

ORDER 2006-94

AN ORDER CONCERNING THE COMMISSION'S WAIVER OF 68 IAC 5-3-2 AND APPROVAL OF THE DEBT TRANSACTION 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 September 28, 2006, Pinnacle Entertainment, Inc. ("Pinnacle"), through counsel, requested a waiver of the 68 IAC 5-3-2 two meeting rule and approval of a Third Amendment to the company's previously approved Second Amended and Restated Credit Agreement ("Credit Agreement").
2. According to the documents and information submitted by Pinnacle for consideration, the proposed Third Amendment to the company's secured credit facility would authorize Pinnacle to receive \$250,000,000.00 in "Incremental Loans" from its lenders under the Credit Facility. Incremental Loans in this aggregate amount were expressly contemplated by the terms of Credit Agreement.
3. The \$250 million in additional loans will increase the credit availability on Pinnacle's secured credit facility to an aggregate of \$1 billion.
4. Pinnacle's proposal contemplates that the \$250 million increase will be achieved through a \$175 million addition to its existing revolving line of credit and a \$75 million addition to its existing term loan. Pinnacle currently pays interest rates of LIBOR plus 1.5% on the revolver and LIBOR plus 2.0% on the term loan. These rates are subject to change as determined by the existing terms of the Credit Facility, up to a maximum of LIBOR plus 2.5% on the revolver and LIBOR plus 2.25% on the term loan.
5. The Commission members have received a confidential financial analysis of the transaction from the Commission's outside financial expert, Dr. A. Charlene Sullivan who recommends approval of the proposed Third Amendment.

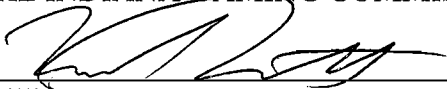
Based on the documentation and information provided by Pinnacle to date, along with the positive recommendation from Dr. Sullivan, the Commission hereby **APPROVES** the proposed Third Amendment to Pinnacle's Credit Facility. In granting such approval, the Commission also hereby **WAIVES** the "two meeting requirement" of 68 IAC 5-3-2(b)(2) and (3).

The Commission's approval of Pinnacle's proposed amendment is conditioned upon: (1) the provisions of the final amendment *not* materially differing from the terms which have been presented by Pinnacle to date; (2) Pinnacle providing, as soon as practicable, all information and documentation contemplated by 68 IAC 5-3-2, including relevant portions of final executed closing documents, for

final review by Commission staff; (3) the terms of the final financing documentation containing language which ensures that the riverboat license, or any interest therein, is not leased, hypothecated, or borrowed against in any way. Should Pinnacle willfully fail to abide by said terms and conditions, the Commission reserves the right to withdraw this approval; require Pinnacle to obtain additional approval(s); and/or take other appropriate disciplinary action.

IT IS SO ORDERED THIS THE 9TH DAY OF NOVEMBER, 2006.

THE INDIANA GAMING COMMISSION:



William Barrett, Chair

ATTEST:



Donald R. Vowels, Secretary