

ORDER 2007-40

AN ORDER RATIFYING THE PREVIOUSLY AWARDED INTERIM WAIVER AND APPROVAL OF THE \$1 BILLION DEBT OFFERING PROPOSED BY PINNACLE ENTERTAINMENT, INC.

Pursuant to IC 4-33-4-21 and 68 IAC 5-3-2, the Indiana Gaming Commission (“Commission”) reviews proposed debt transactions to analyze the financial health of riverboat licensees and to ensure that a riverboat owner’s license is not leased or hypothecated, or that money is not borrowed or loaned against a riverboat owner’s license.

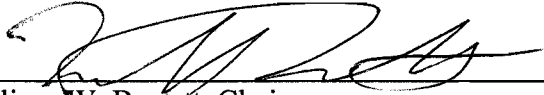
The Commission has considered the following factors:

1. In a letter dated April 13, 2007, Pinnacle Entertainment, Inc. (“Pinnacle”), through counsel, requested Commission approval of a proposed debt transaction.
2. According to Pinnacle, the proposed debt transaction shall be in the form of a debt offering of Senior Subordinated Notes with an aggregate face value of up to \$1 billion with a maturity between 8 and 10 years and a maximum interest rate of 8.5%.
3. Pursuant to Resolution 2006-10, after analyzing the proposed transaction and receiving the requisite concurrences from the Commission’s Chair (William Barrett) and outside financial expert (Dr. Charlene Sullivan), Executive Director Ernest Yelton issued an interim approval and waiver of 68 IAC 5-3-2, via letter dated June 1, 2007.
4. Subject to certain enumerated and continuing conditions, the June 1st letter outlined the allowable parameters of the debt transaction and authorized Pinnacle to issue the proposed notes without receiving prior approval from the full Commission and without satisfying the “two meeting requirement” of 68 IAC 5-3-2(b)(2) and (3).
5. The Commission members have received a confidential financial analysis of the proposed debt offering from the Commission’s outside financial expert, Dr. A. Charlene Sullivan who recommends approval.
6. Resolution 2006-10 requires that Executive Director Yelton’s interim approval and waiver be reported to the full Commission at the next business meeting held under 68 IAC 2-1-5. Additionally, 68 IAC 5-3-7 requires that such waiver be reported to the Commission in order that it may have the opportunity to direct the Executive Director to take additional or different action.

Based on the foregoing, the Commission hereby **RATIFIES** the Executive Director’s June 1, 2007 interim approval and waiver. The Commission’s ratification is subject to Pinnacle’s continuing compliance with the terms and conditions included in Executive Director Yelton’s June 1st letter. Should Pinnacle willfully fail to abide by said terms and conditions, the Commission reserves the right to withdraw this ratification; require Pinnacle to obtain additional approval(s); and/or take other appropriate disciplinary action.

IT IS SO ORDERED THIS THE 7TH DAY OF JUNE, 2007.

THE INDIANA GAMING COMMISSION:



William W. Barrett, Chair

ATTEST:



Donald R. Vowels, Secretary