

BOYD GAMING CORP
Form 10-Q
November 06, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-12882

BOYD GAMING CORPORATION

(Exact name of registrant as specified in its charter)

Nevada 88-0242733
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
3883 Howard Hughes Parkway, Ninth Floor, Las Vegas, NV 89169
(Address of principal executive offices) (Zip Code)
(702) 792-7200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

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Class	Outstanding as of November 2, 2015
Common stock, \$0.01 par value	111,048,812

BOYD GAMING CORPORATION
 QUARTERLY REPORT ON FORM 10-Q
 FOR THE PERIOD ENDED SEPTEMBER 30, 2015
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PART I. Financial Information

Item 1. Financial Statements (Unaudited)

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data) (Unaudited)	September 30, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$125,045	\$145,341
Restricted cash	24,734	18,107
Accounts receivable, net	25,176	27,235
Inventories	15,106	15,161
Prepaid expenses and other current assets	38,107	32,944
Income taxes receivable	—	1,243
Deferred income taxes and current tax assets	—	1,919
Total current assets	228,168	241,950
Property and equipment, net	2,225,643	2,286,108
Investment in unconsolidated subsidiary	251,133	222,717
Debt financing costs, net	54,946	56,540
Other assets, net	49,724	52,050
Intangible assets, net	914,228	934,249
Goodwill, net	685,310	685,310
Total assets	\$4,409,152	\$4,478,924
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	\$27,688	\$29,753
Accounts payable	59,837	85,089
Accrued liabilities	262,923	239,266
Deferred income taxes and other current tax payable	3,098	3,087
Total current liabilities	353,546	357,195
Long-term debt, net of current maturities	3,302,687	3,431,638
Deferred income taxes	159,421	142,263
Other long-term tax liabilities	3,071	28,651
Other liabilities	84,256	81,090
Commitments and contingencies (Note 8)		
Stockholders' equity		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized	—	—
Common stock, \$0.01 par value, 200,000,000 shares authorized; 111,022,430 and 109,277,060 shares outstanding	1,110	1,093
Additional paid-in capital	936,197	922,112
Accumulated deficit	(431,012)	(485,115)
Accumulated other comprehensive income (loss)	(174)	(53)
Total Boyd Gaming Corporation stockholders' equity	506,121	438,037
Noncontrolling interest	50	50
Total stockholders' equity	506,171	438,087
Total liabilities and stockholders' equity	\$4,409,152	\$4,478,924

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data) (Unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues				
Gaming	\$457,397	\$631,668	\$1,390,734	\$1,859,339
Food and beverage	76,713	115,072	230,918	332,068
Room	41,649	75,330	123,334	210,072
Other	32,379	44,441	92,706	124,574
Gross revenues	608,138	866,511	1,837,692	2,526,053
Less promotional allowances	61,825	127,668	180,934	356,327
Net revenues	546,313	738,843	1,656,758	2,169,726
Operating costs and expenses				
Gaming	225,653	294,118	677,036	867,506
Food and beverage	41,900	61,511	126,380	179,976
Room	10,765	14,679	31,494	42,330
Other	21,548	33,554	60,938	91,708
Selling, general and administrative	79,954	113,436	242,656	349,494
Maintenance and utilities	29,030	45,050	80,965	131,337
Depreciation and amortization	51,345	66,168	155,251	198,245
Corporate expense	15,009	15,064	52,013	52,605
Preopening expenses	1,434	1,262	2,769	3,836
Impairments of assets	—	18,279	1,065	20,205
Asset transactions costs	80	3,064	1,449	5,078
Other operating items, net	172	(1,116)	342	(1,863)
Total operating costs and expenses	476,890	665,069	1,432,358	1,940,457
Boyd's share of Borgata's operating income	31,107	—	57,870	—
Operating income	100,530	73,774	282,270	229,269
Other expense (income)				
Interest income	(460)	(466)	(1,396)	(1,412)
Interest expense, net of amounts capitalized	56,558	75,420	170,624	226,219
Loss on early extinguishments of debt	863	71	32,333	1,129
Other, net	1,753	116	3,641	498
Boyd's share of Borgata's non-operating items, net	12,681	—	29,454	—
Total other expense, net	71,395	75,141	234,656	226,434
Income (loss) before income taxes	29,135	(1,367)	47,614	2,835
Income taxes benefit (provision)	(3,710)	(1,961)	6,489	(12,050)
Net income (loss)	25,425	(3,328)	54,103	(9,215)
Net income attributable to noncontrolling interest	—	(11,777)	—	(11,403)
Net income (loss) attributable to Boyd Gaming Corporation	\$25,425	\$(15,105)	\$54,103	\$(20,618)
Basic net income (loss) per common share	\$0.23	\$(0.14)	\$0.48	\$(0.19)
Weighted average basic shares outstanding	112,608	109,923	112,100	109,854
Diluted net income (loss) per common share	\$0.22	\$(0.14)	\$0.48	\$(0.19)
Weighted average diluted shares outstanding	113,375	109,923	112,930	109,854

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands) (Unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income (loss)	\$25,425	\$(3,328)	) \$54,103	\$(9,215)
Other comprehensive income (loss), net of tax:				
Fair value of adjustments to available-for-sale securities, net of tax	642	681	(121)	) 1,291
Comprehensive income (loss)	26,067	(2,647)	) 53,982	(7,924)
Less: net income attributable to noncontrolling interest	—	11,777	—	11,403
Comprehensive income (loss) attributable to Boyd Gaming Corporation	\$26,067	\$(14,424)	) \$53,982	\$(19,327)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(In thousands, except share data) (Unaudited)	Boyd Gaming Corporation Stockholders' Equity						
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss), Net	Noncontrolling Interest	Total
	Shares	Amount					
Balances, January 1, 2015	109,277,060	\$ 1,093	\$922,112	\$(485,115)	\$(53)	\$ 50	\$438,087
Net income	—	—	—	54,103	—	—	54,103
Comprehensive income attributable to Boyd	—	—	—	—	(121)	—	(121)
Stock options exercised	1,145,302	11	8,595	—	—	—	8,606
Release of restricted stock units, net of tax	118,319	1	(286)	—	—	—	(285)
Release of performance stock units, net of tax	481,749	5	(2,451)	—	—	—	(2,446)
Share-based compensation costs	—	—	8,227	—	—	—	8,227
Balances, September 30, 2015	111,022,430	\$ 1,110	\$936,197	\$(431,012)	\$(174)	\$ 50	\$506,171
Balances, January 1, 2014	108,155,002	\$ 1,082	\$902,496	\$(432,074)	\$(1,517)	\$ 180,450	\$650,437
Net loss	—	—	—	(20,618)	—	11,403	(9,215)
Comprehensive income attributable to Boyd	—	—	—	—	1,291	—	1,291
Stock options exercised	131,229	2	982	—	—	—	984
Release of restricted stock units, net of tax	138,541	—	(326)	—	—	—	(326)
Share-based compensation costs	—	—	11,239	—	—	—	11,239
Noncontrolling interests contribution	—	—	—	—	—	30	30
Deconsolidation of Borgata on September 30, 2014	—	—	—	—	—	(191,833)	(191,833)
Balances, September 30, 2014	108,424,772	\$ 1,084	\$914,391	\$(452,692)	\$(226)	\$ 50	\$462,607

