encumbrance or any restriction on transfer, except restrictions on transfer arising pursuant to the Securities Act of 1933, as amended, ("Encumbrances") and will be transferred to the Buyer free of any Encumbrances.

Section 2.3. The Seller has full power and legal capacity to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby.

Section 2.4. No consent, approval, authorization or order of any court, governmental agency or body having jurisdiction over the Seller is required for the execution, delivery or performance of the Seller of its obligations hereunder, including, without limitation, the sale of the Securities.

Section 2.5. Each Seller is a sophisticated investor and has the appropriate knowledge and experience in financial and business matters to evaluate, negotiate and implement the sale of the Securities. Each Seller has been afforded the opportunity to consult with such financial, investment, legal and tax experts as such Seller deems appropriate in connection with the sale of

the Securities. Each Seller has adequate information with respect to the business, financial affairs and prospects of the Company to evaluate the merits and risks of the sale of the Securities. Each Seller acknowledges that Buyer and its affiliates possess or have access to or the benefit of material non-public information regarding the Company and its subsidiaries ("Confidential Information") that may not have been communicated to such Seller, and each Seller further acknowledges that it is proceeding with the transactions contemplated hereby knowingly and voluntarily without access to or the benefit of such Confidential Information. Each Seller hereby waives any and all claims he may have or may hereafter acquire against Buyer or its affiliates or any of their respective partners, members, officers, directors, employees, agents or representatives relating to any failure by any of them to disclose Confidential Information in connection with the sale of the Securities contemplated hereby.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to each Seller as follows:

Section 3.1. The Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware.

Section 3.2. The Buyer has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder in accordance with its terms.

Section 3.3. The Buyer has taken all action necessary for the authorization, execution, delivery, and performance of this Agreement and its obligations hereunder, and, upon execution and delivery by the Sellers and the Buyer, this Agreement shall constitute the valid and binding obligations of the Buyer, enforceable against the Buyer in accordance with its terms, except that such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights and general principles of equity.

Section 3.4. No consent, approval, authorization or order of any court, governmental agency or body having jurisdiction over the Buyer is required for the execution, delivery or performance of the Buyer of its obligations hereunder, including, without limitation, the purchase of the Securities.

Section 3.5. The Buyer is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D of the Securities Act of 1933, as amended, and is acquiring the Securities solely for its own account for investment and not with a view towards the resale, transfer or distribution thereof, nor with any present intention of distributing the Securities.

Section 3.6. Buyer has adequate information with respect to the business, financial affairs and prospects of the Company to evaluate the merits and risks of the purchase of the Securities. Buyer acknowledges that each Seller may possess or have access to or the benefit of Confidential Information that may not have been communicated to Buyer, and Buyer further acknowledges that it is proceeding with the transactions contemplated hereby knowingly and voluntarily without access to or the benefit of such Confidential Information. Buyer hereby waives any and all claims he may have or may hereafter acquire against each Seller relating to any failure by such Seller to disclose Confidential Information in connection with the sale of the Securities contemplated hereby.

ARTICLE IV

COVENANTS

Section 4.1. Further Assurances.

Upon the request of the Buyer at any time after the Closing Date, each Seller shall execute and deliver such further instruments of assignment, transfer, conveyance, endorsement, direction or authorization and other documents as the Buyer may reasonably request in order to perfect title of the Buyer and his successors and assigns to the Securities or otherwise to effectuate the purposes of this Agreement.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1. Notices.

(a) All communications under this Agreement shall be in writing and shall be delivered by hand or facsimile or mailed by overnight courier or by registered mail or certified mail, postage prepaid:

(1) if to the Buyer, at c/o Fortress Investment Group LLC, 1345 Avenue of the Americas, 46th Floor, New York, New York, 10105 (facsimile: (212) 798-6070), Attention: Randy Nardone, or at such other address or facsimile number as the Buyer may have furnished the Sellers in writing with a copy to Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019 (facsimile: (212) 728-8111), Attention: Adam M. Turteltaub, Esq.; and

(2) if to a Seller, at such address set forth below such Seller's name on Schedule I hereto, or at such other address or facsimile number as such Seller may have furnished the Buyer in writing.

(b) Any notice so addressed shall be deemed to be given: if delivered by hand or facsimile, on the date of such delivery; if mailed by courier, on the first business day following the date of such mailing; and if mailed by registered or certified mail, on the third business day after the date of such mailing.

