

BOYD GAMING CORP  
Form DEF 14A  
April 02, 2012  
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## SCHEDULE 14A

(Rule 14a-101)

### SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material pursuant to § 240.14a-12.

**BOYD GAMING CORPORATION**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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  - 4) Proposed maximum aggregate value of transaction:
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- 1) Amount Previously Paid:
  - 2) Form, Schedule or Registration Statement No.:
  - 3) Filing Party:
  - 4) Date Filed:

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**Notice of Annual Meeting of Stockholders**

**To be held on May 17, 2012**

**To the Stockholders of Boyd Gaming Corporation:**

You are invited to attend our 2012 Annual Meeting of Stockholders ( Annual Meeting ), which will be held at Delta Downs Racetrack Casino Hotel, 2717 Delta Downs Drive, Vinton, Louisiana 70668 on May 17, 2012 at 11:00 a.m., local time, for the following purposes:

1. To elect twelve members to our board of directors to serve until the next annual meeting of stockholders or until their respective successors have been duly elected and qualified.
2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.
3. To approve the amendment and restatement of the Company's 2002 Stock Incentive Plan as the 2012 Stock Incentive Plan.
4. To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof. The foregoing items of business, including the nominees for directors, are more fully described in the proxy statement which is attached to and made part of this notice.

Our board of directors has fixed the close of business on March 22, 2012 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.

We are pleased to take advantage of the U.S. Securities and Exchange Commission rules that allow companies to furnish their proxy materials over the Internet. As a result, we are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials (the Internet Availability Notice ) instead of a paper copy of this proxy statement and our 2011 Annual Report to Stockholders. The Internet Availability Notice contains instructions on how to access those documents over the Internet. The Internet Availability Notice also contains instructions on how to request a paper copy of our proxy materials, including this proxy statement, our 2011 Annual Report to Stockholders and a form of proxy card or voting instruction card, as applicable. All stockholders who do not receive an Internet Availability Notice will receive a paper copy of the proxy materials by mail. We believe that this process will reduce the costs of printing and distributing our proxy materials and also provides other benefits.

All stockholders are cordially invited to attend the Annual Meeting in person. However, whether or not you expect to attend the Annual Meeting in person, if you received paper copies of these proxy materials we urge you to mark, sign, date and return the enclosed proxy card as promptly as possible in the provided postage-prepaid envelope to ensure your representation and the presence of a quorum at the Annual Meeting. Stockholders who have accessed these proxy materials on the Internet, as well as those who have received paper copies, may vote by following the instructions included in this proxy statement or by following the instructions detailed in the Internet Availability Notice, as applicable. If you send in your proxy card or vote by telephone or the Internet, you may still decide to attend the Annual Meeting and vote your shares in person. Your proxy is revocable in accordance with the procedures set forth in this proxy statement.

By Order of the Board of Directors

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William S. Boyd  
*Executive Chairman of the Board of Directors*

**Las Vegas, Nevada**

April 2, 2012

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**BOYD GAMING CORPORATION**

**3883 Howard Hughes Parkway, Ninth Floor**

**Las Vegas, Nevada 89169**

**PROXY STATEMENT**

**INTRODUCTION**

Our board of directors is soliciting proxies for our 2012 Annual Meeting of Stockholders. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the Annual Meeting. Please read it carefully.

In this proxy statement:

we, us and the Company mean Boyd Gaming Corporation, a Nevada corporation, unless otherwise indicated; and

Annual Meeting means our 2012 Annual Meeting of Stockholders to be held on May 17, 2012 at 11:00 a.m., local time, at Delta Downs Racetrack Casino Hotel, 2717 Delta Downs Drive, Vinton, Louisiana 70668 and any adjournment or postponement thereof. A copy of our 2011 Annual Report to Stockholders, this proxy statement and accompanying proxy card are being distributed or otherwise made available beginning on or about April 2, 2012. Our executive offices are located at 3883 Howard Hughes Parkway, Ninth Floor, Las Vegas, Nevada 89169.

In accordance with the rules and regulations adopted by the U.S. Securities and Exchange Commission (the SEC), we have elected to provide access to our proxy materials to our stockholders by providing access to such documents on the Internet. Accordingly, a Notice of Internet Availability of Proxy Materials (the Internet Availability Notice) has been mailed to the majority of our stockholders, while other stockholders have instead received paper copies of the documents accessible on the Internet. Stockholders that received the Internet Availability Notice have the ability to access the proxy materials on a website referred to in the Internet Availability Notice or to request that a printed set of the proxy materials be sent to them, by following the instructions in the Internet Availability Notice.

The Internet Availability Notice also provides instructions on how to inform us to send future proxy materials to you electronically by e-mail or in printed form by mail. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials or a link to a special website to access our proxy materials. Your election to receive proxy materials by e-mail or printed form by mail will remain in effect until you terminate it.

Choosing to receive future proxy materials by e-mail will allow us to provide you with the proxy materials you need in a timelier manner and will save us the cost of printing and mailing documents to you.

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**QUESTIONS AND ANSWERS**

***What is the purpose of the Annual Meeting?***

You are invited to attend the Annual Meeting to consider and vote on the following proposals:

1. To elect twelve members to our board of directors to serve until the next annual meeting of stockholders or until their respective successors have been duly elected and qualified.
2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.
3. To approve the amendment and restatement of the Company's 2002 Stock Incentive Plan as the 2012 Stock Incentive Plan.
4. To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

***Who is entitled to vote at the Annual Meeting?***

The close of business on March 22, 2012 has been fixed as the record date for determining the holders of shares of our common stock entitled to notice of and to vote at the Annual Meeting. Only stockholders of record at the close of business on that date are entitled to attend and vote at the Annual Meeting. The only class of stock that is currently outstanding and that can be voted at the Annual Meeting is our common stock. Each outstanding share of common stock is entitled to one vote on each matter that comes before the Annual Meeting.

At the close of business on the record date, there were 86,588,933 shares of our common stock outstanding. Those shares represented by properly submitted proxies that are not duly revoked will be voted at the Annual Meeting.

***How do I vote?***

You may vote by ballot in person at the Annual Meeting. Alternatively, if your shares are registered directly in your name, you may submit a proxy and vote by using any of the following methods:

**By Telephone** You may use any touch-tone telephone to vote at anytime until noon (Central Daylight Time) on May 16, 2012 by calling 1-800-560-1965. When voting by telephone, please have the last four digits of your Social Security Number or Tax Identification Number available, and follow the simple voice-guided instructions.

**By Internet** You may use the Internet to vote at anytime until noon (Central Daylight Time) on May 16, 2012 by going to [www.eproxy.com/byd](http://www.eproxy.com/byd). When voting by Internet, please have the last four digits of your Social Security Number or Tax Identification Number available, and follow the simple instructions contained on the website to obtain your records and create an electronic ballot.

**By Mail** If you have received a printed proxy card, you may vote by completing, signing and dating the proxy card and returning it in the provided postage-paid envelope. Please mail your completed proxy card to Boyd Gaming Corporation, c/o Shareowner Services<sup>SM</sup>, P.O. Box 64873, St. Paul, MN 55164-0873.

To determine how you may revoke or change your vote submitted by the telephone, Internet and mail methods described above, please refer to the section entitled ***Can I change my vote after I submit my proxy?***



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If your shares are not registered directly in your name (e.g., you hold your shares in a stock brokerage account or through a bank or other holder of record), you may vote by following the instructions detailed on the Internet Availability Notice.

### *How does the board of directors recommend I vote on the proposals?*

The board of directors recommends that you vote:

Proposal 1 **FOR** the election of each of the twelve nominees to our board of directors.

Proposal 2 **FOR** the ratification of the Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

Proposal 3 **FOR** the approval of the amendment and restatement of the Company's 2002 Stock Incentive Plan as the 2012 Stock Incentive Plan.

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***What is the frequency of the Company's Say-on-Pay advisory vote?***

Last year at our 2011 Annual Meeting, we held our first advisory vote on executive compensation of our named executive officers and on the frequency of holding future advisory votes on executive compensation of our named executive officers. At the 2011 Annual Meeting, our stockholders approved the proposal to hold advisory votes on executive compensation for our named executive officers once every three years. Consistent with the preference expressed by our stockholders, our next say-on-pay advisory vote is scheduled to occur at our 2014 Annual Meeting of Stockholders.

***What if I do not specify how my shares are to be voted?***

If you are a stockholder of record and you execute and return your proxy card but you do not provide instruction with respect to any or all proposals to be acted upon at the Annual Meeting, your proxy will be voted FOR the election of each of the director nominees named in this proxy statement; FOR Proposals 2 and 3; and as the proxy holders deem advisable on other matters that may properly come before the Annual Meeting.

If you are a beneficial owner of our common stock and you do not provide instructions to your broker on how to vote your shares, your broker may vote your shares in its discretion only on Proposal 2; however, your shares will not be voted on Proposals 1 or 3. For a discussion regarding the difference between stockholders of record and beneficial owners, please refer to the section entitled ***What is the difference between holding shares as a stockholder of record and as a beneficial owner?***

Currently, no matter is expected to be considered at the Annual Meeting other than the proposals set forth in the accompanying Notice of Annual Meeting of Stockholders (the Notice of Annual Meeting). However, if any other matters are properly brought before the Annual Meeting for action, it is intended that the shares of our common stock represented by proxies will be voted by the persons named as proxies on the proxy card in accordance with their discretion on such matters.

***Why did I receive an Internet Availability Notice instead of a full set of the proxy materials?***

We are pleased to take advantage of the SEC rules that allow companies to furnish their proxy materials over the Internet. Accordingly, we sent to the majority of our stockholders the Internet Availability Notice regarding Internet availability of the proxy materials for this year's Annual Meeting. Other stockholders were instead sent paper copies of the proxy materials accessible on the Internet. Instructions on how to access the proxy materials over the Internet or to request a paper copy can be found in the Internet Availability Notice. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis by submitting a request to us at [www.boydgaming.com/proxymaterials](http://www.boydgaming.com/proxymaterials); by mail at **Boyd Gaming Corporation, 3883 Howard Hughes Parkway, Ninth Floor, Las Vegas, Nevada 89169, Attn: Robert Meyne, Vice President Corporate Communications**; via toll-free telephone: **800-695-2455, Attn: Robert Meyne, Vice President Corporate Communications**; or via e-mail: [robmeyne@boydgaming.com](mailto:robmeyne@boydgaming.com). A stockholder's election to receive proxy materials by mail or e-mail will remain in effect until the stockholder terminates it.

***Why didn't I receive an Internet Availability Notice?***

We are providing certain stockholders, including stockholders who have previously requested to receive paper copies of proxy materials, with paper copies of the proxy materials instead of, or in addition to, an Internet Availability Notice. If you would like to assist us in reducing the cost of distributing our proxy materials in the future, you can consent to receiving future proxy materials and other stockholder communications electronically via e-mail or the Internet. To sign up for electronic delivery, please contact us at [www.boydgaming.com/proxymaterials](http://www.boydgaming.com/proxymaterials); by mail at **Boyd Gaming Corporation, 3883 Howard Hughes Parkway, Ninth Floor, Las Vegas, Nevada 89169, Attn: Robert Meyne, Vice President Corporate Communications**; via toll-free telephone: **800-695-2455, Attn: Robert Meyne, Vice President Corporate Communications**; or via e-mail: [robmeyne@boydgaming.com](mailto:robmeyne@boydgaming.com), to submit your request.

***Can I vote my shares by filling out and returning the Internet Availability Notice?***

No. The Internet Availability Notice does, however, provide instructions on how to vote your shares.

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***Do I need an admission ticket to attend the Annual Meeting?***

No. However, all stockholders will need to present a valid government-issued photo identification (e.g., a driver's license or passport) at the door to be admitted to the Annual Meeting. Additionally, if you hold your shares in a stock brokerage account or in the name of a bank or other holder of record and you plan to attend the Annual Meeting, you will also need to obtain and present a copy of your brokerage account statement (which you can obtain from your broker) reflecting your ownership of our common stock as of the close of business on March 22, 2012, the record date for the Annual Meeting.

**No cameras, recording equipment or other electronic devices will be permitted at the Annual Meeting.**

***What is the difference between holding shares as a stockholder of record and as a beneficial owner?***

If your shares are registered directly in your name with our transfer agent, Wells Fargo Shareowner Services, you are considered, with respect to those shares, the stockholder of record. In such case, either the Internet Availability Notice or the Notice of Annual Meeting, this proxy statement and our 2011 Annual Report to Stockholders have been sent directly to you.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of shares held in street name. In such case, either the Internet Availability Notice or the Notice of Annual Meeting, this proxy statement and our 2011 Annual Report to Stockholders should have been forwarded (or otherwise made available) to you by your broker, bank or other holder of record who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by following their instructions for voting.

***Can I change my vote after I submit my proxy?***

Yes. You may revoke your proxy at any time before it is voted at the Annual Meeting by:

properly submitting a subsequent proxy in one of the manners authorized and described in this proxy statement (such as via the Internet or by telephone pursuant to the voting procedures described above under the section entitled ***How do I vote?***); or

giving written notice of revocation to our Corporate Secretary prior to or at the Annual Meeting; or

attending and voting at the Annual Meeting.

Your attendance at the Annual Meeting will not have the effect of revoking your properly submitted proxy unless you follow one of the revocation procedures referenced above. Any written notice revoking a proxy should be sent to our Corporate Secretary (Attention: Brian A. Larson, Executive Vice President, Secretary and General Counsel) at 3883 Howard Hughes Parkway, Ninth Floor, Las Vegas, Nevada 89169 and must be received before voting is closed at the Annual Meeting.

***What are broker non-votes ?***

Broker non-votes are shares as to which a broker or nominee does not vote, or has indicated that it does not have discretionary authority to vote. Under the rules of the New York Stock Exchange ( NYSE ), certain matters submitted to a vote of stockholders are considered by the NYSE to be routine items upon which brokerage firms may vote in their discretion on behalf of their customers if such customers have not furnished voting instructions within a specified period of time prior to the Annual Meeting. On those matters which the NYSE determines to be non-routine, brokerage firms that have not received instructions from their customers would not have discretion to vote. Consistent with recent changes in the NYSE rules, with respect to the proposals set forth in this proxy statement, only Proposal 2 is a routine matter. Proposals 1 and 3 are each a non-routine matter. Neither our Amended and Restated Articles of Incorporation, our Amended and Restated Bylaws nor Nevada corporate statutes specifically address the treatment of broker non-votes and abstentions.

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### ***How many votes are required to approve the proposals?***

Assuming a quorum is present, the required votes to approve each proposal are as follows:

Proposal 1 a plurality of the votes cast is required for the election of directors. This means that the twelve director nominees receiving the greatest number of FOR votes will be elected to the board of directors. You may vote FOR or WITHHELD with respect to the election of directors. Only votes FOR are counted in determining whether a plurality has been cast in favor of a director. Broker non-votes and withheld votes are not counted for purposes of the election of directors.

Proposal 2 the number of affirmative votes cast in favor of Proposal 2 exceeds the number of votes cast against it is required for the ratification of Deloitte & Touche LLP as our independent registered public accounting firm. Broker non-votes and abstentions are not counted for purposes of Proposal 2.

Proposal 3 the number of affirmative votes cast in favor of Proposal 3 exceeds the number of votes cast against it is required for the approval of the amendment and restatement of the Company's 2002 Stock Incentive Plan as the 2012 Stock Incentive Plan, provided that the total votes cast on Proposal 3 represent at least 50% of the outstanding shares entitled to vote on the proposal. Broker non-votes are not counted for purposes of Proposal 3. In accordance with the requirements of the NYSE rules (discussed in detail below), abstentions are treated the same as a vote against Proposal 3.

### ***What is the vote required to approve the amendment and restatement of the 2002 Stock Incentive Plan as the 2012 Stock Incentive Plan under the NYSE Rules?***

Under the requirements of the NYSE rules, the approval of the amendment and restatement of the 2002 Stock Incentive Plan as the 2012 Stock Incentive Plan requires an affirmative vote of the majority of the votes cast on the proposal, provided that the total votes cast on the proposal represent at least 50% of the outstanding shares entitled to vote on the proposal. The NYSE counts votes For, votes Against and abstentions as votes cast. Broker non-votes do not count as votes cast, but do count as shares outstanding and entitled to vote. Accordingly, the total sum of votes For, plus votes Against, plus abstentions, which is referred to as the NYSE Votes Cast, must be greater than 50% of the outstanding shares entitled to vote. Further, the number of votes For the proposal must be greater than 50% of the NYSE Votes Cast. Thus, abstentions have the same effect as a vote against this proposal. Brokers do not have discretionary authority to vote shares on this proposal without direction from the beneficial owner. Thus, broker non-votes could impair our ability to satisfy the requirement that the NYSE Votes Cast represent over 50% of the outstanding shares entitled to vote.

### ***Who will count the votes?***

Votes cast by proxy or in person will be tabulated by the Inspector of Elections for the Annual Meeting, Wells Fargo Shareowner Services. The Inspector of Elections will also determine whether or not a quorum is present.

### ***What is a quorum, and how is it determined?***

For business to be properly conducted and the vote of stockholders to be valid at the Annual Meeting, a quorum must be present. The presence, in person or by proxy, of the holders of a majority of shares of our common stock issued and outstanding as of the record date is necessary to constitute a quorum at the Annual Meeting. Shares represented at the Annual Meeting in person or by proxy but not voted will nevertheless be counted for purposes of determining the presence of a quorum. Accordingly, abstentions and broker non-votes will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

### ***Who pays for the cost of this proxy solicitation?***

We will bear all costs of this proxy solicitation, which will include the expense of preparing and mailing the Internet Availability Notice and the proxy materials referenced therein for the Annual Meeting and reimbursements paid to brokerage firms and others for their expenses incurred in forwarding such materials to beneficial owners of our common stock. We may conduct further solicitation personally, telephonically, via the Internet or e-mail, or by facsimile or mail through our officers, directors and employees, none of whom will receive additional compensation for assisting with the solicitation. To help assure the presence in person or by proxy of the largest number of stockholders possible, we have

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engaged Georgeson, Inc. ( Georgeson ), a proxy solicitation firm, to solicit proxies on our behalf. We have agreed to pay Georgeson a proxy solicitation fee currently estimated at \$7,500. We will also reimburse Georgeson for its reasonable out-of pocket expenses.

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The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 1, 2012 by:

each person who is a director nominee;

each of our executive officers named in the Summary Compensation Table contained herein;

all the director nominees and our executive officers as a group; and

each person who is known by us to beneficially own more than 5% of our common stock.

Unless otherwise indicated, each individual listed below has sole investment power and sole voting power with respect to the shares of our common stock owned by that person. Percentage ownership is based on an aggregate of 86,588,933 shares of our common stock outstanding on March 1, 2012. The mailing address of all persons on the list set forth in the table below is 3883 Howard Hughes Parkway, Ninth Floor, Las Vegas, Nevada 89169.

Name	Number of Shares Owned and Nature of Beneficial Ownership(1)	Percent of Class
<b>Director Nominees</b>		
William S. Boyd	20,986,927(2)	23.80%
Marianne Boyd Johnson	9,461,644(3)	10.86%
William R. Boyd	2,352,317(4)	2.71%
Keith E. Smith	1,268,765(5)	1.45%
Robert L. Boughner	1,046,887(6)	1.20%
Thomas V. Girardi	197,422(7)	*
Frederick J. Schwab	60,010(8)	*
Billy G. McCoy	55,213(9)	*
Peter M. Thomas	53,827(10)	*
Veronica J. Wilson	49,827(11)	*
Christine J. Spadafor	32,546(12)	*
Richard E. Flaherty	2,000(13)	*
<b>Other Named Executive Officers</b>		
Paul J. Chakmak	597,740(14)	*
Josh Hirsberg	80,648(15)	*
<b>All directors and executive officers as a group (16 persons)</b>	<b>36,561,195(16)</b>	<b>39.69%</b>
<b>5% or Greater Stockholders</b>		
William S. Boyd	20,986,927(2)	23.80%
Marianne Boyd Johnson	9,461,644(3)	10.86%

\* Indicates less than 1% of class.

(1) Except for certain Career Restricted Stock Units disclosed below, shares of common stock underlying grants of Restricted Stock Units and Performance Shares are excluded from beneficial ownership in this table. Restricted Stock Units are reported as beneficially owned by certain of our executive officers in their Section 16 reports pursuant to applicable provisions of Section 16 of the Securities Exchange Act of 1934, as amended, and positions taken by the SEC. However, Restricted Stock Units and Performance Shares are not independently

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vested or exercisable within 60 days of March 1, 2012 and therefore not included in this table.

- (2) Includes 19,377,330 shares of our common stock held by the William S. Boyd Gaming Properties Trust ( WSBGPT ), of which Mr. Boyd is trustee, settlor and beneficiary; 542,205 shares held by the BG-09 Limited Partnership, of which WSBGPT and the Marianne E. Boyd Gaming Properties Trust are the general partners; and 153,117 shares owned by Mr. Boyd s spouse. Includes 6,001,827 shares of our common stock held by WSBGPT that are pledged or held in a margin account. Also includes 1,522,751 shares issuable pursuant to options exercisable within 60 days of March 1, 2012; and 86,846 vested Career Restricted Stock Units granted under our Career Share Program, each representing a contingent right to receive one share of our common stock. With respect to the 542,205 shares held by BG-09 Limited Partnership, WSBGPT does not hold voting power and WSBGPT shares dispositive power with the Marianne E. Boyd Gaming Properties Trust. Mr. Boyd disclaims beneficial ownership of the shares owned by his spouse.

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- (3) Includes 1,833,622 shares of our common stock held by the Marianne E. Boyd Gaming Properties Trust ( MBGPT ), of which Ms. Johnson is trustee, settlor and beneficiary; 34,420 shares held by the Aysia Lynn Boyd Education Trust, of which Ms. Johnson is a trustee; 34,420 shares held by the Taylor Joseph Boyd Education Trust, of which Ms. Johnson is a trustee; 33,130 shares held by the William Samuel Boyd Education Trust, of which Ms. Johnson is a trustee; 34,420 shares held by the Samuel Joseph Boyd, Jr. Education Trust, of which Ms. Johnson is a trustee; 34,420 shares held by the T Mir Kathleen Boyd Education Trust, of which Ms. Johnson is a trustee; 32,930 shares held by the Josef William Boyd Education Trust, of which Ms. Johnson is a trustee; 19,022 shares held by the Justin Boyd Education Trust, of which Ms. Johnson is a trustee; 91,324 shares held by the Johnson Children s Trust, dated June 24, 1996, Bruno Mark, trustee; 130,247 shares held by the William R. Boyd and Myong Boyd Children s Trust, dated August 1, 1993, of which Ms. Johnson is the trustee; 57,807 shares held by the BG-09 Grantor Retained Annuity Trust #2, of which Ms. Johnson is trustee; 6,013,115 shares held by the BG-00 Limited Partnership, of which MBGPT is the general partner; and 542,205 shares held by the BG-09 Limited Partnership, of which MBGPT and WSBGPT are general partners. Includes 5,993,410 shares of our common stock held by MBGPT and BG-00 Limited Partnership, of which MBGPT is the general partner, that are pledged or held in a margin account. Also includes 543,933 shares issuable pursuant to options exercisable within 60 days of March 1, 2012. With respect to the 542,205 shares held by the BG-09 Limited Partnership, MBGPT holds sole voting power, and MBGPT shares dispositive power with WSBGPT. Ms. Johnson disclaims beneficial ownership of the shares held by the above referenced Education Trusts, the Johnson Children s Trust, the William R. Boyd and Myong Boyd Children s Trust, the above referenced Grantor Retained Annuity Trusts and the above referenced Limited Partnerships, except to the extent of her pecuniary interests in a trust or other entity that owns such shares.
- (4) Includes 2,083,782 shares of our common stock held by the William R. Boyd Gaming Properties Trust, of which Mr. Boyd is trustee, settlor and beneficiary; and 35,019 shares held by the Sean William Johnson Education Trust, of which Mr. Boyd is trustee. Also includes 231,950 shares of our common stock issuable pursuant to options exercisable within 60 days of March 1, 2012. Mr. Boyd disclaims beneficial ownership of the shares held by the Sean William Johnson Education Trust.
- (5) Includes 325 shares of our common stock owned by Mr. Smith s wife. Also includes 1,102,197 shares issuable pursuant to options exercisable within 60 days of March 1, 2012.
- (6) Includes 174,580 shares of our common stock held by the Robert L. Boughner Investment Trust, of which Mr. Boughner is trustee. Includes 781,601 shares issuable pursuant to options exercisable within 60 days of March 1, 2012; and 90,706 vested Career Restricted Stock Units granted under our Career Shares Program, each representing a contingent right to receive one share of our common stock.
- (7) Includes 5,000 shares of our common stock issuable pursuant to options exercisable within 60 days of March 1, 2012. Includes 43,827 restricted stock units that were fully vested upon grant and will be paid in shares of our common stock (on a 1-for-1 basis) upon cessation of service on the board of directors.
- (8) Includes 10,183 shares of our common stock held by the Frederick J. and Dorothy M Schwab TR UA 59-1128945, Sun Trust Bank, Atlanta, Georgia, trustee. Includes 7,000 shares of our common stock issuable pursuant to options exercisable within 60 days of March 1, 2012. Also, includes 43,827 restricted stock units that were fully vested upon grant and will be paid in shares of our common stock (on a 1-for-1 basis) upon cessation of service on the board of directors.
- (9) Includes 4,000 shares of our common stock issuable pursuant to options exercisable within 60 days of March 1, 2012. Includes 43,827 restricted stock units that were fully vested upon grant and will be paid in shares of our common stock (on a 1-for-1 basis) upon cessation of service on the board of directors.
- (10) Includes 3,500 shares of our common stock issuable pursuant to options exercisable within 60 days of March 1, 2012. Includes 43,827 restricted stock units that were fully vested upon grant and will be paid in shares of our common stock (on a 1-for-1 basis) upon cessation of service on the board of directors.



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- (11) Includes 6,000 shares of our common stock issuable pursuant to options exercisable within 60 days of March 1, 2012. Includes 43,827 restricted stock units that were fully vested upon grant and will be paid in shares of our common stock (on a 1-for-1 basis) upon cessation of service on the board of directors.
  
- (12) Includes 32,546 restricted stock units that were fully vested upon grant and will be paid in shares of our common stock (on a 1-for-1 basis) upon cessation of service on the board of directors.
  
- (13) Dr. Flaherty was elected to our board of directors on October 17, 2011.

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- (14) Includes 15,000 shares of our common stock held by the Paul J. Chakmak and M. Stephanie Chakmak Family Trust, of which Mr. Chakmak is trustee, settlor and beneficiary; 10,000 shares of our common stock held by the Wells Fargo Bank I.R.A. C/F Paul J. Chakmak; and 5,000 shares of our common stock owned by Mr. Chakmak's wife. Also includes 550,753 shares of our common stock issuable pursuant to options exercisable within 60 days of March 1, 2012.
  
- (15) Includes 10,500 shares of our common stock owned by Mr. Hirsberg's wife. Also includes 61,668 shares of our common stock issuable pursuant to options exercisable within 60 days of March 1, 2012.
  
