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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2019

OR

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

Commission file number: 1-12882

BOYDGAMING

BOYD GAMING CORPORATION
(Exact name of registrant as specified in its charter)

Nevada	**88-0242733**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer 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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value of $0.01 per share	BYD	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Act. ☐

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

As of June 30, 2019, the aggregate market value of the voting common stock held by non-affiliates of the registrant, based on the closing price on the New York Stock Exchange for such date, was approximately $2.1 billion.

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

Class	Outstanding as of February 20, 2020
Common stock, $0.01 par value	**111,607,470**

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the registrant's 2020 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days after the registrant's fiscal year end of December 31, 2019 are incorporated by reference into Part III of this Form 10-K.

BOYD GAMING CORPORATION

ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019
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PART I

ITEM 1. Business

Overview

Boyd Gaming Corporation (the "Company," the "Registrant," "Boyd Gaming," "we" or "us") is a multi-jurisdictional gaming company that has been in operation since 1975. Headquartered in Las Vegas, we operate 29 wholly owned gaming entertainment properties in Nevada, Illinois, Indiana, Iowa, Kansas, Louisiana, Mississippi, Missouri, Ohio and Pennsylvania.

We strive to create long-term shareholder value, to be among the leading companies in our industry and to provide opportunities for all while we support and enhance our communities. Our primary areas of focus are: (i) ensuring our existing operations are managed as efficiently as possible and remain positioned for growth; (ii) improving our capital structure and strengthening our balance sheet, including paying down debt, increasing free cash flow, improving operations and diversifying our asset base; and (iii) successfully implementing our growth strategy, which is built on identifying development opportunities and acquiring assets that are a good strategic fit and provide an appropriate return to our shareholders.

We operate with an efficient business model that we believe has enabled us to grow operating margins over the past several years, and we believe we have an opportunity to realize additional cost savings by further leveraging our size and scale. We strategically reinvest in our non-gaming amenities, including hotel rooms and restaurants to refresh our property offerings and better capitalize on customers' evolving spending behaviors. We manage our cost and expense structure to adjust to current business volumes and to generate strong and stable cash flows.

During 2019, we completed several transactions that improved our long-term financial position, strengthened our balance sheet and returned capital to our shareholders. During fourth quarter 2019, we issued $1.0 billion aggregate principal amount of 4.750% senior notes due December 2027. The net proceeds from the debt issuance were ultimately used to finance the redemption of all of the Company's outstanding 6.875% senior notes due 2023 and prepay a portion of our Refinancing Term B Loans. Since second quarter 2019, we have paid $295.0 million in prepayments on our Refinancing Term B Loans. In addition, for the year ended December 31, 2019, we repurchased 1.1 million shares for $28.0 million under the Company's share repurchase program. The Company declared quarterly dividends of $0.06 per share on March 4, 2019 and $0.07 per share on June 7, 2019, September 17, 2019 and December 17, 2019.

We continually work to position our Company for greater success by strengthening our existing operations and growing through acquisitions, capital investments and other strategic initiatives. An example is our recent strategic initiative regarding legalized sports gambling. In July 2018, the Company entered into a partnership agreement with MGM Resorts International ("MGM Resorts"). Under this partnership, MGM Resorts and Boyd Gaming will both have the opportunity to offer online and mobile gaming platforms, including sports betting, casino gaming and poker in jurisdictions where either company operates physical casino resorts and online licenses are available. In August 2018, we entered into a strategic partnership with FanDuel Group to pursue sports betting and online gaming opportunities across the United States. Also in August 2018, we opened sports books at our two Mississippi properties, IP Casino Resort Spa ("IP") in Biloxi, and Sam's Town Hotel & Gambling Hall in Tunica, following the receipt of final approval from the Mississippi Gaming Commission. In March 2019, Valley Forge opened a sports book at the facility and in third quarter 2019, sports books at Diamond Jo Worth, Diamond Jo Dubuque, Blue Chip and Belterra Casino Resort opened, following approval from the respective state regulatory bodies.

We believe that the following factors have contributed to our success in the past and are central to our success in the future:

- nine of our Las Vegas properties are well-positioned to capitalize on the attractive Las Vegas locals market;

- our three downtown Las Vegas properties focus a majority of their marketing programs on, and derive a majority of their revenues from, a unique niche—Hawaiian customers;
- our operations are geographically diversified within the United States;
- we have strengthened our balance sheet and have increased free cash flow;
- we have the ability to expand certain existing properties and to act opportunistically to make strategic acquisitions; and
- we have an experienced management team.

Properties

As of December 31, 2019, we own and operate 29 properties offering a total of 1,773,902 square feet of casino space, 36,977 slot machines, 809 table games and 11,090 hotel rooms. We derive the majority of our revenues from our gaming operations, which generated approximately 75%, 73% and 72% of our revenues in 2019, 2018 and 2017, respectively. Food & beverage revenues represent our next most significant revenue source, generating approximately 13% of revenues for 2019, and 14% for 2018 and 2017. Room revenues and other revenues each contributed less than 10% of revenues during each year.

We view each operating property as an operating segment. For financial reporting purposes, we aggregate our properties into three reportable business segments: (i) Las Vegas Locals; (ii) Downtown Las Vegas; and (iii) Midwest & South.

We added five properties to our Midwest & South segment during 2018. Valley Forge was acquired on September 17, 2018 and Ameristar Kansas City, Ameristar St. Charles, Belterra Resort and Belterra Park were acquired on October 15, 2018. As a result of the sale in 2016 of our equity interest in Borgata Hotel Casino & Spa ("Borgata"), we report our interest in Borgata as discontinued operations. See Note 2, *Acquisitions and Divestitures,* to our consolidated financial statements presented in Part II, Item 8 for further discussion of these activities.

For financial information related to our segments as of and for the three years in the period ended December 31, 2019, see Note 14, *Segment Information,* to our consolidated financial statements presented in Part II, Item 8.

The following table sets forth certain information regarding our properties (listed by the Reportable Segment in which each such property is reported) as of and for the year ended December 31, 2019:

	Location	Year Opened or Acquired	Casino Space (Sq. ft.)	Slot Machines	Table Games	Hotel Rooms	Hotel Occupancy	Average Daily Rate
Las Vegas Locals								
Gold Coast Hotel and Casino	Las Vegas, NV	2004	88,915	1,718	49	712	85%	$ 58
The Orleans Hotel and Casino	Las Vegas, NV	2004	137,000	2,272	60	1,885	85%	$ 67
Sam's Town Hotel and Gambling Hall	Las Vegas, NV	1979	120,681	1,800	24	645	86%	$ 60
Suncoast Hotel and Casino	Las Vegas, NV	2004	95,898	1,817	33	427	90%	$ 77
Eastside Cannery Casino and Hotel	Las Vegas, NV	2016	63,879	881	9	306	78%	$ 57
Aliante casino + Hotel + Spa	North Las Vegas, NV	2016	125,000	1,782	33	202	96%	$ 96
Cannery Casino Hotel	North Las Vegas, NV	2016	86,000	1,451	22	200	84%	$ 70
Eldorado Casino	Henderson, NV	1993	17,756	303	—	N/A	N/A	N/A
Jokers Wild Casino	Henderson, NV	1993	23,698	385	7	N/A	N/A	N/A
Downtown Las Vegas								
California Hotel and Casino	Las Vegas, NV	1975	35,848	916	30	781	92%	$ 47
Fremont Hotel and Casino	Las Vegas, NV	1985	30,244	912	28	447	88%	$ 52
Main Street Station Casino, Brewery and Hotel	Las Vegas, NV	1993	26,918	813	19	406	91%	$ 50
Midwest & South								
Par-A-Dice Hotel and Casino	East Peoria, IL	1996	26,116	867	25	202	80%	$ 68
Belterra Casino Resort	Florence, IN	2018	54,758	1,157	40	662	66%	$ 84
Blue Chip Casino, Hotel & Spa	Michigan City, IN	1999	65,000	1,655	40	486	78%	$ 79
Diamond Jo Dubuque	Dubuque, IA	2012	43,508	886	19	N/A	N/A	N/A
Diamond Jo Worth	Northwood, IA	2012	36,133	881	24	N/A	N/A	N/A
Kansas Star Casino	Mulvane, KS	2012	70,010	1,756	52	N/A	N/A	N/A
Amelia Belle Casino	Amelia, LA	2012	27,484	844	11	N/A	N/A	N/A
Delta Downs Racetrack Casino & Hotel	Vinton, LA	2001	15,000	1,630	—	370	67%	$ 71
Evangeline Downs Racetrack and Casino	Opelousas, LA	2012	39,208	1,362	—	N/A	N/A	N/A
Sam's Town Hotel and Casino	Shreveport, LA	2004	29,285	985	25	514	67%	$ 73
Treasure Chest Casino	Kenner, LA	1997	25,000	1,030	27	N/A	N/A	N/A
IP Casino Resort Spa	Biloxi, MS	2011	81,700	1,448	54	1,089	88%	$ 71
Sam's Town Hotel and Gambling Hall	Tunica, MS	1994	46,000	785	17	700	47%	$ 55
Ameristar Casino Hotel Kansas City	Kansas City, MO	2018	140,000	2,030	56	184	91%	$ 80
Ameristar Casino Resort Spa St. Charles	St. Charles, MO	2018	130,000	2,396	56	397	91%	$ 87
Belterra Park	Cincinnati, OH	2018	56,863	1,365	—	N/A	N/A	N/A
Valley Forge Casino Resort	King of Prussia, PA	2018	36,000	850	49	475	60%	$ 104
Total			1,773,902	36,977	809	11,090		

N/A = Not Applicable

We also own and operate a travel agency and a captive insurance company that underwrites travel-related insurance, each located in Hawaii. Financial results for these operations are included in our Downtown Las Vegas segment, as our Downtown Las Vegas properties concentrate their marketing efforts on gaming customers from Hawaii. In addition, the financial results for our Illinois distributed gaming operator, which we acquired on June 1, 2018, are included in the Midwest & South segment. Our distributed gaming operator currently operates approximately 1,000 gaming units in approximately 220 locations across the state of Illinois.

Las Vegas Locals Properties

Our Las Vegas Locals segment consists of nine casinos that primarily serve the resident population of the Las Vegas metropolitan area. Las Vegas has historically been characterized by a vibrant economy and strong demographics that include a large population of retirees and other active gaming customers. In recent years, the Las Vegas economy has strengthened, as reflected in the positive trends in employment, construction activity and visitation. Our Las Vegas Locals segment competes directly with other locals casinos and gaming companies, some of which operate larger casinos and offer different promotions than ours.

Gold Coast Hotel and Casino

Gold Coast Hotel and Casino (“Gold Coast”) is located on Flamingo Road, approximately one mile west of the Las Vegas Strip and one-quarter mile west of Interstate 15, the major highway linking Las Vegas and southern California. Its location offers easy access from all of the Las Vegas valley. The primary target market for Gold Coast consists of local middle-market customers who actively gamble. Gold Coast’s amenities include 712 hotel rooms and suites along with meeting facilities, multiple restaurant options and a 70-lane bowling center.

The Orleans Hotel and Casino

The Orleans Hotel and Casino (“The Orleans”) is located on Tropicana Avenue, a short distance from the Las Vegas Strip. The target markets for The Orleans are both local residents and visitors to the Las Vegas area. The Orleans provides an exciting New Orleans French Quarter-themed environment. Amenities at The Orleans include 1,885 hotel rooms, a variety of restaurants and bars, a spa and fitness center, 18 stadium-seating movie theaters, a 52-lane bowling center, banquet and meeting space, and a special events arena that seats up to 9,500 patrons.

Sam’s Town Hotel and Gambling Hall

Sam’s Town Hotel and Gambling Hall (“Sam’s Town Las Vegas”) is located on the Boulder Strip, approximately six miles east of the Las Vegas Strip, and features a contemporary western theme. Its informal, friendly atmosphere appeals to both local residents and out-of-town visitors alike. Amenities at Sam’s Town Las Vegas include 645 hotel rooms, a variety of restaurants and bars, 18 stadium-seating movie theaters, and a 56-lane bowling center.

