

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A
AMENDMENT NO. 1

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 27, 1996

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 No.)

825 Berkshire Blvd., Suite 203, Wyomissing, PA 19610
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: 610-373-2400

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) FINANCIAL STATEMENTS OF BUSINESSES ACQUIRED. The following financial statements of The Plains Company are filed as a part of this Current Report on Form 8-K:

	Page No. -----
Report of Independent Accountants	*
Consolidated Balance Sheets at December 31, 1994 and 1995 and at September 30, 1996 (unaudited)	*
Consolidated Statements of Income and Retained Earnings for the years ended December 31, 1993, 1994 and 1995 and for the nine months ended September 30, 1996 (unaudited)	*
Consolidated Statement of Cash Flows for the years ended December 31, 1993, 1994 and 1995 and for the nine months ended September 30, 1996 (unaudited)	*
Notes to Consolidated Financial Statements	*

(b) PRO FORMA FINANCIAL INFORMATION. The following unaudited pro forma combined financial information is filed as part of this Current Report on Form 8-K:

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Unaudited Pro Forma Consolidated Statement
of Income

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Notes to Unaudited Pro Forma Consolidated
Financial Statements

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* Incorporated by reference to the corresponding items included in
Amendment No. 1 to the Company's Registration Statement on Form S-3
(File No. 333-18861) filed with the Securities and Exchange Commission on
January 21, 1997.

(c) EXHIBITS.

Exhibit No.	Description
2.1	Amended and Restated Option Agreement dated as of February 17, 1995 among Charles Town Races, Inc., Charles Town Racing Limited Partnership and PNGI Charles Town Gaming Limited Liability Company. *
2.2	Transfer, Assignment and Assumption Agreement and Bill of Sale dated January 15, 1997 among Charles Town Races, Inc., Charles Town Racing Limited Partnership and PNGI Charles Town Gaming Limited Liability Company. *
2.3	Closing Agreement dated January 15, 1997 among Charles Town Races, Inc., Charles Town Racing Limited Partnership and PNGI Charles Town Gaming Limited Liability Company. *
2.4	Amended and Restated Operating Agreement dated as of December 31, 1996 among Penn National Gaming of West Virginia, Inc., Bryant Development Company and PNGI Charles Town Gaming Limited Liability Company. *
2.5	Letter dated January 14, 1997 from Peter M. Carlino to James A. Reeder. *
2.6	First Amendment and Consent dated as of January 7, 1997 among the Company, Bankers Trust Company as Agent, CoreStates Bank, N.A. as Co-Agent and certain banks party to the Credit Agreement dated as of November 27, 1996. *
23.1	Consent of Robert Rossi & Co.**

- - - - -
* Previously filed.
** Filed herewith.

Unaudited Pro Forma Consolidated Financial Information

The unaudited pro forma consolidated financial statements present pro forma information for Penn National Gaming, Inc. (the "Company") giving effect to the acquisition (the "Acquisition") of all of the capital stock of The Plains Company and all of the limited partnership interests in The Plains Company's affiliated entities (together, "The Plains Company") for an aggregate purchase price of \$47.0 million plus approximately \$525,000 in acquisition-related fees and expenses. These pro forma consolidated financial statements are based upon the historical financial statements of the Company and The Plains Company as of September 30, 1996 and for the year ended December 31, 1995 and for the nine months ended September 30, 1996.

The accompanying pro forma consolidated balance sheet as of September 30, 1996 has been presented as if the Acquisition had occurred on September 30, 1996. The accompanying pro forma consolidated statements of income for the year ended December 31, 1995 and for the nine months ended September 30, 1996 have been presented as if the Acquisition had occurred on January 1, 1995.

The pro forma adjustments are based upon currently available information and upon certain assumptions described in the accompanying Notes to Unaudited Pro Forma Consolidated Financial Statements. These assumptions include assumptions relating to the allocation of the purchase price paid in the Acquisition to the assets and liabilities of The Plains Company based upon preliminary estimates of fair values; the actual allocation of such purchase price may differ from that reflected in the pro forma consolidated financial statements. The Company's management believes the assumptions underlying the pro forma consolidated financial statements to be reasonable under the circumstances.