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands) (Unaudited)	Nine Months Ended September 30,	
	2015	2014
Cash Flows from Operating Activities		
Net income (loss)	\$54,103	\$(9,215)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	155,251	198,245
Amortization of debt financing costs	13,091	14,498
Amortization of discounts on debt	3,485	5,860
Loss on early extinguishments of debt	32,333	1,129
Share-based compensation expense	8,227	11,239
Deferred income taxes	16,636	11,690
Operating and non-operating income from Borgata	(28,416))
Impairments of assets	1,065	20,205
Other operating activities	(341)	) 2,370
Changes in operating assets and liabilities:		
Restricted cash	(6,626)	) (10,299)
Accounts receivable, net	2,220	788
Inventories	55	(655)
Prepaid expenses and other current assets	(5,131)	) (18,041)
Current other tax asset	1,802	3,575
Income taxes receivable	1,243	396
Other assets, net	2,149	(650)
Accounts payable and accrued liabilities	11,997	7,651
Other long-term tax liabilities	(25,580)	) (3,843)
Other liabilities	3,886	(2,442)
Net cash provided by operating activities	241,449	232,501
Cash Flows from Investing Activities		
Capital expenditures	(86,997)	) (94,617)
Deconsolidation of Borgata	—	(26,891)
Other investing activities	3,777	3,187
Net cash used in investing activities	(83,220)	) (118,321)
Cash Flows from Financing Activities		
Borrowings under Boyd Gaming bank credit facility	627,000	605,000
Payments under Boyd Gaming bank credit facility	(949,700)	) (698,400)
Borrowings under Peninsula bank credit facility	262,100	242,100
Payments under Peninsula bank credit facility	(335,550)	) (283,350)
Borrowings under Borgata bank credit facility	—	410,900
Payments under Borgata bank credit facility	—	(444,900)
Payments on retirements of long-term debt	(500,000)	) (2,850)
Premium and consent fees paid	(24,246))
Proceeds from issuance of senior secured notes	750,000	—
Debt issue costs	(14,001)	) (289)
Share-based compensation activities, net	5,875	783
Other financing activities	(3)) (102)
Net cash used in financing activities	(178,525)) (171,108)

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Change in cash and cash equivalents	(20,296) (56,928)
Cash and cash equivalents, beginning of period	145,341	177,838	
Cash and cash equivalents, end of period	\$125,045	\$120,910	
Supplemental Disclosure of Cash Flow Information			
Cash paid for interest, net of amounts capitalized	\$137,128	\$218,499	
Cash paid (received) for income taxes, net of refunds	(1,246	) 232	
Supplemental Schedule of Noncash Investing and Financing Activities			
Payables incurred for capital expenditures	\$5,031	\$10,005	

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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BOYD GAMING CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

Boyd Gaming Corporation (and together with its subsidiaries, the "Company," "Boyd Gaming," "we" or "us") was incorporated in the state of Nevada in 1988 and has been operating since 1975. The Company's common stock is traded on the New York Stock Exchange under the symbol "BYD".

We are a diversified operator of 21 wholly owned gaming entertainment properties and one property, Borgata Hotel Casino & Spa ("Borgata"), in which we hold a non-controlling 50% equity interest in the limited liability company. Headquartered in Las Vegas, we have gaming operations in Nevada, Illinois, Indiana, Iowa, Kansas, Louisiana, Mississippi and New Jersey.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the instructions to the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all information and footnote disclosures necessary for complete financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP").

The results for the periods indicated are unaudited, but reflect all adjustments (consisting only of normal recurring adjustments) that management considers necessary for a fair presentation of financial position, results of operations and cash flows. Results of operations and cash flows for the interim periods presented herein are not necessarily indicative of the results that would be achieved during a full year of operations or in future periods.

The accompanying condensed consolidated financial statements include the accounts of Boyd Gaming and its wholly owned subsidiaries. Investments in unconsolidated affiliates, which do not meet the consolidation criteria of the authoritative accounting guidance for voting interest, controlling interest or variable interest entities, are accounted for under the equity method. All significant intercompany accounts and transactions have been eliminated in consolidation.

On September 30, 2014, our Atlantic City partner reacquired its ownership interest in, and its substantive participation rights in, the management of Borgata. As a result, we deconsolidated Borgata as of the close of business on September 30, 2014, eliminating the assets, liabilities and non-controlling interests from our balance sheet. We are accounting for our investment in Borgata applying the equity method for periods subsequent to the deconsolidation. (See Note 3, Deconsolidation of Borgata.)

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the U.S. Securities and Exchange Commission ("SEC") on February 27, 2015.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Promotional Allowances

The retail value of accommodations, food and beverage, and other services furnished to guests without charge is included in gross revenues and then deducted as a promotional allowance. Promotional allowances also include

incentives earned in our slot bonus program such as cash and the estimated retail value of goods and services (such as complimentary rooms and food and beverages). We reward customers, through the use of bonus programs, with points based on amounts wagered that can be redeemed for a specified period of time for complimentary slot play, food and beverage, and to a lesser extent for other goods or services, depending upon the property.

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BOYD GAMING CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

The amounts included in promotional allowances are as follows:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Rooms	\$19,573	\$40,420	\$57,505	\$112,825
Food and beverage	38,139	53,247	112,984	152,462
Other	4,113	34,001	10,445	91,040
Total promotional allowances	\$61,825	\$127,668	\$180,934	\$356,327

The estimated costs of providing such promotional allowances are as follows:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Rooms	\$8,988	\$15,371	\$26,240	\$43,956
Food and beverage	33,925	46,841	99,874	133,889
Other	3,214	6,512	8,889	17,199
Total estimated cost of promotional allowances	\$46,127	\$68,724	\$135,003	\$195,044

Gaming Taxes

We are subject to taxes based on gross gaming revenues in the jurisdictions in which we operate. These gaming taxes are assessed based on our gaming revenues and are recorded as a gaming expense in the condensed consolidated statements of operations. These taxes totaled approximately \$83.2 million and \$96.8 million for the three months ended September 30, 2015 and 2014, respectively, and \$252.1 million and \$289.4 million for the nine months ended September 30, 2015 and 2014, respectively.

Income Taxes

Income taxes are recorded under the asset and liability method, whereby deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and attributable to operating loss and tax credit carryforwards. We reduce the carrying amounts of deferred tax assets by a valuation allowance, if based on the available evidence it is more likely than not that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is continually assessed based on a more-likely-than-not realization threshold. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carryforward periods, our experience with the utilization of operating loss and tax credit carryforwards before expiration and tax planning strategies.

In accordance with GAAP, we have computed our provision for income taxes by applying the actual effective tax rate, under the discrete method, to quarter-to-date income. The discrete method was used to calculate the income tax expense or benefit as the annual effective tax rate was not considered a reliable estimate of year-to-date income tax expense or benefit. We believe this method provides the most reliable estimate of year-to-date income tax expense.

Our current rate is impacted by adjustments that are largely independent of our operating results before taxes. Such adjustments relate primarily to the accrual of non-cash tax expense in connection with the tax amortization of indefinite-lived intangible assets that are not available to offset existing deferred tax assets. The deferred tax

liabilities created by the tax amortization of these intangibles cannot be used to offset corresponding increases in the net operating loss deferred tax assets when determining our valuation allowance. Our current rate is also impacted by the resolution of federal and state income tax examinations and changes in accruals established for potentially unfavorable outcomes in connection with these examinations.

Other Long Term Tax Liabilities

The Company's income tax returns are subject to examination by the Internal Revenue Service ("IRS") and other tax authorities in the locations where it operates. The Company assesses potentially unfavorable outcomes of such examinations based on

BOYD GAMING CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

accounting standards for uncertain income taxes, which prescribe a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

Uncertain tax position accounting standards apply to all tax positions related to income taxes. These accounting standards utilize a two-step approach for evaluating tax positions. Recognition occurs when the Company concludes that a tax position, based on its technical merits, is more likely than not to be sustained upon examination. Measurement is only addressed if the position is deemed to be more likely than not to be sustained. The tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon settlement. Use of the term "more likely than not" indicates the likelihood of occurrence is greater than 50%.