Section 5.2. Expenses.

Each party shall bear its own expenses incurred in connection with the negotiation, preparation, execution and delivery of this Agreement.

Section 5.3. Entire Agreement; Amendment and Waiver.

This Agreement constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersede all prior agreements or understandings with respect to the subject matter hereof among such parties. This Agreement may be amended, and the observance of any term of this Agreement may be waived, with (and only with) the written consent of the Sellers and the Buyer.

Section 5.4. Severability.

In the event that any part or parts of this Agreement shall be held illegal or unenforceable by any court or administrative body of competent jurisdiction, such determination shall not affect the remaining provisions of this Agreement which shall remain in full force and effect.

Section 5.5. Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall be considered one and the same agreement. This Agreement may be executed by facsimile signatures.

Section 5.6. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of laws thereof.

Section 5.7. Paragraph and Section Headings

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as the date first above written.

BUYER:

PNG HOLDINGS LLC

By : FIF V Voteco LLC, its managing member

/s/ Randal Nardone

Name: Randal Nardone

Title:

SELLERS:

/s/ Len DeAngelo

Len DeAngelo

/s/ Gene Clark

Gene Clark

/s/ Bill Clifford

Bill Clifford

February 4, 2008

Peter D. Carlino
David E. Carlino
Richard J. Carlino
Harold Cramer
as Trustees of the Carlino Family Trust

Re: Voting and Disposition of Penn National Gaming, Inc. Shares (the "Penn Shares") Owned by the Trust (the "Carlino Family Trust") Governed by the Trust Agreement of Peter D. Carlino, Peter M. Carlino, Richard J. Carlino, David E. Carlino, Susan C. Harrington, Anne C. Irwin, Robert M. Carlino, Stephen P. Carlino and Rosina C. Gilbert (the "Trust Agreement")

To the Trustees of the Carlino Family Trust:

Reference is hereby made to the Trust Agreement, a copy of which is attached as Exhibit A hereto.

The purpose of this letter is to inform you that until the earlier of (x) the termination of that certain Agreement and Plan of Merger by and among Penn National Gaming, Inc., PNG Acquisition Company Inc. and PNG Merger Sub Inc., dated as of June 15, 2007 (the "Merger Agreement") or the Closing otherwise failing to occur on the Closing Date (as such terms are defined in Section 2.1(d) of the Merger Agreement), (y) any actual or proposed amendment to the Merger Agreement that would be adverse to any shareholder of the Company and (z) the consummation of the Merger (as defined in the Merger Agreement), that I shall not take any actions with respect to the voting and/or disposition of the Penn Shares owned by the Carlino Family Trust (any such event being referred to herein as a "Trigger Event").

Until a Trigger Event shall have occurred, pursuant to the terms of the Trust Agreement and Pennsylvania law, I hereby delegate all authority granted to me under Section 5.05 of the Trust Agreement to Harold Cramer and all authority granted to me under Section 5.04 of the Trust Agreement pertaining to all decisions with respect to the voting and/or disposition of the Penn Shares owned by the Carlino Family Trust to the four of you as trustees or, if such authority may not be delegated under the terms of the Trust Agreement, I hereby disclaim and release the rights granted to me under said Sections 5.04 and 5.05 pertaining to all decisions with respect to the voting and/or disposition of the Penn Shares owned by the Carlino Family Trust. Additionally, I hereby acknowledge and agree that the above delegations, disclaimers and releases and this letter shall be irrevocable until a Trigger Event shall have occurred.

I hereby confirm that after giving effect to this letter, I am not a party to, directly or indirectly, any contract, arrangement, understanding or relationship relating to only the voting power or the power to dispose of the Penn Shares owned by the Carlino Family Trust.

This letter agreement shall be governed by the laws of the Commonwealth of Pennsylvania.

[Signature Page Follows]

Please acknowledge and agree to the foregoing by signing below.

Very truly yours,
/s/ Peter M. Carlino
Peter M. Carlino, as Trustee

Accepted and agreed to as of the date set forth above:

/s/ Peter D. Carlino

Peter D. Carlino, as Trustee

/s/ David E. Carlino

David E. Carlino, as Trustee

/s/ Richard J. Carlino

Richard J. Carlino, as Trustee

/s/ Harold Cramer

Harold Cramer, as Trustee