Suncoast Hotel and Casino

Suncoast Hotel and Casino (“Suncoast”) is located in Peccole Ranch, a master-planned community adjacent to Summerlin, and is readily accessible from most major points in Las Vegas, including downtown and the Las Vegas Strip. The primary target market for Suncoast consists of local middle-market customers who gamble frequently. Suncoast features 427 hotel rooms, multiple restaurant options, 25,000 square feet of banquet and meeting facilities, 16 stadium-seating movie theaters, and a 64-lane bowling center.

Eastside Cannery Casino and Hotel

Eastside Cannery Casino and Hotel (“Eastside Cannery”) is located directly south of Sam’s Town Las Vegas at the intersection of Boulder Highway and Harmon Avenue in Las Vegas. Its location offers easy access for both the Las Vegas and Henderson valleys. Eastside Cannery offers 306 hotel rooms, one restaurant and four bars, 20,000 square feet of meeting and ballroom space, and a 250-seat entertainment lounge.

Aliante Casino + Hotel + Spa
Aliante Casino + Hotel + Spa (“Aliante”) is located in North Las Vegas adjacent to an 18-hole championship golf course and has convenient access to major freeways connecting it to points throughout Las Vegas. The primary target market for Aliante consists of local middle-market customers who gamble frequently. Aliante features a full-service Scottsdale-modern, desert-inspired casino and resort, which includes 202 hotel rooms, multiple restaurant options, a 16-screen movie theater complex, a 587-seat showroom, a spa, and a resort style pool with cabanas.

Cannery Casino Hotel
Cannery Casino Hotel (“Cannery”) is located in the eastern part of the Las Vegas Valley and has convenient access to major freeways connecting it to points throughout Las Vegas. The primary target market for Cannery consists of local, casual working-class customers who gamble frequently. The Cannery has a 200-room hotel, five restaurants and five bars, a 30,000 square foot entertainment venue and a 14-screen movie theater.

Eldorado Casino and Jokers Wild Casino
Located in downtown Henderson, the Eldorado Casino (“Eldorado”) is approximately 14 miles from the Las Vegas Strip. Jokers Wild Casino (“Jokers Wild”) is also located in Henderson. The amenities at each of these properties include a sports book and dining options, as well as gaming, including slots at both properties and table games at Jokers Wild. The principal customers of these properties are Henderson residents.

Downtown Las Vegas Properties
Our three Downtown Las Vegas properties directly compete with eight other casinos that operate in downtown Las Vegas. As such, we have developed a distinct niche for our downtown properties by focusing on customers from Hawaii. Our downtown properties focus their marketing on gaming enthusiasts from Hawaii and tour and travel agents in Hawaii with whom we have cultivated relationships since we opened our California Hotel and Casino (the “Cal”) in 1975. Through our Hawaiian travel agency, Vacations Hawaii, we operate as many as four charter flights from Honolulu to Las Vegas each week, helping to provide air transportation for our customers. We also have strong, informal relationships with other Hawaiian travel agencies and offer affordable all-inclusive packages. These relationships, combined with our Hawaiian promotions, have allowed the Cal, Fremont Hotel and Casino (“Fremont”) and Main Street Station Casino, Brewery and Hotel (“Main Street Station”) to capture a significant share of the Hawaiian tourist trade in Las Vegas. During the year ended December 31, 2019, patrons from Hawaii comprised approximately 67% of the occupied room nights at the Cal, 35% of the occupied room nights at Fremont, and 46% of the occupied room nights at Main Street Station.

California Hotel and Casino
The Cal’s amenities include 781 hotel rooms, multiple dining options, a sports book, and meeting space. The Cal and Main Street Station are connected by an indoor pedestrian bridge.

Fremont Hotel and Casino
Fremont is adjacent to the principal pedestrian thoroughfare in downtown Las Vegas, known as the Fremont Street Experience. The property’s amenities include 447 hotel rooms, two restaurants, a race and sports book, and meeting space.

Main Street Station Casino, Brewery and Hotel
Main Street Station’s amenities include 406 hotel rooms and two restaurants, one of which includes a brewery. In addition, Main Street Station features a 96-space recreational vehicle park, the only such facility in the downtown area.

Midwest & South Properties

Our Midwest & South properties consist of four land-based casinos, six dockside riverboat casinos, three racinos and four barge-based casinos that operate in nine states in the midwest and southern United States. Generally, these states allow casino gaming on a limited basis through the issuance of a limited number of gaming licenses. Each of our Midwest & South properties generally serve customers within a 100-mile radius and compete directly with other casino facilities operating in their respective immediate and surrounding market areas, as well as with gaming operations in surrounding jurisdictions.

Par-A-Dice Hotel Casino

Par-A-Dice Hotel Casino ("Par-A-Dice") is a dockside riverboat casino located on the Illinois River in East Peoria, Illinois that features a 202-room hotel. Located adjacent to the Par-A-Dice riverboat is a land-based pavilion, which includes four restaurants and a gift shop. Par-A-Dice is strategically located near Interstate 74, a major east-west interstate highway, and it is the only casino gaming facility located within an approximately 90 mile radius of Peoria, Illinois.

Belterra Casino Resort

Belterra Casino Resort ("Belterra Resort") is a dockside riverboat casino located in Florence, Indiana, approximately 50 minutes from downtown Cincinnati, Ohio, 70 minutes from Louisville, Kentucky, and 90 minutes from Lexington, Kentucky. Belterra Resort is also approximately two and one-half hours from Indianapolis, Indiana. The real estate utilized by Belterra Resort is subject to a Master Lease with Gaming and Leisure Properties, Inc. ("GLPI"). A FanDuel branded sportsbook opened at Belterra Resort in September 2019. Ogle Haus Inn, a 54-room boutique hotel that we lease from GLPI, is operated by us and located near Belterra Resort.

Blue Chip Casino, Hotel & Spa

Blue Chip Casino, Hotel & Spa ("Blue Chip") is a dockside riverboat casino located in Michigan City, Indiana, which is 40 miles west of South Bend, Indiana and 60 miles east of Chicago, Illinois. The property competes primarily with six casinos in northern Indiana and southern Michigan and, to a lesser extent, with casinos in the Chicago area and racinos located near Indianapolis. The property features 486 guest rooms, a spa and fitness center, dining and nightlife venues, and meeting and event space, including a land-based pavilion. A FanDuel branded sportsbook opened at Blue Chip in September 2019.

Diamond Jo Dubuque

Diamond Jo Dubuque is a land-based casino located in the Port of Dubuque, a waterfront development on the Mississippi River in downtown Dubuque, Iowa. Diamond Jo Dubuque is a two-story property that includes a bowling center, event center, and two banquet rooms. A FanDuel branded sportsbook opened at Diamond Jo Dubuque in September 2019. The property also features several dining outlets, including the Kitchen Buffet, a live action buffet, Woodfire Grille, the casino's high-end restaurant, The Filament, an electrifying-yet-casual restaurant and bar, and The Game, a sports bar, as well as three full service bars and Mississippi Moon Bar, a live music venue.

Diamond Jo Worth

Diamond Jo Worth is a land-based casino situated on a 46-acre site in Northwood, Iowa, which is located in north-central Iowa, near the Minnesota border and approximately 30 miles north of Mason City. The casino has an event center and several dining options, including the Kitchen Buffet, a buffet restaurant, Woodfire Grille, a high-end restaurant, a Subway and Burger King which is owned by a third party. A FanDuel branded sportsbook opened at Diamond Jo Worth in September 2019. There is a 102-room Country Inn & Suites hotel attached to the casino and a 60-room Holiday Inn Express hotel adjacent to the casino, both of which are owned and operated by third parties.

Kansas Star Casino

Kansas Star Casino ("Kansas Star") serves as Lottery Gaming Facility Manager for the South Central Gaming Zone on behalf of the Kansas Lottery pursuant to the Lottery Gaming Facility Management Contract (the "Kansas Management Contract"). The land-based casino is located in Mulvane, Kansas, approximately 20 miles south of Wichita, Kansas and has a buffet, a steakhouse and a number of other amenities including a deli, noodle bar, casual dining restaurant and casino bars. Kansas Star also has an arena that provides a venue for concerts, trade shows and equestrian events. In addition, the property has an event center for conventions, banquets and other events and an equestrian pavilion that includes a practice arena and covered stalls. There is a 300-room hotel adjacent to the casino that is operated by a third party. Under the terms of the agreement, Kansas Star has the option to purchase the hotel.

Amelia Belle Casino
The Amelia Belle Casino ("Amelia Belle") is located in south-central Louisiana, and is a three-level riverboat with gaming located on the first two decks as well as a café on the first deck. The property's third deck includes a buffet and banquet room.

Delta Downs Racetrack Casino & Hotel
Delta Downs Racetrack Casino & Hotel ("Delta Downs") is a land-based racino located in Vinton, Louisiana and conducts horse races on a seasonal basis and operates year-round simulcast facilities for customers to wager on races held at other tracks. In addition, Delta Downs offers slot play and a 370-room hotel. Delta Downs is approximately 25 miles closer to Houston than the next closest gaming properties, located in Lake Charles, Louisiana, and is conveniently located near a travel route taken by customers traveling between Houston, Beaumont and other parts of southeastern Texas to Lake Charles, Louisiana.

Evangeline Downs Racetrack and Casino
Evangeline Downs Racetrack and Casino ("Evangeline Downs") is a land-based racino located in Louisiana. The racino currently includes a casino with a convention center and multiple food venues, including a buffet, cafe, and two restaurants and bars. The racino includes a one-mile dirt track, a 7/8-mile turf track and stables for 1,008 horses. The Clubhouse, together with the grandstand and patio area, provides seating capacity for up to 4,295 patrons. In the Clubhouse, Silk's Fine Dining offers a varied menu and the grandstand area contains a concession and bar. There is also a 117-room hotel adjacent to the racino, which is operated by a third party.

Evangeline Downs operates three Off Track Betting ("OTB") locations in Henderson, Eunice and St. Martinville, Louisiana. Each OTB offers simulcast pari-mutuel wagering and video poker. Under Louisiana's racing and off-track betting laws, we have a right of prior approval with respect to any applicant seeking a permit to operate an OTB within a 55-mile radius of the Evangeline Downs racetrack, which effectively gives us the exclusive right, at our option, to operate additional OTBs within such a radius, provided that such OTB is not also within a 55-mile radius of another horse racetrack.

Sam's Town Hotel and Casino
Sam's Town Hotel and Casino ("Sam's Town Shreveport") is a dockside riverboat casino located along the Red River in Shreveport, Louisiana. Amenities at the property include 514 hotel rooms, a spa, four restaurants, a live entertainment venue, and convention and meeting space. Feeder markets include east Texas (including Dallas), Texarkana, Arkansas and surrounding Louisiana cities, including Bossier City, Minden, Ruston and Monroe.

Treasure Chest Casino
Treasure Chest Casino ("Treasure Chest") is a dockside riverboat casino located on Lake Pontchartrain in the western suburbs of New Orleans, Louisiana. The property is designed as a classic 18th century Victorian style paddlewheel riverboat, with a total capacity for 1,925 people. The entertainment complex located adjacent to the riverboat houses a 120-seat Caribbean showroom and two restaurants. Located approximately five miles from the New Orleans International Airport, Treasure Chest primarily serves residents of suburban New Orleans.

IP Casino Resort Spa
IP Casino Resort Spa ("IP") is a barge-based casino overlooking the scenic back bay of Biloxi and, as a recipient of a AAA Four Diamond Award, is one of the premier resorts on the Mississippi Gulf Coast. The property

features more than 1,000 hotel rooms and suites; more than 65,000 square feet of convention and meeting space; a spa and salon; a 1,383-seat theater offering regular headline entertainment; eight lounges and bars; and seven restaurants, including a steak and seafood restaurant and an upscale Asian restaurant.