Tax positions failing to qualify for initial recognition are recognized in the first subsequent interim period that they meet the "more likely than not" standard. If it is subsequently determined that a previously recognized tax position no longer meets the "more likely than not" standard, it is required that the tax position is derecognized. Accounting standards for uncertain tax positions specifically prohibit the use of a valuation allowance as a substitute for derecognition of tax positions. As applicable, the Company will recognize accrued penalties and interest related to unrecognized tax benefits in the provision for income taxes. Accrued interest and penalties are included in other long-term tax liabilities on the balance sheet.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Nine Months Ended September 30, 2015
(In thousands)	
Unrecognized tax benefit as of January 1, 2015	\$30,198
Reductions:	
Tax positions related to prior years	(27,717)
Unrecognized tax benefit as of September 30, 2015	\$2,481

The entire \$2.5 million balance of unrecognized tax benefits at September 30, 2015, if recognized, would impact the effective tax rate. We recognize accrued interest related to unrecognized tax benefits in our income tax provision. During the quarter ended September 30, 2015 we recognized an interest-related benefit of \$0.5 million in our tax provision. We have accrued interest and penalties of \$0.6 million as of September 30, 2015, in our consolidated balance sheet.

During the first quarter of 2015, we received Joint Committee approval on our IRS appeals agreement, effectively settling our 2005 through 2009 examination. As a result of the settlement, we received an approximate \$2.4 million refund and reduced our unrecognized tax benefits by \$25.7 million, of which \$17.6 million impacted our effective tax rate. Additionally, as a result of the settlement, we reduced the interest accrued on our unrecognized tax benefits by \$5.8 million and recorded a benefit to our tax provision.

During the third quarter of 2015, we received a final audit determination in connection with our New Jersey examination, effectively settling years 2003 through 2009. As a result of the determination, we reduced our unrecognized tax benefits by \$2.0 million, all of which impacted our effective tax rate. Additionally, as a result of the settlement, we reduced the interest accrued on our unrecognized tax benefits by \$0.5 million and recorded a benefit to our tax provision.

Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing net income (loss) applicable to Boyd Gaming Corporation stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflects the additional dilution for all potentially-dilutive securities, such as stock options.

Due to the net losses for the three months and nine months ended September 30, 2014, the effect of all potential common share equivalents was anti-dilutive, and therefore all such shares were excluded from the computation of diluted weighted average shares outstanding for this period. The amount of potential common share equivalents were as follows:

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BOYD GAMING CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

(In thousands)	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Potential dilutive effect	904.6	926.1

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Recently Issued Accounting Pronouncements

Accounting Standards Update 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements ("Update 2015-15")

In August 2015, the Financial Accounting Standards Board ("FASB") issued Update 2015-15, which further clarifies the presentation and subsequent measurement of debt issuance costs related to line-of-credit arrangements. Debt issuance costs related to line-of-credit of arrangements can be recorded as an asset and subsequently amortized ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The standard is effective for financial statements issued for fiscal years beginning after December 15, 2015, for interim periods within those fiscal years, and early adoption is permitted. The Company determined that the impact of the new standard on its consolidated financial statements will not be material.

Accounting Standards Update 2015-14, Revenue from Contracts with Customers - Deferral of the Effective Date ("Update 2015-14")

In August 2015, the FASB issued Update 2015-14, which defers the implementation of Accounting Standards Update 2014-09, Revenue from Contracts with Customers ("Update 2014-09") for one year from the initial effective date. The initial effective date of Update 2014-09 was for annual reporting periods beginning after December 15, 2016, and early adoption was not permitted. Update 2015-14 extends the effective date to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is evaluating the impact of the adoption of Update 2015-14 and 2014-09 to the consolidated financial position or results of operations.

Accounting Standards Update 2015-11, Simplifying the Measurement of Inventory ("Update 2015-11")

In July 2015, the FASB issued Update 2015-11, which provides guidance on inventory measurement. Inventory, excluding inventory that is measured using last-in, first-out (LIFO) or the retail inventory method, should be measured at the lower of cost and net realizable value. The standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is permitted. The Company determined that the impact of the new standard on its consolidated financial statements will not be material.

Accounting Standards Update 2015-08 Business Combinations ("Update 2015-08")

In May 2015, the FASB issued Update 2015-08, which provides updates to guidance related to pushdown accounting and is effective immediately. The Company determined that the impact of the new standard on its financial reporting will not be material.

Accounting Standards Update 2015-05 Customers Accounting for Fees Paid in a Cloud Computing Arrangement (Topic 350) ("Update 2015-05")

In April 2015, the FASB issued Update 2015-05, which provides guidance on a customer's accounting for cloud computing costs. The standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015, and early adoption is permitted. The Company determined that the impact of the new standard on its consolidated financial statements will not be material.

Accounting Standards Update 2015-03, Simplifying the Presentation of Debt Issuance Costs ("Update 2015-03")

In April 2015, the FASB issued Update 2015-03, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The standard is effective for financial statements issued for fiscal years beginning after December 15, 2015, for interim periods

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as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

within those fiscal years, and early adoption is permitted. The Company determined that the impact of the new standard on its financial reporting will not be material.

Accounting Standards Update 2015-02, Amendments to the Consolidation Analysis ("Update 2015-02") Update 2015-02, issued by the FASB in February 2015, amends the consolidation requirements in ASC 810 and changes the consolidation analysis required under GAAP. The standard is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015, with early adoption permitted. The Company determined that the impact of the new standard on its financial reporting will not be material.

Accounting Standards Update 2015-01, Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items ("Update 2015-01")

In January 2015, the FASB issued Update 2015-01 eliminating from GAAP the concept of an extraordinary item, which is an event or transaction that is both (1) unusual in nature and (2) infrequently occurring. Under Update 2015-01, an entity will no longer (1) segregate an extraordinary item from the results of ordinary operations; (2) separately present an extraordinary item on its income statement, net of tax, after income from continuing operations; or (3) disclose income taxes and earnings-per-share data applicable to an extraordinary item. The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015 with early adoption permitted. The Company determined that the impact of the new standard on its consolidated financial statements will not be material.

A variety of proposed or otherwise potential accounting standards are currently being studied by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, we have not yet determined the effect, if any, that the implementation of such proposed standards would have on our consolidated financial statements.

NOTE 3. DECONSOLIDATION OF BORGATA

The Company and MGM Resorts International ("MGM") each originally held a 50% interest in Marina District Development Holding Co., LLC ("Holding Company"). Holding Company owns all the equity interests in Marina District Development Company, LLC, d.b.a. Borgata. We are the managing member of Holding Company, and we are responsible for the day-to-day operations of Borgata.

In February 2010, we entered into an agreement with MGM to amend the operating agreement to, among other things, facilitate the transfer of MGM's interest in Holding Company ("MGM Interest") to a divestiture trust (the "Divestiture Trust") established for the purpose of selling the MGM Interest to a third party. The proposed sale of the MGM Interest through the Divestiture Trust was part of a then-proposed settlement agreement between MGM and the New Jersey Department of Gaming Enforcement (the "NJDE").

On March 17, 2010, MGM announced that its settlement agreement with the NJDE had been approved by the New Jersey Casino Control Commission ("NJCCC"). Upon the transfer of MGM's ownership interest into the Divestiture Trust on March 24, 2010, we determined that we had control, as defined in the relevant accounting literature, of Holding Company and commenced consolidating the business as of that date. After submission of a Joint Petition of MGM, the Company and Holding Company, on February 13, 2013, the NJCCC approved amendments to the settlement agreement which permitted MGM to file an application for a statement of compliance, which, if approved, would permit MGM to reacquire its interest in Holding Company.

The NJCCC approved MGM's application for licensure on September 10, 2014. On September 30, 2014, the Divestiture Trust was dissolved and MGM reacquired its Borgata interest and its substantive participation rights in the management of Holding Company. As a result, we deconsolidated Borgata as of the close of business on September 30, 2014, eliminating the assets, liabilities and non-controlling interests recorded for Holding Company from our balance sheet, and are accounting for our investment in Borgata applying the equity method for periods subsequent to the deconsolidation.