- (16) Includes 5,103,637 shares of our common stock issuable pursuant to options exercisable within 60 days of March 1, 2012. Also includes 11,995,237 shares of our common stock which are pledged or held in a margin account. Also includes 429,233 vested Restricted Stock Units (of which 177,552 are Career Restricted Stock Units), each representing a contingent right to receive one share of our common stock.

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**CORPORATE GOVERNANCE**

**Director Independence**

We are committed to having sound corporate governance principles and maintaining our integrity in the marketplace. Our Corporate Governance Guidelines and our Code of Business Conduct and Ethics are available on our website at [www.boydgaming.com](http://www.boydgaming.com). We will also provide a paper copy of this information to stockholders upon written request. Our Code of Business Conduct and Ethics applies to each of our directors, officers and employees.

Our board of directors has determined that each of Richard E. Flaherty, Thomas V. Girardi, Billy G. McCoy, Frederick J. Schwab, Christine J. Spadafor, Peter M. Thomas and Veronica J. Wilson is independent, as defined in Section 303A of the NYSE Listed Company Manual and within the meaning of our director independence standards (detailed below).

To be considered independent, a director must be determined, by resolution of our board of directors as a whole, after due deliberation, to have no material relationship with the Company other than as a director. In each case, our board of directors shall broadly consider all relevant facts and circumstances and shall apply the following standards:

1. a director who is an employee, or whose immediate family member is an executive officer, of the Company or any of its subsidiaries is not independent until three years after the end of such employment relationship;
2. a director who receives, or whose immediate family member receives, more than \$120,000 per year in direct compensation from the Company or any of its subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she ceases to receive more than \$120,000 per year in such compensation;
3. a director who is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Company or any of its subsidiaries is not independent until three years after the end of the affiliation or the employment or auditing relationship;
4. a director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the Company's or any of its subsidiaries present executives serve on that company's compensation committee is not independent until three years after the end of such service or the employment relationship;
5. a director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company (which does not include charitable entities) that makes payments to, or receives payments from, the Company or any of its subsidiaries for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1.0 million, or 2% of such other company's consolidated gross revenues, is not independent until three years after falling below such threshold; and
6. any director that has a material relationship with the Company shall not be independent. Any relationship not required to be disclosed pursuant to Item 404 of Regulation S-K of the Securities Exchange Act of 1934, as amended (the Exchange Act), shall be presumptively not material. For relationships not covered by the preceding sentence, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by the board of directors. We would explain in the next proxy statement the basis for any board determination that a relationship is immaterial despite the fact that it does not meet the categorical standards of immateriality set forth above.

In making its independence determination regarding Mr. Thomas, the board of directors considered, among other things, the transactions between the Company and Switch Communications Group, LLC ( SCG ) and its majority-owned subsidiary, Switch Business Solutions, LLC ( SBS ) described in the section of this proxy statement titled Transactions with Related Persons. In determining that Mr. Thomas is independent, our board of directors considered the following facts and circumstances (without giving one factor any more significance than another), among

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others: (i) that the transactions with SCG and SBS were negotiated on an arm's-length basis, and are ordinary course, commercial transactions; (ii) Mr. Thomas' limited ownership interest in SCG and SBS; (iii) the passive nature of Mr. Thomas' ownership and involvement in SCG and SBS, including that he is neither an officer nor employee of

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SBS or SCG, he is not a member of SBS and is a non-managing member of SCG, and he does not have an active role in providing services to either entity; (iv) the immaterial dollar amounts that we, or our subsidiaries paid (or are expected to pay in fiscal 2012) to SCG and SBS and the competitive rates at which such amounts were paid; and (v) Mr. Thomas' personal net worth. Additionally the board of directors considered the nature and scope of the relationship of Mr. Thomas' sibling with SCG, which is further discussed below under Section 16(a) Beneficial Ownership Reporting Compliance; Transactions with Related Persons; Policies and Procedures Regarding Transactions with Related Persons' Transactions with Related Persons.

## **Selection of Directors**

### *Stockholder Nominations*

The policy of our Corporate Governance and Nominating Committee is to consider properly submitted stockholder nominations for candidates for membership on the board of directors as described below under Identifying and Evaluating Nominees for Directors. In evaluating such nominations, the Corporate Governance and Nominating Committee will address the membership criteria set forth under Director Qualifications. Any stockholder nominations proposed for consideration by the Corporate Governance and Nominating Committee should include the nominee's name and qualifications for membership on the board of directors and should be addressed to:

### **Boyd Gaming Corporation**

**3883 Howard Hughes Parkway, Ninth Floor, Las Vegas, Nevada 89169**

**Attn: Brian A. Larson, Executive Vice President, Secretary and General Counsel**

In addition, our Amended and Restated Bylaws permit stockholders to nominate individuals for consideration in director elections at an annual stockholder meeting. Pursuant to our Amended and Restated Bylaws, in order to make such a nomination, a stockholder is required to, not less than 60 days prior to the date of the annual meeting of stockholders, deliver a notice to our Corporate Secretary setting forth:

the name, age, business address and the residence address of each nominee proposed in such notice;

the principal occupation or employment of each such nominee;

the number of shares of capital stock of the Company which are beneficially owned by each such nominee; and

such other information concerning each such nominee as would be required, under the rules of the SEC, to be disclosed in a proxy statement soliciting proxies for the election of such nominees pursuant to Regulation 14A of the Exchange Act.

A nomination notice must include a signed consent of each such nominee to serve as a member of our board of directors, if elected. In the event that a person is validly designated as a nominee in accordance with our Amended and Restated Bylaws and thereafter becomes unable or unwilling to stand for election to the board of directors, our board of directors or the stockholder who proposed such nominee, as the case may be, may designate a substitute nominee.

### *Director Qualifications*

Our Corporate Governance Guidelines contain membership criteria that apply to nominees for a position on our board of directors. Under these criteria, members of our board of directors should possess certain core competencies, some of which may include broad experience in business, finance or administration, familiarity with national and international business matters, and familiarity with the gaming industry. In addition to having one or more of these core competencies, members of our board of directors are identified and considered on the basis of knowledge, experience, integrity, diversity, leadership, reputation, and ability to understand our business.

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Specifically, in concluding that each of our directors, all of whom are standing for re-election, should continue to serve on our board of directors, the Corporate Governance and Nominating Committee also considered the following individual attributes, in addition to the general overall considerations mentioned above:

(i) the significant career-long contributions and leadership of our Executive Chairman with respect to the Company and the gaming industry, which spans more than 40 years, in addition to his background in the legal

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profession; (ii) the in depth and strategic operations, management and financial knowledge of the gaming industry that Mr. Smith, our President and Chief Executive Officer, possesses from his over 25 years in the gaming industry, including over 20 years with the Company; (iii) the over 30 years of gaming, operations and complex development related experience that Mr. Boughner has with the Company; (iv) the significant ground up operations and management experience with the Company, including 20 years as a member of our board of directors, which Ms. Johnson contributes coupled with her service on other boards and community organizations; (v) the near 30 years of experience in the gaming industry with the Company, including various administrative and operational roles, as well as over 15 years of service on our board of directors, that Mr. William R. Boyd provides; (vi) the broad business and management experiences across other industries, including a sound foundation for understanding and applying strategic and operational issues and challenges, both domestically and internationally, of Ms. Spadafor; (vii) the extensive senior operations management and financial accounting and controllership expertise within the gaming industry of Ms. Wilson; (viii) the leadership, organizational and strategic focus and experience from General McCoy's decorated military career, as well as his experience in the gaming industry and his past service as a member and Chairman of the board of directors of a public company; (ix) in addition to his service on other public company boards, Mr. Schwab's more than 30 years of financial accounting experience, including as a partner of a major accounting firm, and his service in the capacity of CEO and CFO with both European and U.S.-based companies; (x) the extensive experience in the banking and finance industry of Mr. Thomas, including his past service on the board of the Los Angeles Branch of the Federal Reserve Bank of San Francisco, and his service on other public company boards; (xi) the acumen and professional experience of Mr. Girardi from his more than 40 years as a leading trial attorney and his service on the board of directors of other public companies; and (xii) the distinguished career in financial accounting academia from Dr. Flaherty's more than 30 years of service as a university faculty member, including his 10 years of administrative leadership experience from serving as dean of two different business schools.

*Identifying and Evaluating Nominees for Directors*

Our Corporate Governance and Nominating Committee utilizes a variety of methods for identifying and evaluating nominees for director. Our Corporate Governance and Nominating Committee has the duty of regularly assessing the composition of our board of directors, including size of our board of directors, diversity, age, skills and experience in the context of the needs of our board of directors. In addition, our Corporate Governance and Nominating Committee also has the duty of identifying individuals qualified to become members of the board of directors. Candidates may come to the attention of the Corporate Governance and Nominating Committee through current members of our board of directors, professional search firms, stockholders or other persons. These candidates will be evaluated by our Corporate Governance and Nominating Committee and may be considered at any point during the year. As described above, our Corporate Governance and Nominating Committee will consider properly submitted stockholder nominations for candidates for our board of directors. Following verification of the stockholder status of persons proposing candidates, recommendations will be aggregated and considered by our Corporate Governance and Nominating Committee. If any materials are provided by a stockholder in connection with the nomination of a director candidate, such materials will be forwarded to our Corporate Governance and Nominating Committee. Stockholder nominees that comply with our nomination procedures will receive the same consideration that our Corporate Governance and Nominating Committee nominees receive.

We have previously reviewed, and our Corporate Governance and Nominating Committee may in the future review, materials provided by professional search firms or other parties to identify, evaluate and recruit potential director nominees who are not proposed by a stockholder. In addition, a professional search firm may be used to make initial contact with potential candidates to assess, among other things, their availability, fit and major strengths.

Richard E. Flaherty, a member of our Board of Directors and a nominee for election at the Annual Meeting, has not previously been elected by the Company's stockholders. On October 17, 2011, Dr. Flaherty was recommended as a director nominee by the Corporate Governance and Nominating Committee and elected to serve as a director in a newly created seat on our Board of Directors.

The Corporate Governance and Nominating Committee considers diversity as one of many factors in the identification and evaluation of potential director nominees. The overriding principle guiding our director nomination process is a desire to ensure that our board of directors as a whole collectively serves the interests of our stockholders. We believe that having diverse skills, experiences and perspectives represented on the board provides the most value

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to the Company and its stockholders. When the Corporate Governance and Nominating Committee evaluates diversity of director nominees, it may consider the following elements, among others, without assigning specific weights to any particular element:

Gender and ethnicity;

Financial and accounting acumen;

Personal and professional integrity;

Business or management experience; and

Leadership and strategic planning experience.

The Corporate Governance and Nominating Committee annually performs an assessment of the composition of the board of directors regarding age, skills and experience and the effectiveness of its efforts to consider diversity in its director nomination process. The Corporate Governance and Nominating Committee believes its director nomination process, including its policy of considering diversity in that process, has led to a board of directors with diverse backgrounds and experiences that collectively serves the interests of our stockholders well.

### **Board Leadership and Presiding Director**

Beginning in January 2008, the Company, as a part of its long-term succession planning, separated the responsibilities of our Chief Executive Officer and our Chairman of the Board of Directors. Historically, both positions had been held by William S. Boyd, a co-founder of the Company. Mr. Boyd continues to serve as our Executive Chairman of the Board of Directors, with Keith E. Smith now serving as our President and Chief Executive Officer. Mr. Smith also serves as a director, an arrangement that the Company believes is effective to ensure that relevant information is made available directly from management to the board of directors. The Company believed this separation of responsibilities was an appropriate transition as it enabled our Executive Chairman to concentrate on the strategic opportunities and direction of the board of directors and the Company as well as further engage in customer and employee relations. Mr. Boyd's long history with the Company and the critical role that he has played in the development of the Company's business make him particularly well suited to act as a link between the board of directors and the rest of management. While in the role of our President and Chief Executive Officer, Mr. Smith focuses on the management and coordination of the long and near-term operational performance and efforts of the Company in alignment with the strategic guidance and direction offered from the board of directors.

Another important component of the board of directors' leadership structure is the role of the Presiding Director. The Presiding Director is a non-management director designated by the independent directors to chair the board of directors' non-management director sessions, which are expected to occur at least three times per year. The Presiding Director's other responsibilities include advising the Executive Chairman and the chairmen of the committees with respect to agendas and informational needs and to advise with respect to the selection of chairmen of committees. The Presiding Director serves for a one-year term, provided that no Presiding Director serves for more than three years in any five-year period. Our independent directors have designated General Billy G. McCoy as our current Presiding Director.

### **Stockholder Communication with Directors**

Our stockholders and other interested parties may communicate with our board of directors and the Presiding Director by writing to:

**Boyd Gaming Corporation**

**3883 Howard Hughes Parkway, Ninth Floor, Las Vegas, Nevada 89169**

**Attn: Brian A. Larson, Executive Vice President, Secretary and General Counsel**



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Communications will be reviewed by our General Counsel and if they are relevant to, and consistent with, our operations and policies, they will be forwarded to our board of directors or the Presiding Director, as applicable.

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### **Board Committees**

Our board of directors has an Audit Committee, a Corporate Governance and Nominating Committee and a Compensation and Stock Option Committee. Our board of directors has adopted a written charter for each of these committees, which are available on our website at [www.boydgaming.com](http://www.boydgaming.com).

*Audit Committee.* The functions of the Audit Committee include reviewing and supervising our financial controls, appointing our independent registered public accounting firm, reviewing our books and accounts, meeting with our officers regarding our financial controls, acting upon recommendations of our auditors and taking such further actions as the Audit Committee deems necessary to complete an audit of our books and accounts. Each of the members of the Audit Committee, Mr. Schwab, Ms. Spadafor, Mr. Thomas and Ms. Wilson, is independent, as defined in Section 303A of the NYSE Listed Company Manual and Rule 10A-3(b)(1) of the Exchange Act, and the board of directors has determined that all of the members of the Audit Committee are audit committee financial experts as that term is defined in Item 407(d)(5) of Regulation S-K of the Exchange Act. The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act.

*Corporate Governance and Nominating Committee.* The Corporate Governance and Nominating Committee's functions include assisting the board of directors in identifying qualified individuals to become members of the board of directors, determining the composition and compensation of the board of directors and its committees, conducting annual reviews of each director's independence and making recommendations to the board of directors based on its findings, recommending to the board of directors the director nominees for the annual meeting of stockholders, establishing and monitoring a process of assessing the board of directors' effectiveness, and developing and recommending to the board of directors and implementing a set of corporate governance principles and procedures applicable to the Company. Each of the members of the Corporate Governance and Nominating Committee, Mr. Thomas, Mr. Girardi, General McCoy and Mr. Schwab, is independent as defined in Section 303A of the NYSE Listed Company Manual.

*Compensation and Stock Option Committee.* The functions of the Compensation and Stock Option Committee (the Compensation Committee) include reviewing with management cash and other compensation policies for employees, making recommendations to the board of directors regarding compensation matters, determining compensation for the Chief Executive Officer and providing oversight of our compensation philosophy as described under Executive Officer and Director Compensation Discussion and Analysis. In addition, the Compensation Committee administers the Company's stock plans and, within the terms of the respective stock plan, determines the terms and conditions of issuances thereunder. Each of the members of the Compensation Committee, Mr. Girardi, General McCoy and Ms. Spadafor, is independent as defined in Section 303A of the NYSE Listed Company Manual.

Our Compensation Committee, independent of management, determines the compensation of our Chief Executive Officer, Keith E. Smith. Mr. Smith is a Named Executive Officer and a member of our eight (8) member management committee (Management Committee). For the other Named Executive Officers and members of our Management Committee, the Chief Executive Officer made compensation recommendations to our Compensation Committee for its consideration and approval as described under Executive Officer and Director Compensation Discussion and Analysis. The Compensation Committee believes that input from both our Chief Executive Officer and from compensation consultants retained from time to time provides useful information and points of view to assist it in making decisions on compensation. Additionally, pursuant to its charter, the Compensation Committee may, from time to time, form and delegate authority to subcommittees when appropriate, although no such subcommittees were formed or utilized during 2011.

The Compensation Committee has the sole authority to retain and terminate any consultant that it uses to assist it in evaluating various elements of our compensation programs and making compensation determinations. The Compensation Committee has the sole authority to approve that consultant's fees and other retention terms. The Compensation Committee also has the authority to obtain advice and assistance from such other advisors that it deems necessary or appropriate. In 2011, the Compensation Committee reviewed and approved the engagement of Exequity, LLP (Exequity) to provide compensation related analysis and consulting services. During 2011, we requested, and Exequity provided, analysis and recommendations on certain of our compensation related programs and policies as a part of an executive compensation study, including our base salary levels, short-term bonus program and the equity incentive structure for our Management Committee executives, all as further discussed below in our

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Compensation Discussion and Analysis. Additionally in 2011, Exequity provided a board of directors pay study, relating to the compensation of our independent directors. A representative of Exequity participated in meetings of the Compensation Committee in 2011.

### **Risk Management**

The board of directors is actively involved in the ongoing oversight and review of material risks and resultant considerations and potential impacts that exist within our Company. These risks may include, among others, risks associated with the Company's financial condition, liquidity, operating performance and various regulatory impacts and compliance. The board of directors' oversight is primarily managed and coordinated through the board committees, such as the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. Senior management of the Company is responsible for advising and responding to the board of directors and its committees on management's assessment of potential material risks facing the Company. The entire board of directors is responsible for reviewing and overseeing the Company's internal risk management processes and policies to help ensure that the Company's corporate strategy is functioning as directed and that necessary steps are taken to foster a culture of risk awareness and risk-adjusted decision making throughout the Company.

As it relates to risk oversight, the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee each play an important role. As provided in the charter for the Audit Committee, the Audit Committee is required to review with management the Company's major financial and other risk exposures and the steps management has taken to monitor and control such exposures. The Audit Committee is also responsible for, among other things, assisting the board of directors in fulfilling their oversight responsibility of the integrity of the Company's financial statements and accounting and financial reporting processes by reviewing the financial information provided to stockholders and others, and the system of internal controls which management and the board of directors have established. As further discussed below, the Compensation Committee, among other things, periodically reviews with management the Company's compensation policies and attempts to ensure that the Company's compensation policies reinforce business strategies and objectives for enhanced stockholder value without creating risks that may have a material adverse effect on the Company. The Corporate Governance and Nominating Committee, among other things, is responsible for developing and recommending to the board of directors, and implementing and monitoring compliance with, a code of business conduct for directors, officers and employees and a set of corporate governance principals.

Various management-led committees, such as the Management Committee, are responsible for coordinating with the committees of the board of directors with respect to oversight and management of specific risks. For example, our Corporate Compliance Committee, which is responsible for overseeing risk associated with the Company's gaming and regulatory requirements, updates and reports on its significant deliberations and findings to the Corporate Governance and Nominating Committee. In turn, each board committee is responsible for providing reports and updates to the entire board of directors on any significant risks reviewed within the scope of its responsibility.

### **Risk Consideration in Our Compensation Programs**

Our Compensation Committee, together with management, periodically reviews the compensation policies and practices for employees across the Company, including our Named Executive Officers and members of our Management Committee, and considered how they relate to material risks facing the Company. In this review, the Compensation Committee and our management, together with input and recommendations from our compensation consultants, considered the different types of incentive compensation arrangements used across the Company in light of such risks. We also considered whether the design of these arrangements, together with other policies and practices of the Company, operate to mitigate the potential for excessive risk-taking.

Based upon this review, management concluded, and the Compensation Committee concurred, that based on a combination of factors, our compensation policies and practices do not incentivize excessive risk-taking that could have a material adverse effect on the Company. The following are among the factors considered in reaching this conclusion:

our compensation plans and programs generally provide potential rewards based on a balanced combination of both the short-term and long-term goals of the Company, thereby mitigating the potential for rewarding short-term results that appear in isolation to be favorable;

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none of our business units carry a disproportionate portion of our risk profile or vary significantly from the Company's overall risk and reward structure;

the manner in which we structure our compensation, including our belief that the mix of compensation that we provide helps us to mitigate risk by providing compensation that depends in part on the long-term success of the Company;

we have Stock Ownership Guidelines for our directors and senior officers, including the members of our Management Committee, which we believe focuses our leadership on long-term stock price appreciation and sustainability; and

all of the equity awards granted to employees under the Company's equity-based plans are subject to multi-year time vesting, which requires an employee to commit to a longer period of employment for such awards to be valuable, and certain of our equity awards are contingent upon the Company's performance measured over multiple years.

**Compensation and Stock Option Committee Interlocks and Insider Participation**

During 2011, members of our Compensation Committee included Mr. Girardi, General McCoy and Ms. Spadafor. None of the Company's executive officers serves as a director or member of the compensation committee (or other board committee performing equivalent functions) of another entity that has one or more executive officers serving as a director of the Company or on the Company's Compensation Committee.

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**EXECUTIVE OFFICER AND DIRECTOR COMPENSATION**

**Compensation Discussion and Analysis**

*Overview*

We compensate our Named Executive Officers (as identified in the Summary Compensation Table below) primarily through base salary and short and long-term incentive compensation. Our executive compensation practices are designed to be competitive with comparable employers in our industry, to closely align compensation with our annual objectives and long-term goals, to reward above-average corporate performance, to recognize individual initiative and achievements, and to assist us in attracting and retaining qualified executives.

*Executive Summary*

With the uncertainty related to the recession and its significant impact on our industry and our business, the Compensation Committee generally continued with its conservative approach to our compensation programs in fiscal 2011. Highlighted below are some of the key actions and decisions with respect to our executive compensation programs for fiscal 2011, as approved by our Compensation Committee following input, analysis and recommendations from management and our compensation consultant, Exequity.

*Base Salary Freeze 2011.* With the ongoing economic uncertainty generally and within our industry, the Compensation Committee decided not to award base salary increases to our Named Executive Officers in 2011 for a third straight year, as part of a Company-wide restriction on salary increases for those employees making \$75,000 or more and who participate in a short-term (or annual) bonus plan, including our Named Executive Officers.

*Short-Term Bonus.* For 2011, the Compensation Committee approved a return to an annual incentive plan featuring specific, objective performance-based criteria, with 2011 performance measured by the Company's performance relative to its operating budget, as approved by the board of directors. The approved annual incentive plan for 2011 was established at a reduced level, such that if we achieved our performance target, each of our Named Executive Officers would receive an award equal to approximately sixty-five percent (65%) of their respective historical target short-term bonus awards. In fiscal year 2011, our corporate performance achieved was approximately 101% of our target operating budget. Accordingly, the Compensation Committee approved the payment of short-term bonuses to our Named Executive Officers that equated to approximately sixty-seven and one-half percent (67.5%) of each of their respective historical target awards.

*Equity Compensation.* In late 2011, the Compensation Committee approved a structural modification to our long-term incentive equity compensation for our Named Executive Officers to include performance-based restricted stock units ( Performance Shares ). The Compensation Committee granted our Named Executive Officers equity awards that allocated roughly one-third of the intended value of the equity compensation to each of stock options, restricted stock units ( RSUs ) and Performance Shares. The shift to Performance Shares, which blend the attributes of RSUs with certain performance metrics, is intended to enhance the long-term compensation incentive by providing an equity vehicle that is tied to performance against pre-established goals, but subject to less risk from stock price volatility.

*Director Stockownership Guidelines.* We maintain guidelines that require our independent directors to hold stock in the Company equal to at least five (5) times the annual cash retainer received by such independent director. In 2011, the Corporate Governance and Nominating Committee amended our stock ownership guidelines for our independent directors. Pursuant to the amended guidelines, each independent director is required to hold at least twenty-five percent (25%) of their required equity position through the direct ownership of shares of our common stock.

*Risk Considerations.* As a part of its review in 2011 of our compensation practices and policies, the Compensation Committee evaluated risks associated with our compensation programs. As described above under the section *Risk Considerations in Our Compensation Programs*, the Compensation Committee undertook an annual evaluation of our compensation risk. The Compensation

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Committee concluded that our compensation policies and practices for fiscal 2011 do not create risks that are reasonably likely to have a material adverse effect on the Company.

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*2012 Compensation.* During 2011, the Compensation Committee conducted a detailed review of our executive compensation to evaluate, amongst other things, the competitiveness and effectiveness of our executive compensation programs. Exequity was retained by the Compensation Committee to assist with this review. In its evaluation, the Compensation Committee analyzed and considered the 2011 Executive Compensation Review prepared by Exequity (the 2011 Compensation Study ) and various other factors, including without limitation, the following: (i) base salaries have been frozen for three years for our senior management team, including our Named Executive Officers; (ii) the short-term incentive bonus plan has been funded, if at all, on a reduced level; (iii) the long term, equity compensation component has not provided the intended benefits to our Named Executive Officers for several years; and (iv) the significant and exemplary efforts by our management team to successfully guide the Company through the recession. Following such analysis and in-line with certain findings and recommendations in the 2011 Compensation Study, the Compensation Committee determined that it was appropriate to update certain elements of compensation for our Named Executive Officers for 2012 as follows: (i) base salaries for Mr. Chakmak and Mr. Hirsberg were increased by \$75,000 and \$50,000, respectively; and (ii) short-term target bonus award potential, stated as a percentage of base salary, for our Named Executive Officers, other than Mr. Hirsberg, was increased by ten percent (10%) and Mr. Hirsberg's short-term target bonus award potential, stated as a percentage of his base salary, was increased twenty percent (20%). Base salaries for our other Named Executive Officers, including our Chief Executive Officer, were kept at 2011 levels. Further, the Compensation Committee approved the continuation of our annual incentive plan for 2012 utilizing the same objective performance-based measures as in 2011 the Company's performance relative to operating budget, as approved by the board of directors.

*Advisory Vote on Executive Compensation*

We conducted our first advisory vote on executive compensation last year at our 2011 Annual Meeting. Our stockholders also approved the proposal to hold an advisory vote on executive compensation every three (3) years at our 2011 Annual Meeting. While an advisory vote on compensation is not binding on the Company, our board of directors or our Compensation Committee, we believe that it is important for our stockholders to have an opportunity to express their views regarding our executive compensation philosophy, our compensation policies and programs, and our decisions regarding executive compensation, all as disclosed in our proxy statements from time to time. Our board of directors and our Compensation Committee value the opinions of our stockholders and, to the extent there is any significant vote against the compensation of our Named Executive Officers as disclosed in our proxy statements, we will consider our stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns. In addition to our advisory vote on executive compensation every three years, we are committed to ongoing engagement with our stockholders on executive compensation and corporate governance issues. We have determined that our stockholders should vote on a say-on-pay proposal every three years, consistent with the preference expressed by our stockholders at the 2011 Annual Meeting. Accordingly, there will not be an advisory vote on compensation for our Named Executive Officers at the 2012 Annual Meeting.

At the 2011 Annual Meeting, approximately 85% of the votes cast on the advisory vote on executive compensation proposal (Proposal 4) were in favor of our Named Executive Officer compensation as disclosed in the proxy statement for our 2011 Annual Meeting, and as a result our Named Executive Officer compensation was approved. The board of directors and Compensation Committee reviewed these final vote results and determined that, given the significant level of support, no changes to our executive compensation policies and decisions were necessary at this time based on the vote results. Nevertheless, as discussed in this Compensation Discussion and Analysis, the Compensation Committee has made important changes to various components of our executive compensation in 2011 and 2012 which demonstrate our ongoing commitment to aligning our executive compensation with the interests of our stockholders and current market practice.

