

**Pinnacle Entertainment, Inc.**  
**Charter for Audit Committee**  
(effective as of May 4, 2004)

ARTICLE I  
PURPOSE

The purpose of the Committee is to (1) assist Board of Directors (the "Board") oversight of (a) the integrity of the Corporation's financial statements, (b) the Corporation's compliance with legal and regulatory requirements, (c) the Corporation's independent auditors' qualifications and independence and (d) the performance of the Corporation's internal audit function and independent auditors, (2) prepare the audit committee report required by the Securities and Exchange Commission (the "SEC") to be included in the Corporation's annual proxy statement, and (3) perform such other duties and obligations of audit committees under applicable law and regulation.

ARTICLE II  
COMPOSITION

The Committee shall consist of at least three directors, each of whom shall be determined by the Board to meet the independence requirements of the New York Stock Exchange, Inc. ("NYSE"), the SEC and any other applicable law applicable to audit committee members. All members shall meet the NYSE's financial literacy requirements and at least one member shall either be an "audit committee financial expert" as such term is defined in applicable SEC rules<sup>1</sup> or have accounting or financing management expertise. A Committee member may not serve on the audit committee of more than two additional public companies other than the Corporation.

The members of the Committee shall be appointed by the Board based on the recommendation of the corporate governance and nominating committee. The members may be removed from the Committee by the Board. The Board shall appoint the Chair of the Committee. If the Board fails to appoint a Chair, the members of the Committee shall elect a Chair by majority vote.

The Committee may, to the extent permitted by applicable laws and regulations, form and delegate any of its responsibilities to a subcommittee so long as such subcommittee consists of at least two members of the Committee.

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<sup>1</sup> The NYSE does not require an "audit committee financial expert." However, if the Committee does not have one, it must have at least one member who has "accounting or related financial management expertise" and the Company's proxy must explain why it does not have an audit committee financial expert. John, as a CPA and former CFO, would satisfy the SEC's standards for an audit committee financial expert.

### ARTICLE III FUNCTIONS

The Committee is authorized to carry out its responsibilities and functions and other responsibilities assigned to it by the Board from time to time, and to take any action reasonably related to the mandate of this Charter. Subject to any restrictions set forth in the Corporation's Certificate of Incorporation and Bylaws and applicable law, the Committee shall have all power and authority necessary or appropriate to carry out its purposes and responsibilities, including the resources and authority to retain outside separate counsel or other experts or consultants, as it deems appropriate.

While the Committee has certain authority and oversight responsibilities under this Charter, management is responsible for preparing the Corporation's financial statements and for their accuracy and the Corporation's independent auditors are responsible for auditing and reviewing those financial statements. It is not the responsibility of the Committee to plan or conduct audits. In the absence of their possession of reason to believe that such reliance is unwarranted, the members of the Committee may rely without independent verification on the information provided to them and on the representations made by the Corporation's management and the Corporation's independent auditors. Accordingly, the Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations that the audits of the Corporation's financial statements have been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that the Corporation's independent auditors are in fact "independent."

Additionally, the Committee recognizes that financial management, as well as the Corporation's independent auditors, have more time, knowledge and more detailed information concerning the Corporation than do Committee members; consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Corporation's financial statements or any professional certification as to work of the Corporation's independent auditors. Further, auditing literature, particularly Statement of Auditing Standards No. 71, defines the term "review" to include a particular set of required procedures to be undertaken by independent auditors. The members of the Committee are not independent auditors, and the term "review" as applied to the Committee in this Charter is not intended to have that meaning and should not be interpreted to suggest that the Committee members can or should follow the procedures required of auditors performing reviews of financial statements.

The principal responsibilities and functions of the Committee are set forth below.

A. Independent Auditors

1. Be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged by the Corporation (including resolution of disagreements between management and the auditor regarding financial reporting)

for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. The independent auditors shall report directly to the Committee.

2. Pre-approve all audit and permissible non-audit services to be performed for the Corporation by a registered public accounting firm in accordance with the provisions of § 10A(i) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").
3. Review and discuss with the independent auditors their audit procedures, including the scope, fees and timing of the audit, and the results of the annual audit examination and any accompanying management letters, and any reports of the independent auditors with respect to interim periods.
4. At least annually, discuss with the independent auditors their independence and receive each of the following in writing:
  - (a) Disclosure of all relationships between the auditors and their related entities and the Corporation and its related entities that in the auditors' professional judgment may reasonably be thought to bear on independence, consistent with Independence Standards Board Standard No. 1, as may be modified or supplemented;
  - (b) Discuss with the Corporation's independent auditors any relationships or services disclosed by the independent auditors that may impact the objectivity and independence of the independent auditors and take, or recommend that the Board take, appropriate action to oversee the independent auditors' independence; and
  - (c) Confirmation that, in the auditors' professional judgment, the independent auditors are independent of the Corporation within the meaning of the federal securities laws.
5. At least annually, obtain and review a report by the independent auditors describing (a) the independent auditors' internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with such issues; and (c) all relationships between the independent auditors (which may be set forth in the disclosures required in Section III.A.4 above).

