

ORDER 2008-139

AN ORDER GRANTING LEAVE TO FORTRESS INVESTMENT GROUP LLC AND CENTERBRIDGE PARTNERS, L.P., TO WITHDRAW THEIR APPLICATION FOR TRANSFER OF OWNERSHIP INTEREST IN PENN NATIONAL GAMING, INC.

On October 14, 2008 Fortress Investment Group LLC (“Fortress”) and Centerbridge Partners, L.P. (“Centerbridge”) requested, in writing, that the Indiana Gaming Commission grant leave to withdraw their previously filed application for transfer of ownership interest in Penn National Gaming, Inc. (“Penn”).

In evaluating the Fortress and Centerbridge request, the Commission has considered the following factors:

1. The request for leave from Fortress and Centerbridge follows the July 2008 execution of an agreement with Penn (the “Investor Rights Agreement”) to terminate a 2007 merger agreement pursuant to which the previously proposed transfer of ownership interest would have been achieved.
2. In lieu of the ownership transfer, the Investor Rights Agreement calls for Penn to receive \$1.45 billion, consisting of: (1) a \$225 million cash termination fee, and (2) the purchase of \$1.25 billion of redeemable preferred equity non-voting securities due in 2015 (the “Series B Preferred Stock”).
3. After review, Commission staff has recommended that the issuance of the Series B Preferred Stock be considered a debt transaction subject to Commission review and approval, and not a true equity stake in Penn.
4. Given the nature of the Investor Rights Agreement, and the Series B Preferred Stock in particular, it is no longer necessary or appropriate to consider the transfer of ownership application previously filed by Fortress and Centerbridge.
5. Pursuant to 68 IAC 2-1-4(f), an application for a riverboat owner’s license in Indiana may not be withdrawn without leave of the Indiana Gaming Commission (“Commission”).

COMMISSION ACTION

Based on the foregoing, the Commission hereby **GRANTS** leave to Fortress and Centerbridge to withdraw their application for transfer of ownership interest Penn.

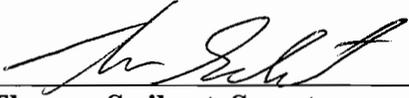
IT IS SO ORDERED THIS THE 13TH DAY OF NOVEMBER, 2008.

THE INDIANA GAMING COMMISSION:



William Barrett, Chair

ATTEST:



Thomas Swihart, Secretary