*Process.* Our compensation process consists of establishing an overall compensation target for each senior executive and then allocating that compensation among base salary and short-term and long-term incentive compensation. At the senior-most corporate levels, we designed the incentive compensation to primarily reward company-wide performance. In establishing compensation, our Compensation Committee, among other things:

reviews with management our cash and other compensation policies for all of our employees;

reviews the performance of our Named Executive Officers and all components of their compensation;

evaluates the effectiveness of our overall executive compensation program on a periodic basis; and





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administers our stock and bonus plans and, within the terms of the respective plan, determines the terms and conditions of the issuances thereunder.

In addition, our Compensation Committee annually reviews and approves our corporate goals and objectives relative to our Chief Executive Officer's compensation, evaluates his compensation in light of such goals and objectives, and has the sole authority to set the Chief Executive Officer's compensation based on this evaluation. For 2011, the Compensation Committee, independent of management, determined the compensation arrangements for our Chief Executive Officer, Keith E. Smith. The Compensation Committee approved the compensation arrangements of the other Named Executive Officers after reviewing the recommendations of our Chief Executive Officer. In addition to its annual review of our compensation levels, our Compensation Committee may, from time to time, review our compensation practices and programs and generally has the authority, subject to any existing contractual or other rights of participants, to modify or terminate those practices and programs.

We have historically engaged compensation consultants to assist us in the evaluation of our compensation practices and programs. In 2011, Exequity was engaged to provide a compensation study consistent with prior years and to assist the Compensation Committee in its detailed review of executive compensation, including providing analysis and recommendations with respect to 2012 base salaries, short-term bonus target awards and long-term equity compensation as well as our overall executive compensation policies in general. Further, in 2011 Exequity was engaged to perform a director compensation study for the independent members of our board of directors.

### *Objectives of our Compensation Program*

Our compensation program is designed to reward an executive officer's current contribution to the Company, as well as the officer's impact and involvement in our future performance. The compensation of our Named Executive Officers is set at levels that are intended to be competitive with other leading companies in the gaming and hospitality industries, which generally fall into three categories: (i) core gaming companies; (ii) gaming technology companies; and (iii) resort hotel operator companies.

Specifically, during 2011, we generally compared the compensation paid to our executive officers with the compensation paid to executive officers at Ameristar Casinos, Inc.; Churchill Downs, Inc.; Isle of Capri Casinos, Inc.; Las Vegas Sands Corp.; MGM Resorts International; Penn National Gaming, Inc.; Pinnacle Entertainment, Inc.; Wynn Resorts, Ltd.; Bally Technologies, Inc.; International Game Technology; Scientific Games Corp.; WMS Industries, Inc.; Choice Hotels International, Inc.; Gaylord Entertainment, Co.; Hyatt Hotels Corp.; Life Time Fitness, Inc.; Vail Resorts, Inc.; and Wyndham Worldwide Corp.

The Compensation Committee evaluates the compensation of our Named Executive Officers against the compensation levels found among this group, including in 2011 through the review of the 2011 Compensation Study, which covers our top five highest paid executives, excluding our Executive Chairman. The Compensation Committee generally seeks to ensure that each of our Named Executive Officer's compensation is competitive with similarly situated employees at other companies within this group. However, the Compensation Committee did not benchmark compensation in 2011. The Compensation Committee also considers general market surveys and trends, as well as industry-specific group compensation, as part of the multiple factors it considers in setting executive compensation.

In addition, we designed our compensation program to further align the compensation of our Named Executive Officers, as well as members of our Management Committee, with our future performance and strategic objectives, including through the addition of Performance Shares as a meaningful component of their long-term incentive equity compensation. Our Management Committee plays an active and critical role in the leadership and strategy for the development, operations and growth of our Company. During 2011, our Management Committee included certain members of our senior management team, including Messrs. Smith, Boyd, Boughner and Chakmak. Mr. Hirsberg, who is a member of our senior management, became a member of the Management Committee in February 2012.

### *Primary Components of our Executive Compensation Program*

There are three primary components of our executive compensation program:

base salary;

short-term bonus; and

long-term incentive compensation (equity compensation).

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*Base Salary.* We provide our Named Executive Officers with a base salary that we believe is competitive and that corresponds and fairly relates to their status and accomplishments, both professionally and within our industry. Salaries are reviewed annually and in certain instances have been adjusted to recognize individual performance, promotions, competitive compensation levels and other subjective factors.

Our Compensation Committee, independent of management, determined the compensation of our Chief Executive Officer, including his base salary. For the other Named Executive Officers, our Chief Executive Officer made recommendations regarding compensation to our Compensation Committee for their review and approval. Where appropriate, the Compensation Committee and our Chief Executive Officer have historically considered the following factors in establishing or recommending, as applicable, the compensation for our Named Executive Officers:

the Named Executive Officer's qualifications, experience, scope of responsibilities, time in a particular role and anticipated future performance;

the Named Executive Officer's role within the Company, including, where applicable, the role on various corporate committees, such as the Management Committee, the Corporate Compliance Committee and the Diversity Committee;

the overall performance of the Named Executive Officer;

the overall performance of the Company;

competitive pay practices at other select companies within the gaming and hospitality industries, as identified above; and

compensation analysis performed for us by our compensation consultants.

In light of the continuing economic challenges stemming from the recession, the base salaries of our Named Executive Officers were kept frozen at 2008 levels for the third consecutive year in 2011. Late in 2011, the Compensation Committee determined, after consultation with Exequity and review and consideration of the 2011 Compensation Study, to increase base salaries for Mr. Chakmak and Mr. Hirsberg for 2012 in the amounts of \$75,000 and \$50,000, respectively. The Compensation Committee determined that these increases were warranted in order to maintain the competitiveness of base salaries, particularly as compared to other core gaming companies, and to update compensation following a three year freeze on base salary levels. The base salaries for our other Named Executive Officers, including our Chief Executive Officer, will remain unchanged in 2012.

*Short-Term Bonus.* Our Named Executive Officers are eligible to receive short-term (or annual) bonuses under our 2000 Executive Management Incentive Plan ( 2000 MIP ). Bonus awards under our 2000 MIP are generally set as a percentage of base salary, with the specific target percentage determined by the participant's position, level and scope of responsibility within the Company so that highly compensated executives receive a relatively larger percentage of their total compensation in the form of bonuses and other incentive based vehicles.

For 2011, the Compensation Committee approved the return to our historical compensation practice of awarding cash bonuses primarily based upon achievement of specific, predetermined objective performance targets. We had routinely followed this practice historically, except for fiscal years 2009 and 2010 when the Compensation Committee had approved a discretionary short-term bonus program, as the economic adversity facing the gaming industry and the national economy had made traditional corporate performance-based measurements too unpredictable to be utilized as a viable incentive tool.

Due to the lingering impacts of the recession on our business levels, the Compensation Committee adopted a more conservative short term target incentive award structure for 2011. For our Named Executive Officers, the short-term bonus potential for 2011 was established based on a reduced target bonus opportunity equal to approximately sixty-five percent (65%) of the historical target bonus award used for each of our Named Executive Officers over the past four years. The performance target was performance against our 2011 operating budget, measured based on EBITDA (earnings before interest, taxes, depreciation and amortization),<sup>1</sup> as approved by the board of directors. For

- <sup>1</sup> Note, EBITDA is a non-GAAP financial measure. For supplemental financial data and corresponding reconciliation of EBITDA to U.S. generally accepted accounting principles ( GAAP ), please see Note 20 to our financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. Non-GAAP measures should be viewed in addition to, and not as an alternative for, financial results prepared in accordance with GAAP.

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2011, the approved operating budget was EBITDA of \$353 million, as adjusted. As a percentage of base salary, for each of our Named Executive Officers the short-term bonuses were awarded under the following parameters:

<b>Executive</b>	<b>2011 Threshold Bonus</b>	<b>2011 Target Bonus</b>	<b>2011 Maximum Bonus</b>
William S. Boyd	30%	48.75%	75%
Keith E. Smith	40%	65.00%	100%
Robert L. Boughner	30%	48.75%	75%
Paul J. Chakmak	30%	48.75%	75%
Josh Hirsberg	16%	26.00%	40%

The minimum or threshold bonus represents approximately forty percent (40%) of the historical target bonus award for each Named Executive Officer and would have been earned at a performance level of 90% of the approved operating budget. The maximum bonus represents the Named Executive Officer earning their historical target bonus level and a maximum pay-out would have been earned at a performance level of at least 115% of budget. No short term bonus awards would have been earned for a performance level of less than 90% of the approved operating budget.

Based on 2011 performance with EBITDA slightly above budget, the Compensation Committee approved short-term bonus payments that equaled approximately 101% of the target bonus level, or about sixty seven and one-half percent (67.5%) of each Named Executive Officer's historical target bonus award amount. The amount of each Named Executive Officer's bonus is set forth below in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

For 2012, the Compensation Committee again utilized the achievement of predetermined, objective performance targets for short-term bonus awards and set the target as performance against the 2012 operating budget, as approved by our board of directors, measured based on EBITDA. Additionally, for 2012, following its review of our executive compensation and in consultation with Exequity, the Compensation Committee approved increases to the short-term bonus target award levels for our Named Executive Officers. In determining that these increases were appropriate, the Compensation Committee weighed various factors, including without limitation: (i) the gradual stabilization of the economy both generally and within the gaming industry and the exemplary efforts by our management team in guiding the company through the recession, (ii) that short-term bonuses have been paid at reduced levels or have not been paid over the last few years, (iii) competitive pay practices and (iv) the need incentivize our executives to remain highly motivated and focused on providing strong management as we emerge from the recession. For each of our Named Executive Officers, other than Mr. Hirsberg, the short-term bonus target award percentage, stated as a percentage of their respective base salaries, were increased by 10% for 2012. Mr. Hirsberg's target award percentage was increased by 20%, in part, in anticipation of his appointment to the Management Committee, in early 2012. As a result, for 2012 the approved short-term bonus parameters for our Named Executive Officers are as follows:

<b>Executive</b>	<b>2012 Threshold Bonus</b>	<b>2012 Target Bonus</b>	<b>2012 Maximum Bonus</b>
William S. Boyd	63.75%	85%	127.50%
Keith E. Smith	82.50%	110%	165.00%
Robert L. Boughner	63.75%	85%	127.50%
Paul J. Chakmak	63.75%	85%	127.50%
Josh Hirsberg	45.00%	60%	90.00%

The potential award payout levels are proportionately increased or decreased based on the actual achievement relative to our 2012 approved operating budget. No short term bonus awards will be earned for a performance level of less than 90% of the approved operating budget. A minimum award pay-out would be earned at a performance level of 90% of the approved budget and would result in a payout award potential of 75% of the Named Executive Officer's target bonus amount. A maximum pay-out would be earned at a performance level of at least 120% of budget and would result in a payout award potential of 150% of the Named Executive Officer's target bonus amount.

*Long-Term Compensation.* We believe that the long-term compensation component should serve as both an incentive for achieving longer term company performance goals and as a retention tool for our executives. Prior to 2008, we provided long-term compensation to our Named Executive Officers in the form of long-term cash bonuses granted under our 2000 MIP and equity incentive awards granted under our 2002 Stock Incentive Plan. Given the



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recession and its impact on the gaming industry, beginning in 2008 the Compensation Committee replaced its historical practice of granting long-term cash awards with an increase in the grant of equity awards, principally in the form of RSUs which it believes are a more efficient and useful compensation vehicle for performance incentive and executive retention purposes than cash awards. In 2011, as we have done since 2008, all of the long-term compensation awards granted to our Named Executive Officers were in the form of equity awards.

### *Equity Compensation*

We believe that a significant component of the compensation paid to our executives over the long-term should be comprised of equity-based compensation. We also believe that stock price appreciation and stock ownership in the Company are valuable incentives to our executives and that the grant of equity awards to them serves to further align their interests with the interests of our stockholders as a whole and to encourage them to manage the Company in its best long-term interests.

The Compensation Committee determines the type of equity awards that are to be granted to our Named Executive Officers, which have over recent years (beginning back in 2008) consisted of grants of stock options and RSUs under our stock incentive plans. Prior to 2011, stock options were the primary source of equity compensation to our Named Executive Officers. For members of our Management Committee at the relevant time, including our Named Executive Officers (other than Mr. Hirsberg), the value allocation of each individual's long term equity compensation was comprised of approximately seventy-five percent (75%) stock options and twenty-five percent (25%) RSUs.

In 2011, following its review of our overall executive compensation, including the 2011 Compensation Study, and in consultation with management and Exequity, the Compensation Committee approved structural modifications to our equity compensation program by including Performance Shares, as an addition to stock options and RSUs. The Compensation Committee approved equity awards to our Named Executive Officers comprised of stock options, RSUs and Performance Shares, with approximately one-third of the equity compensation award value split among the three types of awards for each Named Executive Officer. Stock options are intended to provide strong alignment with stockholders and only provide value to the executives if the stock price appreciates over the grant price. RSUs provide additional linkage to stock price and also promote the retention of our executives. Performance Shares provide reward opportunities for achieving sustained multi-year performance goals as set by our Compensation Committee. Each of these awards is ultimately denominated in shares of our common stock and is earned over three years, thus providing a strong incentive to grow stockholder value.

The addition of Performance Shares as a component of equity compensation is intended to enhance the equity awards component of compensation, promote retention and incentivize long-term performance by reducing some of the risks of stock price volatility and tying payout of the award to both time based vesting and measurable performance metrics. In determining to add Performance Shares as a component of equity compensation the Compensation Committee weighed various factors, including without limitation, that: (i) the Company's historical equity compensation has not provided the intended benefits for several years; (ii) market volatility can have a significant impact on the intended benefits of stock options; (iii) Performance Shares provide long term incentive compensation that can be based on key objectives and factors that executives can strive for in working to achieve performance goals; and (iv) Performance Shares incentivize achievement of longer term or strategic performance goals with less risk from market volatility. The Compensation Committee believes that the shift to this more balanced mix of stock options, RSUs and Performance Shares in our equity compensation aligns the long-term interests of senior management and our stockholders, provides meaningful compensation value and serves as a valuable retention tool.

All equity awards granted as long-term compensation to our Named Executive Officers in 2011 were granted pursuant to our 2002 Stock Incentive Plan.

### *Stock Options, RSUs and Performance Shares*

The Compensation Committee has the authority and determines, on a discretionary basis, whether to grant equity awards, as well as the amount and the terms of such awards, based on the Named Executive Officer's position within the Company.

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The stock options granted in 2011 feature a three year vesting schedule, with one-third of each award vesting on each anniversary of the grant date. The RSUs granted in 2011, other than those granted under the Career Shares Program, feature three-year cliff vesting. The Performance Shares granted in 2011 contain a three-year cliff vesting and three (3) performance metrics for each of our Named Executive Officers. Each performance metric works and is measured independently of the others and includes a minimum (or threshold) performance level, a target performance level and a maximum performance level opportunity. The scale to be applied to each metric is a sliding scale and generally works as follows:

<b>Metric Performance Achievement</b>	<b>Performance Shares Payout (as % of target award)</b>
Below Minimum	-0-
Minimum	50%
Target	100%
Maximum (and above)	200%

The three performance metrics associated with the Performance Shares granted to our Named Executive Officers in 2011 are: (i) net revenue growth; (ii) operating income growth; and (iii) customer service score. Each of the performance metrics is measured over the following three full fiscal years and each performance metric represents one-third ( $\frac{1}{3}$ ) of the shares potentially payable on settlement of the Performance Shares. The initial measurement period for the Performance Shares granted in 2011 commences on January 1, 2012 and runs through December 31, 2014. The achievement level of each Performance Share metric will determine the final payout of shares under the award at the end of the measurement period. All three metrics must be satisfied at a maximum performance level for the maximum payment of 200% to be earned. If none of the three performance metrics achieves the minimum performance level, then no shares will be earned and awarded. Achievement between the payout points shown in the table above will be interpolated on a linear basis.

The Compensation Committee set specific targets for the three Performance Share metrics, as well as the minimum levels required to receive any share payout and the levels that would earn a maximum payout. The Compensation Committee determined the minimum, target and maximum levels of net revenue growth and operating income growth after considering comparable historical and budgeted revenue and operating income. In setting the customer service score metric, the Compensation Committee also considered historical performance as well as the Company's goals and expectations with respect to the next three years. The Compensation Committee, after careful consideration, determined that the performance metrics were all sufficiently challenging to incentivize performance. The minimum performance levels generally require average performance and are expected to be achieved. The target performance levels are intended to be reasonably achievable and require average or above average performance and the maximum performance levels require extraordinary performance.

In establishing the individual equity compensation awards for 2011, the Compensation Committee considered the equity compensation target award value for each of our Named Executive Officers. Following the Compensation Committee's review of our executive compensation, including the 2011 Compensation Study, and consultation with Exequity, amongst other factors, the Compensation Committee approved the following approximate target valuations for the equity compensation awards to our Named Executive Officers: For Mr. Smith, \$2,000,000; for Messrs. Boyd, Boughner and Chakmak, \$900,000 each; and for Mr. Hirsberg, \$300,000. The number of shares of common stock underlying each component of the award was then determined based on a share price of \$7.00 per share. These figures represent a theoretical grant date value, the ultimate value of these awards will fluctuate with our stock price. Generally, the equity compensation target values were kept at a similar level as 2010, except for Messrs. Smith and Hirsberg, whose equity compensation target award values increased over 2010. The Compensation Committee determined that equity compensation target award values, including the increased target award values for Messrs. Smith and Hirsberg, were appropriate to ensure that our Named Executive Officers are adequately compensated in light of current market practices as illustrated by the 2011 Compensation Study, remain motivated and focused on providing strong management as we continue to slowly emerge from the recession and remain committed to the long term goals of the Company and its stockholders. The number of stock options, RSUs and Performance Shares awarded to each Named Executive Officers is set forth below in Grant of Equity Awards Table.

Our Compensation Committee grants equity awards pursuant to its policy of making such grants, if at all, on the fifth business day following our release of earnings for the third quarter of each year, except in the case of our non-employee directors, new hires or other special situations. In addition, our Compensation Committee adopted a



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policy in 2006 regarding our Career Shares Program, which is discussed below, that provides for the annual grant of RSUs under our 2002 Stock Incentive Plan on January 2 of each year or, if January 2 is not a business day, then the next business day. During 2011, the Career Shares grants were awarded by the Compensation Committee consistent with this program; however, in order to provide the Compensation Committee sufficient time to more fully review and analyze the 2011 Compensation Study and the recommendations provided by Exequity, and ultimately to implement certain of those recommendations, our annual equity compensation awards for 2011 were granted on December 7, 2011.

Our Compensation Committee continues to review our long-term compensation policy, in connection with the assessment of our overall compensation program, to determine whether other modifications to the policy are warranted. However, it is anticipated that the Compensation Committee will continue the practice of granting equity awards in lieu of a long-term cash bonus award to our Named Executive Officers in 2012.

*Career Shares Program*

Our Career Shares Program is a stock incentive award program for certain executive officers to provide for additional capital accumulation opportunities for retirement and to reward long-service executives. Our Career Shares Program was adopted by the Compensation Committee on December 7, 2006 and amended on October 25, 2010. The Career Shares Program provides for the grant of RSUs ( Career RSUs ) under our 2002 Stock Incentive Plan to members of our senior management, including members of our Management Committee and each of our Named Executive Officers. Each Career RSU is analogous to one share of restricted common stock, except that Career RSUs do not have any voting rights and do not entitle the holder to receive dividends.

Under the Career Shares Program, a fixed percentage of each participant's base salary is credited to his or her career shares account annually. Each January 2, or, if January 2 is not a business day, then the next business day, Career RSUs are awarded to members of our Management Committee in an amount that equals 15% of such individual's base salary, and to certain other members of our senior management in an amount that equals 10% of their individual base salaries, in each case, subject to adjustment by the Compensation Committee. Career RSUs granted pursuant to our Career Shares Program are awarded for service provided for the immediately preceding calendar year. The basis for the value of the awards is the base salary of the participant in effect on December 31 of the immediately preceding year and the closing stock price of our common stock on January 2 or, if January 2 is not a business day, then the next business day. Consistent with this policy and the Career Shares Program, on January 3, 2012, Career RSUs were granted to all of our Named Executive Officers as well as to the other members of the Management Committee.

Upon becoming eligible to receive a grant of Career RSUs, participants generally will have their initial award prorated based on the number of full months served in a career shares eligible position during the preceding year. For example, if someone becomes eligible on July 15 they would receive 5/12 of the product of their year end salary and their Career RSUs percentage on the next grant date, since they had served for five full months during the preceding year. If a participant becomes career shares eligible during the last quarter of the year, however, no Career RSUs will be awarded on the next grant date.

Payouts are made at retirement, at which time participants receive one share of our common stock for each vested Career RSU held in their respective career share account, less any applicable taxes. To receive any payout under the Career Shares Program, as amended, participants must be at least 55 years old and must have been continually employed by the Company for a minimum of 10 years. Retirement after 10 years of service will entitle a participant to fifty percent (50%) of his or her career shares account. This increases to seventy-five percent (75%) after 15 years and one hundred percent (100%) following 20 years of employment. The Compensation Committee may credit participants with additional years of service in its discretion.

In the event of a participant's death or permanent disability, or following a change in control, the participant will be deemed to have attained age 55 and the Career RSUs will immediately vest and convert into shares of our common stock based on the participant's years of continuous service through the date of death, termination resulting from permanent disability or the change in control, as applicable.

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In addition, awards in a participant's career share account can be applied towards satisfying our stock ownership guidelines discussed below.

### *Other bonus payments*

In 2011, a special bonus in the amount of \$250,000 was approved by the Compensation Committee and paid to Mr. Boyd in recognition of the loss of a benefit that Mr. Boyd previously received under certain split-dollar life insurance arrangements, which were terminated by us in 2003. Mr. Boyd has received this special bonus payment in the same amount in each of the last eight (8) years. We expect that the Compensation Committee will continue to extend the \$250,000 special bonus to Mr. Boyd in 2012.

### *State income tax gross-up payments.*

Beginning in January 2009 and continuing throughout 2011, Mr. Boughner served as the President and Chief Operating Officer of Marina District Development Company, LLC ( MDDC ) our New Jersey joint venture, which owns and operates the Borgata Hotel Casino and Spa and the Water Club in Atlantic City, New Jersey. Consistent with past years in which Mr. Boughner served as an executive officer of MDDC, the Company has agreed to provide Mr. Boughner with a state income tax gross-up payment to compensate him for his added state income tax liability resulting from his assignment. During 2011, this payment was in the amount of \$139,247, relating to Mr. Boughner's 2010 tax year. We anticipate making a similar payment to Mr. Boughner during 2012 for his New Jersey state income tax liability for his 2011 taxes, and we anticipate that this state income tax gross-up payment practice for Mr. Boughner will continue for the duration of his current assignment with MDDC.

### *Our Policy on Perquisites*

We provide our Named Executive Officers with perquisites that we believe are reasonable, competitive and consistent with our overall executive compensation program. We believe that our perquisites help us to hire and retain qualified executives.

Certain senior executive officers, as designated by the Chief Executive Officer and pursuant to our internal policies, may use our corporate aircraft for personal travel on a limited basis. Such executive officers are imputed with income in an amount equivalent to the Standard Industry Fare Level rate, as defined in the Internal Revenue Code of 1986, as amended (the Internal Revenue Code ), for such use and are required to advance to us an amount sufficient to cover certain out-of-pocket costs directly attributed to such use. These out-of-pocket costs include crew lodging expenses, on-board catering, landing fees, trip-related hangar/parking costs and other variable costs.

The aggregate incremental cost for use of our corporate aircraft during 2011 that is attributable to any Named Executive Officer, net of amounts advanced to us by the applicable executive as discussed above, is reflected in the Summary Compensation Table. We determine the aggregate incremental cost based on estimated fuel expenses and maintenance expenses per flight hour. Since our aircraft are used primarily for business travel, we do not include the fixed costs that do not change based on usage, such as pilots' salaries and the purchase costs of the corporate aircraft.

We provide Mr. Boyd with use of a corporate car that is owned by the Company, and reflect the aggregate incremental cost attributable to such use during 2011 in the Summary Compensation Table. We determine the aggregate incremental cost for use of the corporate car by calculating the assumed annual lease value of the car, consistent with applicable Treasury regulations, multiplied by the percentage of use that is estimated to be attributable to Mr. Boyd's personal use.

In addition, we provide a country club membership for Mr. Boyd, which is used for both business and personal purposes. The amount of all costs related to this membership for 2011 is reported as other compensation for Mr. Boyd in the Summary Compensation Table.

Our employee and non-employee directors, along with members of our Management Committee, are eligible to participate in the Medical Expense Reimbursement Plan, which covers medical expenses incurred by plan participants and their spouses that are not covered by other medical plans. We also provide our Named Executive Officers with more life insurance coverage than is generally made available to our other employees. Please see the Summary Compensation Table for the amount of medical premiums or related reimbursements paid on behalf of the Named Executive Officers during 2011 and for the amount of the applicable premiums paid for such additional life insurance coverage during 2011.

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Our senior management members, including our Named Executive Officers, also participate in our other benefit plans and programs on the same terms as other employees. These plans include our 401(k) plan, medical, vision and dental insurance and paid time-off plan. In addition, our senior management members are eligible to participate in our deferred compensation plan on the same terms as other eligible management-level employees.

*Stock Ownership Guidelines*

As we noted above, we believe that ownership in the Company by our executive management team, including our Named Executive Officers, is an important individual incentivizing tool that fosters the management of the Company in its long term best interests for the benefit of all of our stockholders. Our Compensation Committee initially adopted stock ownership guidelines in 2006 for certain key executives, and in October 2010, the Compensation Committee undertook a periodic review of the guidelines and approved certain amendments to reflect the significant change in circumstances in the broader equities markets and the sharp volatility in our Company's stock price over recent years. The Compensation Committee believes that the guidelines, as they may be updated and revised from time to time, will continue to further the alignment between our executive team and stockholders. Pursuant to the amended current stock ownership guidelines, certain key executive officers, including our Named Executive Officers, are required to pursue ownership of an amount of our common stock (which can include shares of common stock represented by vested and unvested RSUs, including Career RSUs) based on a multiple of the participant's base salary, as set forth in the following table:

	<b>Multiple of Base Salary</b>
<b>Executive Tier</b>	
Executive Chairman of the Board of Directors	5
Chief Executive Officer	5
Chief Operating Officer	4
All Other Members of Management Committee	3
Certain Other Members of Senior Management	1-2

As a part of its 2010 review of the guidelines, the Compensation Committee approved a mechanism to facilitate each participant's ongoing progress towards achievement of the established stock ownership levels. For any participant who does not then meet their established stock ownership level, the guidelines mandate that fifty percent (50%) of the net shares, after accounting for tax withholding and any option exercise payments, resulting from the sale of stock options or the vesting of RSUs or Performance Shares must be retained by the executive until that individual has met his or her stock ownership level established by the guidelines.

