

## Pinnacle Entertainment, Inc.

### Categorical Director Independence Standards

The Board of Directors (the "Board") of Pinnacle Entertainment, Inc. ("Pinnacle") has adopted these Categorical Director Independence Standards to assist the Board in making determinations of director independence in accordance with the rules of the New York Stock Exchange (the "NYSE").

The Board will assess the independence of each director on an annual basis prior to approving director nominees for inclusion in the proxy statement for Pinnacle's annual meeting of stockholders. If a director is appointed to the Board between annual meetings, the Board will assess the director's independence at the time of such appointment. Directors must notify the Board promptly of any change in circumstances that might be perceived as putting the director's independence at issue. If so notified, the Board will reevaluate the director's independence as soon as practicable.

Under these standards, a director will be deemed independent for purposes of service on the Board only if:

- (1) the director does not have any relationship described in NYSE Rule 303A.02(b), as such rule may be amended from time to time;
- (2) in the event the director has a relationship that exceeds the limits described below, the Board determines in its judgment, after consideration of all relevant facts and circumstances, that the relationship is not material; and
- (3) the Board reviews all commercial, banking, consulting, legal, accounting, charitable, familial and other relationships the director has with Pinnacle that are not of a type described below, and determines in its judgment, after consideration of all relevant facts and circumstances, that the relationship is not material.

The fact that a particular relationship or transaction is required to be disclosed in the annual proxy statement under the rules of the Securities and Exchange Commission (the "SEC") will not be dispositive for purposes of determining whether the relationship or transaction is material. If the Board determines that a relationship described in section (2) or (3) above is not material, the basis for that determination will be explained in Pinnacle's annual proxy statement, as required by NYSE Rule 303A.02(a), as such rule may be amended from time to time.

A director shall be deemed not to have a material relationship with Pinnacle if the director satisfies each of the Categorical Standards listed below.

1. **No Material Employment with Pinnacle.** The director is not, and has not within the past three years been, an employee of Pinnacle, and no immediate family member of the director is, or within the past three years has been, an executive officer of Pinnacle.
2. **No Material Direct Compensation from Pinnacle.** Neither the director nor an immediate family member of the director has received more than \$120,000 during any twelve-month period within the past three years in direct compensation from Pinnacle. In calculating such compensation, the following will be excluded: (a) director and committee fees and pension or other forms of deferred compensation for prior service to Pinnacle (provided that such deferred compensation is not contingent in any way on continued service for Pinnacle); and (b) compensation paid to an immediate family member of the director for service as an employee of Pinnacle (other than as an executive officer).
3. **No Material Affiliation with Pinnacle's Auditor.** (A) The director is not a current partner nor a current employee of a firm that is Pinnacle's internal or external auditor; (B) the director has no immediate family member who is a current partner of a firm that is Pinnacle's internal or external auditor; (C) the director has no immediate family member who is a current employee of a firm that is Pinnacle's internal or external auditor and personally works on Pinnacle's audit; and (D) neither the director nor an immediate family member of the director was, within the last three years (but is no longer), a partner or employee of a firm that is Pinnacle's internal or external auditor and personally worked on Pinnacle's audit within that time.

4. **No Interlocking Directorates.** Neither the director, nor an immediate family member of the director is, or has been within the last three years, employed as an executive officer of another company where any of Pinnacle's present executive officers at the same time serves or served on that company's compensation committee.

5. **No Material Relationship Involving Company in Business Dealings with Pinnacle.** The director is not a current executive officer, employee or significant equityholder of, and no immediate family member of the director is a current executive officer of, another company that has made payments to, or has received payments from, Pinnacle for property or services (other than those arising solely from investments in Pinnacle's securities) in an amount which in any of the last three fiscal years exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

6. **No Material Relationship Involving Law Firm or Investment Banking Firm Providing Services to Pinnacle.** The director is not a current partner or associate of, or of counsel, to, or an employee of, and no immediate family member of the director is a current managing partner or executive officer of, a law firm or investment banking firm providing service to Pinnacle, wherein the fees paid to such firm by Pinnacle during any fiscal year in each of such firm's three preceding fiscal years exceeded the greater of \$1 million or 2% of such firm's consolidated gross revenues.

7. **No Material Relationship Involving Tax-Exempt or Other Charitable Organizations to which Pinnacle Contributes.** Neither the director nor an immediate family member of the director is currently an executive officer or director of a tax-exempt or other charitable entity to which Pinnacle has made contributions for the most recently completed fiscal year representing more than the greater of \$1 million or 2% of such organization's annual consolidated gross revenues.

8. **No Material Indebtedness Relationship.** Neither the director nor an immediate family member of the director is currently an executive officer of another company which is indebted to Pinnacle or to which Pinnacle is indebted, where the total amount of either Pinnacle's or the other company's indebtedness exceeds 5% of the consolidated assets of the indebted company.

9. **No Material Relationship with a Company in which Pinnacle has Equity Ownership.** Neither the director nor an immediate family member of the director is currently an executive officer or director of another company in which Pinnacle owns an equity interest greater than 10% of the total equity of such other company.

10. **No Material Relationship as a Holder of Debt Securities of Pinnacle.** Neither the director nor an immediate family member of the director holds debt securities of Pinnacle in an aggregate principal amount exceeding the greater of \$1 million or 2% of such director's or immediate family member's net worth.

Direct or indirect ownership of even a significant amount of Pinnacle stock by a director (or the director's immediate family member) who is otherwise independent as a result of the application of the foregoing standards will not, by itself, bar an independence finding as to such director. Members of Pinnacle's Audit Committee must also satisfy the independence requirements of Section 10A(m)(3) of the Securities Act of 1934, as amended.

For purposes of these Categorical Standards: (a) "independent" has the meaning ascribed to such term in NYSE Rule 303A.02; (b) "Pinnacle" includes Pinnacle Entertainment, Inc. and its consolidated subsidiaries; (c) an "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home; except that when applying the independence tests described above, Pinnacle need not consider individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or have become incapacitated; (d) "executive officer" has the same meaning specified for the term "officer" in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended;<sup>1</sup> and (e) a "significant equityholder" is the owner of 10% or greater voting or economic equity interest in the entity.

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<sup>1</sup> The term "officer" shall mean Pinnacle's president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice-president of Pinnacle in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for Pinnacle. Officers of Pinnacle's subsidiaries shall be deemed officers of Pinnacle if they perform such policymaking functions for Pinnacle.

The Board may revise these Categorical Standards from time to time, as it deems appropriate, subject to applicable stock exchange listing requirements.