Sam's Town Hotel and Gambling Hall
Sam's Town Hotel and Gambling Hall ("Sam's Town Tunica") is a barge-based casino located in Tunica County, Mississippi. The property has extensive amenities, including 700 hotel rooms, a sports book, an entertainment lounge, four dining venues, two escape rooms, an arcade, a residential vehicle park, and a 1,600-seat River Palace Arena.

Ameristar Casino Hotel Kansas City
Ameristar Casino Hotel Kansas City ("Ameristar Kansas City") is a barge-based casino located 10 miles from downtown Kansas City, Missouri. The property competes primarily with five casinos in the Kansas City area and bordering eastern Kansas market. The property features 184 guest rooms, 10 restaurants, a 1,200 seat concert venue, and an 18-theater cinema. The real estate utilized by Ameristar Kansas City is subject to a Master Lease with GLPI.

Ameristar Casino Resort Spa St. Charles
Ameristar Casino Resort Spa St. Charles ("Ameristar St. Charles") is a barge-based casino located in St. Charles at the Missouri River, strategically situated to attract guests from the St. Charles and the greater St. Louis areas, as well as tourists from outside the region. The property, which is in close proximity to the St. Charles convention facility, is located on approximately 52 acres along the western bank of the Missouri River. The property features an AAA Four Diamond full-service luxury suite hotel with 400 well-appointed rooms, an indoor-outdoor pool, seven dining venues; twelve bars, an entertainment venue, a full-service luxury day spa, two TopGolf Swing Suites and a 20,000-square-foot conference center. The real estate utilized by Ameristar St. Charles is subject to a Master Lease with GLPI.

Belterra Park
Belterra Park is a land-based racino located in Cincinnati, Ohio, situated on approximately 160 acres of land, 40 of which are undeveloped. The property is a gaming and entertainment center offering live racing, pari-mutuel wagering, video lottery terminal gaming, six restaurants, a VIP lounge, pari-mutuel wagering, and racing facilities with live thoroughbred racing on both dirt and the only grass track in Ohio.

Valley Forge Casino Resort
Valley Forge Casino Resort ("Valley Forge") is a land-based casino hotel located in King of Prussia, Pennsylvania. The property features approximately 36,000 square feet of gaming floor, 100,000 square feet of meeting, conference and banquet facilities and two luxury hotel towers. The Valley Tower has 325 recently remodeled rooms while the Casino Tower offers over 150 completely renovated rooms in the heart of the action. A FanDuel branded sportsbook opened at Valley Forge in March 2019. The property also presents six dining options, live entertainment and an exciting nightlife scene.

Competition
Our properties generally operate in highly competitive environments. We compete against other gaming companies as well as other hospitality, entertainment and leisure companies. We face significant competition in each of the jurisdictions in which we operate. Such competition may intensify in some of these jurisdictions if new gaming operations open in these markets or existing competitors expand their operations. Our properties compete directly with other gaming properties in each state in which we operate, as well as in adjacent states. We also compete for customers with other casino operators in other markets, including Native American casinos, and other forms of gaming, such as lotteries and internet gaming. In some instances, particularly with Native American casinos, our competitors pay substantially lower taxes or no taxes at all. We believe that increased

legalized gaming in other states, particularly in areas close to our existing gaming properties and the development or expansion of Native American gaming in or near the states in which we operate, could create additional competition for us and could adversely affect our operations or future development projects.

Strategic Initiatives

Acquisition of Lattner Entertainment Group

To further diversify and expand our business, we acquired Lattner Entertainment Group Illinois, LLC (“Lattner”), in June 2018. The acquisition of Lattner provides us with an additional avenue to access gaming customers and a platform to participate in the expansion of distributed gaming.

Market-Access Agreement with MGM Resorts

In July 2018, we and MGM Resorts announced a market-access agreement to significantly increase each company’s market access and customer base throughout the United States. Under this arrangement, our Company and MGM Resorts both have the opportunity to offer online and mobile gaming platforms—including sports betting, casino gaming and poker—in jurisdictions where either company operates physical casino resorts and online licenses are available. Under this market access agreement, each company has a path to expand their online and mobile gaming presence across 15 states, allowing each company to leverage their scale to create a nationwide approach to online and mobile sports betting, real money casino gaming and poker. As states continue to legalize interactive gaming, both companies will be poised to offer products in mobile and online sports betting, real money casino gaming and poker products where legally applicable.

Strategic Partnership with FanDuel Group

In August 2018, we announced that we had entered into a strategic partnership with FanDuel Group (“FanDuel”), the largest online sports destination in the United States, to pursue sports betting and online gaming opportunities across the country. This partnership brings together two of the largest and most geographically diversified companies in the gaming entertainment industry, given our Company’s scale and experience is being combined with FanDuel’s eight million customers and its presence across 45 states.

Subject to state law and regulatory approvals, we will establish a presence in the online gaming and sports wagering industry by leveraging FanDuel’s technology and related services to operate Boyd Gaming-branded mobile and online sports-betting and gaming services. In turn, FanDuel will establish and operate mobile and online sports-betting and gaming services under the FanDuel brand in the states where we are licensed. During 2019, FanDuel sports books opened at our Valley Forge, Diamond Jo Worth, Diamond Jo Dubuque, Blue Chip and Belterra Resort properties.

Our relationship with FanDuel covers all states where we hold gaming licenses currently and in the future, excluding Nevada. It also covers states included under our market-access agreement with MGM Resorts. The two companies will also engage in extensive co-branding and cross-promotional efforts. FanDuel will market our properties through its existing daily fantasy sports service and future interactive sports betting and gaming services, while we will promote FanDuel’s products to our customer base. FanDuel will also provide our customers access to its existing product line.

Future Development Opportunities

Development agreement with Wilton Rancheria

We have a development agreement and a management agreement with Wilton Rancheria, a federally-recognized Native American tribe located southeast of Sacramento, California, to develop and manage a gaming entertainment complex. In January 2017, the tribe received a favorable Record of Decision from the Bureau of Indian Affairs and in February 2017, the land was taken into trust on behalf of the tribe. In September 2017, the California State Legislature unanimously approved, and the Governor of California executed, a tribal-state gaming compact with the tribe allowing the development of the casino. In October 2018, the National Indian Gaming Commission approved the Company’s management contract with the Tribe. With the compact now in place, we are in the process of finalizing project budget, design and construction planning. The project will be constructed using third-party financing. Once commenced and project financing put in place, the construction timeline is expected to span 18 to 24 months. The land parcel taken into trust is located approximately 15 miles southeast of Sacramento on Highway 99, one of the two major north-south freeways in the Sacramento area.

Frequent Player Loyalty Programs

B Connected

We have established a nationwide branding initiative and loyalty program. Our players use their "B Connected" cards to earn and redeem points at nearly all of our properties. The program has five player tiers—Ruby, Sapphire, Emerald, Onyx and Titanium. The "B Connected" club, among other benefits, rewards players for their loyalty as well as entitles them to qualify for promotions and earn rewards toward slot, video poker, or table games play.

Benefits for our loyal customers include annual cruises, vacations, and gifts of luxury jewelry and electronics. The B Connected program is currently available in the Las Vegas valley at Aliante, the Cal, Fremont, Gold Coast, Main Street Station, The Orleans, Sam's Town Las Vegas and Suncoast; in Louisiana at Amelia Belle, Delta Downs, Evangeline Downs, Sam's Town Shreveport and Treasure Chest; in Illinois at Par-A-Dice; in Indiana at Blue Chip and Belterra Resort; in Iowa at Diamond Jo Dubuque and Diamond Jo Worth; in Mississippi at Sam's Town Tunica and IP; in Kansas at Kansas Star; in Missouri at Ameristar St. Charles and Ameristar Kansas City; and in Ohio at Belterra Park. Valley Forge and Cannery are expected to fully implement the program in 2020.

Other Programs

Cannery, Eastside Cannery and Valley Forge continue to sponsor their own player loyalty programs to build brand awareness and leverage loyalty through marketing and promotional programs to retain existing customers, maintain trip frequency, acquire new customers, and recover lapsed customers. These properties offer their guests comprehensive, competitive and targeted marketing and promotion programs. Each program offers players a hassle-free way of earning points redeemable at each respective property for slot and table games play, food, beverage and retail items as well as complementaries and other rewards and benefits based on play. In addition, each property strives to differentiate its casino with high-quality guest services to further enhance overall brand and customer experience.

We plan to extend the B Connected program to these properties, subject to the receipt of regulatory approvals. The implementation of the B Connected program will replace the individual property programs described above and provide our customers at these properties even more value for their rewards with a multi-property player loyalty program.

Other Promotional Activities

We provide other promotional offers and discounts targeted towards new customers, frequent customers, inactive customers, customers of various levels of play, and prospective customers who have not yet visited our properties, and mid-week and other promotional activities that seek to generate visits to our properties during slower periods. Complementaries are usually in the form of monetary discounts, and other rewards generally can only be redeemed at our restaurants, retail and spa facilities.

Government Regulation

We are subject to extensive regulation under laws, rules and supervisory procedures primarily in the jurisdictions where our facilities are located or docked. The states in which we operate empower their regulators to investigate participation by licensees in gaming outside their jurisdiction and may require access to periodic reports respecting those gaming activities. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. A detailed description of the governmental gaming regulations to which we are subject is filed as Exhibit 99.1 and is herein incorporated by reference.

If additional gaming regulations are adopted in a jurisdiction in which we operate, such regulations could impose restrictions or costs that could have a significant adverse effect on us. From time to time, various proposals have been introduced in the legislatures of some of the jurisdictions in which we have existing or planned operations that, if enacted, could adversely affect the tax, regulatory, operational or other aspects of the gaming industry and us. We do not know whether or not such legislation will be enacted. The federal government has also previously considered a federal tax on casino revenues and the elimination of betting on NCCA events. And with the recent expansion of sports wagering in various state jurisdictions, the federal government may elect to enact legislation taxing and regulating sports wagering, or alternatively may elect to prohibit such wagering. In addition, gaming companies are currently subject to significant state and local taxes and fees in addition to normal federal and state corporate income taxes, and such taxes and fees are subject to increase at any time. Any material increase in these taxes or fees could adversely affect us.

Employees and Labor Relations

At December 31, 2019, we employed approximately 24,300 persons, and had collective bargaining agreements with three unions covering 1,858 employees. Negotiations for a first contract with an organized bargaining unit are in progress at several of our Las Vegas properties.

Corporate Information

We were incorporated in Nevada in June 1988. Our principal executive offices are located at 3883 Howard Hughes Parkway, Ninth Floor, Las Vegas, NV 89169, and our main telephone number is (702) 792-7200. Our website is www.boydgaming.com. Information on our website is not incorporated by reference herein.

Available Information

We file annual, quarterly, current and special reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). In addition, the SEC maintains an Internet site, at http://www.sec.gov, containing reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Copies of our SEC filings are also available on the SEC's website. You also may read and copy reports and other information filed by us at the office of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. A copy of this Annual Report on Form 10-K will be provided to a stockholder, with exhibits, without charge upon written request to Boyd Gaming Corporation, 3883 Howard Hughes Parkway, Ninth Floor, Las Vegas, Nevada 89169, (702) 792-7200, Attn: David Strow, Vice President, Corporate Communications.

We make our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K, and all amendments to these reports, available free of charge on our corporate website as soon as reasonably practicable after such reports are filed with, or furnished to, the SEC. In addition, our Code of Business Conduct and Ethics, Corporate Governance Guidelines, and charters of the Audit Committee, Compensation Committee, and the Corporate Governance and Nominating Committee are available on our website. We will provide reasonable quantities of electronic or paper copies of filings free of charge upon request. In addition, we will provide a copy of the above referenced charters to stockholders upon request.