Additionally, in 2011, the Corporate Governance and Nominating Committee adopted certain amendments to our stock ownership guidelines applicable to our independent members of our board of directors. The director stock ownership guidelines provide that each independent member of the board of directors will be required to hold stock in the Company at least equal to five (5) times the annual cash retainer received by such independent director. Each director shall have a three (3) year period, after the later of joining the board of directors or the adoption of the guidelines, in which to accumulate the required level of stock ownership. For purposes of the required stock ownership levels under the guidelines, any deferred shares or RSUs shall be included in such calculation; however, pursuant to the amendments to the guidelines adopted in 2011, the Corporate Governance and Nominating Committee also determined that at least twenty five percent (25%) of the ownership goal must be achieved through direct ownership of shares, with a three (3) year period to achieve such direct ownership beginning in January 2012, using a rolling average stock price. The director stockownership guidelines, like those applicable to our senior executives, serve as an incentivizing tool for our independent members of the board of directors to strategically guide and manage the Company in its long term best interests for the benefit of all of our stockholders.

*Post-Termination Compensation*

In 2006, our Compensation Committee adopted our Change-in-Control Severance Plan (the "CIC Plan") to provide severance benefits for certain executive officers, including our Named Executive Officers, upon termination of employment in connection with a change in control. In addition, our CIC Plan provides for the acceleration of vesting of equity awards for our Named Executive Officers, and certain other executives, upon the occurrence of certain events. We believe that it is important to protect key executives who helped build our Company and who will be important in continuing the Company's success through a change in control or similar event. Further, we believe that the interests of stockholders will be best served if the interests of our most senior management are aligned with



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them. Providing change in control benefits is designed to reduce the reluctance of senior management to pursue potential change of control transactions that may be in the overall best interests of our stockholders. We currently do not have individual written severance agreements with our executive officers, including our Named Executive Officers; however, we retain the discretion to negotiate individual arrangements as deemed appropriate.

*2000 MIP.* Our 2000 MIP contains a continuous employment requirement. In addition, certain provisions of our 2000 MIP are triggered in the event of a change in control or if a long service employee retires. Generally, if a participant, other than a long service employee, terminates employment for any reason other than death or disability prior to the award payment date, he or she is not entitled to the payment of any award under the 2000 MIP for any outstanding plan period (regardless of whether it is a short-term or long-term incentive award). If the participant's termination is due to disability or death, he or she is entitled to the payment of an award for each plan period in which he or she is participating on the date of termination; provided, however, that the Compensation Committee may proportionately reduce or eliminate his or her actual award based on the date of termination and such other considerations as the Compensation Committee deems appropriate. For 2011, the only outstanding plan period under the 2000 MIP was for the short-term, annual incentive awards for 2011. There were no long-term cash incentive awards or award periods outstanding under the 2000 MIP during 2011.

If a long service participant terminates employment with us for any reason (including death or disability) prior to the award payment date, he or she is entitled to (i) the payment of an award for the plan period (in which the participant is participating on the date of termination) with the earliest date of commencement and (ii) the payment of an award for any other plan period (in which the participant is participating on the date of termination) reduced proportionally based on the number of years of employment completed during the plan period with each partial year of employment counting as a full year. A long service participant generally means a participant who has reached age 55 and completed 15 or more years of service with us or any of our subsidiaries (including acquired entities).

If a participant is terminated without cause within 24 months after a corporate transaction or a change in control (as defined in the 2002 Stock Incentive Plan), the participant is entitled to the payment of an award for each plan period (in which the participant is participating on the date of termination). The Compensation Committee believes that this double-trigger feature provides appropriate incentives and job security for management while protecting stockholders value in the event of a change in control.

*CIC Plan.* Our Named Executive Officers are eligible to participate in our CIC Plan, which provides severance benefits upon certain qualifying terminations. A qualifying termination includes involuntary termination without cause, voluntary termination due to a relocation in excess of 50 miles or certain reductions in compensation, among other events, within 24 months immediately following a change in control. Generally, a change in control is deemed to occur upon (i) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company, by a Company-sponsored employee benefit plan or by a person who directly or indirectly controls, or is controlled by, or is under common control with, the Company or by members of the Boyd family) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than 50% of the total combined voting power of the Company's outstanding securities, or (ii) a majority of the board of directors ceasing to be continuing directors at any time within a 36-month period due to contested elections.

CIC Plan benefits are determined based upon the relevant status of the participant as a Tier One Executive (our Chief Executive Officer and Executive Chairman of the Board of Directors), Tier Two Executive (members of our Management Committee, other than our Chief Executive Officer and Executive Chairman of the Board of Directors), or Tier Three Executive (certain other members of senior management, other than Management Committee members). Following the execution of a general release in a form generally acceptable to the Company that releases the Company and its affiliates from any and all claims the participant may have against them, among other things, the Company shall pay to the participant a lump-sum cash payment of:

any unpaid amounts owed to the participant, such as any unpaid base salary, accrued vacation pay, or unreimbursed business expenses;

a multiple of three, two and one for Tier One Executives, Tier Two Executives and Tier Three Executives, respectively, of the participant's:

i annual salary in effect immediately prior to the occurrence of the change of control or, if greater, upon the occurrence of the qualifying termination; plus



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- i the participant's then-current target short-term bonus opportunity in effect immediately prior to the change of control or, if greater, the average of the participant's actual short-term bonus for the three fiscal years immediately prior to the change in control or, if greater, the participant's target short-term bonus opportunity in effect upon the qualifying termination,

an amount equal to the greater of:

- i the participant's then-current target short-term bonus opportunity established for the plan year in which the qualifying termination occurs; or

- i the participant's target bonus opportunity in effect prior to the occurrence of the change in control,

in each case, adjusted on a pro rata basis based on the number of days the participant was actually employed during such plan year; and

the amount of monthly premiums that would have been paid by the Company on behalf of the participant under the Company's health insurance plan, or COBRA (a period of 36 months, 24 months and 12 months for Tier One Executives, Tier Two Executives and Tier Three Executives, respectively), plus an additional amount such that the participant effectively receives such premiums on a tax-free basis.

In addition, under the CIC Plan, any outstanding equity-based long-term incentive awards granted, including but not limited to stock options, stock appreciation rights, restricted stock, and restricted stock units, will become immediately vested in full upon a qualifying termination.

If the sum of the amounts to be received by the participant under the CIC Plan, plus all other payments or benefits that the participant has received or has the right to receive from the Company, would constitute a parachute payment under Section 280G of the Internal Revenue Code, that combined amount will be decreased by the smallest amount that will eliminate any such parachute payment. However, for Tier One Executives and Tier Two Executives only, if the decrease referred to in the preceding sentence is 10% or more of the combined amount, the combined amount will not be decreased, but rather will be increased by an amount sufficient to provide the participant, after taking into account all applicable federal, state and local taxes, a net amount equal to the excise tax imposed on the combined amount (as increased by any applicable tax gross-up) by Section 4999 of the Internal Revenue Code.

*Deferred Compensation Plan.* Under the Boyd Gaming Corporation Deferred Compensation Plan effective as of January 1, 2005 (the Deferred Compensation Plan), in which our Named Executive Officers are eligible to participate, Named Executive Officers may defer up to 25% of base salary and up to 75% of incentive compensation paid. We may make discretionary contributions to a participant's account; however, during 2011, we did not exercise such discretion. Upon a change in control (as defined in the Deferred Compensation Plan), the benefits under the Deferred Compensation Plan are immediately payable in a lump sum, subject to certain conditions and limitations set forth in Internal Revenue Code section 409A and its related Treasury regulations. In addition, upon termination of employment prior to the age of 55 or death, benefits under the Deferred Compensation Plan are payable in a lump sum. Otherwise, upon termination of employment (including upon retirement), the participant may elect to have benefits paid in a lump sum or in periodic payments over a period of 5, 10 or 15 years; however, with respect to specified employees as defined in Internal Revenue Code section 409A, any payment that is triggered by termination of employment must be delayed for at least six months following the date of termination. Prior to the Deferred Compensation Plan, we maintained a separate, prior deferred compensation plan, but that plan has been closed to new contributions from participants since the effective date of the current plan.

*Equity Incentive Plans.* During 2011, the equity incentive plans in which our Named Executive Officers participate include our 1996 Stock Incentive Plan and our 2002 Stock Incentive Plan. As described in further detail under Proposal 3 below, on March 23, 2012, the board of directors approved the amendment and restatement of our 2002 Stock Incentive Plan as our 2012 Stock Incentive Plan, subject to approval of our stockholders. The 2012 Stock Incentive Plan, if approved by our stockholders at the Annual Meeting, contains similar accelerated vesting and change of control provisions as the 2002 Stock Incentive Plan detailed below. Only one of our Named Executive Officers has options outstanding under our 1996 Stock Incentive Plan, which options are fully vested. Generally, except as our Compensation Committee may otherwise determine or in connection with a long service employee as discussed below, equity awards granted under each of our equity incentive plans provide that, in the event of termination, the grantee may exercise the portion of the option award that was vested at the date of termination for a period of three months following termination; provided that if the termination is due to disability or death, the exercise period is twelve months.





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Pursuant to the terms of our 2002 Stock Incentive Plan, our Compensation Committee has the authority, in connection with an actual or anticipated change in control or corporate transaction, to provide for the full or partial accelerated vesting and exercisability of outstanding unvested awards.

Under our 2002 Stock Incentive Plan, a change of control means a change in ownership or control of the Company effected through:

the direct or indirect acquisition of more than 50% of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer which the majority of the board of directors do not recommend; or

a change in the composition of the board of directors over a period of up to 36 months such that a majority of the board members ceases, by reason of one or more contested elections, to be comprised of continuing directors.

Pursuant to the terms of our 2002 Stock Incentive Plan, a corporate transaction means any of the following transactions:

a merger or consolidation in which the Company is not the surviving entity;

the sale, transfer or other disposition of all or substantially all of the assets of the Company;

the complete liquidation or dissolution of the Company;

any reverse merger in which the Company is the surviving entity but in which securities possessing more than 50% of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger; or

an acquisition in a single or series of related transactions by any person or related group of persons of beneficial ownership of securities possessing more than 50% of the total combined voting power of the Company's outstanding securities, but excluding an acquisition from or by the Company, by a Company-sponsored employee benefit plan or by members of the Boyd family or any transaction that the Compensation Committee deems is not a corporate transaction.

Pursuant to the form of our restricted stock unit agreement (RSU Agreement) for the 2002 Stock Incentive Plan, vesting ceases upon termination of continuous service (defined as employment) for any reason, including death or disability, except as described below. Any unvested RSUs held by the grantee following such termination will be deemed reconveyed to us. Also under our RSU Agreement, in the event of a change in control or corporate transaction (each as defined in the RSU Agreement), any outstanding award will automatically become fully vested.

Notwithstanding the foregoing, in the event of a grantee's Retirement (defined below), the grantee may be entitled to additional vesting with respect to RSUs. Retirement means separation from service (including as a result of death or disability), other than for Cause (as defined in the RSU Agreement), after reaching age 55 and having at least 10 years of service to the Company. In the event of a Retirement, the grantee will be entitled to accelerated vesting as follows:

<b>Age of Employee</b>	
<b>and Length of Service</b>	<b>Acceleration of Vesting for</b>
<b>at time of Retirement</b>	<b>Unvested RSUs</b>
55 years of age and	RSUs otherwise scheduled to vest

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10-15 years of service	within the 12 months following the date
55 years of age and	of Retirement shall fully accelerate RSUs otherwise scheduled to vest
15-20 years of service	within the 24 months following the date
55 years of age and	of Retirement shall fully accelerate RSUs otherwise scheduled to vest
20 or more years of service	within the 36 months following the date
	of Retirement shall fully accelerate

Pursuant to the form of our performance share unit agreement ( Performance Share Agreement ) for the 2002 Stock Incentive Plan, vesting ceases upon termination of continuous service (defined as employment) for any reason, except as described below. Any unvested units held by the grantee following such termination will be deemed

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reconveyed to us. Also under our Performance Share Agreement, in the event of a change in control or corporate transaction (as defined in the Performance Share Agreement), any outstanding award will automatically become fully vested assuming achievement of the applicable performance metrics at target, provided that such change in control or corporate transaction effective date occurs prior to the applicable award determination date. Notwithstanding the foregoing, in the event of a grantee's Retirement, a portion or all of the shares may be issuable following the performance period (as shortened for a change in control or corporate transaction), based on deemed length of service during the performance period. In the event of a Retirement, the grantee shall be deemed to have provided service for the number of days within the performance period for which the grantee actually provided service, plus a credited number of days equal to 365 (after 10 years of service), 730 (after 15 years of service), and 1095 (after 20 years of service). The resulting number of days will be divided by the number of days in the performance period (with the resulting ratio never exceeding one), and the ratio will be multiplied by the number of shares that would be issued based on actual performance or target performance upon a change in control or corporate transaction.

In 2006, the Compensation Committee adopted the provisions in the table below to provide certain long service employees with automatic vesting acceleration and an extended exercise period with respect stock options upon termination (other than for cause). Of our Named Executive Officers, William S. Boyd and Robert L. Boughner currently qualify as long service employees. These enhanced stock option provisions do not apply to stock options that are granted within six months of such employee's termination.

<b>Age of Employee and Length of Service at time of Termination</b>	<b>Acceleration of Vesting for Unvested Stock Options</b>	<b>Extended Exercise Period</b>
55 years of age and 15-19 years of service	Options otherwise scheduled to vest within the 12 months following the date of termination shall fully accelerate	Up to 12 months following termination
55 years of age and 20-24 years of service	Options otherwise scheduled to vest within the 24 months following the date of termination shall fully accelerate	Up to 24 months following termination
55 years of age and 25 or more years of service	All unvested stock options shall fully accelerate	Up to 36 months following termination

*Other Benefits.* From time to time, in recognition of the contribution of services provided to us, we may in our discretion offer additional compensation and benefits to our executive officers in connection with their retirement from the Company. During 2011, no such discretion was exercised with respect to our senior executive officers.

*Succession Planning*

Pursuant to the Company's Corporate Governance Guidelines, all of the independent members of our board of directors are involved in the succession planning of the Company. Our independent directors participate annually in a review of the Company's current succession plan. Additionally, the Company has engaged in the past, and continues to engage, the nationally recognized consulting firm Lee Hecht Harrison to assist and advise during this annual review as well as on other matters related to succession planning.

*Accounting and Tax Treatment*

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over \$1 million paid to the Chief Executive Officer or any of the other three most highly compensated executive officers other than the chief financial officer. The Company has structured certain performance-based portions of its executive officers' compensation in a manner that is designed to comply with the exceptions to the deductibility limitations of Section 162(m); however, we can provide no assurances that such compensation arrangements would ultimately satisfy such requirements if they were examined by the Internal Revenue Service.

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The Compensation Committee believes, however, that in certain circumstances, factors other than tax deductibility take precedence when determining the forms and levels of executive compensation most appropriate and in the best interests of the Company and our stockholders. Given our changing industry and business, as well as the competitive market for outstanding executives, the Compensation Committee believes that it is important to retain the flexibility to design compensation programs consistent with our overall executive compensation program, even if

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some executive compensation is not fully deductible. Accordingly, the Compensation Committee has from time to time approved elements of compensation for certain officers that are not fully deductible and reserves the right to do so in the future, when appropriate.

The performance factors for compensation intended to qualify as performance-based compensation pursuant to Section 162(m) must be approved by stockholders every five years.

**Table of Contents****Summary Compensation Table (2011)**

The following table sets forth the compensation earned for services performed for us, or our subsidiaries, during the fiscal years ended December 31, 2009, December 31, 2010 and December 31, 2011, by:

our Chief Executive Officer;

our Chief Financial Officer; and

each of our other three most highly compensated executive officers, employed by us as of the end of fiscal 2011, whom we refer to collectively as our Named Executive Officers.

Name and Principal Position	Year	Salary \$(1)	Bonus \$(1)	Stock Awards \$(3)(4)	Option Awards \$(3)	Non-Equity	All Other Compensation \$(5)	Total (\$)
						Incentive Plan Compensation \$(1)(2)		
William S. Boyd Executive Chairman of the Board of Directors	2011	1,000,000	250,000(7)	724,284	262,899	506,250	184,477	2,927,910
	2010	1,000,000	700,000(7)	354,665	683,923		128,091	2,866,679
Keith E. Smith President and Chief Executive Officer	2009	1,000,000	775,000(7)	335,277	609,901		117,193	2,837,371
	2011	1,100,000		1,441,194	584,218	742,500	39,634	3,907,546
	2010	1,100,000	660,000	550,216	1,080,563		16,516	3,407,295
Robert L. Boughner(6) Executive Vice President and Chief Business Development Officer	2009	1,100,000	770,000	513,727	963,612		15,112	3,362,451
	2011	1,100,000		739,288	262,899	556,875	148,684	2,807,746
	2010	1,100,000	495,000	421,121	634,512		159,731	2,810,364
Paul J. Chakmak Executive Vice President and Chief Operating Officer	2009	1,100,000	577,500	396,861	565,838		9,637	2,649,836
	2011	675,000		675,530	262,899	341,719	16,948	1,972,096
Josh Hirsberg Senior Vice President, Treasurer and Chief Financial Officer	2010	675,000	304,000	390,162	648,305		16,238	2,033,705
	2009	675,000	354,500	362,797	578,138		15,112	1,985,547
Josh Hirsberg Senior Vice President, Treasurer and Chief Financial Officer	2011	435,000		234,931	87,632	117,450	441	875,454
	2010	435,000	104,500	149,584	46,724		441	736,249
and Chief Financial Officer	2009	435,000	122,000	107,524	83,334		441	748,299

- (1) Includes amounts deferred, to the extent of such individual's participation, pursuant to our 401(k) Profit Sharing Plan and Trust and our Deferred Compensation Plan.
- (2) For the year ended December 31, 2011, the Compensation Committee approved the payment of a short-term bonus under the 2000 MIP. For a discussion regarding the 2011 bonus payments, see Compensation Discussion and Analysis Primary Components of our Compensation Program Short-Term Bonus.
- (3) Reflects the grant date fair value as determined in accordance with Accounting Standards Codification 718 (ASC 718) for the fiscal years ended December 31, 2009, 2010, and 2011, respectively, of awards to each of the Named Executive Officers granted in such years pursuant to our 2002 Stock Incentive Plan. Assumptions used in the calculation of these amounts are included in the notes to our audited financial statements under the caption *Stockholders' Equity and Stock Incentive Plans*, for the fiscal years ended December 31, 2009, 2010 and 2011, included in our Annual Reports on Form 10-K filed with the SEC on March 5, 2010, March 15, 2011 and March 7, 2012, respectively. However, as required, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions.

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- (4) Includes RSUs and Performance Shares. Each Performance Share represents a contingent right to receive up to a maximum of two (2) shares of our common stock, subject to three year cliff vesting and satisfaction of certain performance metrics. With respect to the Performance Shares, the amounts reported in the table assume that the performance metrics were all achieved at the target performance level. As required pursuant to Instruction 3 of Item 402(c)(2)(v) of Regulation S-K, if the performance metrics were all achieved at maximum performance the Grant Date Fair Value of the Performance Shares awarded to each of our Named Executive Officers would be: to Mr. Smith, \$1,276,190, to each of Messrs. Boyd, Boughner and Chakmak, \$574,284, and to Mr. Hirsberg, \$191,432. Notwithstanding the foregoing, the RSUs and the Performance Shares are subject to forfeiture and other terms and conditions contained in the award agreement and the 2002 Stock Incentive Plan. See Compensation Discussion and Analysis Equity Compensation.

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(5) The amounts shown as all other compensation include the following perquisites and personal benefits:

Name	401(k) Contributions(A)	Life Insurance Premiums	Medical Reimbursements(B)	Use of Corporate Aircraft and Corporate Car(C)	Other Benefits(D)
William S. Boyd	\$ 3,675	\$ 580	\$ 20,021	\$ 152,821	\$ 7,380
Keith E. Smith	3,675	580	11,013	24,366	
Robert L. Boughner	3,675	580	5,182		139,247
Paul J. Chakmak	3,675	580	12,693		
Josh Hirsberg		441			

(A) Represents amounts we contributed pursuant to the 401(k) Profit Sharing Plan and Trust.

(B) Represents our Medical Expense Reimbursement Plan, which includes plan premiums, company sponsored health care plan premiums and amounts received as reimbursements under this plan.

(C) Represents the aggregate incremental cost to the Company for use of our corporate aircraft and, solely as it relates to Mr. Boyd, use of a corporate car. Of the total amounts reported for Mr. Boyd for 2011, \$2,171 is attributable to the use of a corporate car.

(D) Includes reimbursed state income tax gross up payment for Mr. Boughner for his 2010 New Jersey income tax liability. Includes country club membership fees for Mr. Boyd.

(6) In December 2009, Mr. Boughner was named our Executive Vice President and Chief Business Development Officer. He also serves as (i) President and Chief Executive Officer of Echelon Resorts Corporation, a wholly owned subsidiary of the Company, (ii) President and Chief Operating Officer of Marina District Development Company, LLC ( MDDC ), the Company's New Jersey joint venture, and (iii) Executive Vice President and Chief Operating Officer of Marina District Finance Company, Inc. ( MDFC ), a wholly owned subsidiary of MDDC. The full amount of Mr. Boughner's compensation reflected for 2011 was paid by the Company, with approximately fifty-seven percent (57%) of such amounts being reimbursed by MDDC. For more information regarding MDDC and MDFC, see Transactions with Related Persons.

(7) Includes a special bonus in the amount of \$250,000 that was approved by our Compensation Committee and paid to Mr. Boyd in recognition of the loss of a benefit that Mr. Boyd previously received under certain split-dollar life insurance arrangements that we terminated in December 2003.



**Table of Contents****Grants of Plan-Based Awards Table (2011)**

The following table sets forth information regarding each grant of an award made under our incentive plans to our Named Executive Officers during the fiscal year ended December 31, 2011.

Name	Award Type	Grant Date	Date of Compensation Committee Action	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards Number of Shares or Units			All Other Securities Underlying Option Awards (#)	Exercise or Base Price of Option Awards (\$/Sh)(6)	Grant Date Fair Value of Equity Awards (\$)(7)
				Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
William S. Boyd	Short-term bonus(1)			300,000	487,500	750,000						
	Career RSUs(2)	01/03/11	12/07/06(8)					13,876			150,000	
	Stock Options(3)	12/07/11							76,531	6.70	262,899	
	RSU(4)	12/07/11						42,857			287,142	
	Performance Shares(5)	12/07/11					21,428	42,857	85,714		287,142	
Keith E. Smith	Short-term bonus(1)			440,000	715,000	1,100,000						
	Career RSUs(2)	01/03/11	12/07/06(8)					15,264			165,004	
	Stock Options (3)	12/07/11							170,068	6.70	584,218	
	RSU(4)	12/07/11						95,238			638,095	
	Performance Shares(5)	12/07/11					47,619	95,238	190,476		638,095	
Robert L. Boughner	Short-term bonus(1)			330,000	536,250	825,000						
	Career RSUs(2)	01/03/11	12/07/06(8)					15,264			165,004	
	Stock Options(3)	12/07/11							76,531	6.70	262,899	
	RSU(4)	12/07/11						42,857			287,142	
	Performance Shares(5)	12/07/11					21,428	42,857	85,714		287,142	
Paul J. Chakmak	Short-term bonus(1)			202,500	329,063	506,250						
	Career RSUs(2)	01/03/11	12/07/06(8)					9,366			101,246	
	Stock Options(3)	12/07/11							76,531	6.70	262,899	
	RSU(4)	12/07/11						42,857			287,142	
	Performance Shares(5)	12/07/11					21,428	42,857	85,714		287,142	
Josh Hirsberg	Short-term bonus(1)			69,600	113,100	174,000						
	Career RSUs(2)	01/03/11	12/07/06(8)					4,024			43,499	
	Stock Options(3)	12/07/11							25,510	6.70	87,632	
	RSU(4)	12/07/11						14,286			95,716	
	Performance Shares(5)	12/07/11					7,143	14,286	28,572		95,716	

- (1) Represents short-term (or annual) bonus for the 2011 fiscal year under the 2000 MIP. The award amount is based upon our performance relative to the operating budget measured by our EBITDA, as approved by the board of directors. Threshold represents achieving a performance level that is 90% of the target budgeted amount of operating budget; Target represents achieving 100% of the target operating budget amount; and Maximum represents achieving 115% or more of the of the target operating budget amount. See Compensation Discussion and Analysis Primary Components of our Compensation Program Short-Term Bonus.
- (2) Represents Career RSUs granted to the Named Executive Officers for no consideration pursuant to our Career Shares Program under our 2002 Stock Incentive Plan. Each Career RSU represents a contingent right to receive one share of our common stock. The vested Career RSUs will be paid out in shares of our common stock at the time of retirement based upon the grantee's attained age and years of continuous service at the time of retirement. To receive any payout under the Career Shares Program, grantees must be at least 55 years old and must have been continually employed by us for a minimum of 10 years. Retirement after 10 years of service will entitle a grantee to fifty percent (50%) of his or her Career RSUs. This increases to seventy-five percent (75%) after 15 years and one hundred percent (100%) following 20 years of employment. In the event of a grantee's death or permanent disability, or following a change in control of the Company, the grantee will be deemed to have attained age 55 and the Career RSUs will immediately vest and convert into shares of our

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common stock based on the grantee's years of continuous service through the date of death, termination resulting from permanent disability or the change in control, as applicable. See Compensation Discussion and Analysis Career Shares Program.

- (3) Represents stock options granted under our 2002 Stock Incentive Plan. The stock options granted to the Named Executive Officers in 2011 have a 10-year term and vest as to 33 1/3% of the shares of our common stock underlying the option grant per year on the first day of each successive 12-month period, commencing one year from the date of grant. Notwithstanding the foregoing, these stock options are subject to enhanced vesting and exercise period provisions for certain long service employees as discussed above in Compensation Discussion and Analysis Post-Termination Compensation Equity Incentive Plans.
- (4) Represents RSUs granted under our 2002 Stock Incentive Plan. Each RSU represents a contingent right to receive one share of our common stock. The RSUs granted to the Named Executive Officers in 2011 vest in full upon the third anniversary of the grant date. The RSUs are subject to forfeiture and other terms and conditions contained in the award agreement and the 2002 Stock Incentive Plan. See Compensation Discussion and Analysis Equity Incentive Plans.
- (5) Represents Performance Shares granted under our 2002 Stock Incentive Plan. Each Performance Share represents a contingent right to receive up to a maximum of two (2) shares of our common stock, subject to three year cliff vesting and satisfaction of certain performance metrics. Notwithstanding the foregoing, these Performance Shares are subject to forfeiture and other terms and conditions contained in the award agreement and the 2002 Stock Incentive Plan. See Compensation Discussion and Analysis Equity Compensation.
- (6) The exercise price of option awards is based on the fair market value of our common stock on the date of grant, calculated as the closing sales price for our common stock on the date of determination.
- (7) Represents the aggregate ASC 718 value of awards made in 2011. With respect to the Performances Shares, the amounts reported in the table assume that the performance metrics were all achieved at the target performance level.
- (8) On December 7, 2006, our Compensation Committee adopted a policy of providing for the automatic grant of Career RSUs on January 2 of each calendar year (or, if January 2 is not a business day, then the next business day) based on the base salary of the participant in effect on December 31 of the immediately preceding year and the closing stock price of our common stock on January 2 or, if January 2 is not a business day, then the next business day. For more information see Compensation Discussion and Analysis Career Shares Program.

**Table of Contents****Outstanding Equity Awards at Fiscal Year-End Table (2011)**

The following table sets forth information regarding unexercised stock options and unvested Restricted Stock Units for each of our Named Executive Officers outstanding as of December 31, 2011.

