

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: November 30, 2007

Subject: Penn National Gaming, Inc. (PENN/UQN) Pending Merger

On Wednesday, December 12, 2007, the shareholders of Penn National Gaming, Inc. (PENN) will vote to approve the proposed merger with Fortress Investment Group LLC and Centerbridge Partners, L.P. Pursuant to the merger terms each PENN share will be converted into the right to receive \$67.00 cash. If the merger is not completed by June 15, 2008, the \$67.00 per share merger consideration will be increased \$0.0149 per day for each day after such date through and including the closing date. **The merger is anticipated to become effective in the third quarter of 2008.**

***The foregoing is an unofficial summary of the terms of the Merger, prepared by the PHLX for the convenience of its members. PHLX accepts no responsibility for the accuracy or completeness of the summary. Members should refer to the proxy statement for the authoritative description of the merger terms and conditions.*

Pursuant to Options Clearing Corporation (OCC) By-Laws, all outstanding UQN options will be adjusted as follows:

EFFECTIVE DATE: Option changes are expected to become effective on a date to be announced
NEW DELIVERABLE: \$6,700.00 cash per contract (\$67.00 x 100), subject to adjustment

Existing open interest in all UQN options will remain until options are exercised or expire. Since they are American style options, they are exercisable at the option of the holder.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-5380.