Important Information Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such statements contain words such as "may," "will," "might," "expect," "believe," "anticipate," "could," "would," "estimate," "pursue," "target," "project," "intend," "plan," "seek," "should," "assume," and "continue," as well as variations of such words and similar expressions referring to the future. Forward-looking statements in this Annual Report on Form 10-K include, but are not limited to, statements regarding:

- the factors that contribute to our ongoing success and our ability to be successful in the future;
- our business model, areas of focus and strategy for driving business results;

- competition, including expansion of gaming into additional markets including internet gaming, the impact of competition on our operations, our ability to respond to such competition, and our expectations regarding continued competition in the markets in which we compete;
- our estimated effective income tax rates, estimated tax benefits, and merits of our tax positions;
- the general effect, and expectation, of the national and global economy on our business, as well as the economies where each of our properties are located;
- our expenses;
- indebtedness, including Boyd Gaming's ability to refinance or pay amounts outstanding under its credit agreement and Boyd Gaming's unsecured notes, when they become due and our compliance with related covenants, and our expectation that we will need to refinance all or a portion of our respective indebtedness at or before maturity;
- our expectation regarding the trends that will affect the gaming industry over the next few years and the impact of these trends on growth of the gaming industry, future development opportunities and merger and acquisition activity in general;
- our belief that consumer confidence will strengthen as the job market continues to expand;
- our expectations with respect to the valuation of tangible and intangible assets;
- the type of covenants that will be included in any future debt instruments;
- our expectations with respect to potential disruptions in the global capital markets, the effect of such disruptions on consumer confidence and reduced levels of consumer spending and the impact of these trends on our financial results;
- our ability to meet our projected operating and maintenance capital expenditures and the costs associated with our expansion, renovations and development of new projects;
- our ability to pay dividends or to pay any specific rate of dividends, and our expectations with respect to the receipt of dividends;
- our commitment to finding opportunities to strengthen our balance sheet and to operate more efficiently;
- our intention to pursue expansion opportunities, including acquisitions, that are a good fit for our business, deliver a solid return for stockholders, and are available at the right price;
- our intention to fund purchases made under our share repurchase program, if any, with existing cash resources and availability under the Credit Facility;
- our assumptions and expectations regarding our critical accounting estimates;
- Adjusted EBITDA, Adjusted EBITDAR, and the usefulness of each as a measure of operating performance or valuation;
- our expectations for capital improvement projects;
- the impact of new accounting pronouncements on our consolidated financial statements;
- that our credit agreement and our cash flows from operating activities will be sufficient to meet our respective projected operating and maintenance capital expenditures for the next twelve months;
- our ability to fund any expansion projects using cash flows from operations and availability under our credit agreement or through additional debt issuances;
- our market risk exposure and efforts to minimize risk;
- expansion, development, investment and renovation plans, including the scope of any such plans, expected costs, financing (including sources thereof and our expectation that long-term debt will

substantially increase in connection with such projects), timing and the ability to achieve market acceptance;

- our belief that all pending litigation claims, if adversely decided, will not have a material adverse effect on our business, financial position or results of operations;
- that margin improvements will remain a driver of profit growth for us going-forward;
- development opportunities in existing or new jurisdictions and our ability to successfully take advantage of such opportunities;
- regulations, including anticipated taxes, tax credits or tax refunds expected, and the ability to receive and maintain necessary approvals for our projects;
- the outcome of various tax audits and assessments, including our appeals thereof, timing of resolution of such audits, our estimates as to the amount of taxes that will ultimately be owed and the impact of these audits on our consolidated financial statements;
- our ability to utilize our net operating loss carryforwards and certain other tax attributes;
- our expectations regarding Congress legalizing online gaming in the United States as well as the continued expansion of online gaming as a result of the passage of new authorizing legislation in various states;
- our expectations regarding the expansion of sports betting;
- our asset impairment analyses and our intangible asset and goodwill impairment tests;
- the likelihood of interruptions to our rights in the land we lease under long-term leases for certain of our hotel and casinos;
- the ability of our customer-tracking, customer loyalty and yield-management programs to continue to increase customary loyalty and same-store sales;
- the effect of environmental and structural building conditions related to our properties;
- our ability to receive insurance reimbursement and our estimates of self-insurance accruals and future liability;
- that operating results for previous periods are not necessarily indicative of future performance;
- that estimates and assumptions made in the preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles may differ from actual results;
- our expectations regarding our cost containment efforts;
- our belief that recently issued accounting pronouncements will not have a material impact on our financial statements where we have so stated;
- our estimates as to the effect of any changes in our Consolidated EBITDA on our ability to remain in compliance with certain covenants in the credit agreement;
- our ability to engage in productive negotiations regarding bargaining agreements as necessary;
- expectations, plans, beliefs, hopes or intentions regarding the future; and
- assumptions underlying any of the foregoing statements.

These forward-looking statements speak only as of the dates stated and we do not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, even if experience or future events make it clear that any expected results expressed or implied by these forward-looking statements will not be realized. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these expectations may prove to be incorrect or we may not achieve the financial results, savings or other benefits anticipated in the forward-looking statements. These forward-looking statements are necessarily estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties, some of which may be beyond our control, which could cause actual results to differ materially from those suggested by the forward-looking statements. If any of those risks and uncertainties were to materialize, actual results could differ materially from those discussed in any such forward-looking statement. Among the factors that could cause actual results to differ materially from those discussed in forward-looking statements are those discussed under the heading "Risk Factors" and in this Annual Report on Form 10-K and in our other current and periodic reports filed from time to time with the SEC. These factors include, but are not limited to:

- the effects of intense competition that exists in the gaming industry;
- the risk that our acquisitions and other expansion opportunities divert management's attention or incur substantial costs, or that we are otherwise unable to develop, profitably manage or successfully integrate the businesses we have acquired or may acquire in the future;
- the fact that our expansion, development and renovation projects (including enhancements to improve property performance) are subject to many risks inherent in expansion, development or construction of a new or existing project;
- the risk that any of our projects may not be completed, if at all, on time or within established budgets, or that any project will not result in increased earnings to us;
- the risk that significant delays, cost overruns, or failures of any of our projects to achieve market acceptance could have a material adverse effect on our business, financial condition and results of operations;
- our ability to take advantage of, and to realize the anticipated benefits of, any past or future financing, mergers and acquisitions, dispositions, partnerships, and other corporate opportunities, and the risks associated with such or similar transactions, arrangements or opportunities;
- the risk that new gaming licenses or jurisdictions become available (or offer different gaming regulations or taxes) that result in increased competition to us;
- the risk that negative industry or economic trends, reduced estimates of future cash flows, disruptions to our business, slower growth rates or lack of growth in our business, may result in significant write-downs or impairments in future periods;
- the risk that regulatory authorities may revoke, suspend, condition or limit our gaming or other licenses, certificates and concessions, impose substantial fines and take other adverse actions against any of our casino operations or any current or future online gaming and sports wagering operations;
- the risk that we may be unable to refinance our respective outstanding indebtedness as it comes due, or that if we do refinance, the terms are not favorable to us;
- the effects of the extensive governmental gaming regulation and taxation policies to which we are subject and the costs of compliance or failure to comply with such regulations, as well as any changes in laws and regulations, including increased taxes, which could harm our business;
- the effects of federal, state and local laws affecting our business such as the regulation of smoking, the regulation of directors, officers, key employees and partners and regulations affecting business in general;
- the effects of extreme weather conditions or natural disasters on our facilities and the geographic areas from which we draw our customers, and our ability to recover insurance proceeds (if any);
- the effects of events adversely impacting the economy or the regions from which we draw a significant percentage of our customers, including the effects of any future economic recession, war, terrorist or similar activity or natural or man-made disasters in, at, or around our properties;

- the risk that we fail to adapt our business and amenities to changing customer preferences;
- our ability to continue to negotiate collective bargaining agreements with the unions that represent certain of our employees;
- the effect of unusual gaming hold percentages in any given period;
- financial community and rating agency perceptions of us, and the effect of economic, credit and capital market conditions on the economy and the gaming and hotel industry;
- the risk of the expansion of legalized gaming in the regions in which we operate;
- the risk relating to the Kansas legislature authorizing a new gaming referendum allowing Wichita Greyhound Park to install slot machines, creating increased competition in the Kansas market;
- the risk of failing to maintain the integrity of our information technology infrastructure causing unintended distribution to third parties of, or access by third parties to, our customer, company or employee data, and any litigation, fines, disruption to our operations or reputational harm resulting from such loss of data integrity;
- our estimated effective income tax rates, estimated tax benefits, and merits of our tax positions;
- our ability to utilize our net operating loss carryforwards and certain other tax attributes;
- the potential of certain of our stockholders owning large interest in our capital stock to significantly influence our affairs;
- other statements regarding our future operations, financial condition and prospects, and business strategies;
- the risk that we may be unable to retain our key management and personnel, including key employees of the acquired companies; and
- our current and future insurance coverage levels, including the risk we have not obtained sufficient coverage, may not be able to obtain sufficient coverage in the future, or will only be able to obtain additional coverage at significantly increased rates.

All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. All forward-looking statements in this Form 10-K (including any document incorporated by reference) are made only as of the date of the document in which they are contained, based on information available to us as of the date of that document, and we caution you not to place undue reliance on forward-looking statements in light of the risks and uncertainties associated with them. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by our cautionary statements. Except as required by law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 1A. Risk Factors

In addition to the other information contained in this report on Form 10-K, the following Risk Factors should be considered carefully in evaluating our business.

If any of the following risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. If this were to happen, the value of our securities, including our common stock and senior notes, could decline significantly, and investors could lose all or part of their investment.

This report is qualified in its entirety by these risk factors.

Risks Related to our Business

Our business is particularly sensitive to reductions in discretionary consumer spending as a result of downturns in the economy.

Consumer demand for entertainment and other amenities at casino hotel properties, such as ours, are particularly sensitive to downturns in the economy and the corresponding impact on discretionary spending on leisure activities. Changes in discretionary consumer spending or consumer preferences brought about by factors such as perceived or actual general economic conditions, effects of declines in consumer confidence in the economy, including any future housing, employment and credit crisis, the impact of high energy and food costs, the increased cost of travel, the potential for bank failures, decreased disposable consumer income and wealth, or fears of war and future acts of terrorism could further reduce customer demand for the amenities that we offer, thus imposing practical limits on pricing and negatively impacting our results of operations and financial condition.

For example, beginning in 2007 we experienced one of the toughest economic periods in Las Vegas history. The housing crisis and economic slowdown in the United States resulted in a significant decline in the amount of tourism and spending in Las Vegas and other locations in which we own or invest in casino hotel properties. While the economy has improved significantly since the end of the recent economic recession, our business continues to be impacted from changes in consumer spending habits due to the recession. Our customers spend less per visit and differently than prior to the recession, including focusing more on non-gaming amenities. We cannot say when, if ever, or to what extent, customer behavior in our various markets will fully-revert to pre-recession behavior trends. If customers spend less per visit or customers prefer non-gaming amenities of our competitors, and we are unable to increase total visitation, our business may be adversely affected. Since our business model relies on consumer expenditures on entertainment, luxury and other discretionary items, a slowing or stoppage of the economic recovery or a return to an economic downturn will further adversely affect our results of operations and financial condition.

Intense competition exists in the gaming industry, and we expect competition to continue to intensify.

The gaming industry is highly competitive for both customers and employees, including those at the management level. We compete with numerous casinos and hotel casinos of varying quality and size in market areas where our properties are located. We also compete with other non-gaming resorts and vacation destinations, and with various other casino and other entertainment businesses, including online gaming websites, and could compete with any new forms of gaming that may be legalized in the future. The casino entertainment business is characterized by competitors that vary considerably in their size, quality of facilities, number of operations, brand identities, marketing and growth strategies, financial strength and capabilities, level of amenities, management talent and geographic diversity. In most markets, we compete directly with other casino facilities operating in the immediate and surrounding market areas. In some markets, we face competition from nearby markets in addition to direct competition within our market areas.