Name	Option Awards				Stock Awards(4)	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares, Units or Other Rights That Have Not Vested (#)	Market or Payout Value of Shares, Units or Other Rights That Have Not Vested (\$)
William S. Boyd	425,000		36.76	12/08/2014	24,540(7)	183,068
	305,000		39.96	10/19/2015	24,540(8)	183,068
	305,000		39.00	11/02/2016	42,857(9)	319,713
	195,000		38.11	12/06/2017	21,428(10)	159,853
	146,375		6.60	11/04/2018		
	97,584	48,791(1)	7.55	11/03/2019		
	48,792	97,583(2)	8.34	11/01/2020		
		76,531(3)	6.70	12/07/2021		
Keith E. Smith	68,333		17.21	09/05/2012	73,501(5)	548,317
	43,333		14.23	05/15/2013	46,189(6)	344,570
	150,000		36.76	12/08/2014	46,189(7)	344,570
	115,000		39.96	10/19/2015	46,189(8)	344,570
	115,000		39.00	11/02/2016	95,238(9)	710,475
	185,000		38.11	12/06/2017	47,619(10)	355,238
	194,265		6.60	11/04/2018		
	154,177	77,088(1)	7.55	11/03/2019		
77,089	154,176(2)	8.34	11/01/2020			
		170,068(3)	6.70	12/07/2021		
Robert L. Boughner	150,000		36.76	12/08/2014	34,642(6)	258,429
	115,000		39.96	10/19/2015	30,710(7)	229,097
	115,000		39.00	11/02/2016	30,710(8)	229,097
	130,000		39.78	11/07/2017	42,857(9)	319,713
	135,800		6.60	11/04/2018	21,428(10)	159,853
	90,534	45,266(1)	7.55	11/03/2019		
	45,267	90,533(2)	8.34	11/01/2020		
		76,531(3)	6.70	12/07/2021		
Paul J. Chakmak	40,000		16.37	02/02/2014	45,304(5)	337,968
	40,000		36.76	12/08/2014	23,095(6)	172,289
	35,000		39.96	10/19/2015	34,642(7)	258,429
	75,000		39.00	11/02/2016	34,642(8)	258,429
	111,000		38.11	12/06/2017	42,857(9)	319,713
	111,000		6.60	11/04/2018	21,428(10)	159,853
	92,502	46,250(1)	7.55	11/03/2019		
	46,251	92,501(2)	8.34	11/01/2020		
		76,531(3)	6.70	12/07/2021		
Josh Hirsberg	25,000		33.31	01/02/2018	17,782(5)	132,654
	20,000		6.60	11/04/2018	8,480(7)	63,260
	13,334	6,666(1)	7.55	11/03/2019	12,720(8)	94,891
	3,334	6,666(2)	8.34	11/01/2020	14,286(9)	106,574
		25,510(3)	6.70	12/07/2021	7,143(10)	53,287

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- (1) These stock options were granted on November 3, 2009 and will vest and become exercisable as to 33 1/3% of the shares of our common stock underlying the option grant on the first day of each successive 12-month period, with the first installment vesting on November 3, 2010. Notwithstanding the foregoing, these stock options are subject to enhanced vesting and exercise period provisions for certain long service employees as discussed above in Compensation Discussion and Analysis Post-Termination Compensation Equity Incentive Plans.
- (2) These stock options were granted on November 1, 2010 and will vest and become exercisable as to 33 1/3% of the shares of our common stock underlying the option grant on the first day of each successive 12-month period, with the first installment vesting on November 1, 2011. Notwithstanding the foregoing, these stock options are subject to enhanced vesting and exercise period provisions for certain long service employees as discussed above in Compensation Discussion and Analysis Post-Termination Compensation Equity Incentive Plans.
- (3) These stock options were granted on December 7, 2011 and will vest and become exercisable as to 33 1/3% of the shares of our common stock underlying the option grant on the first day of each successive 12-month period, with the first installment vesting on December 7, 2012. Notwithstanding the foregoing, these stock options are subject to enhanced vesting and exercise period provisions for certain long service employees as discussed above in Compensation Discussion and Analysis Post-Termination Compensation Equity Incentive Plans.

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- (4) Pursuant to applicable SEC rules, represents the closing market price of our common stock on December 30, 2011 (\$7.46), multiplied by the aggregate number of Career RSUs, Restricted Stock Units or Performance Shares, as applicable, held by the Named Executive Officer on such date.
- (5) Represents unvested Career RSUs granted to the Named Executive Officers for no consideration pursuant to our Career Shares Program under our 2002 Stock Incentive Plan. Each Career RSU represents a contingent right to receive one share of our common stock. The vested Career RSUs will be paid in shares of our common stock at the time of retirement based upon the grantee's attained age and years of continuous service at the time of retirement. The only Named Executive Officers whose Career RSUs were fully vested as of December 31, 2011 were Mr. Boyd and Mr. Boughner. The actual market value of our common stock, if any, ultimately received upon the grantee's termination of service in connection with such Career RSUs can only be determined upon the occurrence of such termination. See Compensation Discussion and Analysis Career Shares Program.
- (6) Represents awards of Restricted Stock Units granted for no consideration pursuant to our 2000 MIP and 2002 Stock Incentive Plan in April 2008. Each Restricted Stock Unit represents a contingent right to receive one share of our common stock upon vesting. The Restricted Stock Units will vest in full upon the sooner to occur of (i) April 16, 2013 or (ii) a date after October 16, 2009 upon which the closing price of our common stock is \$25.98 (which represents 150% of the closing price of our common stock on April 15, 2008) or greater for twenty (20) consecutive trading days beginning on or after October 16, 2009. The Restricted Stock Units are subject to the forfeiture and other terms and conditions contained in the award agreement and the 2002 Stock Incentive Plan.
- (7) Represents Restricted Stock Units granted under our 2002 Stock Incentive Plan on November 3, 2009. Each Restricted Stock Unit represents a contingent right to receive one share of our common stock. The Restricted Stock Units granted to the Named Executive Officers vest in full upon the third anniversary of the grant date. Notwithstanding the foregoing, these Restricted Stock Units are subject to forfeiture and other terms and conditions contained in the award agreement and the 2002 Stock Incentive Plan. See Compensation Discussion and Analysis Equity Incentive Plans.
- (8) Represents Restricted Stock Units granted under our 2002 Stock Incentive Plan on November 1, 2010. Each Restricted Stock Unit represents a contingent right to receive one share of our common stock. The Restricted Stock Units granted to the Named Executive Officers vest in full upon the third anniversary of the grant date. Notwithstanding the foregoing, these Restricted Stock Units are subject to forfeiture and other terms and conditions contained in the award agreement and the 2002 Stock Incentive Plan. See Compensation Discussion and Analysis Equity Incentive Plans.
- (9) Represents Restricted Stock Units granted under our 2002 Stock Incentive Plan on December 7, 2011. Each Restricted Stock Unit represents a contingent right to receive one share of our common stock. The Restricted Stock Units granted to the Named Executive Officers vest in full upon the third anniversary of the grant date. Notwithstanding the foregoing, these Restricted Stock Units are subject to forfeiture and other terms and conditions contained in the award agreement and the 2002 Stock Incentive Plan. See Compensation Discussion and Analysis Equity Incentive Plans.
- (10) Represents Performance Shares granted under our 2002 Stock Incentive Plan. Each Performance Share represents a contingent right to receive up to a maximum of two (2) shares of our common stock, subject to three year cliff vesting and satisfaction of certain performance metrics. In accordance with Instruction 3 to Item 402(f)(2) of Regulation S-K the amount reported is the threshold number of shares that may be issued pursuant to the award. Notwithstanding the foregoing, these Performance Shares are subject to forfeiture and other terms and conditions contained in the award agreement and the 2002 Stock Incentive Plan. See Compensation Discussion and Analysis Equity Compensation.

**Option Exercises and Stock Vested Table (2011)**

The following table sets forth information regarding the exercise of stock options and the vesting of Restricted Stock Units for each of our Named Executive Officers during the fiscal year ended December 31, 2011.

Name	OPTION AWARDS(1)		STOCK AWARDS(2)(3)	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
William S. Boyd			38,416	316,627(4)
Keith E. Smith			40,415	274,418
Robert L. Boughner			45,974	373,525(4)
Paul J. Chakmak			23,095	156,815
Josh Hirsberg			8,480	57,579

- (1) During 2011, none of our Named Executive Officers exercised any stock options.
- (2) Consistent with applicable SEC rules, represents the number of Career RSUs and/or RSUs that vested during 2011 for the applicable Named Executive Officer, multiplied by the market price of the underlying shares of our common stock on the vesting date.
- (3) On November 4, 2011, Restricted Stock Units granted to the Named Executive Officers, under our 2002 Stock Incentive Plan on November 4, 2008, vested in full in accordance with the terms of their award agreement. Each Restricted Stock Unit represents a contingent right to receive one share of our common stock. The value realized is calculated by multiplying the closing market price on November 4, 2011, \$6.79, the vesting date, by the total number of shares that vested.
- (4) Includes Career RSUs that were granted to the Named Executive Officers on January 3, 2011 for no consideration pursuant to our Career Shares Program under our 2002 Stock Incentive Plan. Each Career RSU represents a contingent right to receive one share of our common stock. The vested Career RSUs will be paid out in shares of our common stock at the time of retirement based upon the grantee's attained age and years of continuous service at the time of retirement. Since Mr. Boyd and Mr. Boughner were at least 55 years old and had been employed by us for at least 20 years as of the January 3, 2011 grant date, they were each immediately 100% vested in the Career RSUs granted. As a result, the value realized becomes the closing market price on January 3,

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2011, \$10.81, the grant date, multiplied by the number of units. However, consistent with the terms of the Career Shares Program as described above, the Career RSUs of Mr. Boyd and Mr. Boughner will not convert into our common stock until the termination of each of their respective service with us. The value Mr. Boyd and Mr. Boughner receive, if any, upon such conversion can only be determined at the time that each of their respective service with us terminates.

**Table of Contents****Non-Qualified Deferred Compensation Table (2011)**

Our Deferred Compensation Plan provides for the deferral of compensation on a basis that is not tax-qualified. Under our Deferred Compensation Plan, our Named Executive Officers may defer up to 25% of their base salary and up to 75% of their incentive compensation. We may make discretionary matching or additions to a participant's account; however, during 2011, we did not exercise such discretion. For an explanation on a participant's potential distributions, see Compensation Discussion and Analysis Deferred Compensation Plan. Our Deferred Compensation Plan is a self-directed investment program containing investment features and funds that are substantially similar to the Company's 401(k) program. The following table sets forth amounts deferred under our Deferred Compensation Plan, including our predecessor plan, for the year ended December 31, 2011:

Name	Executive Contributions in Last FY \$(1)	Aggregate Earnings (Losses) in Last FY (\$)	Aggregate Balance at Last FYE (\$)
William S. Boyd			
Keith E. Smith	55,002	(13,428)	276,737
Robert L. Boughner		2,694	588,900
Paul J. Chakmak		(8,899)	133,249
Josh Hirsberg			

(1) Includes amounts disclosed in the Summary Compensation Table under the heading Bonus for 2010.

**Potential Payments upon Termination or Change in Control (2011)**

Under the terms of our 2000 MIP, CIC Plan and our equity incentive plans, including the individual award agreements under our equity incentive plans, payments may be made to our Named Executive Officers upon their termination of employment or a change in control of the Company. See Compensation Discussion and Analysis Post-Termination Compensation for an explanation of the specific circumstances that would trigger payments under each plan. The description of the plans is qualified by reference to the complete text of the plans, which have been filed with the SEC. We have not entered into any severance agreements with our Named Executive Officers.

The following table sets forth the estimated payments that would be made to each of our Named Executive Officers upon voluntary termination, involuntary termination not for cause, for cause, and as a qualifying termination in connection with a change in control, and death or permanent disability. The payments would be made pursuant to the plans identified in the preceding paragraph. The information set forth in the table assumes:

The termination event occurred on December 30, 2011 (the last business day of our last completed fiscal year);

The price per share of our common stock on the date of termination is \$7.46 per share (the closing market price of our common stock on December 30, 2011 the last trading day in 2011);

For purposes of the short-term/annual awards under the 2000 MIP, (i) the Named Executive Officers have earned their target awards and the plan administrator does not elect to eliminate or reduce the awards pursuant to authority to do so granted under the plan, and (ii) except as otherwise stated herein each Named Executive Officer has earned and is paid their target bonus, as applicable, under the 2000 MIP;

All payments are made in a lump sum on the date of termination;

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The vesting of all unvested stock options, Restricted Stock Units, Performance Shares and Career RSUs held by the executives is immediately accelerated in full upon a change of control pursuant to discretionary authority of the plan administrator granted pursuant to the particular plan (if not otherwise accelerated pursuant to the terms of the applicable award agreements, terms of the CIC Plan or pursuant to long service benefits); and

The portion of in-the-money stock options and other equity awards that are subject to accelerated vesting in connection with the termination are immediately exercised and the shares received upon exercise (or upon settlement in the case of Restricted Stock Units, Performance Shares and Career RSUs) are immediately resold at the assumed price per share of our common stock on the date of termination.



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The actual amounts to be paid out can only be determined at the time of such executive's separation from the Company and may differ materially from the amounts set forth in the table below. The amounts set forth in the table below do not reflect the withholding of applicable state and federal taxes.

Name	Voluntary Termination		Involuntary Termination		Death or Permanent Disability (\$)
	(\$)	(\$)	(\$)	Change in Control (\$)	
<b>William S. Boyd</b>					
CIC Plan				5,383,504	
Short-term/Annual Bonus (2000 MIP)	487,500	487,500	487,500	487,500(1)	487,500
Unvested and Accelerated Awards Under Equity Incentive Plans	639,426	639,426		1,063,727	639,426
<b>Total</b>	<b>1,126,926</b>	<b>1,126,926</b>	<b>487,500</b>	<b>6,934,731</b>	<b>1,126,926</b>
<b>Keith E. Smith</b>					
CIC Plan				9,124,588	
Short-term/Annual Bonus (2000 MIP)				715,000(2)	715,000
Unvested and Accelerated Awards Under Equity Incentive Plans				3,132,230	548,317
<b>Total</b>				<b>12,971,818</b>	<b>1,263,317</b>
<b>Robert L. Boughner</b>					
CIC Plan				4,376,351	
Short-term/Annual Bonus (2000 MIP)	536,250	536,250	536,250	536,250(1)	536,250
Unvested and Accelerated Awards Under Equity Incentive Plans	639,426	639,426		1,414,213	639,426
<b>Total</b>	<b>1,175,676</b>	<b>1,175,676</b>	<b>536,250</b>	<b>6,326,813</b>	<b>1,175,676</b>
<b>Paul J. Chakmak</b>					
CIC Plan				3,653,438	
Short-term/Annual Bonus (2000 MIP)				329,063(2)	329,063
Unvested and Accelerated Awards Under Equity Incentive Plans				1,724,705	
<b>Total</b>				<b>5,707,206</b>	<b>329,063</b>
<b>Josh Hirsberg</b>					
CIC Plan				719,920	
Short-term/Annual Bonus (2000 MIP)				113,100(2)	113,100
Unvested and Accelerated Awards Under Equity Incentive Plans				523,340	
<b>Total</b>				<b>1,356,360</b>	<b>113,100</b>

- (1) Represents the amount payable under the 2000 MIP in the event of a change of control followed by the executive's termination with or without cause.
- (2) Represents the amount payable under the 2000 MIP in the event of a change of control followed by the executive's termination without cause. In the event of the executive's termination with cause following a change of control, the amount payable would be \$0.

**Table of Contents****Director Compensation Table (2011)**

The following table sets forth the compensation earned for services performed for us as a director by each member of our board of directors, other than any directors who are also our employees, during the fiscal year ended December 31, 2011.

Name(1)	Fees Earned or Paid in Cash \$(2)(7)	Stock Awards \$(3)(4)	Option Awards \$(5)	All Other Compensation \$(6)	Total (\$)
Frederick J. Schwab	104,500	112,503	-0-	9,453	226,456
Peter M. Thomas	96,500	112,503	-0-	9,453	218,456
Billy G. McCoy	95,500	112,503	-0-	9,453	217,456
Christine J. Spadafor	91,000	112,503	-0-	4,726	208,229
Veronica J. Wilson	84,000	112,503	-0-	-0-	196,503
Thomas V. Girardi	84,000	112,503	-0-	-0-	196,503
Richard E. Flaherty(7)	12,167	-0-	-0-	1,575	13,742

- (1) Marianne Boyd Johnson and William R. Boyd each serves as a member of our board of directors and also both serve as our executive officers. Neither Ms. Johnson nor Mr. Boyd receives any compensation (including board or committee fees, stock options or otherwise) for serving as a member of our board of directors, but they are compensated for serving as an executive officer. For more information, see Transactions with Related Persons.
- (2) Represents the amount of cash compensation earned in 2011 for service on our board of directors and committees of our board of directors, as applicable. For the year ended December 31, 2011, each of our non-employee directors, received an annual retainer of \$55,000 for service on our board of directors, meeting fees of \$1,500 per board meeting attended (including related expenses for services as a director) and, other than for the Audit Committee, committee attendance fees of \$1,500 per committee meeting attended (\$500 for board and committee meetings held telephonically). Committee attendance fees for Audit Committee meetings were \$2,000 per meeting (\$500 if the meeting is held telephonically). The Chairman of the Audit Committee received an additional annual fee of \$15,000 for his added responsibilities. The Chairman of each of the Compensation Committee and the Corporate Governance and Nominating Committee received an additional annual fee of \$7,500, for their added responsibilities. In addition, our Presiding Director received an additional annual fee in the amount of \$15,000 for serving in such position.
- (3) These amounts reflect the grant date fair value, as determined in accordance with ASC 718, of awards pursuant to our 2002 Stock Incentive Plan. Assumptions used in the calculation of these amounts are included in Note 13, *Stockholders Equity and Stock Incentive Plans*, to our audited financial statements for the fiscal year ended December 31, 2011 included in our Annual Report on Form 10-K filed with the SEC on March 7, 2012. However, as required, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions.
- (4) On May 26, 2011, we awarded each non-employee director RSUs in the amount of 11,830 shares, each fully vested upon grant and to be paid in shares of our common stock upon cessation of service on the board of directors. The restricted stock units do not contain voting rights and are not entitled to dividends. As of December 31, 2011, each of our current non-employee directors had outstanding RSUs entitling them to 43,827 shares of our common stock upon retirement from the board, other than Ms. Spadafor and Dr. Flaherty. As of December 31, 2011, Ms. Spadafor had RSUs entitling her to 32,546 shares of our common stock upon retirement. Dr. Flaherty was initially elected to the board of directors on October 17, 2011 by our board.
- (5) As of December 31, 2011, certain of our current directors had stock options outstanding to purchase shares of our common stock in the aggregate amounts set forth in the table below, subject to the terms of their award agreements:

Name	Aggregate Number of Shares Underlying Stock Options (#)
Frederick J. Schwab	7,000
Peter M. Thomas	3,500
Billy G. McCoy	4,000
Veronica J. Wilson	6,000



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Prior to fiscal year 2009, each non-employee director has received an option to purchase 5,000 shares of our common stock upon first joining the board of directors and, prior to fiscal year 2007, received an additional option to purchase 1,000 shares of our common stock on the date of each succeeding annual meeting of stockholders so long as the director served on the board of directors for the preceding twelve months. The stock options granted to our non-employee directors were granted at fair market value on the date of grant and vest at the rate of 25% per year on the first day of each successive 12 month period for a four year period, commencing one year from the date of grant. All of these prior grants of stock options were fully vested by the end of fiscal year 2010.

(6) Each of our non-employee directors is eligible to participate in our Medical Expense Reimbursement Plan, which covers medical expenses incurred by plan participants and their spouses that are not covered by other medical plans. The amounts in this column represent amounts paid in the form of plan premiums or received as reimbursement under this plan for the fiscal year ended December 31, 2011.

(7) On October 17, 2011, the board of directors elected Dr. Richard E. Flaherty to serve as a new member to the board.

In late 2011, the independent members of our board of directors approved the conversion to a fixed monthly director fee retainer payment beginning in 2012 in lieu of director fee payments based on attendance at board or committee meetings as detailed in footnote #2 above, which had been our historical practice. As a part of this change, the annual retainer component was increased to \$66,500. Each independent director's monthly retainer will be specifically established based on committee memberships, anticipated meeting frequency and committee chair or lead director positions held during the year.

**Director Emeritus**

Mr. Perry Whitt, a former member of our board of directors, has been elected by the board of directors to serve as our director emeritus. As a director emeritus, Mr. Whitt is invited to attend board of director meetings but does not have any voting rights. During 2011, Mr. Whitt received compensation from us for serving as our director emeritus in the amount of \$35,000. He also participated in our Medical Expense Reimbursement Plan, which included plan premiums and other reimbursements in the amount of approximately \$14,705.

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**BOARD COMMITTEE REPORTS**

*Notwithstanding anything to the contrary set forth in any of our filings under the Securities Act of 1933 or the Exchange Act that might incorporate future filings, including this proxy statement, in whole or in part, the Compensation and Stock Option Committee Report and the Report of the Audit Committee shall not be deemed to be incorporated by reference into any such filings, except to the extent that the Company specifically incorporates such report by reference, and such incorporated report shall not otherwise be deemed filed.*

**Compensation and Stock Option Committee Report**

We have reviewed and discussed with management the Compensation Discussion and Analysis. Based on our review and discussions, we recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

Thomas V. Girardi, *Chairman*  
Billy G. McCoy  
Christine J. Spadafor  
*Members, Compensation and Stock Option Committee*

**Report of the Audit Committee**

To the Board of Directors:

We have reviewed and discussed with management the Company's audited financial statements as of and for the fiscal year ended December 31, 2011.

We have discussed with Deloitte & Touche LLP (Deloitte), the Company's independent registered public accounting firm, the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

We have received and reviewed the written disclosures and the letter from Deloitte required by applicable requirements of the Public Company Accounting Oversight Board regarding Deloitte's communications with the Audit Committee concerning independence, and have discussed with Deloitte their independence.

Based on the reviews and discussions referred to above, we recommended to the board of directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

During the course of 2011, the Audit Committee continued to oversee the Company's efforts related to its internal control over financial reporting and management's preparation for the evaluation in 2012. The Audit Committee was kept apprised of the progress of the 2011 evaluation and provided oversight and advice to management during the process. In connection with this oversight, the Audit Committee reviewed periodic updates provided by management, members of the Company's internal audit group, and Deloitte. At the conclusion of the process, management, as well as members of the Company's internal audit group, provided the Audit Committee with, and the Audit Committee reviewed, a report on the effectiveness of the Company's internal control over financial reporting. The Audit Committee also reviewed Management's Report on Internal Control Over Financial Reporting included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, as well as Deloitte's Report of Independent Registered Public Accounting Firm included in the Company's Annual Report on Form 10-K related to its audit of the consolidated financial statements and the effectiveness of internal control over financial reporting.

We have also considered whether the provision of services by Deloitte, other than services related to the audit of the financial statements referred to above and the review of the interim financial statements included in the Company's quarterly reports on Form 10-Q for the most recent fiscal year, is compatible with maintaining the independence of Deloitte.

Frederick J. Schwab, *Chairman*  
Christine J. Spadafor

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Peter M. Thomas  
Veronica J. Wilson  
*Members, Audit Committee*

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**PROPOSALS REQUIRING YOUR VOTE**

**PROPOSAL 1 Election of Directors**

*General*

Our board of directors currently has twelve members. Each of our directors is standing for re-election, to hold office until the next annual meeting of stockholders or until their respective successors are duly elected and qualified. Following the recommendation of our Corporate Governance and Nominating Committee, the board of directors has nominated the persons listed below to serve as directors for a one-year term beginning at the Annual Meeting.

Vacancies on our board of directors and newly created directorships will generally be filled by vote of a majority of the directors then in office, and any directors so chosen will hold office until the next annual election of directors. On October 17, 2011, after recommendation by the Corporate Governance and Nominating Committee, the board of directors elected Dr. Flaherty to fill a newly created seat on our board. The board of directors has no reason to believe that any of its nominees will be unable or unwilling to serve if elected to office and, to the knowledge of the board of directors, each of its nominees intends to serve the entire term for which election is sought. However, should any nominee of the board of directors become unable or unwilling to accept nomination or election as a director of the Company, the proxies solicited by management will be voted for such other person as our board of directors may determine.

In voting for a director, each stockholder is entitled to cast one vote for each outstanding share of our common stock that they hold. Stockholders are not entitled to cumulate their votes for members of the board of directors. The twelve nominees who receive the greatest number of FOR votes will be elected to the board of directors.

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**THE BOARD OF DIRECTORS RECOMMENDS YOU VOTE FOR  
THE ELECTION OF EACH OF THE FOLLOWING NOMINEES.**

*Director Nominees*

The names of the director nominees, their ages as of the record date and certain other information about them are set forth below:

Name	Age	Position	Director Since	Audit Committee	Board Governance and Nominating Committee	Membership Compensation and Stock Option Committee
Robert L. Boughner	59	Executive Vice President, Chief Business Development Officer and Director	1996			
William R. Boyd	52	Vice President and Director	1992			
William S. Boyd	80	Executive Chairman of the Board of Directors	1988			
Richard E. Flaherty	67	Director	2011			
Thomas V. Girardi	72	Director	2005		ü	<i>Chair</i>
Marianne Boyd Johnson	53	Vice Chairman of the Board of Directors and Executive Vice President	1990			
Billy G. McCoy	71	Director	1997		ü	ü
Frederick J. Schwab	72	Director	2002	<i>Chair</i>	ü	
Keith E. Smith	51	President, Chief Executive Officer and Director	2005			
Christine J. Spadafor	56	Director	2009	ü		ü
Peter M. Thomas	62	Director	2004	ü	<i>Chair</i>	
Veronica J. Wilson	60	Director	2003	ü		

**Robert L. Boughner** has served as a director of the Company since April 1996 and has more than 25 years of senior management experience with the Company. In December 2009, Mr. Boughner was named Executive Vice President and Chief Business Development Officer for the Company. Additionally, since January 2009, Mr. Boughner has served as the President and Chief Operating Officer of Marina District Development Company, LLC ( MDDC ), the limited liability company formed as part of a 50-50 joint venture with MGM Resorts International. MDDC owns and operates the Borgata Hotel Casino and Spa and the Water Club in Atlantic City, New Jersey. He also continues to serve as President and Chief Executive Officer of Echelon Resorts Corporation, a wholly owned subsidiary of the Company, which positions he has held since July 2005. Prior to his involvement with Echelon, Mr. Boughner had held the position of Chief Executive Officer of MDDC from January 1999 through June 2006. Prior to his initial service with MDDC, Mr. Boughner had served as Chief Operating Officer and Senior Executive Vice President of the Company, from April 1990 and May 1998, respectively, through October 2001. He is active in civic and industry affairs and currently serves on the board of directors of Bank of Nevada and Southwest Gas Corporation.