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as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

Summarized income statement information for Borgata is as follows:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net revenues	\$237,461	\$209,946	\$611,213	\$559,064
Operating expenses	175,248	166,509	495,473	481,709
Operating income	62,213	43,437	115,740	77,355
Non-operating expenses	25,363	20,460	58,909	56,280
Net income	\$36,850	\$22,977	\$56,831	\$21,075

NOTE 4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

(In thousands)	September 30,	December 31,
	2015	2014
Land	\$229,431	\$229,684
Buildings and improvements	2,533,795	2,534,618
Furniture and equipment	1,137,757	1,079,878
Riverboats and barges	238,731	239,669
Construction in progress	29,158	35,675
Other	8,078	11,502
Total property and equipment	4,176,950	4,131,026
Less accumulated depreciation	1,951,307	1,844,918
Property and equipment, net	\$2,225,643	\$2,286,108

Other property and equipment presented in the table above relates to the estimated net realizable value of construction materials inventory that was not disposed of with the sale of the Echelon project. Such assets are not in service and are not currently being depreciated.

Depreciation expense for the three and nine months ended September 30, 2015 and 2014 is as follows:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Depreciation expense	\$44,643	\$57,536	\$134,904	\$172,561

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as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

NOTE 5. INTANGIBLE ASSETS

Intangible assets consist of the following:

(In thousands)	September 30, 2015				
	Weighted Average Life Remaining	Gross Carrying Value	Cumulative Amortization	Cumulative Impairment Losses	Intangible Assets, Net
Amortizing intangibles:					
Customer relationships	2.1 years	\$136,300	\$(103,582)	\$—	\$32,718
Favorable lease rates	32.8 years	45,370	(11,737)	—	33,633
Development agreement	—	21,373	—	—	21,373
		203,043	(115,319)	—	87,724
Indefinite lived intangible assets:					
Trademarks and other	Indefinite	129,501	—	(3,500)	126,001
Gaming license rights	Indefinite	873,335	(33,960)	(138,872)	700,503
		1,002,836	(33,960)	(142,372)	826,504
Balance, September 30, 2015		\$1,205,879	\$(149,279)	\$(142,372)	\$914,228
(In thousands)	December 31, 2014				
	Weighted Average Life Remaining	Gross Carrying Value	Cumulative Amortization	Cumulative Impairment Losses	Intangible Assets, Net
Amortizing intangibles:					
Customer relationships	2.9 years	\$139,600	\$(87,642)	\$—	\$51,958
Favorable lease rates	33.4 years	45,370	(10,956)	—	34,414
Development agreement	—	21,373	—	—	21,373
		206,343	(98,598)	—	107,745
Indefinite lived intangible assets:					
Trademarks	Indefinite	129,501	—	(3,500)	126,001
Gaming license rights	Indefinite	873,335	(33,960)	(138,872)	700,503
		1,002,836	(33,960)	(142,372)	826,504
Balance, December 31, 2014		\$1,209,179	\$(132,558)	\$(142,372)	\$934,249

Annual Impairment Test

We perform our annual test of goodwill and other indefinite-lived intangible assets as of October 1. The annual test for 2015 is currently in process. The test is in the preliminary stages and it is not yet possible to determine the amount, if any, of impairment charges that may result from the current year test. The annual test performed in fourth quarter 2014 resulted in the recognition of a non-cash impairment charge of \$40.0 million.

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as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

NOTE 6. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

(In thousands)	September 30, 2015	December 31, 2014
Payroll and related expenses	\$70,355	\$69,672
Interest	36,244	33,985
Gaming liabilities	38,990	35,698
Player loyalty program liabilities	18,545	19,058
Accrued liabilities	98,789	80,853
Total accrued liabilities	\$262,923	\$239,266

NOTE 7. LONG-TERM DEBT

Long-term debt, net of current maturities consists of the following:

(In thousands)	Interest Rates at Sept. 30, 2015	September 30, 2015			Unamortized Long-Term Debt, Net
		Outstanding Principal	Unamortized Discount	Unamortized Origination Fees	
Boyd Gaming Corporation Debt:					
Bank credit facility	3.77	% \$1,064,725	\$(2,853)	) \$—	\$1,061,872
9.00% senior notes due 2020	9.00	% 350,000	—	—	350,000
6.875% senior notes due 2023	6.88	% 750,000	—	—	750,000
HoldCo Note	8.00	% 157,810	(8,257)	) —	149,553
		2,322,535	(11,110)	) —	2,311,425
Peninsula Segment Debt:					
Bank credit facility	4.25	% 668,950	—	—	668,950
8.375% senior notes due 2018	8.38	% 350,000	—	—	350,000
		1,018,950	—	—	1,018,950
Total long-term debt		3,341,485	(11,110)	) —	3,330,375
Less current maturities		27,688	—	—	27,688
Long-term debt, net		\$3,313,797	\$(11,110)) \$—	\$3,302,687

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as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

(In thousands)	Interest Rates at Dec. 31, 2014	December 31, 2014			
		Outstanding Principal	Unamortized Discount	Unamortized Origination Fees	Long-Term Debt, Net
Boyd Gaming Corporation Debt:					
Bank credit facility	3.66	% \$ 1,387,425	\$(3,589)	) \$—	\$ 1,383,836
9.125% senior notes due 2018	9.13	% 500,000	—	(4,845)	) 495,155
9.00% senior notes due 2020	9.00	% 350,000	—	—	350,000
HoldCo Note	8.00	% 151,740	(11,743)	) —	139,997
		2,389,165	(15,332)	) (4,845)	) 2,368,988
Peninsula Segment Debt:					
Bank credit facility	4.25	% 742,400	—	—	742,400
8.375% senior notes due 2018	8.38	% 350,000	—	—	350,000
Other	various	3	—	—	3
		1,092,403	—	—	1,092,403
Total long-term debt		3,481,568	(15,332)	) (4,845)	) 3,461,391
Less current maturities		29,753	—	—	29,753
Long-term debt, net		\$3,451,815	\$(15,332)	) \$(4,845)	) \$3,431,638

Boyd Gaming Debt

Boyd Bank Credit Facility

The outstanding principal amounts under the Third Amended and Restated Credit Agreement (the "Boyd Gaming Credit Facility") are comprised of the following:

(In thousands)	September 30, 2015	December 31, 2014
Revolving Credit Facility	\$70,000	\$300,000
Term A Loan	195,275	221,375
Term B Loan	778,750	840,750
Swing Loan	20,700	25,300
Total outstanding principal amounts under the Boyd Gaming Credit Facility	\$1,064,725	\$1,387,425

At September 30, 2015, approximately \$1.1 billion was outstanding under the Boyd Gaming Credit Facility and \$7.1 million was allocated to support various letters of credit, leaving remaining contractual availability of \$502.2 million.

Senior Notes

6.875% Senior Notes due May 2023

Significant Terms

On May 21, 2015, we issued \$750 million aggregate principal amount of 6.875% senior notes due May 2023 (the "2023 Notes"). The 2023 Notes require semi-annual interest payments on May 15 and November 15 of each year, commencing on November 15, 2015. The 2023 Notes will mature on May 15, 2023 and are fully and unconditionally guaranteed, on a joint and several basis, by certain of our current and future domestic restricted subsidiaries, all of which are 100% owned by us.

The 2023 Notes contain certain restrictive covenants that, subject to exceptions and qualifications, among other things, limit our ability and the ability of our restricted subsidiaries (as defined in the base and supplemental indentures governing the 2023 Notes, together, the "Indenture") to incur additional indebtedness or liens, pay dividends or make distributions or repurchase our capital stock, make certain investments, and sell or merge with other companies. In addition, upon the occurrence of a change of control (as defined in the Indenture), we will be required, unless certain conditions are met, to offer to repurchase the 2023 Notes at a price equal to 101% of the principal amount of the 2023 Notes, plus accrued and unpaid interest and Additional Interest (as defined

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in the Indenture), if any, to, but not including, the date of purchase. If we sell assets or experience an event of loss, we will be required under certain circumstances to offer to purchase the 2023 Notes.

At any time prior to May 15, 2018, we may redeem the 2023 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Interest, if any, up to, but excluding, the applicable redemption date, plus a make whole premium. Subsequent to May 15, 2018, we may redeem all or a portion of the 2023 Notes at redemption prices (expressed as percentages of the principal amount) ranging from 105.156% in 2018 to 100% in 2021 and thereafter, plus accrued and unpaid interest and Additional Interest.