With fewer other new markets opening for development, competition in existing markets has intensified in recent years. We and our competitors have invested in expanding existing facilities, developing new facilities, and acquiring established facilities in existing markets. This expansion of existing casino entertainment properties, the increase in the number of properties and the aggressive marketing strategies of many of our competitors have increased competition in many markets in which we compete, and this intense competition can be expected to continue. For example, in December 2014, a new property opened in Lake Charles, Louisiana, that increased competition with Delta Downs. At the end of December 2015, a new casino opened in D'Iberville, Mississippi that competes with IP. In Illinois, the legalization of video lottery terminals in recent years has added more than 33,000 new gaming devices across the state, including over 5,100 in the immediate market of the Par-A-Dice, increasing competition for that property. In January 2018, a new tribal casino in South Bend, Indiana opened, which competes with Blue Chip for gaming customers. Additionally, competition may intensify if our competitors commit additional resources to aggressive pricing and promotional activities in order to attract customers.

Also, our business may be adversely impacted by the additional gaming and room capacity in states where we operate or intend to operate. Several states are also considering enabling the development and operation of casinos or casino-like operations in their jurisdictions.

The possible future expansion of gaming in Wisconsin or the possible expansion of gaming in Cedar Rapids, Iowa, if approved, could impact the operating results of the Diamond Jo Dubuque. Further, Kansas Star could, in the future, face competition from the Wichita Greyhound Park, located approximately 30 miles away in Park City, Kansas. While gaming is not currently permitted in Sedgwick County, Kansas (the site of the Wichita Greyhound Park), the Kansas Expanded Lottery Act permits the installation of slot machines at race tracks under certain conditions. If the Kansas legislature authorized a new gaming referendum in Sedgwick County and such referendum was approved, and certain other regulatory conditions were satisfied, the Wichita Greyhound Park could be permitted to install slot machines.

We also compete with legalized gaming from casinos located on Native American tribal lands. Expansion of Native American gaming in areas located near our properties, or in areas in or near those from which we draw our customers, could have an adverse effect on our operating results. For example, increased competition from federally recognized Native American tribes near Blue Chip and Sam's Town Shreveport has had a negative impact on our results. Native American gaming facilities typically have a significant operating advantage over our properties due to lower gaming fees or taxes, allowing those facilities to market more aggressively and to expand or update their facilities at an accelerated rate. Although we expanded our facility at Blue Chip in an effort to be more competitive in this market, competing Native American properties could continue to have an adverse impact on the operations of both Blue Chip and Sam's Town Shreveport. Kansas Star may face additional competition in the Wichita, Kansas metropolitan area. The Wyandotte Nation of Oklahoma previously filed an application with the U.S. Department of Interior to have certain land located in Park City, Kansas (in the Wichita metro area) taken into trust by the U.S. Government and to permit gaming. In July 2014, the U.S. Department of Interior rejected the Wyandotte Nation's trust application for the Park City land. However, the Nation has indicated it will seek to appeal this ruling. If an appeal were filed and ultimately successful, the Wyandotte Nation would be permitted to open a Class II gaming facility, and upon successful negotiation of a compact with the State of Kansas would be permitted to open a Class III gaming facility.

In addition, we also compete to some extent with other forms of gaming on both a local and national level, including state-sponsored lotteries, charitable gaming, video gaming terminals at bars, restaurants, taverns and truck stops, on-and off-track wagering, and other forms of entertainment, including motion pictures, sporting events and other recreational activities. It is possible that these secondary competitors could reduce the number of visitors to our facilities or the amount they are willing to wager, which could have a material adverse effect on our ability to generate revenue or maintain our profitability and cash flows.

If our competitors operate more successfully than we do, if they attract customers away from us as a result of aggressive pricing and promotion, if they are more successful than us in attracting and retaining employees, if their properties are enhanced or expanded, if they operate in jurisdictions that give them operating advantages due to differences or changes in gaming regulations or taxes, or if additional hotels and casinos are established in and around the locations in which we conduct business, we may lose market share or the ability to attract or retain employees. In particular, the expansion of casino gaming in or near any geographic area from which we attract or expect to attract a significant number of our customers could have a significant adverse effect on our business, financial condition and results of operations.

In addition, increased competition may require us to make substantial capital expenditures to maintain and enhance the competitive positions of our properties, including updating slot machines to reflect changing technology, refurbishing public service areas periodically, replacing obsolete equipment on an ongoing basis and making other expenditures to increase the attractiveness and add to the appeal of our facilities. Because we are highly leveraged, after satisfying our obligations under our outstanding indebtedness, there can be no assurance that we will have sufficient funds to undertake these expenditures or that we will be able to obtain sufficient financing to fund such expenditures. If we are unable to make such expenditures, our competitive position could be materially adversely affected.

We may incur impairments to goodwill, indefinite-lived intangible assets, or long-lived assets.
In accordance with the authoritative accounting guidance for goodwill and other intangible assets, we test our goodwill and indefinite-lived intangible assets for impairment annually or if a triggering event occurs. We perform our annual impairment testing for goodwill and indefinite-lived intangible assets as of October 1. No impairment charges were recorded as a result of the 2019, 2018 and 2017 tests.

If our estimates of projected cash flows related to our assets are not achieved, we may be subject to future impairment charges, which could have a material adverse impact on our consolidated financial statements.

We face risks associated with growth and acquisitions.
As part of our business strategy, we regularly evaluate opportunities for growth through development of gaming operations in existing or new markets, through acquiring other gaming entertainment facilities or through redeveloping our existing gaming facilities. In the future, we may also pursue expansion opportunities, including joint ventures, in jurisdictions where casino gaming is not currently permitted in order to be prepared to develop projects upon approval of casino gaming. The expansion of our operations, whether through acquisition, development or internal growth, could divert management's attention and could also cause us to incur substantial costs, including legal, professional and consulting fees.

Although we only intend to engage in acquisitions that, if consummated, will be accretive to us and our shareholders, acquisitions require significant management attention and resources to integrating new properties, businesses and operations. Additionally, we are currently working to successfully integrate the additional properties into Boyd Gaming's operating structure in order to realize the anticipated benefits of acquisitions. Potential difficulties we may encounter as part of the integration process include the following:

- the inability to successfully incorporate the assets in a manner that permits us to achieve the full revenue and other benefits anticipated to result from acquisitions;
- complexities associated with managing the combined business, including difficulty addressing possible differences in cultures and management philosophies and the challenge of integrating complex systems, technology, networks and other assets of each of the companies in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies; and
- potential unknown liabilities and unforeseen increased expenses associated with acquisitions.

In addition, it is possible that the integration process could result in:

- diversion of the attention of our management; and
- the disruption of, or the loss of momentum in, each our ongoing business or inconsistencies in standards, controls, procedures and policies, any of which could adversely affect our ability to maintain

relationships with customers, suppliers, employees and other constituencies or our ability to achieve the anticipated benefits, or could reduce our earnings or otherwise adversely affect our business and financial results.

There can be no assurance that we will be able to identify, acquire, develop or profitably manage additional companies or operations or successfully integrate such companies or operations, including the properties associated with our recent acquisitions into our existing operations without substantial costs, delays or other problems. Additionally, there can be no assurance that we will receive gaming or other necessary licenses or approvals for new projects that we may pursue or that gaming will be approved in jurisdictions where it is not currently approved.

Ballot measures or other voter-approved initiatives to allow gaming in jurisdictions where gaming, or certain types of gaming (such as slots), was not previously permitted could be challenged, and, if such challenges are successful, these ballot measures or initiatives could be invalidated. Furthermore, there can be no assurance that there will not be similar or other challenges to legalized gaming in existing or current markets in which we may operate or have development plans, and successful challenges to legalized gaming could require us to abandon or substantially curtail our operations or development plans in those locations, which could have a material adverse effect on our financial condition and results of operations.

There can be no assurance that we will not face similar challenges and difficulties with respect to new development projects or expansion efforts that we may undertake, which could result in significant sunk costs that we may not be able to fully recoup or that otherwise have a material adverse effect on our financial condition and results of operations.

Our expansion and development opportunities may face significant risks inherent in construction projects.
We regularly evaluate expansion, development, investment and renovation opportunities.

Any such development projects are subject to many other risks inherent in the expansion or renovation of an existing enterprise or construction of a new enterprise, including unanticipated design, construction, regulatory, environmental and operating problems and lack of demand for our projects. Our current and future projects could also experience:

- changes to plans and specifications;
- delays and significant cost increases;
- shortages of materials;
- shortages of skilled labor or work stoppages for contractors and subcontractors;
- labor disputes or work stoppages;
- disputes with and defaults by contractors and subcontractors;
- health and safety incidents and site accidents;
- engineering problems, including defective plans and specifications;
- poor performance or nonperformance by any of our joint venture partners or other third parties on whom we place reliance;
- changes in laws and regulations, or in the interpretation and enforcement of laws and regulations, applicable to gaming facilities, real estate development or construction projects;
- unforeseen construction scheduling, engineering, environmental, permitting, construction or geological problems;
- environmental issues, including the discovery of unknown environmental contamination;

- weather interference, floods, fires or other casualty losses;
- other unanticipated circumstances or cost increases; and
- failure to obtain necessary licenses, permits, entitlements or other governmental approvals.

The occurrence of any of these development and construction risks could increase the total costs of our construction projects or delay or prevent the construction or opening or otherwise affect the design and features of our construction projects, which could materially adversely affect our plan of operations, financial condition and ability to satisfy our debt obligations.

In addition, actual costs and construction periods for any of our projects can differ significantly from initial expectations. Our initial project costs and construction periods are based upon budgets, conceptual design documents and construction schedule estimates prepared at inception of the project in consultation with architects and contractors. Many of these costs can increase over time as the project is built to completion. We can provide no assurance that any project will be completed on time, if at all, or within established budgets, or that any project will result in increased earnings to us. Significant delays, cost overruns, or failures of our projects to achieve market acceptance could have a material adverse effect on our business, financial condition and results of operations.

Although we design our projects to minimize disruption of our existing business operations, expansion and renovation projects require, from time to time, all or portions of affected existing operations to be closed or disrupted. Any significant disruption in operations of a property could have a significant adverse effect on our business, financial condition and results of operations.

The failure to obtain necessary government approvals in a timely manner, or at all, can adversely impact our various expansion, development, investment and renovation projects.

Certain permits, licenses and approvals necessary for some of our current or anticipated projects have not yet been obtained. The scope of the approvals required for expansion, development, investment or renovation projects can be extensive and may include gaming approvals, state and local land-use permits and building and zoning permits. Unexpected changes or concessions required by local, state or federal regulatory authorities could involve significant additional costs and delay the scheduled openings of the facilities. We may not obtain the necessary permits, licenses and approvals within the anticipated time frames, or at all.

Failure to maintain the integrity of our information technology systems, protect our internal information, or comply with applicable privacy and data security regulations could adversely affect us.

We rely extensively on our computer systems to process customer transactions, manage customer data, manage employee data and communicate with third-party vendors and other third parties, and we may also access the internet to use our computer systems. Our operations require that we collect and store customer data, including credit card numbers and other personal information, for various business purposes, including marketing and promotional purposes. We also collect and store personal information about our employees. Breaches of our security measures or information technology systems or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive personal information or confidential data about us, or our customers, or our employees including the potential loss or disclosure of such information as a result of hacking or other cyber-attack, computer virus, fraudulent use by customers, employees or employees of third party vendors, trickery or other forms of deception or unauthorized use, or due to system failure, could expose us, our customers, our employees or other individuals affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our casino or brand names and reputations or otherwise harm our business. We rely on proprietary and commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of customer information, such as payment card, employee information and other confidential or proprietary information. Our data security measures are reviewed and evaluated regularly, however they might not protect us against increasingly sophisticated and aggressive threats. The cost and operational consequences of implementing further data security measures could be significant.