**William R. Boyd** has been a Vice President of the Company since December 1990 and a director since September 1992. From June 1987 until December 1990, he was Director of Operations at the Fremont Hotel and Casino. From 1978 until 1987, he held various administrative and operations positions at the California Hotel and Casino and Sam's Town Hotel and Gambling Hall. Mr. Boyd serves on the board of directors of the Better Business Bureau of Southern Nevada and is Chairman of Borgata's charitable Heart and Soul Foundation. He also serves as chairman of the Company's corporate compliance committee and is a member of the Company's diversity council. Mr. Boyd is the son of William S. Boyd and the brother of Marianne Boyd Johnson, who are both directors and officers of the Company.

**William S. Boyd** has served as a director of the Company since its inception in June 1988 and as Chairman of the Board of Directors since August 1988. Mr. Boyd has served as the Executive Chairman of the Board of Directors of the Company since January 2008, and he previously held the position of Chief Executive Officer of the Company.





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from August 1988 through December 2007. A co-founder of California Hotel and Casino, Mr. Boyd has been a director of that company since its inception in 1973, and he has held several offices with that company, including having served as its President. Prior to joining California Hotel and Casino, Mr. Boyd practiced law in Las Vegas for 15 years. Between 1970 and 1974, he also was Secretary, Treasurer and a member of the board of directors of the Union Plaza Hotel and Casino. Mr. Boyd has served as Vice Chairman of the board of directors of the American Gaming Association and for the past ten years, has been on the board of directors and the President of the National Center for Responsible Gaming. Mr. Boyd is also a member of the board of directors of Western Alliance Bancorporation. Mr. Boyd is the father of Marianne Boyd Johnson and William R. Boyd, who are both directors and officers of the Company.

**Richard E. Flaherty** was elected by the Board of Directors to serve as a director on October 17, 2011. Until retiring in July 2010, Dr. Flaherty served as the Dean of the Eberhardt School of Business at the University of the Pacific, in Stockton, California, since September 2008. Prior to that, he had served as Dean of the College of Business and Professor of Accounting at the University of Nevada, Las Vegas ( UNLV ) for eight years; and before joining UNLV, Dr. Flaherty was on the faculty at Arizona State University for approximately twenty-one years. He was also previously on the faculties of the University of Illinois and Oklahoma State University, and served for more than two years as a research associate at the Financial Accounting Standards Board. He has published articles on financial accounting theory and practice in several journals and co-authored an intermediate accounting textbook through six editions.

**Thomas V. Girardi** has served as a director since February 2005. Mr. Girardi served as a director of Coast Casinos, Inc. ( Coast Casinos ) from August 2002 through the closing of the Boyd/Coast merger transaction on July 1, 2004. He is currently a partner in the Los Angeles law firm of Girardi and Keese and has been practicing law since 1965, specializing in product liability law, toxic torts and bad faith insurance cases. Mr. Girardi also is a member of the board of directors of Spectrum Laboratories, Inc. and Supergen, Inc.

**Marianne Boyd Johnson** has served as Vice Chairman of the Board of Directors since February 2001 and has been a director since September 1990. Ms. Johnson has served as Executive Vice President of the Company since January 2008. She also serves as chief diversity officer of the Company. Ms. Johnson previously held the position of Senior Vice President of the Company from December 2001 through December 2007; and prior to being elected Senior Vice President, she had served as Vice President of the Company since September 1997. From 1976 until September 1990, she held a variety of operations positions with the Company. Ms. Johnson also serves on the board of directors of Western Alliance Bancorporation. Ms. Johnson is the daughter of William S. Boyd and the sister of William R. Boyd, who are both directors and officers of the Company.

**Billy G. McCoy**, Major General USAF (Ret), has been a director of the Company since March 1997. From 1993 to 1996, General McCoy served as Director of Development for the Company. He served on the board of Luscombe Aircraft Corporation from 1997 until July 2007, serving as its Chairman of the Board from 2000 until January 2007. He served as the President and Chief Operating Officer of Luscombe Aircraft Corporation from 1997 through January 2001. General McCoy entered the Air Force in June 1963 and was promoted to Major General in October 1989. During his 30 years of active service, he served as Commander of Homestead AFB in Florida, Langley AFB in Virginia, Luke AFB in Arizona, Nellis AFB in Nevada and Lackland AFB in Texas. He serves on the board of the Nevada Federal Credit Union and as a trustee of the Community College of Southern Nevada.

**Frederick J. Schwab** has served as a director of the Company since October 2002. Until retiring in March 2003, Mr. Schwab served as President and Chief Executive Officer of Porsche Cars North America, Inc. Mr. Schwab joined Porsche Cars North America as Executive Vice President, Finance and Administration, in 1985. He was promoted to Senior Executive Vice President in 1988 and named President and Chief Executive Officer in March 1992. Mr. Schwab was formerly a partner with Touche Ross & Co. (now Deloitte & Touche). In 1974, he joined Fruehauf Corporation as President of Ackermann Fruehauf, a wholly owned subsidiary in Germany. In 1978, he became President of Fruehauf Europe, responsible for all Fruehauf European operations. In 1982, Mr. Schwab was named Executive Vice President of Fruehauf International in Detroit, responsible for all non-North American controlled subsidiaries. Mr. Schwab also served on the board of directors of Indus International, Inc., from July 2004 until February 2007, and Cambium Learning Group, Inc. (as successor by merger with Voyager Learning Company), from 2006 until 2011.

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**Keith E. Smith** has been President and a director of the Company since April 2005, and he has served as Chief Executive Officer since January 2008. Mr. Smith served as the Chief Operating Officer of the Company from October 2001 through December 2007, and prior to being appointed President, Mr. Smith had served as the Company's Executive Vice President since May 1998. Mr. Smith joined the Company in September 1990, serving in various controllership positions, the last of which was Senior Vice President and Controller. In 2005, Mr. Smith was appointed to the Board of the Nevada Resort Association and has served as Chairman since December 2008. Mr. Smith has been a member of the board of directors of the American Gaming Association since January 2008, including serving as its Chairman in 2010 and 2011. From 2005 to January 2011, he served as Vice Chairman of the Las Vegas Convention and Visitors Authority. In January 2012, Mr. Smith was appointed by the Federal Reserve Bank of San Francisco to serve as Chairman of the board of directors of its Los Angeles Branch, and he has served as a director on that board since January 2009.

**Christine J. Spadafor** has served as a member of our board of directors since May 2009. Ms. Spadafor has served since March 2004 as the President and Chief Executive Officer of SpadaforClay Group, Inc. ( SpadaforClay ), a global consulting firm that she founded. The professional focus of SpadaforClay has been on strategic and operational topics for small and mid-cap companies, both domestic and international. Prior to her current firm, she held various roles for nearly a decade as a principal or partner with global management consulting firms, specializing in strategy development and implementation, operational improvement and corporate turnarounds. Ms. Spadafor is a licensed attorney and registered nurse, and she currently serves as the Chief Executive Officer for St. Jude's Ranch for Children, a non-profit organization that provides services to abused, abandoned and neglected children. She has held this position with St. Jude's Ranch since April 2006. Ms. Spadafor is a published author, has served on a number of non-profit boards and in 2008 was selected by Direct Women in conjunction with the American Bar Association as one of the top 20 female attorneys in the U.S. with outstanding business expertise.

**Peter M. Thomas** has served as a director of the Company since April 2004. Mr. Thomas served as a director of Coast Casinos from August 2002 until his election to the board of directors of the Company, and he served on the Rio Suite Hotel and Casino, Inc. board of directors from 1995 to 1999. Mr. Thomas is the Managing Member of Thomas & Mack Co. Limited Liability Company, a commercial real estate development and management company. He also served as President and Chief Operating Officer of Bank of America, Nevada from 1992 to 1995 and, prior to the acquisition of Valley Capital Corporation by Bank of America, as the President and Chief Operating Officer of Valley Bank of Nevada from 1982 to 1992. Mr. Thomas was the Chairman of the Las Vegas Metropolitan Police Department's Committee on Fiscal Affairs and a committee member from 1994 through 2006. Mr. Thomas has been a member of the board of directors of City National Corp. since April 2003 and was a board member of the Los Angeles Branch of the Federal Reserve Bank of San Francisco from January 2003 to December 2008.

**Veronica J. Wilson** has served as a director of the Company since October 2003. Since November 2009, Ms. Wilson has served as the Executive Director of the Blind Center of Nevada, an organization that assists people with visual impairments. Prior to her current position, she had served as that organization's President and Chief Executive Officer since September 2000. In addition, since July 1993, Ms. Wilson has served as the Chief Executive Officer of JMJ Inc., the former operator of the Aladdin Hotel & Casino. Prior to serving as the Chief Executive Officer, Ms. Wilson served as JMJ Inc.'s Chief Financial Officer from June 1992 to July 1993. From 1973 to 1992, Ms. Wilson held several accounting positions with Maxim Hotel & Casino. Ms. Wilson is a committee member on the Nevada State Rehabilitation Council, Chairman of the Aging and Disability Resource Center Advisory Board and a member of the Nevada Strategic Plan Accountability Committee. Ms. Wilson has over 30 years of experience in the gaming industry.

*Meetings of the Board of Directors*

The board of directors held a total of thirteen (13) meetings during 2011. The Audit Committee, Corporate Governance and Nominating Committee, and Compensation Committee held fifteen (15), three (3) and four (4) meetings during 2011, respectively. Each director attended at least 75% of the meetings of the board of directors and the committees of the board of directors on which the director served that were held during the applicable period of service. We encourage, but do not require, our directors to attend our annual stockholders meetings. Last year, all of the members of the board of directors attended the 2011 Annual Meeting of Stockholders.

**Table of Contents****PROPOSAL 2 Ratification of Independent Registered Public Accounting Firm**

Deloitte & Touche LLP ( Deloitte ) has served as the independent registered public accounting firm for the Company and California Hotel and Casino, our predecessor, since 1981 and has been appointed by the Audit Committee to continue as our independent registered public accounting firm for the year ending December 31, 2012. In the event that the stockholders do not ratify the selection of Deloitte as our independent registered public accounting firm, the Audit Committee will review its future selection of auditors. Even if the appointment is ratified, the Audit Committee reserves the right, in its sole discretion, to select a different independent registered public accounting firm at any time during the fiscal year if it determines such a change would be in our best interests and the best interests of our stockholders. A Deloitte representative is expected to be present at the Annual Meeting and will have an opportunity to make a statement and respond to appropriate questions.

The Audit Committee considered whether Deloitte s provision of any professional services, other than its audits of our annual financial statements and the effectiveness of our internal controls over financial reporting, reviews of quarterly financial statements and other audit-related services, is compatible with maintaining the auditor s independence.

**Audit and Non-Audit Fees**

The following table sets forth the aggregate fees billed by Deloitte for the audits and other services provided to the Company for fiscal years 2011 and 2010.

	2011	2010
Audit Fees(1)	\$ 1,350,000	\$ 1,592,000
Audit-Related Fees(2)	253,000	292,000
Tax Fees(3)	498,000	156,000
All Other Fees		
<b>Total</b>	<b>\$ 2,101,000</b>	<b>\$ 2,040,000</b>

- (1) Audit fees represent fees for professional services provided in connection with the audit of our consolidated financial statements, the review of our quarterly financial statements and the audit of the effectiveness of our internal controls over financial reporting.
- (2) Audit-related fees consist primarily of services provided in connection with our regulatory audits, consulting on technical accounting matters, review of valuation services and certain other audit-related consultation services.
- (3) Tax fees consist primarily of tax consultation and planning fees and tax compliance services, including services provided in connection with certain federal and state tax matters, cost segregation services, transaction support and Internal Revenue Service examination support services.

**Audit Committee Pre-Approval of Audit and Non-Audit Services**

Our Audit Committee pre-approves all audit and permissible non-audit services provided by our independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has adopted a policy for the pre-approval of services provided by our independent registered public accounting firm. Under the policy, pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. In addition, the Audit Committee may also pre-approve particular services on a case-by-case basis. The Audit Committee has delegated its pre-approval authority to the Chairman of the Audit Committee. The Chairman is required to report any decisions to the Audit Committee at the next scheduled committee meeting. All services provided by Deloitte in fiscal year 2011 were in compliance with our policy relating to the pre-approval of services.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF DELOITTE AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2012.**



**Table of Contents****PROPOSAL 3 Approval of the Amendment and Restatement of the Company's 2002 Stock Incentive Plan as the 2012 Stock Incentive Plan.**

The Company's stockholders are being asked to approve an amendment and restatement of the Company's 2002 Stock Incentive Plan as the 2012 Stock Incentive Plan (the "2012 Plan") (a) to provide for a term ending ten (10) years from the date of stockholder approval in 2012, (b) to increase the maximum number of shares of the Company's common stock authorized for issuance over the term of the 2012 Plan by four million (4,000,000) shares from seventeen million (17,000,000) shares to twenty-one million (21,000,000) shares (c) to permit the grant of certain awards designed to constitute performance-based compensation under Section 162(m) of the Internal Revenue Code, and (d) to make certain other changes. As of December 31, 2011, 3,011,505 shares had been issued under the 2002 Plan, 13,188,025 shares were subject to options and other awards under the 2002 Plan, and only 800,470 shares remained available for the grant of options and other awards under the 2002 Plan.

**Why the Board Believes Stockholders Should Approve the 2012 Plan**

*Motivation and Retention of Key Employees.* We believe equity-based awards serve to align the interests of stockholders and Company management. Our compensation program has historically relied heavily on equity-based awards as a long-term incentive tool. Our equity-based pay programs are designed to create a tight link between executive reward and stockholder value creation.

Given the recent expiration of the 2002 Plan, if this Proposal 3 is not approved, the Company will not have an equity-based incentive plan to motivate and retain key employees. In that event, the Company may have little alternative but to explore added reliance on cash based incentive programs in lieu of our historical practice of long-term equity incentives in order to provide competitive total pay opportunities. Further, the absence of an equity compensation component could expose the Company to the risks associated with the offering of below market compensation programs, such as the risk of losing key performers who are crucial to the Company's success. We believe that equity-based compensation is a common element of a competitive total compensation package.

*Prudent Use and Stewardship of Equity.* The Company has historically been prudent in its use of equity-based awards under the 2002 Plan. A large proportion of the overhang (the number of options outstanding) attributed to the 2002 Plan results from the fact that option grants during the four-year pre-economic-crisis period (2004-2007) were at exercise prices significantly above recent trading prices. Consequently, of the roughly 10.7 million shares subject to outstanding options as of December 31, 2011, over 50% were subject to options with a weighted average exercise price of \$38.45.

The following table shows options outstanding as of December 31, 2011 granted in 2004-2007 and graphically illustrates this problem:

Year	Number of Options Outstanding	Weighted Average Exercise Price (\$)	Total Out-of-the-Money Amount (\$)
2004	1,561,000	35.86	44,332,450
2005	1,292,500	39.96	42,006,250
2006	1,317,000	39.09	41,660,330
2007	1,560,500	39.25	49,615,390
<b>Totals:</b>	<b>5,731,000</b>	<b>38.45</b>	<b>177,614,420</b>

Because options that are "underwater" have no value to employees, they do not provide an incentive for employees to remain with the Company, and they are unlikely to be exercised given recent stock prices. To date, the Company has not taken steps such as repricing or exchanging underwater options that could reduce overhang. A more normalized overhang that excludes the 2004-2007 option grants would be approximately 8.94%, rather than 15.56%.

The Company has a reasonable recent burn rate. The Company's three-year average burn rate is less than 2.5% (calculated assuming an option equals 1 share and a full value award such as a restricted stock unit equals 1.5 shares). In a time of declining stock prices and historic market volatility, the Company did not dramatically increase award sizes to compensate for a lower stock valuation. This demonstrates a conservative and responsible approach to managing dilution over the last four years, despite the decline in value of these awards.

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*Reasonable Share Reserve.* The request for four million new shares, in addition to those remaining available for use or subject to awards under the 2002 Plan reserve when the 2002 Plan terminated represents a reasonable request. The new shares being requested, along with the 800,470 shares remaining under the 2002 Plan at December 31, 2011, amounts to approximately three years of the Company's compensation needs based on historical usage. We believe this is well within standard practice. Further, the number of new shares being requested is lower than the five million shares our stockholders approved at our 2008 Annual Meeting.

### **Key New Features of the 2012 Plan**

Awards may not be granted later than 10 years from the restatement effective date of the 2012 Plan.

No dividend equivalents will be paid out on unearned performance-based awards.

Stock options and stock appreciations rights may not be repriced without prior approval by our stockholders.

Stock options and stock appreciation rights may not be granted below fair market value.

Time vested awards generally shall not be fully vested over a period of less than three years from the date of grant.

Awards that vest based on the attainment of performance criteria generally shall provide for a performance period of at least 12 months.

### **Plan History**

The 2002 Plan was originally adopted by the Company's board of directors in February 2002 and approved by the Company's stockholders on May 16, 2002. The 2002 Plan was subsequently amended and restated, with stockholder approval, on May 12, 2005 to increase the maximum number of shares of the Company's common stock authorized for issuance thereunder to a maximum of twelve million (12,000,000) shares and on May 15, 2008 to its current maximum of seventeen million (17,000,000) shares. The 2002 Plan was further amended and restated by the Company's board of directors on May 18, 2006, to provide for the award of restricted stock units pursuant to the 2002 Plan. The May 2006 amendment and restatement was not subject to the approval of the Company's stockholders. The amendment and restatement of the 2002 Plan for which stockholder approval is sought under this Proposal No. 3 was adopted by the Company's board of directors on March 23, 2012, subject to stockholder approval. As of December 31, 2011, the fair market value of a share of the Company's common stock was \$7.46, measured as the closing sale price of the Company's common stock on December 30, 2011, as reported by the NYSE.

### **Summary of 2012 Plan**

The principal terms of the 2012 Plan, are summarized below. This summary does not purport to be complete, and is subject to, and qualified by reference to, all provisions of the 2012 Plan, a copy of which is attached to this proxy statement as *Appendix A* and incorporated herein by reference. Any capitalized term not defined in this summary shall have the same meaning given to it in the 2012 Plan.

*Purpose.* The purpose of the 2012 Plan is to provide the Company's employees, directors and consultants who perform substantial services to the Company an incentive, through ownership of the Company's common stock, to continue in service to the Company, and to help the Company compete effectively with other enterprises for the services of qualified individuals.

*Available Shares.* The maximum aggregate number of shares of the Company's common stock which may be issued under the 2002 Plan, as amended, is currently seventeen million (17,000,000) shares, subject to adjustment in the event of a stock split, stock or other extraordinary dividend, or other similar change in the common stock or capital structure of the Company. If this proposal is approved by the Company's stockholders, this maximum aggregate amount will be increased by four million (4,000,000) shares to twenty-one million (21,000,000) shares, and the 2012 Plan would then have approximately four million eight hundred thousand (4,800,000) shares available for grant.

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*Share Counting.* Shares covered by an award that are surrendered in payment of the exercise or purchase price (including a net exercise ) or in satisfaction of tax withholding obligations shall not be deemed issued for purposes of counting the number of shares available under the 2012 Plan.



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*Administration.* The 2012 Plan is administered by either the Company's board of directors or the Compensation and Stock Option Committee, which are referred to collectively as the Plan Administrator. The Compensation and Stock Option Committee satisfies Rule 16b-3 promulgated under the Exchange Act. The 2012 Plan authorizes the Plan Administrator to select the employees, directors and consultants of the Company to whom stock options, stock appreciation rights, dividend equivalent rights, restricted stock, restricted stock units, performance units and performance shares, which are referred to collectively as Awards, may be granted and to determine the terms and conditions of any Award. With respect to Awards subject to the Section 162(m) of the Internal Revenue Code, the Compensation and Stock Option Committee is comprised solely of two or more outside directors as defined under Section 162(m) of the Internal Revenue Code and applicable tax regulations. For grants of Awards to individuals not subject to Rule 16b-3 of the Exchange Act and Section 162(m) of the Internal Revenue Code, the Company's board of directors may authorize one or more officers to grant such Awards.

Subject to applicable laws, the Plan Administrator has the authority, in its discretion, to select employees, directors and consultants to whom Awards may be granted from time to time, to determine whether and to what extent Awards are granted, to determine the number of shares of the Company's common stock or the amount of other consideration to be covered by each Award, to approve Award Agreements for use under the 2012 Plan, to determine the terms and conditions of any Award, to amend the terms of any outstanding Award granted, to construe and interpret the terms of the 2012 Plan and Awards granted, to establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable non-U.S. jurisdictions and to take such other action not inconsistent with the terms of the 2012 Plan as the Plan Administrator deems appropriate.

*Eligibility.* The 2012 Plan permits the grant of incentive stock options within the meaning of Section 422 of the Internal Revenue Code only to employees of the Company and any parent or subsidiary corporation of the Company. Awards other than incentive stock options may be granted to employees, directors or consultants of the Company and related entities.

*Terms and Conditions of Awards.* The Plan Administrator is authorized to award any type of arrangement to an employee, director or consultant that is consistent with the provisions of the 2012 Plan and that by its terms involves or might involve the issuance of (i) shares of the Company's common stock, (ii) an option, stock appreciation right, or similar right with a fixed or variable price related to the fair market value of the Company's common stock and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions or (iii) any other security with value derived from the value of the Company's common stock. Subject to the terms of the 2012 Plan, the Plan Administrator determines the provisions, terms and conditions of each Award, including, but not limited to, the Award vesting schedule, repurchase provisions, forfeiture provisions, forms of payment and the like.

Each Award is designated in an Award Agreement. In the case of an option, the option is designated as either an incentive stock option or a non-qualified stock option. To the extent that the aggregate fair market value of shares of the Company's common stock subject to options designated as incentive stock options which become exercisable for the first time by a participant during any calendar year exceeds \$100,000, such excess options are treated as non-qualified stock options.

The term of an incentive stock option may not be for more than 10 years from date of grant (or 5 years in the case of incentive stock options granted to any grantee who owns stock representing more than 10% of the combined voting power of the Company or any parent or subsidiary corporation of the Company).

*Minimum Vesting Provisions.* The 2012 Plan provides, in general, a mandatory minimum three-year vesting period, based on the participant's continued service, for Awards. Performance-vested Awards are generally subject to achievement of performance goals over a performance period no shorter than 12 months. Acceleration of Awards under the 2012 Plan may occur only in connection with death, disability, a change in control or corporate transaction (as defined in the 2012 Plan), retirement or certain involuntary terminations without cause. These vesting rules do not apply to a maximum of 10% of the shares reserved under the 2012 Plan, which may be issued after the restatement effective date.

*No Repricings or Exchanges without Stockholder Approval.* The Company shall obtain stockholder approval prior to (a) the reduction of the exercise price of any stock option or the base appreciation amount of any stock appreciation right awarded under the 2012 Plan or (b) the cancellation of a stock option or stock appreciation right at

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a time when its exercise price or base appreciation amount exceeds the fair market value of the underlying shares, in exchange for another stock option, stock appreciation right, restricted stock for cash or for another Award (unless the cancellation and exchange occurs in connection with a Corporate Transaction). Notwithstanding the foregoing, cancelling a stock option or stock appreciation right in exchange for another stock option, stock appreciation right, restricted stock, restricted stock units, performance units, performance schemes or for another Award with an exercise price, purchase price or base appreciation amount that is equal to or greater than the exercise price or base appreciation amount of the original stock option or stock appreciation right will not be subject to stockholder approval.

*Section 162(m) of the Internal Revenue Code.* The maximum number of shares with respect to which options or stock appreciation rights may be granted under the 2012 Plan to any participant in any fiscal year of the Company is 500,000 shares. The foregoing limitation is adjusted proportionately by the Plan Administrator in connection with any change in the Company's capitalization due to a stock split, stock dividend or similar event affecting the Company's common stock and its determination shall be final, binding and conclusive. Under Section 162(m) of the Internal Revenue Code, no deduction is allowed in any taxable year of the Company for compensation in excess of \$1.0 million paid to the Company's covered employees (as defined below). An exception to this rule applies to compensation that is paid pursuant to a stock incentive plan approved by stockholders and that specifies, among other things, the maximum number of shares with respect to which options and stock appreciation rights may be granted to eligible participants under such plan during a specified period. Compensation paid pursuant to options or stock appreciation rights granted under such a plan and with an exercise price equal to the fair market value of the Company's common stock on the date of grant is deemed to be inherently performance-based, since such awards provide value to participants only if the stock price appreciates. To the extent required by Section 162(m) of the Internal Revenue Code or the regulations thereunder, in applying the foregoing limitation, if any option or stock appreciation right is canceled, the canceled Award shall continue to count against the maximum number of shares of the Company's common stock with respect to which an Award may be granted to a participant.

For awards of restricted stock, restricted stock units, performance units and performance shares that are intended to be performance-based compensation under Section 162(m) of the Code, with respect to each twelve (12) month period that constitutes or is part of each performance period, the maximum number of shares that may be issued to a participant pursuant to such awards shall be five hundred thousand (500,000) shares. The foregoing limitation shall be adjusted proportionately by the Plan Administrator in the event of a stock split, reverse stock split, stock dividend, combination or reclassification of shares or other similar change in our shares or our capital structure. In addition, the foregoing limitation shall be prorated for any performance period consisting of fewer than twelve (12) months. Performance periods may extend to up to sixty (60) months.

Under Code Section 162(m), a covered employee is the Company's chief executive officer and the three (3) other most highly compensated officers of the Company other than the chief financial officer.

Under the 2012 Plan, the following performance criteria that may be considered by the Administrator when granting performance-based Awards may include: (i) net earnings or net income (before or after taxes), (ii) earnings per share, (iii) revenues or sales (including, but not limited to, net sales or revenue growth), (iv) net operating profit, (v) return measures (including, but not limited to, return on assets, capital, invested capital, equity, sales, or revenue), (vi) cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity, and cash flow return on investment), (vii) earnings before or after taxes, interest, depreciation, and/or amortization, (viii) gross or operating margins, (ix) productivity ratios, (x) share price (including, but not limited to, growth measures and total stockholder return), (xi) expense targets, (xii) margins, (xiii) operating efficiency, (xiv) market share, (xv) working capital targets and change in working capital, (xvi) economic value added or EVA<sup>®</sup> (net operating profit after tax minus the sum of capital multiplied by the cost of capital), (xvii) net operating income, (xviii) personal management objectives, (xix) customer satisfaction and (xx) employee satisfaction.

*Grants by Plan Administrator.* The 2012 Plan authorizes the Plan Administrator to grant incentive stock options at an exercise price of not less than 100% (or 110%, in the case of incentive stock options granted to any grantee who owns stock representing more than 10% of the combined voting power of the Company or any parent or subsidiary corporation of the Company) of the fair market value of the Company's common stock on the date the option is granted. The per share exercise or purchase price of non-qualified stock options and stock appreciation rights shall not be less than 100% of the fair market value on the date the option or stock appreciation right is granted. The exercise price of Awards intended to qualify as performance-based compensation for purposes of Section 162(m)

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of the Internal Revenue Code may not be less than 100% of the fair market value on the date the option is granted. Subject to applicable laws, the consideration to be paid for the shares of the Company's common stock to be issued upon exercise or purchase of an Award, including the method of payment, is determined by the Plan Administrator. In addition to any other types of consideration, the Plan Administrator may, for example, accept as consideration (i) cash, (ii) check, (iii) shares of the Company's common stock, (iv) the delivery of a properly executed exercise notice together with such other documentation as the Company and the broker, if applicable, shall require to effect an exercise and delivery to the Company of the amount of sale proceeds required to pay the exercise price, or (v) any combination of the foregoing methods of payment.

