

CLIFFORD WILLIAM J
Form 4
January 05, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
CLIFFORD WILLIAM J

2. Issuer Name and Ticker or Trading Symbol
PENN NATIONAL GAMING INC
[PENN]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
825 BERKSHIRE BLVD SUITE 200

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
01/03/2006

____ Director
 Officer (give title below) _____ Other (specify below)
Chief Financial Officer

WYOMISSING, PA 19610

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock ⁽¹⁾ | 01/03/2006 | | M | | 3,892 | A | \$ 4.74 |
| Common Stock | 01/03/2006 | | M | | 8,608 | A | \$ 7.42 |
| Common Stock | 01/03/2006 | | S | | 12,500 | D | \$ 33.218 |
| | | | | | 22,392 | D | |
| | | | | | 31,000 | D | |
| | | | | | 18,500 | D | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Non-Qualified Stock Options (right to buy) | \$ 4.74 | 01/03/2006 | | M | 3,892 | 07/30/2005 07/30/2008 | Common Stock | 3,892 |
| Non-Qualified Stock Options (right to buy) | \$ 7.42 | 01/03/2006 | | M | 8,608 | 01/02/2003 01/02/2009 | Common Stock | 8,608 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| CLIFFORD WILLIAM J 825 BERKSHIRE BLVD SUITE 200 WYOMISSING, PA 19610 | | | Chief Financial Officer | |

Signatures

/s/Robert S Ippolito as attorney-in-fact for William J Clifford
01/05/2006

Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) All transactions on this form 4 were made pursuant to a stock trading plan, dated November 2, 2005, established pursuant to rule 10b5-1.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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