6. Set clear hiring policies for the employment of employees or former employees of the Corporation's independent auditors.
7. At least annually, evaluate the independent auditors' qualifications, performance and independence, including a review and evaluation of the lead partner of the independent auditors, and present its conclusions to the Board. The Committee shall present its conclusions with respect to the independent auditors to the full Board.

B. Financial Statements

1. Review and discuss the Corporation's audited financial statements and quarterly financial statements with the Corporation's independent auditors and management, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Corporation's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.
2. Review and discuss with management and the independent auditors any transactions or courses of dealing with parties related to the Corporation which transactions are significant in size or involve terms or other aspects that differ from those that would likely be negotiated with independent parties, and which arrangements or transactions are relevant to an understanding of the Corporation's financial statements.
3. Review and discuss with management and the independent auditors the accounting policies that may be viewed as critical, any significant changes in the Corporation's accounting policies and any accounting or financial reporting proposals that may have a significant impact on the Corporation's financial reports. Inquire about the Corporation's independent auditors' views about management's choices among alternative accounting principles and the quality of the Corporation's accounting principles as applied in its financial reporting.
4. Review and discuss with management and the independent auditors any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Corporation with entities of which the Committee is made aware whose accounts are not consolidated in the financial statements of the Corporation and that may have a material current or future effect on the Corporation's financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenues or expenses.
5. Review and recommend action with respect to the results of each independent audit of the Corporation's financial statements, including problems encountered in connection with such audit and

recommendations of the independent auditors arising as a result of such audit.

6. Based on (a) its review and discussions with management of the Corporation's audited financial statements, (b) its discussion with the independent auditors of the matters to be communicated pursuant to SAS 61 and (c) the written disclosures from the Corporation's independent auditors regarding independence, recommend to the Board whether the Corporation's audited financial statements should be included in the Corporation's Annual Report on Form 10-K for the last fiscal year for filing with the SEC.
7. Discuss the Corporation's earnings releases, as well as financial information and earnings guidance communicated to the financial community. The Committee may discuss this generally (i.e. discussion of the types of information to be disclosed and the type of presentation to be made) and need not discuss in advance each earnings release or each instance in which the Corporation may provide earnings guidance.

C. Internal Accounting

1. Review with the Corporation's independent auditors and financial management the adequacy and effectiveness of the Corporation's system of disclosure controls and procedures and internal controls over financial reporting and the related findings and recommendations of the Corporation's independent auditors together with management's responses.
2. Prior to the Corporation's filing of any Quarterly Report on Form 10-Q ("10-Q") or Annual Report on Form 10-K ("10-K"), receive disclosures from the Corporation's principal executive officer and principal financial officer with respect to the following (a) all significant deficiencies in the design or operation of internal controls over financial reporting which could adversely affect the Corporation's ability to record, process, summarize and report financial data; (b) all material weaknesses in internal controls identified by such officers to the Corporation's independent auditors; and (c) any fraud, whether material or not material, that involves management of the Corporation or other employees who have a significant role in the Corporation's internal controls over financial reporting.
3. Obtain the attestation and report of the Corporation's independent auditors on the assessment made by the Corporation's management in the 10-Q or 10-K of the effectiveness of the Corporation's internal control structure and procedures for financial reporting.

4. Meet separately, periodically, with the Corporation's internal auditors.

D. Management and Employee Conduct Policies

1. Review on an ongoing basis and approve or disapprove all related party transactions that are required to be disclosed by Item 404 of Regulation S-K.
2. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
3. Receive any report required to be made by the Corporation's attorneys pursuant to the standards adopted by the SEC for the professional conduct of attorneys appearing and practicing before the SEC.

E. Other

1. Prepare an audit committee report for inclusion in the Corporation's annual proxy statement in accordance with the rules promulgated by the SEC.
2. Review with the Board, among other matters, any issues that it judges to be material that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Corporation's independent auditors and the performance of the internal audit function.
3. Discuss guidelines and policies to govern the process by which the CEO and senior management assess and manage the Corporation's exposure to risk.
4. At least annually, (a) conduct a self-evaluation of the performance of the Committee.
5. Perform such other duties and obligations as audit committees are required to perform under applicable law and the rules of the NYSE as in effect from time to time.
6. The Committee shall report regularly to the Board.