Debt Financing Costs

In conjunction with the issuance of the 2023 Notes, we incurred approximately \$14.0 million in debt financing costs that have been deferred and are being amortized over the term of the 2023 Notes using the effective interest method.

Senior Notes

9.125% Senior Notes due December 2018

During second quarter 2015 we redeemed all of our 9.125% Senior Notes due December 2018 (the "2018 Notes") at a redemption price of 104.563% plus accrued and unpaid interest and Additional Interest (as defined in the indenture governing the 2018 Notes) to the redemption date. The redemption resulted in premium and consent fees paid of \$24.0 million and a write-off of unamortized debt financing costs of \$4.9 million, all of which were recognized as loss on early extinguishments of debt in our second quarter 2015 financial results.

As a result of this redemption, the 2018 Notes have been fully extinguished.

Peninsula Segment Debt

Bank Credit Facility

The outstanding principal amounts under the Peninsula senior secured credit facility (the "Peninsula Credit Facility") are comprised of the following:

(In thousands)	September 30, 2015	December 31, 2014
Term Loan	\$656,750	\$734,000
Revolving Facility	5,000	2,000
Swing Loan	7,200	6,400
Total outstanding principal amounts under the Peninsula Credit Facility	\$668,950	\$742,400

At September 30, 2015, approximately \$669.0 million was outstanding under the Peninsula Credit Facility and \$5.2 million was allocated to support various letters of credit, leaving remaining contractual availability of \$32.6 million.

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Early Extinguishments of Debt

In addition to the redemption of the 2018 Notes, optional prepayments of the Term Loans under the Boyd Gaming Credit Facility and Peninsula Credit Facility have been made resulting in the write-off of a ratable amount of deferred finance charges. The components of the loss on early extinguishments of debt are as follows:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
9.125% Senior Notes premium and consent fees	\$—	\$—	\$23,962	\$—
9.125% Senior Notes deferred finance charges	—	—	4,888	—
Boyd Gaming Credit Facility deferred finance charges	444	—	1,602	—
Peninsula Credit Facility deferred finance charges	419	71	1,881	1,129
Total loss on early extinguishments of debt	\$863	\$71	\$32,333	\$1,129

Covenant Compliance

As of September 30, 2015, we believe that Boyd Gaming and Peninsula were in compliance with the financial and other covenants of their respective debt instruments.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Commitments

There have been no material changes to our commitments described under Note 10, Commitments and Contingencies, in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC on February 27, 2015.

Contingencies

Legal Matters

We are parties to various legal proceedings arising in the ordinary course of business. In our opinion, all pending legal matters are either adequately covered by insurance, or, if not insured, will not have a material adverse impact on our financial position, results of operations or cash flows.

NOTE 9. STOCKHOLDERS' EQUITY AND STOCK INCENTIVE PLANS

Share-Based Compensation

We account for share-based awards exchanged for employee services in accordance with the authoritative accounting guidance for share-based payments. Under the guidance, share-based compensation expense is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense, net of estimated forfeitures, over the employee's requisite service period.

The following table provides classification detail of the total costs related to our share-based employee compensation plans reported in our condensed consolidated statements of operations.

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Gaming	\$68	\$49	\$191	\$231
Food and beverage	12	9	36	44
Room	6	4	17	21
Selling, general and administrative	345	247	969	1,173

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Corporate expense	1,429	1,217	7,014	9,962
Other operating items, net	—	(192) —	(192)
Total share-based compensation expense	\$1,860	\$1,334	\$8,227	\$11,239

Performance Shares Vesting

The Performance Share Unit ("PSU") grant awarded in December 2011 vested during first quarter 2015. A total of 654,478 common shares, representing approximately 1.67 shares per PSU, were issued based on the determination by the Compensation Committee

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of the Board of Directors of our actual achievement of net revenue growth, Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") growth and customer service scores for the three-year performance period of the grant. The actual achievement level under these award metrics equaled the estimated performance as of year-end 2014; therefore, the vesting of the PSUs did not impact compensation costs in our 2015 condensed consolidated statement of operations.

As provided under the provisions of our Stock Incentive Plan, certain of the participants elected to surrender a portion of the shares to be received to pay the withholding and other payroll taxes payable on the compensation resulting from the vesting of the PSUs. Of the 654,478 shares issued, a total of 177,274 shares were surrendered by the participants for this purpose, resulting in a net issuance of 477,204 shares due to the vesting of the 2011 grant.

NOTE 10. NONCONTROLLING INTEREST

Noncontrolling interest primarily represents, until the deconsolidation of Borgata on September 30, 2014, the 50% interest in Holding Company held by the Divestiture Trust for the economic benefit of MGM, which was initially recorded at fair value at the March 24, 2010 date of the effective change in control.

There were no changes in the noncontrolling interest during the nine months ended September 30, 2015. Changes in the noncontrolling interest for the nine months ended September 30, 2014, are as follows:

(In thousands)	Nine Months Ended September 30, 2014		
	Holding Company	Other	Total
Balance, January 1, 2014	\$180,430	\$20	\$180,450
Attributable net loss	11,403	—	11,403
Capital contributions	—	30	30
Deconsolidation of Borgata on September 30, 2014	(191,833	) —	(191,833)
Balance, September 30, 2014	\$—	\$50	\$50

NOTE 11. FAIR VALUE MEASUREMENTS

The authoritative accounting guidance for fair value measurements specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These inputs create the following fair value hierarchy:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Thus, assets and liabilities categorized as Level 3 may be measured at fair value using inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Management's assessment of the significance of a

particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

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Balances Measured at Fair Value

The following tables show the fair values of certain of our financial instruments:

(In thousands)	September 30, 2015			
	Balance	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	\$ 125,045	\$ 125,045	\$—	\$—
Restricted cash	24,734	24,734	—	—
Investment available for sale	17,949	—	—	17,949
Liabilities				
Contingent payments	\$3,587	\$—	\$—	\$3,587
(In thousands)	December 31, 2014			
	Balance	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	\$ 145,341	\$ 145,341	\$—	\$—
Restricted cash	18,107	18,107	—	—
Investment available for sale	18,357	—	—	18,357
Liabilities				
Merger earnout	\$ 75	\$—	\$—	\$ 75
Contingent payments	3,792	—	—	3,792

Cash and Cash Equivalents and Restricted Cash

The fair value of our cash and cash equivalents and restricted cash, classified in the fair value hierarchy as Level 1, are based on statements received from our banks at September 30, 2015 and December 31, 2014.

Investment Available for Sale

We have an investment in a single municipal bond issuance of \$21.4 million aggregate principal amount of 7.5% Urban Renewal Tax Increment Revenue Bonds, Taxable Series 2007 that is classified as available for sale. We are the only holder of this instrument and there is no quoted market price for this instrument. As such, the fair value of this investment is classified as Level 3 in the fair value hierarchy. The estimate of the fair value of such investment was determined using a combination of current market rates and estimates of market conditions for instruments with similar terms, maturities, and degrees of risk and a discounted cash flows analysis as of September 30, 2015 and December 31, 2014. Unrealized gains and losses on this instrument resulting from changes in the fair value of the instrument are not charged to earnings, but rather are recorded as other comprehensive income (loss) in the stockholders' equity section of the condensed consolidated balance sheets. At both September 30, 2015 and December 31, 2014, \$0.4 million of the carrying value of the investment available for sale is included as a current asset in prepaid expenses and other current assets, and at September 30, 2015 and December 31, 2014, \$17.5 million and \$18.0 million, respectively, is included in other assets on the condensed consolidated balance sheets. The discount associated with this investment of \$3.2 million and \$3.3 million as of September 30, 2015 and December 31, 2014, respectively, is netted with the investment balance and is being accreted over the life of the investment using the effective interest method. The accretion of such discount is included in interest income on the condensed consolidated statements of operations.