*Termination of Employment.* An Award may not be exercised after the termination date of such Award as set forth in the Award Agreement. In the event a participant in the 2012 Plan terminates employment, an Award may be exercised only to the extent provided in the Award Agreement. Where an Award Agreement permits a participant to exercise an Award following termination of employment, the Award shall terminate to the extent not exercised on the last day of the specified period or the last day of the original term of the Award, whichever comes first. Any Award designated as an incentive stock option, to the extent not exercised within the time permitted by law for the exercise of incentive stock options following the termination of employment, converts automatically to a non-qualified stock option and thereafter is exercisable as such to the extent exercisable by its terms for the period specified in the Award Agreement.

*Transferability of Awards.* During their lifetime, those who hold incentive stock options cannot transfer these options other than by will or by the laws of descent or distribution. The options may be exercised during the lifetime of the participant only by the participant; *provided, however,* that the participant may designate a beneficiary of his or her incentive stock option in the event of his or her death. Other Awards shall be transferred by will and by the laws of descent and distribution, and during the participant's lifetime, by gift or through a domestic relations order to members of a participant's immediate family to the extent and in the manner determined by the Plan Administrator.

*Adjustments Upon Changes in Capitalization.* Subject to any required action by the stockholders of the Company, the number of shares of the Company's common stock covered by outstanding Awards, the number of shares of the Company's common stock that have been authorized for issuance under the 2012 Plan, the exercise or purchase price of each outstanding Award, the maximum number of shares of the Company's common stock that may be granted to any participant in a fiscal year, and the like, shall be proportionally adjusted by the Plan Administrator in the event of (i) any increase or decrease in the number of issued shares of the Company's common stock resulting from a stock split, stock dividend, combination or reclassification or similar event affecting the Company's common stock, (ii) any other increase or decrease in the number of issued shares of the Company's common stock effected without receipt of consideration by the Company or (iii) as the Plan Administrator may determine in its discretion, any other transaction with respect to the Company's common stock to which Section 424(a) of the Internal Revenue Code applies or a similar transaction; *provided, however,* that conversion of any convertible securities of the Company shall not be deemed to have been effected without receipt of consideration. Such adjustment shall be made by the Plan Administrator and its determination shall be final, binding and conclusive.

*Corporate Transaction/Change in Control.* Effective upon the consummation of a corporate transaction, as described below, all outstanding Awards shall terminate. However, all such awards shall not terminate to the extent the contractual obligations represented by the Award are assumed by the successor entity. A corporate transaction includes (i) the sale of all or substantially all of the Company's assets, (ii) the complete dissolution or liquidation of the Company, (iii) a merger or consolidation in which the Company is not the surviving entity, (iv) any reverse merger in which the Company is the surviving entity but in which securities possessing more than 50% of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger, or (v) the acquisition in a single or series of related transactions by any person or related group of persons, other than an acquisition from or by the Company or by William S. Boyd, his spouse or any direct descendant of William S. Boyd and his spouse, of beneficial ownership of securities possessing more than 50% of the total combined voting power of the Company's outstanding securities.

In the event of a change in control, as described below, all outstanding options shall remain exercisable until the termination of the applicable option term. A change in control includes a change in ownership or control of the Company effected through (i) the direct or indirect acquisition by any person or related group of persons, other than an acquisition from or by the Company or by William S. Boyd, his spouse or any direct descendant of William S. Boyd and his spouse, of beneficial ownership of securities possessing more than 50% of the total combined voting

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power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders which a majority of continuing directors who are not affiliates or associates of the offer or do not recommend such stockholders accept or (ii) a change in the composition of the Board over a period of 36 months or less such that a majority of the Board ceases to be comprised of individuals who are continuing directors.

The Plan Administrator has the authority to provide for the full or partial automatic vesting and exercisability of some or all of the outstanding Awards under the 2012 Plan upon the occurrence of an actual or anticipated corporate transaction or change in control.

*Amendment, Suspension or Termination of the 2012 Plan.* The Company's board of directors may at any time amend, suspend or terminate the 2012 Plan. To the extent necessary to comply with applicable provisions of U.S. Federal securities laws, state corporate and securities laws, the Internal Revenue Code, the rules of any applicable stock exchange or national market system, and the rules of any non-U.S. jurisdiction applicable to Awards granted to residents therein, the Company will obtain stockholder approval of any amendment to the 2012 Plan in such a manner and to such a degree as required. The 2012 Plan will terminate in May 2022 unless previously terminated by the Company's board of directors. Any amendment, suspension or termination of the 2012 Plan shall not adversely affect Awards already granted unless consented to by the grantee.

**Certain U.S. Federal Tax Consequences**

The following summary of the federal income tax consequences of 2012 Plan transactions is based upon federal income tax laws in effect on the date of this proxy statement. This summary does not purport to be complete, and does not discuss non-U.S., state or local tax consequences. As such, please refer to the applicable provisions of the Internal Revenue Code for additional information.

*Non-Qualified Stock Options.* Except as provided under Section 409A of the Internal Revenue Code discussed below, the grant of a non-qualified stock option under the 2002 Plan will not result in any U.S. Federal income tax consequences to the participant or to the Company. Upon exercise of a non-qualified stock option, the participant is subject to income taxes at the rate applicable to ordinary compensation income on the difference between the option exercise price and the fair market value of the shares on the date of exercise. This income is subject to withholding for U.S. Federal income and employment tax purposes. The Company is entitled to an income tax deduction in the amount of the income recognized by the participant, subject to possible limitations imposed by Section 162(m) of the Internal Revenue Code and so long as the Company withholds the appropriate taxes with respect to such income, if required, and the participant's total compensation is deemed reasonable in amount. Any gain or loss on the participant's subsequent disposition of the shares of the Company's common stock will receive long or short-term capital gain or loss treatment, depending on whether the shares are held for more than one year following exercise. The Company does not receive a tax deduction for any such gain.

Absent special limitations on exercisability, in the event a nonqualified stock option is granted with an exercise price less than 100% of the fair market value of the common stock on the date of grant or amended in certain respects, such option may be considered deferred compensation and subject to Section 409A of the Internal Revenue Code, which provide rules regarding the timing of payment of deferred compensation. An option subject to Section 409A of the Internal Revenue Code which fails to comply with the rules of Section 409A, can result in the acceleration of income recognition, an additional 20% tax obligation, plus potential penalties and interest.

*Incentive Stock Options.* The grant of an incentive stock option under the 2012 Plan will not result in any U.S. Federal income tax consequences to the participant or to the Company. A participant recognizes no U.S. Federal taxable income upon exercising an incentive stock option (subject to the alternative minimum tax rules discussed below), and the Company receives no deduction at the time of exercise. In the event of a disposition of stock acquired upon exercise of an incentive stock option, the tax consequences depend upon how long the participant has held the shares of the Company's common stock. If the participant does not dispose of the shares within two years after the incentive stock option was granted, nor within one year after the incentive stock option was exercised, the participant will recognize a long-term capital gain (or loss) equal to the difference between the sale price of the shares and the exercise price. The Company is not entitled to any deduction under these circumstances.

If the participant fails to satisfy either of the foregoing holding periods, he or she must recognize ordinary income in the year of the disposition, which is referred to as a disqualifying disposition. The amount of such

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ordinary income generally is the lesser of (i) the difference between the amount realized on the disposition and the exercise price or (ii) the difference between the fair market value of the stock on the exercise date and the exercise price. Any gain in excess of the amount taxed as ordinary income will be treated as a long or short-term capital gain, depending on whether the stock was held for more than one year. The Company, in the year of the disqualifying disposition, is entitled to a deduction equal to the amount of ordinary income recognized by the participant, subject to possible limitations imposed by Section 162(m) of the Internal Revenue Code and so long as the Company withholds the appropriate taxes with respect to such income, if required, and the participant's total compensation is deemed reasonable in amount.

The spread under an incentive stock option i.e., the difference between the fair market value of the shares at exercise and the exercise price is classified as an item of adjustment in the year of exercise for purposes of the alternative minimum tax. If a participant's alternative minimum tax liability exceeds such participant's regular income tax liability, the participant will owe the larger amount of taxes. In order to avoid the application of alternative minimum tax with respect to incentive stock options, the participant must sell the shares within the same calendar year in which the incentive stock options are exercised. However, such a sale of shares within the same year of exercise will constitute a disqualifying disposition, as described above.

In the event that an incentive stock option is amended in certain respects, such option may be considered deferred compensation and subject to the rules of new Section 409A of the Internal Revenue Code, which provides rules regarding the timing of payment of deferred compensation. An option subject to Section 409A of the Internal Revenue Code which fails to comply with the rules of Section 409A, can result in the acceleration of income recognition, an additional 20% tax obligation, plus potential penalties and interest. In addition, the amendment of an incentive stock option may convert the option from an incentive stock option to a nonqualified stock option.

*Restricted Stock and Performance Stock.* The grant of restricted stock and performance shares will subject the recipient to ordinary compensation income on the difference between the amount paid for such stock and the fair market value of the shares on the date that the restrictions lapse. This income is subject to withholding for U.S. Federal income and employment tax purposes. The Company is entitled to an income tax deduction in the amount of the ordinary income recognized by the recipient, subject to possible limitations imposed by Section 162(m) of the Internal Revenue Code and so long as the Company withholds the appropriate taxes with respect to such income, if required, and the participant's total compensation is deemed reasonable in amount. Any gain or loss on the recipient's subsequent disposition of the shares will receive long or short-term capital gain or loss treatment depending on how long the stock has been held since the restrictions lapsed. The Company does not receive a tax deduction for any such gain.

Recipients of restricted stock and performance shares may make an election under Section 83(b) of the Internal Revenue Code, which is referred to as a Section 83(b) Election, to recognize as ordinary compensation income in the year that such restricted stock or performance shares are granted, the amount equal to the spread between the amount paid for such stock (if any) and the fair market value on the date of the issuance of the stock. If such an election is made, the recipient recognizes no further amounts of compensation income upon the lapse of any restrictions and any gain or loss on subsequent disposition will be long or short-term capital gain to the recipient. The Section 83(b) Election must be made within thirty days from the time the restricted stock or performance share is issued.

*Stock Appreciation Rights.* Recipients of stock appreciation rights, which are referred to as SARs, generally should not recognize income until such rights are exercised, assuming there is no ceiling on the value of the right and Section 409A of the Internal Revenue Code does not apply. Upon exercise, the participant will normally recognize taxable ordinary income for U.S. Federal income tax purposes equal to the amount of cash and fair market value the shares, if any, received upon such exercise. Participants who are employees will be subject to withholding for U.S. Federal income and employment tax purposes with respect to income recognized upon exercise of a SAR. Participants will recognize gain upon the disposition of any shares received on exercise of a SAR equal to the excess of (i) the amount realized on such disposition over (ii) the ordinary income recognized with respect to such shares under the principles set forth above. That gain will be taxable as long or short-term capital gain depending on whether the shares were held for more than one year.

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The Company will be entitled to a tax deduction to the extent and in the year that ordinary income is recognized by the participant, subject to possible limitations imposed by Section 162(m) of the Internal Revenue Code and so long as the Company withholds the appropriate taxes with respect to such income, if required, and the participant's total compensation is deemed reasonable in amount.

A SAR can be considered deferred compensation and subject to Section 409A of the Internal Revenue Code. A SAR that does not meet the requirements of Section 409A of the Internal Revenue Code, such as with respect to the timing of the delivery of cash or shares following vesting, can result in the acceleration of income recognition, an additional 20% tax obligation, plus potential penalties and interest.

*Performance Units.* Recipients of performance units generally should not recognize income until such units are converted into cash or shares of stock unless Section 409A of the Internal Revenue Code applies. Upon conversion, the participant will normally recognize taxable ordinary income for federal income tax purposes equal to the amount of cash and fair market value the shares, if any, received upon such conversion. Participants who are employees will be subject to withholding for federal income and employment tax purposes with respect to income recognized upon conversion of the performance units. Participants will recognize gain upon the disposition of any shares received upon conversion of the performance units equal to the excess of (i) the amount realized on such disposition over (ii) the ordinary income recognized with respect to such shares under the principles set forth above. That gain will be taxable as long or short-term capital gain depending on whether the shares were held for more than one year.

The Company will be entitled to a tax deduction to the extent and in the year that ordinary income is recognized by the participant, subject to possible limitations imposed by Section 162(m) of the Internal Revenue Code and so long as the Company withholds the appropriate taxes with respect to such income (if required) and the participant's total compensation is deemed reasonable in amount.

Performance units also can be considered non-qualified deferred compensation and subject to the rules of Section 409A of the Internal Revenue Code, which provide rules regarding the timing of payment of deferred compensation. A grant of performance units that does not meet the requirements of Internal Revenue Code Section 409A can result in the acceleration of income recognition, an additional 20% tax obligation, plus potential penalties and interest to such participant.

*Dividends and Dividend Equivalents.* Recipients of stock-based awards that earn dividends or dividend equivalents will recognize taxable ordinary income on any dividend payments received with respect to unvested shares subject to such awards, which income is subject to withholding for U.S. Federal income and employment tax purposes. The Company is entitled to an income tax deduction in the amount of the income recognized by a participant, subject to possible limitations imposed by Section 162(m) of the Internal Revenue Code and so long as the Company withholds the appropriate taxes with respect to such income, if required, and the individual's total compensation is deemed reasonable in amount.

The foregoing is only a summary of the U.S. Federal income tax consequences of 2012 Plan transactions, and is based upon U.S. Federal income tax laws in effect on the date of this proxy statement. Reference should be made to the applicable provisions of the Internal Revenue Code. This summary does not purport to be complete, and does not discuss the tax consequences of a grantee's death or the tax laws of any municipality, state or foreign country to which the grantee may be subject.

**New Plan Benefits**

No transactions will be made under the 2012 Plan unless and until the 2012 Plan is approved by the stockholders at the Annual Meeting. The number of grants, if any, to be made after approval of the 2012 Plan to specific employees, consultants, directors or groups thereof, cannot currently be determined.

**THE BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE ADOPTION OF THE AMENDMENT AND RESTATEMENT OF THE COMPANY'S 2002 STOCK INCENTIVE PLAN AS THE 2012 STOCK INCENTIVE PLAN AND RECOMMENDS THAT STOCKHOLDERS VOTE FOR APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE COMPANY'S 2002 STOCK INCENTIVE PLAN AS THE 2012 STOCK INCENTIVE PLAN.**

**Table of Contents****EQUITY COMPENSATION PLAN INFORMATION**

The following table provides additional information regarding our equity compensation plans in effect at December 31, 2011.

**Equity Compensation Plan Information**

	(a)	(b)	(c)
<b>Plan Category</b>	<b>Number of Shares to be Issued upon Exercise of Options, Warrants and Rights</b>	<b>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Shares Remaining Available for Future Issuance under Equity Compensation Plans (excluding shares reflected in column(a))</b>
Equity compensation plans approved by stockholders	13,467,024(1)	\$ 24.81(2)	800,470(3)
Equity compensation plans not approved by stockholders			
<b>Total</b>	<b>13,467,024(1)</b>	<b>\$ 24.81(2)</b>	<b>800,470(3)</b>

- (1) Includes options to purchase shares outstanding under our 1993 Flexible Stock Incentive Plan, 1993 Director's Non-Qualified Stock Option Plan, 1996 Stock Incentive Plan and 2002 Stock Incentive Plan. Also includes RSUs and Performance Shares outstanding under our 2002 Stock Incentive Plan.
- (2) Weighted Average Exercise Price does not include RSUs or Performance Shares outstanding under our 2002 Stock Incentive Plan, which are exercisable for zero consideration.
- (3) Consists of shares available for future issuance under our 2002 Stock Incentive Plan, which may also be issued as RSUs and Performance Shares under our 2000 MIP.

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**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE;**

**TRANSACTIONS WITH RELATED PERSONS; POLICIES AND PROCEDURES REGARDING TRANSACTIONS WITH RELATED PERSONS**

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires the Company's directors, certain of the Company's officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file an initial report of ownership on Form 3 and changes in ownership on Form 4 or 5 with the SEC. Such officers, directors and 10% stockholders are also required by the SEC rules to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons that no Forms 5 were required for such persons, the Company believes that during 2011 all Section 16(a) filing requirements applicable to such officers, directors and 10% stockholders were complied with.

**Transactions with Related Persons**

We purchase, in arm's length negotiated, ordinary course commercial transactions, communications-related products and services from Switch Communications Group, LLC ( SCG ) and its majority-owned subsidiary, Switch Business Solutions, LLC ( SBS ). Peter M. Thomas, a member of the board of directors, owns, either directly or indirectly, an approximate 8.3% equity interest as a passive investor in SCG. Mr. Thomas' family members own collectively, either directly or indirectly, an approximately 11.8% equity interest in SCG. Mr. Thomas does not actively engage in the management of SCG or SBS. Mr. Thomas' sibling, who is affiliated with SCG, is not involved in the daily business operations or decisions of SCG and does not perform any policy-making functions. Additionally, Mr. Thomas' sibling is not and never has been an employee of SCG and none of the employees or contractors of SCG report to him. We paid SCG and SBS, in the aggregate, a total of approximately \$848,000 in fiscal year 2011, and expect to pay such entities an aggregate of approximately \$876,000 in fiscal 2012. Our transactions with SCG and SBS represented less than 1.0% of SCG and SBS's consolidated revenue for 2011, and is expected to represent less than 0.7% in 2012.

Marianne Boyd Johnson, William R. Boyd and Samuel J. Boyd are the children of William S. Boyd, our Executive Chairman of the Board of Directors. Samuel J. Johnson, III, is the step-son of Marianne Boyd Johnson, our Executive Vice President and Vice Chairman of the Company's board of directors. Marianne Boyd Johnson received a base salary and bonus in the amount of \$307,340 for fiscal year 2011 and is receiving a base salary in the amount of \$255,000 for fiscal year 2012. William R. Boyd, a Vice President and member of the Company's board of directors, received a base salary and bonus in the amount of \$264,550 for fiscal year 2011 and is receiving a base salary in the amount of \$230,000 for fiscal year 2012. Samuel J. Boyd, Executive Host at The Orleans Hotel and Casino in Las Vegas, Nevada, received a base salary and bonus in the amount of \$98,243 for fiscal year 2011 and is receiving a base salary in the amount of \$89,000 for fiscal year 2012. Samuel J. Johnson, III, Director of Program Development with the Company, received a base salary and bonus in the amount of \$155,805 for fiscal year 2011 and is receiving a base salary in the amount of \$143,800 for fiscal year 2012. Marianne Boyd Johnson, William R. Boyd, Samuel J. Boyd and Samuel J. Johnson, III are eligible to earn bonuses in fiscal year 2012.

Through a wholly owned subsidiary, we own and operate the Borgata Hotel Casino and Spa and The Water Club in a joint venture with a divestiture trust established for the benefit of a wholly owned subsidiary of MGM Resorts International. MDDC is the operating company created pursuant to this arrangement. In January 2009, Robert L. Boughner, a member of our board of directors and our Executive Vice President and Chief Business Development Officer, resumed the duties of President and Chief Operating Officer of MDDC. Mr. Boughner also serves as the Executive Vice President and Chief Operating Officer of Marina District Finance Company, Inc., a wholly owned subsidiary of MDDC. Consistent with past years in which Mr. Boughner served as an executive officer of MDDC, MDDC reimbursed the Company for a corresponding portion of Mr. Boughner's compensation. For 2011, MDDC reimbursed the Company approximately \$1,595,000, representing approximately fifty-seven percent (57%) of Mr. Boughner's 2011 compensation package, and approximately \$139,247, relating to a state income tax gross up payment made to Mr. Boughner.



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**Policies and Procedures Regarding Transactions with Related Persons**

We attempt to analyze all transactions in which the Company (or our subsidiaries) participates and in which a related person may have a direct or indirect material interest, both due to the potential for a conflict of interest and to determine whether disclosure of the transaction is required under applicable SEC rules and regulations. Related persons include any of our directors or executive officers, certain of our stockholders and their respective immediate family members. As it relates to our employees, officers and directors, pursuant to our Code of Business Conduct and Ethics, which is available on our website at [www.boydgaming.com](http://www.boydgaming.com), a conflict of interest arises when personal interests interfere with the ability to act in the best interests of the Company. Pursuant to our Code of Business Conduct and Ethics, our employees are to disclose any potential conflicts of interest to the Chief Executive Officer or his designees, who will advise the employee as to whether or not the Company believes a conflict of interest exists. Employees are also to disclose potential conflicts of interest involving their respective spouses, siblings, parents, in-laws, children, and members of their households. Non-employee directors are also to discuss any concerns with the Chairman of the Corporate Governance and Nominating Committee or our General Counsel.

Each year, we require our directors and executive officers to complete a questionnaire that is intended to, among other things, identify any transactions or potential transactions with us in which a director or an executive officer or one of their family members or associated entities has an interest, and which exceeds \$120,000. We also require that directors and executive officers promptly notify us of any changes during the course of the year to the information provided in the annual questionnaire.

Our Audit Committee, pursuant to its charter, has responsibility for reviewing and approving certain related person transactions, as provided in the charter. In addition, the board of directors annually determines the independence of directors based on a review by the directors and the Corporate Governance and Nominating Committee.

We believe that these policies and procedures collectively ensure that all related person transactions requiring disclosure under SEC rules are appropriately reviewed and approved or ratified.

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**STOCKHOLDER PROPOSALS; OTHER MATTERS**

**Stockholder Proposals**

Our stockholders may submit proposals on matters appropriate for stockholder action at subsequent annual stockholder meetings consistent with Rule 14a-8 promulgated under the Exchange Act. Consistent with the Company's bylaws, to be properly considered at the 2013 Annual Meeting of Stockholders, notice of stockholder proposals must be given to our Corporate Secretary in writing not less than 45 days and not more than 75 days prior to the anniversary of the date on which we first mailed notice of access to our proxy materials for this year's Annual Meeting of Stockholders (i.e., not earlier than January 17, 2013 and not later than February 16, 2013), after which the notice is untimely. A stockholder's notice to our Corporate Secretary must set forth for each matter proposed to be brought before the annual meeting (a) a brief description of the matter the stockholder proposes to bring before the meeting and the reasons for conducting such business at the meeting, (b) the name and address of the stockholder proposing such business, (c) the number of shares of our common stock which are beneficially owned by the stockholder, and (d) any material interest of the stockholder in such business. In addition, proposals of stockholders intended to be presented at our 2013 Annual Meeting of Stockholders and included in the board of directors' proxy statement and form of proxy for that meeting must be received by us, Attention: Brian A. Larson, Executive Vice President, Secretary and General Counsel, at our principal offices, no later than December 3, 2012. If the date of the 2013 Annual Meeting of Stockholders is moved by more than 30 days from the anniversary of this year's annual meeting, the aforementioned deadlines for stockholder proposals will be adjusted consistent with Rule 14a-8 promulgated under the Exchange Act and the Company's bylaws.

**Other Matters**

The board of directors currently knows of no other business which will be presented at the Annual Meeting. If any other business is properly brought before the Annual Meeting, it is intended that proxies in the enclosed form will be voted in respect thereof as the proxy holders deem advisable.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on May 17, 2012.**

**This proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2011, as filed with the SEC, are available at <http://www.boydgaming.com/proxymaterials>. Paper copies will be provided to a stockholder without charge upon written request to Boyd Gaming Corporation, 3883 Howard Hughes Parkway, Ninth Floor, Las Vegas, Nevada 89169, (702) 792-7200, Attn: Robert Meyne, Vice President Corporate Communications.**

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**Appendix A**

**BOYD GAMING CORPORATION**

**2012 STOCK INCENTIVE PLAN**

**(AS AMENDED AND RESTATED EFFECTIVE MAY 17, 2012)**

**( RESTATEMENT EFFECTIVE DATE )**

1. **Purposes of the Plan.** The purposes of this Stock Incentive Plan are to attract and retain the best available personnel, to provide additional incentive to Employees, Directors and Consultants and to promote the success of the Company's business.
2. **Definitions.** As used herein, the following definitions shall apply:
  - (a) *Administrator* means the Board or any of the Committees appointed to administer the Plan.
  - (b) *Affiliate* and *Associate* shall have the respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act.
  - (c) *Applicable Laws* means the legal requirements relating to the administration of stock incentive plans, if any, under applicable provisions of federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock exchange or national market system, and the rules of any foreign jurisdiction applicable to Awards granted to residents therein.
  - (d) *Assumed* means that (i) pursuant to a Corporate Transaction defined in Section 2(q)(i), 2(q)(ii) or 2(q)(iii), the contractual obligations represented by the Award are assumed by the successor entity or its Parent in connection with the Corporate Transaction or (ii) pursuant to a Corporate Transaction defined in Section 2(q)(iv) or 2(q)(v) the Award is affirmed by the Company. The Award shall not be deemed Assumed for purposes of terminating the Award (in the case of a Corporate Transaction) if pursuant to a Corporate Transaction the Award is replaced with a comparable award with respect to shares of capital stock of the successor entity or its Parent.
  - (e) *Award* means the grant of an Option, SAR, Dividend Equivalent Right, Restricted Stock, Restricted Stock Unit, Performance Unit, Performance Share, or other right or benefit under the Plan.
  - (f) *Award Agreement* means the written agreement evidencing the grant of an Award executed by the Company and the Grantee, including any amendments thereto.
  - (g) *Board* means the Board of Directors of the Company.
  - (h) *Boyd Family* means William S. Boyd, his spouse, any direct descendant or spouse of such descendant, or any direct descendant of such spouse, and any trust or other estate in which each person who has a beneficial interest, directly or indirectly through one or more intermediaries in capital stock of the Company is one of the foregoing persons. The members of the Boyd Family shall be deemed to beneficially own any capital stock of a corporation held by any other corporation (the parent corporation) so long as the members of the Boyd Family beneficially own, directly or indirectly through one or more intermediaries, in the aggregate 50% or more of the total voting power of the capital stock of the parent corporation.
  - (i) *Change in Control* means a change in ownership or control of the Company effected through either of the following transactions:
    - (i) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company, by a Company-sponsored employee benefit plan or by a person that directly or indirectly controls, is controlled by, or is under common control with, the Company or a Permitted Holder) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders which a majority of the Continuing Directors who are not Affiliates or Associates of the offer or do not recommend such stockholders accept, or
    - (ii) a change in the composition of the Board over a period of thirty-six (36) months or less such that a majority of the Board members (rounded up to the next whole number) ceases, by reason of one or more contested elections for Board membership, to be comprised of

individuals who are Continuing Directors.