Additionally, the collection of customer and employee personal information imposes various privacy compliance related obligations on our business and increases the risks associated with a breach or failure of the integrity of our information technology systems. The collection and use of personal data are governed by privacy laws and regulations enacted by the various states, the federal government of the United States, and various foreign jurisdictions. Privacy laws and regulations continue to evolve and on occasion may be inconsistent between jurisdictions. Various federal, state, and foreign legislative or regulatory bodies may enact or adopt new or additional laws and regulations concerning privacy, data retention, data transfer, and data protection. For example, California has enacted a new privacy law, known as the California Consumer Privacy Act of 2018 (the "CCPA"), which provides to California consumers certain new access, deletion and opt-out rights related to their personal information, imposes civil penalties for violations and affords, in certain cases, a private right of action for data breaches. Compliance with the CCPA may require us to incur significant costs and expenses.

Compliance with applicable privacy laws and regulations may increase our operating costs and/or adversely impact our ability to market our products, properties and services to our customers. In addition, non-compliance with applicable privacy laws and regulations by us (or in some circumstances non-compliance by third-party service providers engaged by us) may also result in damage of reputation, result in vulnerabilities that could be exploited to breach our systems and/or subject us to fines, payment of damages, lawsuits or restrictions on our use or transfer of personal information.

While we maintain cyber insurance coverage to protect against these risks to the Company, such insurance is unlikely to fully mitigate the impact of any information breach.

Risks Related to the Regulation of our Industry

We are subject to extensive governmental regulation, as well as federal, state and local laws affecting business in general, which may harm our business.

Our ownership, management and operation of gaming facilities are subject to extensive laws, regulations and ordinances which are administered by the Illinois Gaming Board, Indiana Gaming Commission, Iowa Racing and Gaming Commission, Kansas Lottery Commission, Kansas Racing and Gaming Commission, Louisiana State Gaming Control Board, Louisiana State Racing Commission, Mississippi Gaming Commission, Missouri Gaming Commission, Nevada Gaming Commission and Gaming Control Board, Ohio Lottery Commission and Ohio State Racing Commission, Pennsylvania Gaming Control Board and various other federal, state and local government entities and agencies. We are subject to regulations that apply specifically to the gaming industry and horse racetracks and casinos, in addition to regulations applicable to businesses generally. A more detailed description of the governmental gaming regulations to which we are subject is filed as Exhibit 99.1 herewith. If additional gaming regulations are adopted in a jurisdiction in which we operate, such regulations could impose restrictions or costs that could have a significant adverse effect on us. From time to time, various proposals are introduced in the legislatures of some of the jurisdictions in which we have existing or planned operations that, if enacted, could adversely affect the tax, regulatory, operational or other aspects of the gaming industry and our company.

To date, we have obtained all governmental licenses, findings of suitability, registrations, permits and approvals necessary for the operation of our properties. However, we can give no assurance that any additional licenses, permits and approvals that may be required will be given or that existing ones will be renewed or will not be revoked. Renewal is subject to, among other things, continued satisfaction of suitability requirements. Any failure to renew or maintain our licenses or to receive new licenses when necessary would have a material adverse effect on us.

Gambling

Legislative or administrative changes in applicable legal requirements, including legislation to prohibit casino gaming, have been proposed in the past. For example, in 1996, the State of Louisiana adopted a statute in connection with which votes were held locally where gaming operations were conducted and which, had the continuation of gaming been rejected by the voters, might have resulted in the termination of operations at the end of their current license terms. During the 1996 local gaming referendums, Lafayette Parish voted to disallow gaming in the Parish, whereas St. Landry Parish, the site of our racino, voted in favor of gaming. All parishes where riverboat gaming operations are currently conducted voted to continue riverboat gaming, but there can be no guarantee that similar referenda might not produce unfavorable results in the future. Proposals to amend or supplement the Louisiana Riverboat Economic Development and Gaming Control Act and the Pari-Mutuel Act also are frequently introduced in the Louisiana State legislature. In the 2001 session, a representative from Orleans Parish introduced a proposal to repeal the authority of horse racetracks in Calasieu Parish (the site of Delta Downs) and St. Landry Parish (the site of Evangeline Downs) to conduct slot machine gaming at such horse racetracks and to repeal the special taxing districts created for such purposes. If adopted, this proposal would have effectively prohibited us from operating the casino portion of our racino. In addition, the Louisiana legislature, from time to time, considers proposals to repeal the Pari-Mutuel Act.

The legislation permitting gaming in Iowa authorizes the granting of licenses to “qualified sponsoring organizations.” Such “qualified sponsoring organizations” may operate the gambling structure itself, subject to satisfying necessary licensing requirements, or it may enter into an agreement with an operator to operate gambling on its behalf. An operator must be approved and licensed by the Iowa Racing and Gaming Commission. The Dubuque Racing Association (“DRA”), a not-for-profit corporation organized for the purpose of operating a pari-mutuel greyhound racing facility in Dubuque, Iowa, first received a riverboat gaming license in 1990 and, pursuant to the Amended DRA Operating Agreement, has served as the “qualified sponsoring organization” of the Diamond Jo Dubuque since March 18, 1993. The term of the Amended DRA Operating Agreement currently in place expires on December 31, 2030. The agreement is subject to review and approval by the state gaming commission. The Worth County Development Authority (“WCDA”), pursuant to the WCDA Operating Agreement, serves as the “qualified sponsoring organization” of Diamond Jo Worth. The term of the WCDA Operating Agreement expires on March 31, 2025, and is subject to automatic ten-year renewal periods. If the Amended DRA Operating Agreement or WCDA Operating Agreement were to terminate, or if the DRA or WCDA were to otherwise discontinue acting as our “qualified sponsoring organization” with respect to our operation of the Diamond Jo Dubuque or Diamond Jo Worth, respectively, and we were unable to obtain approval from the Iowa Racing and Gaming Commission to partner with an alternative “qualified sponsoring organization” as required by our gaming license, we would no longer be able to continue our Diamond Jo Dubuque or Diamond Jo Worth operations, which would materially and adversely affect our business, results of operations and cash flows.

Regulation of Smoking
Illinois has adopted laws that significantly restrict, or otherwise ban, smoking at our properties in those jurisdictions. The Illinois laws that restrict smoking at casinos, and similar legislation in other jurisdictions in which we operate, could materially impact the results of operations of our properties in those jurisdictions. Indiana imposes a state wide smoking ban in specified businesses, buildings, public places and other articulated locations. Indiana’s statute specifically exempted riverboat casinos, and all other gaming facilities in Indiana, from the smoking ban; however, the statute also allowed local governments to enact more restrictive smoking bans than the state statute and also left in place any more restrictive local legislation that existed as of the effective date of the statute. To date, neither Michigan City nor LaPorte County, where Blue Chip is located, has enacted any ordinance or other law that would impose a smoking ban on Blue Chip.

Regulation of Directors, Officers, Key Employees and Partners
Our directors, officers, key employees, joint venture partners and certain shareholders must meet approval standards of certain state regulatory authorities. If state regulatory authorities were to find a person occupying any such position, a joint venture partner, or shareholder unsuitable, we would be required to sever our relationship with that person, or the joint venture partner or shareholder may be required to dispose of their interest. State regulatory agencies may conduct investigations into the conduct or associations of our directors, officers, key employees or joint venture partners to ensure compliance with applicable standards.

Certain public and private issuances of securities and other transactions that we are party to also require the approval of some state regulatory authorities.

Live Racing Regulations

Louisiana gaming regulations and our gaming license for the Evangeline Downs and Delta Downs require that we, among other things, conduct a minimum of 80 live racing days in a consecutive 20-week period each year of live horse race meetings at the horse racetrack. Live racing days typically vary in number from year to year and are based on a number of factors, many of which are beyond our control, including the number of suitable race horses and the occurrence of severe weather. If we fail to have the minimum number of racing days, our gaming license with respect to the racino may be canceled, and the casino will be required to cease operations. Any cessation of our operation would have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Regulations Affecting Businesses in General

In addition to gaming regulations, we are also subject to various federal, state and local laws and regulations affecting businesses in general. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, environmental matters, smoking, employees, currency transactions, taxation, zoning and building codes, anti-money laundering laws and regulations and marketing and advertising. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. For example, Nevada enacted legislation that eliminated, in most instances, and, for certain pre-existing development projects, reduced, property tax breaks and retroactively eliminated certain sales tax exemptions offered as incentives to companies developing projects that meet certain environmental "green" standards. As a result, we, along with other companies developing projects that meet such standards, have not been able to realize the full tax benefits that were originally anticipated.

We are subject to extensive taxation policies, which may harm our business.

The federal government has, from time to time, considered a federal tax on casino revenues and may consider such a tax in the future. If such an increase were to be enacted, it could adversely affect our business, financial conditions, results of operations and cash flow. Our ability to incur additional indebtedness in the future to finance casino development projects could be materially and adversely affected.

In addition, gaming companies are often subject to significant state and local taxes and fees, in addition to normal federal and state corporate income taxes, and such taxes and fees are subject to increase at any time and which increase may be retroactive to prior years.

If there is any material increase in state and local taxes and fees, our business, financial condition and results of operations could be adversely affected.

Risks Related to our Properties

We own real property and are subject to extensive environmental regulation, which creates uncertainty regarding future environmental expenditures and liabilities, and could affect our ability to develop, sell or rent our property or to borrow money where such property is required to be used as collateral.

We are subject to various federal, state and local environmental laws, ordinances and regulations, including those governing discharges to air and water, the generation, handling, management and disposal of petroleum products or hazardous substances or wastes, and the health and safety of our employees. Permits may be required for our operations and these permits are subject to renewal, modification and, in some cases, revocation. In addition, under environmental laws, ordinances or regulations, a current or previous owner or operator of property may be liable for the costs of investigation and removal or remediation of some kinds of hazardous substances or petroleum products on, under, or in its property, without regard to whether the owner or operator knew of, or caused, the presence of the contaminants, and regardless of whether the practices that resulted in the contamination were legal at the time they occurred. Additionally, as an owner or operator, we could also be held responsible to a governmental entity or third parties for property damage, personal injury and investigation and cleanup costs incurred by them in connection with any contamination. The liability under those laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of the responsibility. The costs of investigation, remediation or removal of those substances may be substantial, and the presence of those substances, or the failure to remediate a property properly, may impair our ability to use our property.

The presence of, or failure to remediate properly, such substances may adversely affect the ability to sell or rent the property or to borrow funds using the property as collateral. Additionally, the owner of a site may be subject to claims by third parties based on damages and costs resulting from environmental contamination emanating from a site.

As part of our business in Worth County, Iowa, we operate a gas station, which includes a number of underground storage tanks containing petroleum products.

We have reviewed environmental assessments, in some cases including soil and groundwater testing, relating to our currently owned and leased properties in Dubuque, Iowa, and other properties we may lease from the City of Dubuque or other parties. As a result, we have become aware that there is contamination present on some of these properties apparently due to past industrial activities. Furthermore, the location of Kansas Star is the site of several non-operational oil wells, the remediation of which has been addressed in connection with the construction of the development project there. We have also reviewed environmental assessments and are not aware of any environmental liabilities related to any of our other properties.

Future developments regarding environmental matters could lead to material costs of environmental compliance for us and such costs could have a material adverse effect on our business and financial condition, operating results and cash flows.

Additionally, our horse racing operations are subject to oversight by the Environmental Protection Agency ("EPA"), including regulations governing concentrated animal feeding operations and the related processing of animal waste water. In 2015, Delta Downs commenced a remediation project, as a result of an EPA examination, to ensure its future compliance with the Clean Water Act. However, the ongoing operations of our horse racing operations could result in future violations of EPA regulations and exposure to associated potential fines.

We own facilities that are located in areas that experience extreme weather conditions.

Extreme weather conditions may interrupt our operations, damage our properties and reduce the number of customers who visit our facilities in the affected areas.