Merger Earnout

Under the terms of the agreement (the "Merger Agreement") under which the Company acquired Peninsula Gaming, LLC ("Peninsula"), Boyd Acquisition II, LLC, an indirect wholly owned subsidiary of Boyd Gaming, is obligated to make an additional payment to Peninsula Gaming Partners, LLC, in 2016 if Kansas Star Casino's ("KSC") EBITDA, as defined in the Merger Agreement, for 2015 exceeds \$105.0 million. The additional payment would be equal to 7.5 times the amount by which KSC's 2015 EBITDA exceeds \$105.0 million. The actual payout will be determined based on actual EBITDA of KSC for calendar year 2015, and payments are not limited by a maximum value. If the actual 2015 EBITDA of KSC is less than the target, the Company

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is not required to make any additional consideration payment. The value of this contingency was calculated using a probability-based model. This model requires estimates of forecasted 2015 EBITDA and of the probability of exceeding the threshold at which a payment would be made. We formed our valuation assumptions using historical experience in the gaming industry and observable market conditions. The assumptions will be reviewed periodically and any change in the value of the obligation will be included in the consolidated statements of operations. At December 31, 2014, there were outstanding liabilities of \$0.1 million, related to the merger earnout which are included in other liabilities on the condensed consolidated balance sheets. There was no outstanding liability at September 30, 2015.

Contingent Payments

In connection with the development of the Kansas Star Casino, KSC agreed to pay a former casino project developer and option holder 1% of KSC's EBITDA each month for a period of ten years commencing on December 20, 2011. The liability was initially recorded upon consummation of the Merger at the estimated fair value of the contingent payments using a discounted cash flows approach. At both September 30, 2015 and December 31, 2014, there was a current liability of \$0.9 million related to this agreement, which is recorded in accrued liabilities on the respective condensed consolidated balance sheets, and long-term obligation at September 30, 2015 and December 31, 2014, of \$2.7 million and \$2.9 million, respectively, which was included in other liabilities on the respective condensed consolidated balance sheets.

The following table summarizes the changes in fair value of the Company's Level 3 assets and liabilities:

	Three Months Ended	
	September 30, 2015	
	Assets	Liability
	Investment	Contingent
(In thousands)	Available for	Payments
	Sale	
Balance at July 1, 2015	\$17,276	\$(3,642)
Total gains (losses) (realized or unrealized):		
Included in earnings	31	(156)
Included in other comprehensive income (loss)	642	—
Transfers in or out of Level 3	—	—
Purchases, sales, issuances and settlements:		
Settlements	—	211
Balance at September 30, 2015	\$17,949	\$(3,587)
Gains (losses) included in earnings attributable to the change in unrealized gains relating to assets and liabilities still held at the reporting date:		
Included in interest income	\$31	\$—
Included in interest expense	—	(156)

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(In thousands)	Nine Months Ended September 30, 2014		
	Assets	Liabilities	
	Investment Available for Sale	Merger Earnout	Contingent Payments
Balance at January 1, 2014	\$17,128	\$(1,125)	\$(4,343)
Total gains (losses) (realized or unrealized):			
Included in earnings	89	900	(549)
Included in other comprehensive income (loss)	1,291	—	—
Transfers in or out of Level 3	—	—	—
Purchases, sales, issuances and settlements:			
Settlements	(355)	—	634
Balance at September 30, 2014	\$18,153	\$(225)	\$(4,258)

Gains (losses) included in earnings attributable to the change in unrealized gains relating to assets and liabilities still held at the reporting date:

Included in interest income	\$89	\$—	\$—
Included in interest expense	—	—	(549)

The table below summarizes the significant unobservable inputs used in calculating fair value for our Level 3 assets and liabilities:

	Valuation Technique	Unobservable Input	Rate	
Investment available for sale	Discounted cash flow	Discount rate	10.2	%
Contingent payments	Discounted cash flow	Discount rate	18.5	%

Balances Disclosed at Fair Value

The following tables provide the fair value measurement information about our obligation under minimum assessment agreements and other financial instruments:

(In thousands)	September 30, 2015			
	Outstanding Face Amount	Carrying Value	Estimated Fair Value	Fair Value Hierarchy
Liabilities				
Obligation under assessment arrangements	\$35,378	\$27,742	\$28,222	Level 3
Other financial instruments	200	182	182	Level 3

(In thousands)	December 31, 2014			
	Outstanding Face Amount	Carrying Value	Estimated Fair Value	Fair Value Hierarchy
Liabilities				
Obligation under assessment arrangements	\$36,749	\$28,612	\$29,529	Level 3
Other financial instruments	300	268	268	Level 3

BOYD GAMING CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

The following tables provide the fair value measurement information about our long-term debt:

(In thousands)	September 30, 2015		Estimated Fair Value	Fair Value Hierarchy
	Outstanding Face Amount	Carrying Value		
Boyd Gaming Corporation Debt:				
Bank credit facility	\$1,064,725	\$1,061,872	\$1,062,290	Level 2
9.00% senior notes due 2020	350,000	350,000	374,500	Level 1
6.875% senior notes due 2023	750,000	750,000	759,375	Level 1
HoldCo Note	157,810	149,553	149,919	Level 3
	2,322,535	2,311,425	2,346,084	
Peninsula Segment Debt:				
Bank credit facility	668,950	668,950	667,308	Level 2
8.375% Senior Notes due 2018	350,000	350,000	363,125	Level 2
	1,018,950	1,018,950	1,030,433	
Total debt	\$3,341,485	\$3,330,375	\$3,376,517	

(In thousands)	December 31, 2014		Estimated Fair Value	Fair Value Hierarchy
	Outstanding Face Amount	Carrying Value		
Boyd Gaming Corporation Debt:				
Bank credit facility	\$1,387,425	\$1,383,836	\$1,395,595	Level 2
9.125% senior notes due 2018	500,000	495,155	517,500	Level 1
9.00% senior notes due 2020	350,000	350,000	359,625	Level 1
HoldCo Note	151,740	139,997	144,153	Level 3
	2,389,165	2,368,988	2,416,873	
Peninsula Segment Debt:				
Bank credit facility	742,400	742,400	754,364	Level 2
8.375% senior notes due 2018	350,000	350,000	363,125	Level 2
Other	3	3	3	Level 3
	1,092,403	1,092,403	1,117,492	
Total debt	\$3,481,568	\$3,461,391	\$3,534,365	

The estimated fair value of the Boyd Gaming Credit Facility is based on a relative value analysis performed on or about September 30, 2015 and December 31, 2014. The estimated fair value of the Peninsula Credit Facility is based on a relative value analysis performed on or about September 30, 2015 and December 31, 2014. The estimated fair values of our senior notes and Peninsula's senior notes are based on quoted market prices as of September 30, 2015 and December 31, 2014. Debt included in the "Other" category is fixed-rate debt that is not traded and does not have an observable market input; therefore, we have estimated its fair value based on a discounted cash flow approach, after giving consideration to the changes in market rates of interest, creditworthiness of both parties, and credit spreads.

There were no transfers between Level 1, Level 2 and Level 3 measurements during the nine months ended September 30, 2015 or 2014.

BOYD GAMING CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

NOTE 12. SEGMENT INFORMATION

We have aggregated certain of our properties in order to present five Reportable Segments: (i) Las Vegas Locals; (ii) Downtown Las Vegas; (iii) Midwest and South; (iv) Peninsula; and (v) Borgata. The table below lists the classification of each of our properties.