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- (j) *Code* means the Internal Revenue Code of 1986, as amended.
- (k) *Committee* means any committee appointed by the Board to administer the Plan.
- (l) *Common Stock* means the common stock of the Company.
- (m) *Company* means Boyd Gaming Corporation, a Nevada corporation.
- (n) *Consultant* means any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as a Director) who is engaged by the Company or a Related Entity to render consulting or advisory services as an independent contractor and is compensated for such services.
- (o) *Continuing Directors* means members of the Board who either (i) have been Board members continuously for a period of at least thirty-six (36) months or (ii) have been Board members for less than thirty-six (36) months and were elected or nominated for election as Board members by at least a majority of the Board members described in clause (i) who were still in office at the time such election or nomination was approved by the Board.
- (p) *Continuous Service* means that the provision of services to the Company or a Related Entity in any capacity of Employee, Director or Consultant, is not interrupted or terminated. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company or any Related Entity, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director or Consultant (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave. For purposes of each Incentive Stock Option granted under the Plan, if such leave exceeds ninety (90) days, and reemployment upon expiration of such leave is not guaranteed by statute or contract, then the Incentive Stock Option shall be treated as a Non-Qualified Stock Option on the day that is three (3) months and one (1) day following the expiration of such ninety (90) day period.
- (q) *Corporate Transaction* means any of the following transactions:
  - (i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state in which the Company is incorporated;
  - (ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company (including the capital stock of the Company's subsidiary corporations);
  - (iii) the complete liquidation or dissolution of the Company;
  - (iv) any reverse merger in which the Company is the surviving entity but in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger; or
  - (v) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan or a Permitted Holder) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Administrator determines shall not be a Corporate Transaction.
- (r) *Covered Employee* means an Employee who is a covered employee under Section 162(m)(3) of the Code.
- (s) *Director* means a member of the Board or the board of directors of any Related Entity.
- (t) *Disability* means as defined under the long-term disability policy of the Company or the Related Entity to which the Grantee provides services regardless of whether the Grantee is covered by such policy. If the Company or the Related Entity to which the Grantee provides service does not have a long-term disability plan in place, *Disability* means that a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment

sufficient to satisfy the Administrator in its discretion.

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(u) *Dividend Equivalent Right* means a right entitling the Grantee to compensation measured by dividends paid with respect to Common Stock. Dividend Equivalent Rights granted in connection with Awards that performance vest shall be held subject to the vesting of the underlying portion of the Award.

(v) *Employee* means any person, including an Officer or Director, who is an employee of the Company or any Related Entity. The payment of a director's fee by the Company or a Related Entity shall not be sufficient to constitute employment by the Company.

(w) *Exchange Act* means the Securities Exchange Act of 1934, as amended.

(x) *Fair Market Value* means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation The New York Stock Exchange, The Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock of the type described in (i) and (ii), above, the Fair Market Value thereof shall be determined by the Administrator in good faith.

(y) *Grantee* means an Employee, Director or Consultant who receives an Award under the Plan.

(z) *Immediate Family* means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Grantee's household (other than a tenant or employee), a trust in which these persons (or the Grantee) have more than fifty percent (50%) of the beneficial interest, a foundation in which these persons (or the Grantee) control the management of assets, and any other entity in which these persons (or the Grantee) own more than fifty percent (50%) of the voting interests.

(aa) *Incentive Stock Option* means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(bb) *Non-Qualified Stock Option* means an Option not intended to qualify as an Incentive Stock Option.

(cc) *Officer* means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(dd) *Option* means a stock option to purchase Shares pursuant to an Award Agreement granted under the Plan.

(ee) *Parent* means a parent corporation, whether now or hereafter existing, as defined in Section 424(e) of the Code.

(ff) *Performance-Based Compensation* means compensation qualifying as performance-based compensation under Section 162(m) of the Code.

(gg) *Performance Period* means the period of time during which the performance goals must be met in order to determine the degree of payout and/or vesting with respect to, or the amount or entitlement to, an Award. With respect to Awards hereunder intended to qualify as Performance-Based Compensation, the Performance Period shall be any period of time that does not exceed sixty (60) months.

(hh) *Performance Shares* means Shares or an Award denominated in Shares which may be earned in whole or in part upon attainment of performance criteria established by the Administrator.





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- (ii) *Performance Units* means an Award which may be earned in whole or in part upon attainment of performance criteria established by the Administrator and which may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as established by the Administrator.
- (jj) *Permitted Holders* means the Boyd Family and any group (as such term is used in Section 13(d) and 14(d) of the Exchange Act) comprised solely of members of the Boyd Family.
- (kk) *Plan* means this 2012 Stock Incentive Plan (formerly known as the 2002 Incentive Stock Plan).
- (ll) *Related Entity* means any Parent or Subsidiary of the Company and any business, corporation, partnership, limited liability company or other entity in which the Company or a Parent or a Subsidiary of the Company holds a substantial ownership interest, directly or indirectly.
- (mm) *Restricted Stock* means Shares issued under the Plan to the Grantee for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions as established by the Administrator.
- (nn) *Restricted Stock Units* means an Award which may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Administrator and which may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as established by the Administrator.
- (oo) *Rule 16b-3* means Rule 16b-3 promulgated under the Exchange Act or any successor thereto.
- (pp) *SAR* means a stock appreciation right entitling the Grantee to Shares or cash compensation, as established by the Administrator, measured by appreciation in the value of Common Stock.
- (qq) *Share* means a share of the Common Stock.
- (rr) *Subsidiary* means a subsidiary corporation, whether now or hereafter existing, as defined in Section 424(f) of the Code.

**3. Stock Subject to the Plan.**

- (a) Subject to the provisions of Section 10, below, the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Stock Options) is Twenty-One Million (21,000,000) Shares. The Shares to be issued pursuant to Awards may be authorized, but unissued, or reacquired Common Stock.
- (b) Any Shares covered by an Award (or portion of an Award) which is forfeited or canceled, expires or is settled in cash (in a cash payment by the Company), shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Shares which may be issued under the Plan. Shares that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan, except that if unvested Shares are forfeited, or repurchased by the Company at their original purchase price, such Shares shall become available for future grant under the Plan. To the extent not prohibited by the listing requirements of the New York Stock Exchange (or other established stock exchange or national market system on which the Common Stock is traded) or Applicable Law, any Shares covered by an Award which are surrendered (i) in payment of the Award exercise or purchase price (including pursuant to the net exercise of an Option pursuant to Section 7(b)(v)) or (ii) in satisfaction of tax withholding obligations shall be deemed not to have to have been issued for purposes of determining the maximum number of Shares which may be issued pursuant to all Awards under the Plan, unless otherwise determined by the Administrator.

**4. Administration of the Plan.**

- (a) *Plan Administrator.*
- (i) *Administration with Respect to Directors and Officers.* With respect to grants of Awards to Directors or Employees who are also Officers or Directors of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws and to permit such grants and related transactions under the Plan to be exempt from Section 16(b) of the Exchange Act in accordance with Rule 16b-3. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.



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(ii) *Administration With Respect to Consultants and Other Employees.* With respect to grants of Awards to Employees or Consultants who are neither Directors nor Officers of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. The Board may authorize one or more Officers to grant such Awards and may limit such authority as the Board determines from time to time.

(iii) *Administration With Respect to Covered Employees.* Notwithstanding the foregoing, grants of Awards to any Covered Employee intended to qualify as Performance-Based Compensation shall be made only by a Committee (or subcommittee of a Committee) which is comprised solely of two or more Directors eligible to serve on a committee making Awards qualifying as Performance-Based Compensation. In the case of such Awards granted to Covered Employees, references to the Administrator or to a Committee shall be deemed to be references to such Committee or subcommittee.

(iv) *Administration Errors.* In the event an Award is granted in a manner inconsistent with the provisions of this subsection (a), such Award shall be presumptively valid as of its grant date to the extent permitted by the Applicable Laws.

(b) *Powers of the Administrator.* Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board, the Administrator shall have the authority, in its discretion:

- (i) to select the Employees, Directors and Consultants to whom Awards may be granted from time to time hereunder;
- (ii) to determine whether and to what extent Awards are granted hereunder;
- (iii) to determine the number of Shares or the amount of other consideration to be covered by each Award granted hereunder;
- (iv) to approve forms of Award Agreements for use under the Plan;
- (v) to determine the terms and conditions of any Award granted hereunder;
- (vi) to amend the terms of any outstanding Award granted under the Plan, provided that (A) any amendment that would adversely affect the Grantee's rights under an outstanding Award shall not be made without the Grantee's written consent, provided, however, that an amendment or modification that may cause an Incentive Stock Option to become a Non-Qualified Stock Option shall not be treated as adversely affecting the rights of the Grantee (B) the reduction of the exercise price of any Option awarded under the Plan and the base appreciation amount of any SAR awarded under the Plan shall be subject to stockholder approval and (C) canceling an Option or SAR at a time when its exercise price or base appreciation amount (as applicable) exceeds the Fair Market Value of the underlying Shares, in exchange for another Option, SAR, Restricted Stock, for cash or other Award shall be subject to stockholder approval, unless the cancellation and exchange occurs in connection with a Corporate Transaction. Notwithstanding the foregoing, canceling an Option or SAR in exchange for another Option, SAR, Restricted Stock, or other Award with an exercise price, purchase price or base appreciation amount (as applicable) that is equal to or greater than the exercise price or base appreciation amount (as applicable) of the original Option or SAR shall not be subject to stockholder approval;
- (vii) to construe and interpret the terms of the Plan and Awards, including without limitation, any notice of award or Award Agreement, granted pursuant to the Plan;
- (viii) to establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable foreign jurisdictions and to afford Grantees favorable treatment under such rules or laws; provided, however, that no Award shall be granted under any such additional terms, conditions, rules or procedures with terms or conditions which are inconsistent with the provisions of the Plan; and
- (ix) to take such other action, not inconsistent with the terms of the Plan, as the Administrator deems appropriate.

(c) *Effect of Administrator's Decision.* All decisions, determinations and interpretations of the Administrator shall be conclusive and binding on all persons.

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5. **Eligibility.** Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants. Incentive Stock Options may be granted only to Employees of the Company, a Parent or a Subsidiary of the Company. An Employee, Director or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards. Awards may be granted to such Employees, Directors or Consultants who are residing in foreign jurisdictions as the Administrator may determine from time to time.

6. **Terms and Conditions of Awards.**

(a) *Type of Awards.* The Administrator is authorized under the Plan to award any type of arrangement to an Employee, Director or Consultant that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of (i) Shares, (ii) an Option, a SAR, or similar right with a fixed or variable price related to the Fair Market Value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions, or (iii) any other security with the value derived from the value of the Shares. Such awards include, without limitation, Options, SARs, sales or bonuses of Restricted Stock, Restricted Stock Units, Dividend Equivalent Rights, Performance Units or Performance Shares, and an Award may consist of one such security or benefit, or two (2) or more of them in any combination or alternative.

(b) *Designation of Award.* Each Award shall be designated in the Award Agreement. In the case of an Option, the Option shall be designated as either an Incentive Stock Option or a Non-Qualified Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of Shares subject to Options designated as Incentive Stock Options which become exercisable for the first time by a Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company) exceeds \$100,000, such excess Options, to the extent of the Shares covered thereby in excess of the foregoing limitation, shall be treated as Non-Qualified Stock Options. For this purpose, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the grant date of the relevant Option.

(c) *Conditions of Award.* Subject to the terms of the Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, payment contingencies, and satisfaction of any performance criteria. The performance criteria established by the Administrator may be based on any one of, or combination of, net earnings or net income (before or after taxes), earnings per share, revenues or sales (including, but limited to, net sales or revenue growth), net operating profit, return measures (including, but not limited to, return on assets, capital, invested capital, equity, sales, or revenue), cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity, and cash flow return on investment), earnings before or after taxes, interest, depreciation, and/or amortization, gross or operating margins, productivity ratios, share price (including, but not limited to, growth measures and total stockholder return), expense targets, margins, operating efficiency, market share, working capital targets and change in working capital, economic value added or EVA<sup>®</sup> (net operating profit after tax minus the sum of capital multiplied by the cost of capital), net operating income, personal management objectives, customer satisfaction, employee satisfaction or other measure of performance selected by the Administrator. Partial achievement of the specified criteria may result in a payment or vesting corresponding to the degree of achievement as specified in the Award Agreement.

(d) *Acquisitions and Other Transactions.* The Administrator may issue Awards under the Plan in settlement, assumption or substitution for, outstanding awards or obligations to grant future awards in connection with the Company or a Related Entity acquiring another entity, an interest in another entity or an additional interest in a Related Entity whether by merger, stock purchase, asset purchase or other form of transaction.

(e) *Deferral of Award Payment.* The Administrator may establish one or more programs under the Plan to permit selected Grantees the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Grantee to payment or receipt of Shares or other consideration under an Award (but only to the extent that such deferral programs would not result in an accounting compensation charge unless otherwise determined by the Administrator). The Administrator may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, Shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Administrator deems advisable for the administration of any such deferral program.

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(f) *Separate Programs.* The Administrator may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Grantees on such terms and conditions as determined by the Administrator from time to time.

(g) *Individual Award Limit.*

(i) The maximum number of Shares with respect to which Options and SARs may be granted to any Grantee in any fiscal year of the Company shall be five hundred thousand (500,000) Shares. The foregoing limitation shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 10, below. To the extent required by Section 162(m) of the Code or the regulations thereunder, in applying the foregoing limitation with respect to a Grantee, if any Option or SAR is canceled, the canceled Option or SAR shall continue to count against the maximum number of Shares with respect to which Options and SARs may be granted to the Grantee. For this purpose, the repricing of an Option (or in the case of a SAR, the base amount on which the stock appreciation is calculated is reduced to reflect a reduction in the Fair Market Value of the Common Stock) shall be treated as the cancellation of the existing Option or SAR and the grant of a new Option or SAR.

(ii) *Individual Limit for Other Awards.* For awards of Restricted Stock, Restricted Stock Units, Performance Shares and Performance Awards that are intended to be Performance-Based Compensation, with respect to each fiscal year of the Company that constitutes or is part of each Performance Period, the maximum number of Shares that may be issued to a Grantee pursuant to such Awards shall be five hundred thousand (500,000) Shares. The foregoing limitation shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 10, below. In addition, the foregoing limitation shall be prorated for any Performance Period consisting of fewer than twelve (12) months by multiplying such limitation by a fraction, the numerator of which is the number of months in the Performance Period and the denominator of which is twelve (12).

(h) *Early Exercise.* The Award Agreement may, but need not, include a provision whereby the Grantee may elect at any time while an Employee, Director or Consultant to exercise any part or all of the Award prior to full vesting of the Award. Any unvested Shares received pursuant to such exercise may be subject to a repurchase right in favor of the Company or a Related Entity or to any other restriction the Administrator determines to be appropriate.

(i) *Term of Award.* The term of each Award shall be the term stated in the Award Agreement, provided, however, that the term of an Incentive Stock Option shall be no more than ten (10) years from the date of grant thereof. However, in the case of an Incentive Stock Option granted to a Grantee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement.

(j) *Transferability of Awards.* Incentive Stock Options may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Grantee, only by the Grantee; provided, however, that the Grantee may designate a beneficiary of the Grantee's Incentive Stock Option in the event of the Grantee's death on a beneficiary designation form provided by the Administrator. Other Awards shall be transferred by will and by the laws of descent and distribution, and during the lifetime of the Grantee, by gift and or pursuant to a domestic relations order to members of the Grantee's Immediate Family to the extent and in the manner determined by the Administrator.

(k) *Time of Granting Awards.* The date of grant of an Award shall for all purposes be the date on which the Administrator makes the determination to grant such Award, or such other date as is determined by the Administrator. Notice of the grant determination shall be given to each Employee, Director or Consultant to whom an Award is so granted within a reasonable time after the date of such grant.

(l) *Minimum Vesting.* Awards which vest based on the Grantee's Continuous Service shall not provide for vesting which is any more rapid than vesting over a three (3) year period, and any Awards which vest upon the attainment of Performance Criteria shall provide for a Performance Period of at least twelve (12) months. There shall be no acceleration of vesting of such Awards at a rate more rapid than vesting over a three (3) year period, except in connection with death, Disability, retirement, involuntary termination of Continuous Service without cause or a Corporate Transaction or Change in Control. Notwithstanding any contrary provision of the Plan, following the Restatement Effective Date a maximum of ten percent (10%) of the Shares authorized for issuance under the Plan may be issued as Awards without regard to the limitations of this Section 6(l).

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**7. Award Exercise or Purchase Price, Consideration and Taxes.**

(a) *Exercise or Purchase Price.* The exercise or purchase price, if any, for an Award shall be as follows:

(i) In the case of an Incentive Stock Option:

(A) granted to an Employee who, at the time of the grant of such Incentive Stock Option owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the per Share exercise price shall be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant; or

(B) granted to any Employee other than an Employee described in the preceding paragraph, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Non-Qualified Stock Option or SAR, the per Share exercise or purchase price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iii) In the case of Awards intended to qualify as Performance-Based Compensation, the exercise or purchase price, if any, shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iv) In the case of other Awards, such price as is determined by the Administrator.

(v) Notwithstanding the foregoing provisions of this Section 7(a), in the case of an Award issued pursuant to Section 6(d), above, the exercise or purchase price for the Award shall be determined in accordance with the principles of Section 424(a) of the Code.

(b) *Consideration.* Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). In addition to any other types of consideration the Administrator may determine, the Administrator is authorized to accept as consideration for Shares issued under the Plan the following:

(i) cash;

(ii) check;

(iii) delivery of Grantee's promissory note with such recourse, interest, security, and redemption provisions as the Administrator determines as appropriate;

(iv) surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require (including withholding of Shares otherwise deliverable upon exercise of the Award) which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which said Award shall be exercised (but only to the extent that such exercise of the Award would not result in an accounting compensation charge with respect to the Shares used to pay the exercise price unless otherwise determined by the Administrator);

(v) With respect to Options, payment through a net exercise such that, without the payment of any funds, the Grantee may exercise the Option and receive the net number of Shares equal to (i) the number of Shares as to which the Option is being exercised, multiplied by (ii) a fraction, the numerator of which is the Fair Market Value per Share (on such date as is determined by the Administrator) less the exercise price per Share, and the denominator of which is such Fair Market Value per Share (the number of net Shares to be received shall be rounded down to the nearest whole number of Shares);

(vi) with respect to Options, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee

(A) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased Shares (including all applicable taxes) and (B) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction; or

(vii) any combination of the foregoing methods of payment.

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(c) *Taxes.* No Shares shall be delivered under the Plan to any Grantee or other person until such Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of any foreign, federal, state, or local income and employment tax withholding obligations, including, without limitation, obligations incident to the receipt of Shares or the disqualifying disposition of Shares received on exercise of an Incentive Stock Option. Upon exercise of an Award the Company shall withhold or collect from Grantee an amount sufficient to satisfy such tax obligations.

**8. Exercise of Award.**

(a) *Procedure for Exercise; Rights as a Stockholder.*

(i) Any Award granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Plan and specified in the Award Agreement.

(ii) An Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares with respect to which the Award is exercised, including, to the extent selected, use of the broker-dealer sale and remittance procedure to pay the purchase price as provided in Section 7(b)(vi). Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Shares subject to an Award, notwithstanding the exercise of an Option or other Award. The Company shall issue (or cause to be issued) such stock certificate promptly upon exercise of the Award. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in the Award Agreement or Section 10, below.

(b) *Exercise of Award Following Termination of Continuous Service.*

(i) An Award may not be exercised after the termination date of such Award set forth in the Award Agreement and may be exercised following the termination of a Grantee's Continuous Service only to the extent provided in the Award Agreement.

(ii) Where the Award Agreement permits a Grantee to exercise an Award following the termination of the Grantee's Continuous Service for a specified period, the Award shall terminate to the extent not exercised on the last day of the specified period or the last day of the original term of the Award, whichever occurs first.

(iii) Any Award designated as an Incentive Stock Option to the extent not exercised within the time permitted by law for the exercise of Incentive Stock Options following the termination of a Grantee's Continuous Service shall convert automatically to a Non-Qualified Stock Option and thereafter shall be exercisable as such to the extent exercisable by its terms for the period specified in the Award Agreement.

**9. Conditions Upon Issuance of Shares.**

(a) Shares shall not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares pursuant thereto shall comply with all Applicable Laws, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

**10. Adjustments Upon Changes in Capitalization.** Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan, the exercise or purchase price of each such outstanding Award, the maximum number of Shares with respect to which Awards may be granted to any Grantee in a specified period, as well as any other terms that the Administrator determines require adjustment shall be proportionately adjusted for (i) any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Shares, or similar transaction affecting the Shares, (ii) any other increase or decrease in the





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number of issued Shares effected without receipt of consideration by the Company, or (iii) as the Administrator may determine in its discretion, any other transaction with respect to Common Stock to which Section 424(a) of the Code applies or a similar transaction; provided, however that conversion of any convertible securities of the Company shall not be deemed to have been effected without receipt of consideration. Such adjustment shall be made by the Administrator and its determination shall be final, binding and conclusive. Except as the Administrator determines, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to an Award.

**11. Corporate Transactions/Changes in Control.**

(a) Effective upon the consummation of a Corporate Transaction, all outstanding Awards under the Plan shall terminate. However, all such Awards shall not terminate to the extent they are Assumed in connection with the Corporate Transaction.

(b) The Administrator shall have the authority, exercisable either in advance of any actual or anticipated Corporate Transaction or Change in Control or at the time of an actual Corporate Transaction or Change in Control and exercisable at the time of the grant of an Award under the Plan or any time while an Award remains outstanding, to provide for the full or partial automatic vesting and exercisability of one or more outstanding unvested Awards under the Plan and the release from restrictions on transfer and repurchase or forfeiture rights of such Awards in connection with a Corporate Transaction or Change in Control, on such terms and conditions as the Administrator may specify. The Administrator also shall have the authority to condition any such Award vesting and exercisability or release from such limitations upon the subsequent termination of the Continuous Service of the Grantee within a specified period following the effective date of the Corporate Transaction or Change in Control.

(c) The portion of any Incentive Stock Option accelerated under this Section 11 in connection with a Corporate Transaction or Change in Control shall remain exercisable as an Incentive Stock Option under the Code only to the extent the \$100,000 dollar limitation of Section 422(d) of the Code is not exceeded. To the extent such dollar limitation is exceeded, the accelerated excess portion of such Option shall be exercisable as a Non-Qualified Stock Option.

**12. Effective Date and Term of Plan.** The Plan shall become effective upon the Restatement Effective Date. It shall continue in effect for a term of ten (10) years unless sooner terminated. Subject to Section 17, below, and Applicable Laws, Awards may be granted under the Plan upon its becoming effective.

**13. Amendment, Suspension or Termination of the Plan.**

(a) The Board may at any time amend, suspend or terminate the Plan. To the extent necessary to comply with Applicable Laws, the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required.

(b) No Award may be granted during any suspension of the Plan or after termination of the Plan.

(c) No amendment, suspension or termination of the Plan (including termination of the Plan under Section 12, above) shall adversely affect any rights under Awards already granted to a Grantee, unless consented to by the Grantee.

**14. Reservation of Shares.**

(a) The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

**15. No Effect on Terms of Employment/Consulting Relationship.** The Plan shall not confer upon any Grantee any right with respect to the Grantee's Continuous Service, nor shall it interfere in any way with his or her right or the Company's right to terminate the Grantee's Continuous Service at any time, with or without cause, and with or without notice.



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16. **No Effect on Retirement and Other Benefit Plans.** Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation. The Plan is not a Pension Plan or Welfare Plan under the Employee Retirement Income Security Act of 1974, as amended.

17. **Stockholder Approval.** The grant of Incentive Stock Options under the Plan shall be subject to approval by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted excluding Incentive Stock Options issued in substitution for outstanding Incentive Stock Options pursuant to Section 424(a) of the Code. Such stockholder approval shall be obtained in the degree and manner required under Applicable Laws. The Administrator may grant Incentive Stock Options under the Plan prior to approval by the stockholders, but until such approval is obtained, no such Incentive Stock Option shall be exercisable. In the event that stockholder approval is not obtained within the twelve (12) month period provided above, all Incentive Stock Options previously granted under the Plan shall be exercisable as Non-Qualified Stock Options.

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**BOYD GAMING CORPORATION**  
**ANNUAL MEETING OF STOCKHOLDERS**

**Thursday, May 17, 2012**

**11:00 a.m. (local time)**

**Delta Downs Racetrack Casino Hotel**

**2717 Delta Downs Drive**

**Vinton, Louisiana 70668**

**Boyd Gaming Corporation**

**3883 Howard Hughes Parkway, Ninth Floor**

**Las Vegas, Nevada 89169**

**proxy**

**This proxy is solicited by the board of directors for use at the Boyd Gaming Corporation Annual Meeting of Stockholders on Thursday, May 17, 2012.**

The undersigned hereby appoints William S. Boyd and William R. Boyd (collectively, the Proxies ), or either of them, each with the power of substitution, to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Stockholders (the Annual Meeting ) of Boyd Gaming Corporation, a Nevada corporation (the Company ), to be held on Thursday, May 17, 2012 at 11:00 a.m., local time, at Delta Downs Racetrack Casino Hotel, 2717 Delta Downs Drive, Vinton, Louisiana 70668, and at any adjournments or postponements thereof. **SHARES REPRESENTED BY THIS PROXY CARD WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER. IF NO SUCH DIRECTIONS ARE INDICATED, THE PROXIES WILL HAVE AUTHORITY TO VOTE FOR THE ELECTION OF ALL DIRECTOR NOMINEES LISTED ON THE REVERSE SIDE, AND FOR EACH OF PROPOSALS 2 AND 3, AS APPLICABLE. IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING.**

TO ACCESS THE COMPANY S ANNUAL REPORT AND PROXY STATEMENT MATERIALS ONLINE GO TO:  
<http://www.boydgaming.com/proxymaterials>

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD

PROMPTLY USING THE ENCLOSED REPLY ENVELOPE.

*See reverse for voting instructions.*

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Shareowner Services<sup>SM</sup>

P.O. Box 64945

St. Paul, MN 55164-0945

**COMPANY #**

**Vote by Internet, Telephone or Mail**

**24 Hours a Day, 7 Days a Week**

Your phone or Internet vote authorizes the named

proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

**INTERNET** [www.eproxy.com/byd](http://www.eproxy.com/byd)

Use the Internet to vote your proxy until 12:00 p.m. (CT) on May 16, 2012.

**PHONE 1-800-560-1965**

Use a touch-tone telephone to vote your proxy until 12:00 p.m. (CT) on May 16, 2012.

**MAIL** Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

**If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.**

***TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW,***

***SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.***

**The Board of Directors Unanimously Recommends a Vote**

**FOR all of the Director Nominees identified in Proposal 1, and FOR each of Proposals 2 and 3.**

<b>1.</b> Election of directors:	01 Robert L. Boughner	05 Thomas V. Girardi	09 Keith E. Smith	“ Vote FOR	“ Vote WITHHELD
	02 William R. Boyd	06 Marianne Boyd Johnson	10 Christine J. Spadafor	all nominees	from all nominees
	03 William S. Boyd	07 Billy G. McCoy	11 Peter M. Thomas	(except as marked)	
	04 Richard E. Flaherty	08 Frederick J. Schwab	12 Veronica J. Wilson		

**(Instructions: To withhold authority to vote for any indicated nominee, write the number(s) of the nominee(s) in the box provided to the right.)**

2. To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012.      " For      " Against      " Abstain
3. To approve the amendment and restatement of the Company's 2002 Stock Incentive Plan as the 2012 Stock Incentive Plan.      " For      " Against      " Abstain

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED FOR ALL DIRECTOR NOMINEES IDENTIFIED IN PROPOSAL 1, AND FOR EACH OF PROPOSALS 2 AND 3.**

Address Change? Mark box, sign, and indicate changes below: "

Date \_\_\_\_\_

Signature(s) in Box

Please sign exactly as your name appears herein. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by the President or other authorized person. If a partnership, please sign in full partnership name by an authorized person.