The pro forma consolidated financial statements are unaudited and are not necessarily indicative of the results that would have been obtained if the Acquisition had occurred on the dates indicated, or the results of operations that may be obtained in the future. These statements are qualified in their entirety by, and should be read in conjunction with, the historical financial statements of the Company and The Plains Company.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 1996

	COMPANY HISTORICAL	POCONO DOWNS HISTORICAL	PRO FORMA ADJUSTMENTS AND ELIMINATIONS	COMPANY PRO FORMA
	-----	-----	-----	-----
(IN THOUSANDS)				
ASSETS				
Cash and cash equivalents.....	\$ 5,602	\$ 4,521	\$(46,407)(1) 44,822 (2) (1,780)(3)	\$ 6,758
Marketable securities....	--	6,001	(6,001)(2)	--
Other current assets.....	3,362	1,557	--	4,919
	-----	-----	-----	-----
Total current assets...	8,964	12,079	(9,366)	11,677
Property and equipment, net.....	19,629	12,712	22,541 (1)	54,882
Intangibles, including goodwill.....	1,848	--	11,563 (1)	13,411
Other assets, including deferred charges.....	3,292	235	(1,118)(1) 1,780 (3)	4,189
	-----	-----	-----	-----
Total assets.....	<u>\$33,733</u>	<u>\$25,026</u>	<u>\$ 25,400</u>	<u>\$ 84,159</u>
	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current maturities of				
long-term debt.....	\$ 222	\$ 1,020	\$ (1,020)(2)	\$ 222
Other current liabilities.....	5,748	3,426	--	9,174
	-----	-----	-----	-----
Total current liabilities.....	5,970	4,446	(1,020)	9,396
	-----	-----	-----	-----
Long-term debt.....	80	7,159	39,841 (2)	47,080
Other long-term liabilities.....	989	--	--	989
	-----	-----	-----	-----
Total long-term liabilities.....	1,069	7,159	39,841	48,069
	-----	-----	-----	-----
Minority interest.....	--	1,880	(1,880)(1)	--
Total shareholders' equity (deficit)....	26,694	11,541	(11,541)(1)	26,694
	-----	-----	-----	-----
Total liabilities and shareholders' equity.....	<u>\$33,733</u>	<u>\$25,026</u>	<u>\$ 25,400</u>	<u>\$ 84,159</u>
	=====	=====	=====	=====

The accompanying notes are an integral part of these pro forma consolidated financial statements.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF INCOME

YEAR ENDED DECEMBER 31, 1995

	COMPANY HISTORICAL	POCONO DOWNS HISTORICAL	PRO FORMA ADJUSTMENTS AND ELIMINATIONS	COMPANY PRO FORMA
(IN THOUSANDS, EXCEPT PER SHARE DATA)				
Total revenues.....	\$57,676	\$33,854	\$ --	\$ 91,530
Total operating expenses..	49,421	27,261	(1,053)(6) 861 (7)	76,490
Income (loss) from operations.....	8,255	6,593	192	15,040
Total other income (expenses).....	208	(461)	(3,995)(4) 561 (5)	(3,687)
Minority interest.....	--	(1,571)	1,571 (9)	--
Income (loss) before income taxes.....	8,463	4,561	(1,671)	11,353
Taxes on income.....	3,467	1,602	(1,362)(8) 660 (9)	4,367
Net income (loss).....	\$ 4,996	\$ 2,959	\$ (969)	\$ 6,986
Net income per share.....	\$.38			\$.53
Weighted average common shares outstanding.....	13,104			13,104

NINE MONTHS ENDED SEPTEMBER 30, 1996

	COMPANY HISTORICAL	POCONO DOWNS HISTORICAL	PRO FORMA ADJUSTMENTS AND ELIMINATIONS	COMPANY PRO FORMA
(IN THOUSANDS, EXCEPT PER SHARE DATA)				
Total revenues.....	\$46,474	\$25,746	\$ --	\$ 72,220
Total operating expenses..	39,237	21,306	(804)(6) 601 (7)	60,340
Income (loss) from operations.....	7,237	4,440	203	11,880
Total other income (expenses).....	185	(316)	(2,996)(4) 306 (5)	(2,821)
Minority interest.....	--	(874)	874 (9)	--
Income (loss) before income taxes.....	7,422	3,250	(1,613)	9,059
Taxes on income.....	3,016	1,323	(1,045)(8) 367 (9)	3,661
Net income (loss).....	\$ 4,406	\$ 1,927	\$ (935)	\$ 5,398
Net income per share.....	\$.32			\$.39
Weighted average common shares outstanding.....	13,754			13,754

The accompanying notes are an integral part of these pro forma consolidated

financial statements.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

POCONO DOWNS ACQUISITION:

The pro forma adjustments are as follows:

- (1) The Company purchased Pocono Downs for \$47,000,000 and recorded a charge of \$525,000 for estimated acquisition-related costs.