Las Vegas Locals

Gold Coast Hotel and Casino	Las Vegas, Nevada
The Orleans Hotel and Casino	Las Vegas, Nevada
Sam's Town Hotel and Gambling Hall	Las Vegas, Nevada
Suncoast Hotel and Casino	Las Vegas, Nevada
Eldorado Casino	Henderson, Nevada
Jokers Wild Casino	Henderson, Nevada
Downtown Las Vegas	
California Hotel and Casino	Las Vegas, Nevada
Fremont Hotel and Casino	Las Vegas, Nevada
Main Street Station Casino, Brewery and Hotel	Las Vegas, Nevada

Midwest and South

Sam's Town Hotel and Gambling Hall	Tunica, Mississippi
IP Casino Resort Spa	Biloxi, Mississippi
Par-A-Dice Hotel Casino	East Peoria, Illinois
Blue Chip Casino, Hotel & Spa	Michigan City, Indiana
Treasure Chest Casino	Kenner, Louisiana
Delta Downs Racetrack Casino & Hotel	Vinton, Louisiana
Sam's Town Hotel and Casino	Shreveport, Louisiana

Peninsula

Diamond Jo Dubuque	Dubuque, Iowa
Diamond Jo Worth	Northwood, Iowa
Evangeline Downs Racetrack and Casino	Opelousas, Louisiana
Amelia Belle Casino	Amelia, Louisiana
Kansas Star Casino	Mulvane, Kansas

Borgata

Borgata Hotel Casino & Spa	Atlantic City, New Jersey
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Results of Operations - Total Reportable Segment Net Revenues and Adjusted EBITDA

We evaluate each of our wholly owned property's profitability based upon Property EBITDA, which represents each property's earnings before interest expense, income taxes, depreciation and amortization, preopening expenses, other operating charges, net, share-based compensation expense, deferred rent, change in value of derivative instruments, and gain/loss on early retirements of debt, as applicable. Total Reportable Segment Adjusted EBITDA is the aggregate sum of the Property EBITDA for each of the properties included in our Las Vegas Locals, Downtown Las Vegas, and Midwest and South, and Peninsula segments, and also includes Borgata's operating income before net amortization, preopening and other items. Results for Downtown Las Vegas include the results of our Hawaii-based travel agency and captive insurance company. EBITDA is a commonly used measure of performance in our industry that we believe, when considered with measures calculated in accordance with GAAP, provides our investors a more complete understanding of our operating results before the impact of investing and financing transactions and income taxes and facilitates comparisons between us and our competitors. Management has historically adjusted EBITDA when evaluating operating performance because we believe that the inclusion or exclusion of certain recurring and

non-recurring items is necessary to provide the most accurate measure of our core operating results and as a means to evaluate period-to-period results.

We reclassify the reporting of corporate expense on the accompanying table in order to exclude it from our subtotal for Total Reportable Segment Adjusted EBITDA and include it as part of total other operating costs and expenses. Furthermore, corporate

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BOYD GAMING CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

expense excludes its portion of share-based compensation expense. Corporate expense represents unallocated payroll, professional fees, aircraft expenses and various other expenses not directly related to our casino and hotel operations.

The following table sets forth, for the periods indicated, certain operating data for our Reportable Segments, and reconciles Total Reportable Segment Adjusted EBITDA to operating income, as reported in our accompanying condensed consolidated statements of operations:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2015	2014	September 30, 2015	2014
Net Revenues				
Las Vegas Locals	\$ 148,022	\$ 141,207	\$ 451,356	\$ 440,920
Downtown Las Vegas	56,685	53,379	171,723	164,664
Midwest and South	215,799	210,732	651,341	631,472
Peninsula	125,807	123,579	382,338	373,606
Borgata (1)	—	209,946	—	559,064
Total Reportable Segment Net Revenues	\$ 546,313	\$ 738,843	\$ 1,656,758	\$ 2,169,726
Adjusted EBITDA				
Las Vegas Locals	\$ 32,261	\$ 28,052	\$ 113,313	\$ 104,640
Downtown Las Vegas	10,144	6,315	33,128	24,193
Midwest and South	50,717	43,593	153,478	129,890
Peninsula	45,630	42,875	141,157	132,918
Borgata (1)	37,987	56,873	79,163	119,917
Total Reportable Segment Adjusted EBITDA (2)	176,739	177,708	520,239	511,558
Corporate expense	(13,581	) (13,848	) (45,000	) (42,643
Adjusted EBITDA	163,158	163,860	475,239	468,915
Other operating costs and expenses				
Deferred rent	857	903	2,573	2,714
Depreciation and amortization	51,345	66,168	155,251	198,245
Preopening expense	1,434	1,262	2,769	3,836
Share-based compensation expense	1,860	1,526	8,227	11,431
Impairments of assets	—	18,279	1,065	20,205
Asset transaction costs	80	3,064	1,449	5,078
Other operating charges and credits, net	172	(1,116	) 342	(1,863
Our share of Borgata's other operating costs and expenses	6,880	—	21,293	—
Total other operating costs and expenses	62,628	90,086	192,969	239,646
Operating income	\$ 100,530	\$ 73,774	\$ 282,270	\$ 229,269

(1) Due to the deconsolidation of Borgata on September 30, 2014, our condensed consolidated statement of operations for the three and nine months ended September 30, 2015 reflects our accounting for our 50% ownership interest in Borgata by applying the equity method. For the three and nine months ended September 30, 2014, Borgata's financial results are reflected on a full consolidation basis.

(2) Total Reportable Segment Adjusted EBITDA excludes corporate expense.

BOYD GAMING CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

Total Reportable Segment Assets

The Company's assets by Reportable Segment consisted of the following amounts:

(In thousands)	September 30, 2015	December 31, 2014
Assets		
Las Vegas Locals	\$1,150,546	\$1,164,115
Downtown Las Vegas	134,887	128,682
Midwest and South	1,265,323	1,302,002
Peninsula	1,411,030	1,459,529
Total Reportable Segment Assets	3,961,786	4,054,328
Corporate	447,366	424,596
Total Assets	\$4,409,152	\$4,478,924

NOTE 13. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

Separate condensed consolidating financial information for our subsidiary guarantors and non-guarantors of our 9.00% Senior Notes due July 2020 and our 6.875% Senior Notes due May 2023 is presented below. The notes are fully and unconditionally guaranteed, on a joint and several basis, by certain of our current and future domestic restricted subsidiaries, all of which are 100% owned by us. The non-guarantors primarily represent those entities comprising our Peninsula segment, special purpose entities, tax holding companies, our less significant operating subsidiaries and our less than wholly owned subsidiaries.

BOYD GAMING CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

Condensed Consolidating Balance Sheets

(In thousands)	September 30, 2015		Non-	Non-	Eliminations	Consolidated
	Parent	Guarantor Subsidiaries	Guarantor Subsidiaries (100% Owned)	Guarantor Subsidiaries (Not 100% Owned)		
Assets						
Cash and cash equivalents	\$3	\$94,342	\$30,481	\$219	\$—	\$125,045
Other current assets	13,726	75,154	32,967	—	(18,724)	103,123
Property and equipment, net	60,815	1,746,830	417,998	—	—	2,225,643
Investments in subsidiaries	3,531,500	153,970	—	—	(3,434,337)	251,133
Intercompany receivable	—	1,833,571	—	—	(1,833,571)	—
Other assets, net	44,084	9,247	51,339	—	—	104,670
Intangible assets, net	—	424,301	489,927	—	—	914,228
Goodwill, net	—	212,794	472,516	—	—	685,310
Total assets	\$3,650,128	\$4,550,209	\$1,495,228	\$219	\$(5,286,632)	\$4,409,152
Liabilities and Stockholders' Equity						
Equity						
Current maturities of long-term debt	\$21,500	\$—	\$6,188	\$—	\$—	\$27,688
Other current liabilities	92,761	160,714	72,666	—	(283)	325,858
Accumulated losses of subsidiaries in excess of investment	—	—	293	—	(293)	—
Intercompany payable	846,906	—	1,004,007	475	(1,851,388)	—
Long-term debt, net of current maturities	2,140,372	—	1,162,315	—	—	3,302,687
Other long-term liabilities	42,468	143,864	60,416	—	—	246,748
Boyd Gaming Corporation stockholders' equity (deficit)	506,121	4,245,631	(810,657)	(256)	(3,434,718)	506,121
Noncontrolling interest	—	—	—	—	50	50
Total stockholders' equity (deficit)	506,121	4,245,631	(810,657)	(256)	(3,434,668)	506,171
Total liabilities and stockholders' equity	\$3,650,128	\$4,550,209	\$1,495,228	\$219	\$(5,286,632)	\$4,409,152