For example, certain of the properties we operate have been forced to close for extended periods due to floods and hurricanes, including Treasure Chest and Delta Downs, which have experienced closures for over 40 days on separate occasions in the past. In addition, Belterra Park was closed for over 10 days due to flooding in 2017.

Belterra Park, Blue Chip, Par-A-Dice, Sam's Town Tunica, Sam's Town Shreveport and Treasure Chest are each located in an area that has been identified by the director of the Federal Emergency Management Agency ("FEMA") as a special flood hazard area, which, according to FEMA statistics, has a 1% chance of a flood equal to or exceeding the base flood elevation (a 100-year flood) in any given year. Furthermore, our properties in Illinois, Indiana, Iowa, Kansas, Missouri, Ohio and Pennsylvania are at risk of experiencing snowstorms, tornadoes and flooding.

In addition to the risk of flooding and hurricanes, snowstorms and other adverse weather conditions may interrupt our operations, damage our properties and reduce the number of customers who visit our facilities in an affected area. For example, during the first quarter of 2011, and again in 2014, much of the country was impacted by unusually severe winter weather, particularly in the Midwest. These storms made it very difficult for our customers to visit, and we believe such winter weather had a material and adverse impact on the results of our operations during such times. If there is a prolonged disruption at any of our properties due to natural disasters, terrorist attacks or other catastrophic events, our results of operations and financial condition could be materially adversely affected.

To maintain our gaming licenses for our Evangeline Downs and Delta Downs racinos, we must conduct a minimum of 80 live racing days in a consecutive 20-week period each year of live horse race meetings at each racetrack, and poor weather conditions may make it difficult for us to comply with this requirement.

While we maintain insurance coverage that may cover certain of the costs and loss of revenue that we incur as a result of some extreme weather conditions, our coverage is subject to deductibles and limits on maximum benefits. There can be no assurance that we will be able to fully collect, if at all, on any claims resulting from extreme weather conditions. If any of our properties are damaged or if their operations are disrupted as a result of extreme weather in the future, or if extreme weather adversely impacts general economic or other conditions in the areas in which our properties are located or from which they draw their patrons, our business, financial condition and results of operations could be materially adversely affected.

Our insurance coverage may not be adequate to cover all possible losses that our properties could suffer, our insurance costs may increase, and we may not be able to obtain similar insurance coverage in the future.
Although we have "all risk" property insurance coverage for our operating properties, which covers damage caused by a casualty loss (such as fire, natural disasters, acts of war, or terrorism), each policy has certain exclusions. In addition, our property insurance coverage is in an amount that may be significantly less than the expected replacement cost of rebuilding the facilities if there was a total loss. Our level of insurance coverage also may not be adequate to cover all losses in the event of a major casualty. In addition, certain casualty events, such as labor strikes, nuclear events, acts of war, loss of income due to cancellation of room reservations or conventions due to fear of terrorism, deterioration or corrosion, insect or animal damage and pollution, may not be covered at all under our policies. Therefore, certain acts could expose us to substantial uninsured losses.

We also have "builder's risk" insurance coverage for our development and expansion projects. Builder's risk insurance provides coverage for projects during their construction for damage caused by a casualty loss. In general, our builder's risk coverage is subject to the same exclusions, risks and deficiencies as those described above for our all-risk property coverage. Our level of builder's risk insurance coverage may not be adequate to cover all losses in the event of a major casualty.

We maintain cyber insurance coverage that insures against certain expenses incurred by the Company in the event of any information breach, as well as insuring against certain costs and damages associated with losses by third parties. However, such insurance is unlikely to fully mitigate the impact of such an information breach.

Belterra Park, Blue Chip, Par-A-Dice, Sam's Town Tunica, Sam's Town Shreveport and Treasure Chest are each located in an area that has been identified by the director of the FEMA as a special flood hazard area. Our level of flood insurance coverage may not be adequate to cover all losses in the event of a major flood.

We renew our insurance policies (other than our builder's risk insurance) on an annual basis. The cost of coverage may become so high that we may need to further reduce our policy limits or agree to certain exclusions from our coverage.

Our debt instruments and other material agreements require us to meet certain standards related to insurance coverage. Failure to satisfy these requirements could result in an event of default under these debt instruments or material agreements.

We draw a significant percentage of our customers from certain geographic regions. Events adversely impacting the economy or these regions, including public health outbreaks and man-made or natural disasters, may adversely impact our business.

The California, Fremont and Main Street Station draw a substantial portion of their customers from the Hawaiian market, with such customers historically comprising more than half of the room nights sold at each property. Decreases in discretionary consumer spending, as well as an increase in fuel costs or transportation prices, a decrease in airplane seat availability, or a deterioration of relations with tour and travel agents, particularly as they affect travel between the Hawaiian market and our facilities, could adversely affect our business, financial condition and results of operations.

Our Las Vegas properties also draw a substantial number of customers from certain other specific geographic areas, including the Southern California, Arizona and Las Vegas local markets. Native American casinos in California and other parts of the United States have diverted some potential visitors away from Nevada, which has had and could continue to have a negative effect on Nevada gaming markets. In addition, due to our significant concentration of properties in Nevada, any man-made or natural disasters in or around Nevada, or the areas from which we draw customers to our Las Vegas properties, could have a significant adverse effect on our business, financial condition and results of operations. Each of our properties located outside of Nevada depends primarily on visitors from their respective surrounding regions and are subject to comparable risk.

The strength and profitability of our business depends on consumer demand for hotel casino resorts in general and for the type of amenities our properties offer. Changes in consumer preferences or discretionary consumer spending could harm our business. Terrorist activities in the United States and elsewhere, military conflicts in Iraq, Afghanistan and elsewhere, outbreaks of infectious disease and pandemics, adverse weather conditions and natural disasters, among other things, have had negative impacts on travel and leisure expenditures. In addition, other factors affecting travel and discretionary consumer spending, including general economic conditions, disposable consumer income, fears of further economic decline and reduced consumer confidence in the economy, may negatively impact our business. We cannot predict the extent to which similar events and conditions may continue to affect us in the future. An extended period of reduced discretionary spending and/or disruptions or declines in tourism could significantly harm our operations.

Energy price increases may adversely affect our cost of operations and our revenues.

Our casino properties use significant amounts of electricity, natural gas and other forms of energy. In addition, our Hawaiian air charter operation uses a significant amount of jet fuel. While no shortages of energy or fuel have been experienced to date, substantial increases in energy and fuel prices, including jet fuel prices, in the United States have, and may continue to, negatively affect our results of operations. The extent of the impact is subject to the magnitude and duration of the energy and fuel price increases, of which the impact could be material. In addition, energy and gasoline price increases could result in a decline of disposable income of potential customers, an increase in the cost of travel and a corresponding decrease in visits and spending levels at our properties, which could have a significant adverse effect on our business, financial condition and results of operations.

Our facilities, including our riverboats and dockside facilities, are subject to risks relating to mechanical failure and regulatory compliance.

Generally, all of our facilities are subject to the risk that operations could be halted for a temporary or extended period of time, as the result of casualty, forces of nature, mechanical failure, or extended or extraordinary maintenance, among other causes. In addition, our gaming operations, including those conducted on riverboats or at dockside facilities could be damaged or halted due to extreme weather conditions.

We currently conduct our Treasure Chest, Par-A-Dice, Blue Chip, Sam's Town Shreveport, Amelia Belle and Belterra Resort gaming operations on riverboats. Each of our riverboats must comply with the United States Coast Guard ("USCG") requirements as to boat design, on-board facilities, equipment, personnel and safety.

Each riverboat must hold a Certificate of Inspection for stabilization and flotation, and may also be subject to local zoning codes. The USCG requirements establish design standards, set limits on the operation of the vessels and require individual licensing of all personnel involved with the operation of the vessels. Loss of a vessel's Certificate of Inspection would preclude its use as a casino.

USCG regulations require a hull inspection for all riverboats at five-year intervals. Under certain circumstances, alternative hull inspections may be approved. The USCG may require that such hull inspections be conducted at a dry-docking facility, and if so required, the cost of travel to and from such docking facility, as well as the time required for inspections of the affected riverboats, could be significant. To date, the USCG has allowed in-place underwater inspections of our riverboats twice every five years on alternate two- and three-year schedules. The USCG may not continue to allow these types of inspections in the future. The loss of a dockside casino or riverboat casino from service for any period of time could adversely affect our business, financial condition and results of operations.

Indiana and Louisiana have adopted alternate inspection standards for riverboats in those states. The standards require inspection by ABS Consulting ("ABSC"). ABSC inspection for our riverboats at Blue Chip, Treasure Chest and Sam's Town Shreveport commenced during 2010. The Amelia Belle is also inspected by the ABSC. The Par-A-Dice riverboat will remain inspected by the USCG for the foreseeable future. ABSC imposes essentially the same design, personnel, safety, and hull inspection standards as the USCG. Therefore, the risks to our business associated with USCG inspection should not change by reason of inspection by ABSC. Failure of a vessel to meet the applicable USCG or ABSC standards would preclude its use as a casino.

USCG regulations also require us to prepare and follow certain security programs. In 2004, we implemented the American Gaming Association's Alternative Security Program at our riverboat casinos and dockside facilities. The American Gaming Association's Alternative Security Program is specifically designed to address maritime security requirements at riverboat casinos and their respective dockside facilities. Only portions of those regulations will apply to our riverboats inspected by ABSC. Changes to these regulations could adversely affect our business, financial condition and results of operations.

Some of our hotels and casinos are located on leased property. If we default on one or more leases, the applicable lessors could terminate the affected leases and we could lose possession of the affected hotel and/or casino.

We lease certain parcels of land on which Eastside Cannery, Suncoast, Belterra Resort, Treasure Chest, Sam's Town Shreveport, IP, Ameristar Kansas City and Ameristar St. Charles' hotels and gaming facilities are located. In addition, we lease other parcels of land on which portions of the California and the Fremont are located. As a ground lessee, we have the right to use the leased land; however, we do not retain fee ownership in the underlying land. Accordingly, with respect to the leased land, we will have no interest in the land or improvements thereon at the expiration of the ground leases. Moreover, since we do not completely control the land underlying the property, a landowner could take certain actions to disrupt our rights in the land leased under the long-term leases. While such interruption is unlikely, such events are beyond our control. If the entity owning any leased land chose to disrupt our use either permanently or for a significant period of time, then the value of our assets could be impaired and our business and operations could be adversely affected. If we were to default on any one or more of these leases, the applicable lessors could terminate the affected leases and we could lose possession of the affected land and any improvements on the land, including the hotels and casinos. This would have a significant adverse effect on our business, financial condition and results of operations as we would then be unable to operate all or portions of the affected facilities.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2019, we had net operating losses ("NOLs") for federal income tax purposes. Under Section 382 of the Internal Revenue Code, if a corporation undergoes an "ownership change" as defined in that section, the corporation's ability to use its pre-change NOLs and other pre-change tax attributes to offset its postchange income may become subject to significant limitations. We may experience an ownership change in the future as a result of shifts in our stock ownership, which may result from the issuance of our common stock, the exercise of stock options and other equity compensation awards, as well as ordinary sales and purchases of our common stock, among other things. If an ownership change in our stock were to be triggered in the future, our subsequent ability to use any NOLs existing at that time could be significantly limited. Additionally, on December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act changed the carryback and carryforward periods for NOLs generated after December 31, 2017 and imposed annual limitations on the use of such NOLs. While the rules for NOLs generated in the year ended December 31, 2017 and prior did not change, our NOLs all predate the change, it is possible that future law changes could affect our ability to utilize NOLs prospectively.

Risks Related to our Indebtedness

We have a significant amount of indebtedness.

We and our subsidiaries had approximately $3.8 billion of long-term debt (including debt of non-guarantor subsidiaries and without deducting unamortized discount and origination fees) as of December 31, 2019 (of which approximately $1.3 billion was outstanding under the Credit Facility) and which includes approximately $27.0 million of current maturities of long-term debt and excludes approximately $12.6 million in aggregate outstanding letters of credit. In addition, an aggregate amount of approximately $656.6 million was available for borrowing under the Revolving Credit Facility as of December 31, 2019.