The purchase price of the Pocono Downs Acquisition is reflected as follows:

	(IN THOUSANDS)
Cost of Pocono Downs Acquisition.....	\$ 47,525
Less: Historical minority interest.....	(1,880)
Pocono Downs historical equity.....	(11,541)

Excess acquisition cost.....	\$ 34,104
	=====
Allocations:	
Increase to property and equipment.....	\$ 22,541
Intangibles, including goodwill.....	11,563

	\$ 34,104
	=====

The following pro forma adjustment records the Pocono Downs Acquisition:

	SEPTEMBER 30, 1996	
	DEBIT	CREDIT

	(IN THOUSANDS)	
Cash.....		\$46,407
Property and equipment, net.....	\$22,541	
Intangibles, including goodwill.....	11,563	
Minority interest.....	1,880	
Stockholders' equity.....	11,541	
Other assets, including deferred charges.....		1,118

- (2) In connection with the Pocono Downs Acquisition, the Company borrowed \$47,000,000. Approximately \$8,179,000 of existing Pocono Downs cash and marketable securities was used to retire its long-term indebtedness. The following pro forma adjustment reflects the repayment of certain Pocono Downs indebtedness, as well as the transaction-related borrowings:

	SEPTEMBER 30, 1996	
	DEBIT	CREDIT

	(IN THOUSANDS)	
Current maturities of long-term debt.....	\$ 1,020	
Long-term debt.....		\$39,841
Cash.....	44,822	
Marketable securities.....		6,001

- (3) Fees incurred or to be incurred in connection with the above-mentioned bank borrowing are estimated to be \$1,780,000. The following pro forma adjustment represents the payment of these fees:

	SEPTEMBER 30, 1996	
	DEBIT	CREDIT

	(IN THOUSANDS)	

Other assets, including deferred charges.....	\$1,780	
Cash.....		\$1,780

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

- (4) The purchase price was financed with the above-mentioned bank borrowing. The following pro forma adjustment records the interest expense in connection with this borrowing at an assumed interest rate of 8.5% per annum:

	YEAR ENDED DECEMBER 31, 1995	NINE MONTHS ENDED SEPTEMBER 30, 1996
	-----	-----
	(IN THOUSANDS)	
Interest expense -- senior debt.....	\$3,995	\$2,996

- (5) The following pro forma adjustment reflects the elimination of Pocono Downs, net interest expense relating to the repayment of its indebtedness:

	YEAR ENDED DECEMBER 31, 1995	NINE MONTHS ENDED SEPTEMBER 30, 1996
	-----	-----
	(IN THOUSANDS)	
Eliminate historical net interest expense.....	\$(561)	\$(306)

- (6) The following pro forma adjustment reflects the elimination of certain historical Pocono Downs corporate and administrative expenses, principally certain duplicative senior management compensation:

	YEAR ENDED DECEMBER 31, 1995	NINE MONTHS ENDED SEPTEMBER 30, 1996
	-----	-----
	(IN THOUSANDS)	
Operating expenses other than depreciation and amortization.....	\$(1,053)	\$(804)

- (7) The following pro forma adjustment reflects the incurrence of additional depreciation and amortization:

	YEAR ENDED DECEMBER 31, 1995	NINE MONTHS ENDED SEPTEMBER 30, 1996
	-----	-----
	(IN THOUSANDS)	
Operating expenses -- depreciation and amortization.....	\$861	\$601

- (8) Pro forma adjustment to record income tax effect of pro forma income statement adjustments at estimated effective tax rate of 42%:

	YEAR ENDED DECEMBER 31, 1995	NINE MONTHS ENDED SEPTEMBER 30, 1996
	-----	-----
	(IN THOUSANDS)	
Income tax effect.....	\$(1,362)	\$(1,045)

- (9) Pro forma adjustment to eliminate allocation of income to Pocono Downs' minority interest and the related tax effect:

	YEAR ENDED DECEMBER 31, 1995	NINE MONTHS ENDED SEPTEMBER 30, 1996
--	---------------------------------	---

(IN THOUSANDS)

Minority interest.....	\$1,571	\$874
Income tax provision.....	660	367

SIGNATURE

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 hereunto duly authorized.

Penn National Gaming, Inc.

Date: February 6, 1997

By: /s/ Robert S. Ippolito

Robert S. Ippolito
Chief Financial Officer

EXHIBIT INDEX

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* Previously filed.

** Filed herewith.

CONSENT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Penn National Gaming, Inc.
825 Berkshire Boulevard
Wyomissing, Pennsylvania

We hereby consent to the inclusion in the current report on Form 8-K/A of Penn National Gaming, Inc. dated February 6, 1997 to be filed with the Securities and Exchange Commission of our report dated December 6, 1996, relating to the consolidated financial statements of The Plains Company as of December 31, 1994 and 1995, and for each of the years in the three-year period ended December 31, 1995.

/s/ ROBERT ROSSI & CO.

ROBERT ROSSI & CO.

Olyphant, Pennsylvania
February 6, 1997