BOYD GAMING CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

Condensed Consolidating Balance Sheets - continued

(In thousands)	December 31, 2014		Non-	Non-	Eliminations	Consolidated
	Parent	Guarantor Subsidiaries	Guarantor Subsidiaries (100% Owned)	Guarantor Subsidiaries (Not 100% Owned)		
Assets						
Cash and cash equivalents	\$2	\$111,452	\$33,668	\$219	\$—	\$145,341
Other current assets	10,234	69,012	21,980	—	(4,617)	96,609
Property and equipment, net	65,365	1,775,486	445,257	—	—	2,286,108
Investments in subsidiaries	3,345,735	150,694	—	—	(3,273,712)	222,717
Intercompany receivable	—	1,637,101	—	—	(1,637,101)	—
Other assets, net	36,600	9,149	62,841	—	—	108,590
Intangible assets, net	—	425,083	509,166	—	—	934,249
Goodwill, net	—	212,794	472,516	—	—	685,310
Total assets	\$3,457,936	\$4,390,771	\$1,545,428	\$219	\$(4,915,430)	\$4,478,924
Liabilities and Stockholders' Equity						
Current maturities of long-term debt						
Current maturities of long-term debt	\$21,500	\$—	\$8,253	\$—	\$—	\$29,753
Other current liabilities						
Other current liabilities	82,711	160,542	84,427	—	(238)	327,442
Accumulated losses of subsidiaries in excess of investment						
Accumulated losses of subsidiaries in excess of investment	—	—	3,619	—	(3,619)	—
Intercompany payable						
Intercompany payable	668,310	—	972,425	397	(1,641,132)	—
Long-term debt, net of current maturities						
Long-term debt, net of current maturities	2,207,490	—	1,224,148	—	—	3,431,638
Other long-term liabilities						
Other long-term liabilities	39,888	169,824	42,292	—	—	252,004
Boyd Gaming Corporation stockholders' equity (deficit)						
Boyd Gaming Corporation stockholders' equity (deficit)	438,037	4,060,405	(789,736)	(178)	(3,270,491)	438,037
Noncontrolling interest						
Noncontrolling interest	—	—	—	—	50	50
Total stockholders' equity (deficit)						
Total stockholders' equity (deficit)	438,037	4,060,405	(789,736)	(178)	(3,270,441)	438,087
Total liabilities and stockholders' equity						
Total liabilities and stockholders' equity	\$3,457,936	\$4,390,771	\$1,545,428	\$219	\$(4,915,430)	\$4,478,924

BOYD GAMING CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

Condensed Consolidating Statements of Operations

(In thousands)	Three Months Ended September 30, 2015					
	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries (100% Owned)	Non- Guarantor Subsidiaries (Not 100% Owned)	Eliminations	Consolidated
Net revenues	\$28,946	\$413,962	\$137,854	\$—	\$(34,449)	\$546,313
Costs and expenses						
Operating	450	224,649	74,767	—	—	299,866
Selling, general and administrative	11,083	54,334	14,537	—	—	79,954
Maintenance and utilities	—	24,977	4,053	—	—	29,030
Depreciation and amortization	1,657	31,327	18,361	—	—	51,345
Corporate expense	13,503	50	1,456	—	—	15,009
Preopening expenses	5	19	1,402	8	—	1,434
Asset transactions costs	—	60	20	—	—	80
Other operating items, net	136	36	—	—	—	172
Intercompany expenses	301	29,036	5,112	—	(34,449)	—
Total costs and expenses	27,135	364,488	119,708	8	(34,449)	476,890
Equity in earnings of subsidiaries	57,937	25,974	(8)	—	(52,796)	31,107
Operating income (loss)	59,748	75,448	18,138	(8)	(52,796)	100,530
Other expense (income)						
Interest expense, net	33,883	130	22,085	—	—	56,098
Loss on early extinguishments of debt	444	—	419	—	—	863
Other, net	(2)	1,660	95	—	—	1,753
Boyd's share of Borgata's non-operating items, net	—	12,681	—	—	—	12,681
Total other expense, net	34,325	14,471	22,599	—	—	71,395
Income (loss) before income taxes	25,423	60,977	(4,461)	(8)	(52,796)	29,135
Income taxes benefit (provision)	2	859	(4,571)	—	—	(3,710)
Net income (loss)	\$25,425	\$61,836	\$(9,032)	\$(8)	\$(52,796)	\$25,425
Comprehensive income (loss)	\$26,067	\$62,478	\$(8,390)	\$(8)	\$(54,080)	\$26,067

BOYD GAMING CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

Condensed Consolidating Statements of Operations - continued

(In thousands)	Three Months Ended September 30, 2014					
	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries (100% Owned)	Non- Guarantor Subsidiaries (Not 100% Owned)	Eliminations	Consolidated
Net revenues	\$28,690	\$398,573	\$135,380	\$209,946	\$(33,746)	\$738,843
Costs and expenses						
Operating	450	220,640	76,790	105,982	—	403,862
Selling, general and administrative	11,665	55,703	14,164	31,973	(69)	113,436
Maintenance and utilities	—	25,967	3,967	15,116	—	45,050
Depreciation and amortization	1,246	31,475	19,309	14,138	—	66,168
Corporate expense	14,060	57	947	—	—	15,064
Preopening expense	2	—	1,245	15	—	1,262
Impairments of assets	—	12,098	6,181	—	—	18,279
Asset transactions costs	(1)	1,852	838	375	—	3,064
Other operating items, net	592	—	1	(1,709)	—	(1,116)
Intercompany expenses	301	28,398	4,978	—	(33,677)	—
Total costs and expenses	28,315	376,190	128,420	165,890	(33,746)	665,069
Equity in earnings of subsidiaries	18,973	12	(15)	—	(18,970)	—
Operating income (loss)	19,348	22,395	6,945	44,056	(18,970)	73,774
Other expense (income)						
Interest expense, net	33,230	1,254	22,661	17,809	—	74,954
Loss on early extinguishments of debt	—	—	71	—	—	71
Other, net	—	—	116	—	—	116
Total other expense, net	33,230	1,254	22,848	17,809	—	75,141
Income (loss) before income taxes	(13,882)	21,141	(15,903)	26,247	(18,970)	(1,367)
Income taxes benefit (provision)	(1,223)	5,829	(3,858)	(2,709)	—	(1,961)
Net income (loss)	(15,105)	26,970	(19,761)	23,538	(18,970)	(3,328)
Net loss attributable to noncontrolling interest	—	—	—	—	(11,777)	(11,777)
Net income (loss) attributable to controlling	\$(15,105)	\$26,970	\$(19,761)	\$23,538	\$(30,747)	\$(15,105)

interest

Comprehensive income
(loss)

\$ (14,424)	\$ 27,651	\$ (19,080)	\$ 23,538	\$ (20,332)	\$ (2,647)
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BOYD GAMING CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014

Condensed Consolidating Statements of Operations - continued

(In thousands)	Nine Months Ended September 30, 2015					Consolidated
	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries (100% Owned)	Non- Guarantor Subsidiaries (Not 100% Owned)	Eliminations	
Net revenues	\$91,048	\$1,255,657	\$417,906	\$—	\$(107,853)	\$1,656,758
Costs and expenses						
Operating	1,350	669,541	224,957	—	—	895,848
Selling, general and administrative	35,828	162,718	44,110	—	—	242,656
Maintenance and utilities	—	69,643	11,322	—	—	80,965
Depreciation and amortization	4,446	96,381	54,424	—	—	155,251
Corporate expense	48,032	174	3,807	—	—	52,013
Preopening expenses	7	69	2,615	78	—	2,769
Impairments of assets	—	—	1,065	—	—	1,065
Asset transactions costs	(43)	293	1,199	—	—	1,449
Other operating items, net	136	106	100	—	—	342
Intercompany expenses	903	91,226	15,724	—	(107,853)	—