



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.

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. Pursuant to the rules of The NASDAQ Stock Market LLC ("NASDAQ"), no director qualifies as "independent" unless the Board affirmatively determines that the director has no material relationship with Pinnacle (either directly or as a partner, stockholder or officer of an organization that has a relationship with Pinnacle) based on considering all relevant facts and circumstances.

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 NASDAQ Rule 5605(a)(2), 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. Pinnacle shall comply with all disclosure requirements set forth in Item 407(a) of Regulation S-K, which provides for disclosure, by category or type, of any transactions, relationships or arrangements considered by the Board under applicable independence definitions in determining that a director is independent.

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

1. No Material Employment with Pinnacle. The director is not, and has not within the past three years been, a team member (as defined below) of Pinnacle, and no Family Member (as defined below) 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 a Family Member of the director has received more than \$120,000 of any compensation during any twelve-month period within the three years preceding the determination of independence. In calculating such compensation, the following will be excluded: (a) compensation for Board or Board committee service; (b) compensation

paid to a Family Member who is a team member (other than an Executive Officer) of Pinnacle; and (c) benefits under a tax-qualified retirement plan or non-discretionary compensation.

3. **No Material Affiliation with Pinnacle's Auditor.** (A) The director is not a current partner of a firm that is Pinnacle's outside auditor; (B) the director has no Family Member who is a current partner of a firm that is Pinnacle's outside auditor; and (C) neither the director nor a Family Member of the director was, within the last three years, a partner or employee of a firm that is Pinnacle's outside auditor and personally worked on Pinnacle's audit within that time.

4. **No Interlocking Directorates.** Neither the director, nor a 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.** Neither the director nor a Family Member is a partner in, or a controlling equity holder (as defined below), or an executive officer of, any organization to which Pinnacle has made, or from which Pinnacle has received, payments for property or services in the current or any of the past three fiscal years that exceeds the greater of \$200,000 or 5% of the other company's consolidated gross revenues for that year, other than the following: (A) payments arising solely from investments in Pinnacle's securities; or (B) payments under non-discretionary charitable contribution matching programs.

6. **No Material Relationship Involving Law 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 Family Member of the director is a current partner or associate of, or of counsel, to, or an employee of, a law firm providing service to Pinnacle, wherein the fees paid to such law firm by Pinnacle during any twelve-month period within the three years preceding the determination of independence exceeded the greater of \$200,000 or 5% of such law firm's consolidated gross revenues; provided that if the firm is a sole proprietorship, it is whether the payment exceeds \$120,000.

7. **No Material Relationship Involving Tax-Exempt or Other Charitable Organizations to which Pinnacle Contributes.** Neither the director nor a 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 in the current fiscal year or any of the past three fiscal years representing more than the greater of \$200,000 or 5% of such organization's annual consolidated gross revenues.

8. **No Material Indebtedness Relationship.** Neither the director nor a 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 a 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.

Direct or indirect ownership of even a significant amount of Pinnacle stock by a director (or the director's 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 Exchange Act of 1934, as amended. In addition, members of Pinnacle’s Compensation Committee must also satisfy the independence requirements of NASDAQ Rule 5605(d)(2)(A).

For purposes of these Categorical Standards: (a) “independent” has the meaning ascribed to such term in NASDAQ Rule 5605(a)(2); (b) “Pinnacle” includes Pinnacle Entertainment, Inc. and its consolidated subsidiaries; (c) a “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 who resides in such person's home; except that when applying the independence tests described above, Pinnacle need not consider individuals who are no longer 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;¹ (e) a “controlling equity holder” is the largest equity holder in a company and owns at least 20% or greater voting or economic equity interest in the entity; and (f) a “team member” means an employee of Pinnacle.

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

¹ 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.