If we pursue, or continue to pursue, any expansion, development, investment or renovation projects requiring capital beyond our available borrowing capacity, we expect that our long-term debt will substantially increase in connection with related capital expenditures. This indebtedness could have important consequences, including:

- difficulty in satisfying our obligations under our current indebtedness;
- increasing our vulnerability to general adverse economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flows from operations to payments on our indebtedness, which would reduce the availability of our cash flows to fund working capital, capital expenditures, expansion efforts and other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- placing us at a disadvantage compared to our competitors that have less debt; and
- limiting, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds.

Our debt instruments contain, and any future debt instruments likely will contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- incur additional debt, including providing guarantees or credit support;
- incur liens securing indebtedness or other obligations;
- make certain investments;
- dispose of assets;
- make certain acquisitions;
- pay dividends or make distributions and make other restricted payments;
- enter into sale and leaseback transactions;

- engage in any new businesses; and
- enter into transactions with our stockholders and our affiliates.

In addition, our Credit Facility contains certain financial covenants, including, without limitation, various covenants: (i) requiring the maintenance of a minimum consolidated interest coverage ratio of 1.75 to 1.00; (ii) establishing a maximum permitted consolidated total leverage ratio; and (iii) establishing a maximum permitted secured leverage ratio.

Failure to comply with these covenants could result in an event of default, which, if not cured or waived, could have a significant adverse effect on our business, results of operations and financial condition.

Note 7, *Long-Term Debt,* included in the notes to our audited consolidated financial statements presented in Part II, Item 8, contains further disclosure regarding our current outstanding debt.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures and expansion efforts will depend upon our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

It is unlikely that our business will generate sufficient cash flows from operations, or that future borrowings will be available to us under the Credit Facility in amounts sufficient to enable us to retire our indebtedness as such indebtedness matures and to fund our other liquidity needs. We believe that we will need to refinance all or a portion of our indebtedness, at or before maturity, and cannot provide assurances that we will be able to refinance any of our indebtedness, including amounts borrowed under the Credit Facility on commercially reasonable terms, or at all. We may have to adopt one or more alternatives, such as reducing or delaying planned expenses and capital expenditures, selling assets, restructuring debt, or obtaining additional equity or debt financing or joint venture partners. These financing strategies may not be affected on satisfactory terms, if at all. In addition, certain states' laws contain restrictions on the ability of companies engaged in the gaming business to undertake certain financing transactions. Some restrictions may prevent us from obtaining necessary capital.

We and our subsidiaries may still be able to incur substantially more debt, which could further exacerbate the risks described above.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the indentures governing our senior notes do not fully prohibit us or our subsidiaries from doing so. Borrowings under the Credit Facility are effectively senior to our senior notes and the guarantees of our subsidiary guarantors to the extent of the value of the collateral securing such borrowings. If new debt is added to our, or our subsidiaries', current debt levels, the related risks that we or they now face could intensify.

We are required to pay a substantial amount of rent pursuant to our Master Lease with GLPI, which impacts free cash flow and could in the future limit our ability to invest in our operations or seek additional development or strategic opportunities.

We lease the real estate of Ameristar Kansas City, Ameristar St. Charles, and Belterra Casino Resort (each an "OpCo," and collectively the "OpCos") from Gaming and Leisure Properties, Inc. ("GLPI"), pursuant to a triple net REIT Master Lease (the "Master Lease"). Current annual rent under the Master Lease is $97.7 million, with rental increases over time. The Master Lease also includes substantial additional obligations that may require future uses of free cash flow, including obligations to maintain and repair the properties, including minimum annual capital investment requirements, and provides that we have assumed the risk of loss with respect to any casualty or condemnation event, including the obligation to repair or rebuild the facility.

These obligations, which could significantly impact free cash flow, could in the future adversely impact our ability to invest in our operations or seek additional development or strategic opportunities. For example, our obligations under the Leases may:

- limit our ability to prepay or repay our long-term debt and to obtain additional indebtedness;
- limit our ability to fund working capital, capital expenditures and other general corporate purposes; and
- limit our ability to respond to changes in our business and the industry in which we operate, including pursuing new markets and additional lines of business, development opportunities, acquisitions and other strategic investments that we would otherwise pursue.

Any of the above listed factors could have a material adverse effect on our business, financial condition and results of operations.

The Master Lease includes additional provisions that restrict our ability to freely operate and could have an adverse effect on our business and financial condition, including the following:

- Escalations in Rent—We are obligated to pay base rent under the Master Lease, and base rent is composed of building base rent and land base rent. Every year of the Master Lease term, building base rent is subject to an annual escalation of up to 2% and we may be required to pay the escalated building base rent regardless of our revenues, profit or general financial condition.
- Variable Rent—We are obligated to pay percentage rent under the Master Lease, which is re-calculated every two years. Such percentage rent shall equal 4% of the change between (i) the average net revenues for the trailing two-year period and (ii) 50% of the trailing 12 months net revenues as of the month ending immediately prior to the execution of the Master Lease. We may be required to pay an increase in percentage rent based on increases in net revenues without a corresponding increase in our profits.
- Pooled Lease—The Master Lease is a pooled lease arrangement, which prohibits us from divesting any individual OpCo without GLPI's prior consent. Any divestiture of all of the OpCos also requires GLPI's prior consent, except for limited circumstances where the purchaser meets various financial and gaming operations experience requirements. These limitations on transfer could adversely impact our ability to manage our business.
- Master Lease Guaranties—The Master Lease is guaranteed by the certain subsidiaries of the tenant (the "Lease Guarantors"). A default under any of the Master Lease guaranties that is not cured within the applicable grace period will constitute an event of default under the Master Lease.
- Effect of End of Term or Not Renewing the Master Lease—If we do not renew the Master Lease at the stipulated renewals or we do not enter into a new master lease at the end of the term, we will be required to sell the business of tenant. If we cannot agree upon acceptable terms of sale with a qualified successor tenant, GLPI will select the successor tenant to purchase our business through a competitive auction. If this occurs, we will be required to transfer our business to the highest bidder at the auction, subject to regulatory approvals.

If we are unable to finance our expansion, development, investment and renovation projects, as well as other capital expenditures, through cash flow, borrowings under the Credit Facility, access to the capital markets and additional financings, our expansion, development, investment and renovation efforts will be jeopardized.

We intend to finance our current and future expansion, development, investment, acquisition and renovation projects, as well as our other capital expenditures, primarily with cash flow from operations, borrowings under our Credit Facility, and equity or debt financings. If we are unable to finance our current or future expansion, development, investment, acquisition and renovation projects, or our other capital expenditures, we will have to adopt one or more alternatives, such as reducing, delaying or abandoning planned expansion, development, investment, acquisition and renovation projects as well as other capital expenditures, selling assets, restructuring debt, obtaining additional equity financing or joint venture partners, or modifying the Credit Facility. These sources of funds may not be sufficient to finance our expansion, development, investment, acquisition and renovation projects, and other financing may not be available on acceptable terms, in a timely manner, or at all. In addition, our existing indebtedness contains certain restrictions on our ability to incur additional indebtedness.

In the past, there have been significant disruptions in the global capital markets that adversely impacted the ability of borrowers to access capital. A crisis may greatly restrict the availability of capital and cause the cost of capital (if available) to be much higher than it has traditionally been. Although the financial markets have generally recovered from the most recent financial crisis and availability of capital has increased, the financial markets remain volatile. While we currently anticipate that we will be able to fund any expansion projects using cash flows from operations and availability under the Credit Facility (to the extent that availability exists after we meet our working capital needs), if availability under our Credit Facility does not exist or we are otherwise unable to make sufficient borrowings thereunder, any additional financing that is needed may not be available to us or, if available, may not be on terms favorable to us. As a result, if we are unable to obtain adequate project financing in a timely manner, or at all, we may be forced to sell assets in order to raise capital for projects, limit the scope of, or defer such projects, or cancel the projects altogether. In the event that we are unable to access capital with favorable terms, additional equity and/or credit support may be necessary to obtain construction financing for the remaining cost of the project.

We are not able to predict the duration or strength of the current economic recovery, the resulting impact on the solvency or liquidity of our lenders, or the possibility of a future recession. Prolonged slow growth or a downturn, or further worsening or broadening of adverse conditions in worldwide and domestic economies could affect our lenders. If a large percentage of our lenders were to file for bankruptcy or otherwise default on their obligations to us, we may not have the liquidity under the Credit Facility to fund our current projects. There is no certainty that our lenders will continue to remain solvent or fund their respective obligations under the Credit Facility. If we were otherwise required to renegotiate or replace the Credit Facility, there is no assurance that we would be able to secure terms that are as favorable to us, if at all.

Risks Related to our Equity Ownership

Our common stock price may fluctuate substantially, and a shareholder's investment could decline in value.

The market price of our common stock may fluctuate substantially due to many factors, including:

- actual or anticipated fluctuations in our results of operations;
- announcements of significant acquisitions or other agreements by us or by our competitors;
- our sale of common stock or other securities in the future;
- trading volume of our common stock;
- conditions and trends in the gaming and destination entertainment industries;
- changes in the estimation of the future size and growth of our markets; and
- general economic conditions, including, without limitation, changes in the cost of fuel and air travel.

In addition, the stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to companies' operating performance. Broad market and industry factors may materially harm the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, shareholder derivative lawsuits and/or securities class action litigation has often been instituted against that company. Such litigation, if instituted against us, could result in substantial costs and a diversion of management's attention and resources.

Certain of our stockholders own large interests in our capital stock and may significantly influence our affairs.

William S. Boyd, our Executive Chairman of the Board of Directors, together with his immediate family, beneficially owned approximately 27% of the Company's outstanding shares of common stock as of December 31, 2019. As such, the Boyd family has the ability to significantly influence our affairs, including the election of members of our Board of Directors and, except as otherwise provided by law, approving or disapproving other matters submitted to a vote of our stockholders, including a merger, consolidation, or sale of assets.

ITEM 1B. Unresolved Staff Comments

None

ITEM 2. Properties

Information relating to the location and general characteristics of our properties is provided in Part I, Item 1, *Business—Properties*, and is incorporated herein by reference.

As of December 31, 2019, some of our properties utilized leased property in their operations.

The real estate utilized by three of our properties are subject to a Master Lease with Gaming and Leisure Properties, Inc. The properties under this Master Lease are:

- Ameristar Kansas City, including approximately 250 acres of leased land and building.
- Ameristar St. Charles, including approximately 240 acres of leased land and building.
- Belterra Resort, including approximately 315 acres of leased land and building.

In addition, all or a portion of the sites for the following properties are leased:

- Suncoast, located on 49 acres of leased land.
- Eastside Cannery, located on 30 acres of leased land.
- California, located on 13.9 acres of owned land and 1.6 acres of leased land.
- Fremont, located on 1.4 acres of owned land and 0.9 acres of leased land.
- IP, located on 24 acres of owned land and 3.9 acres of leased land.
- Treasure Chest, located on 14 acres of leased land.
- Sam's Town Shreveport, located on 18 acres of leased land.
- Diamond Jo Dubuque, located on 7 acres of owned land and leases approximately 2.0 acres of parking surfaces.
- Diamond Jo Worth, which owns 279 acres and leases 33 acres of land in Emmons, Minnesota that is used as a nine-hole golf course and a nine-station sporting clay course and hunting facility.
- Evangeline Downs, which leases the facilities that comprise the Henderson, Eunice and St. Martinville OTBs.

ITEM 3. Legal Proceedings

We are parties to various legal proceedings arising in the ordinary course of business. We believe that all pending claims, if adversely decided, would not have a material adverse effect on our business, financial position or results of operations.

ITEM 4. Mine Safety Disclosures

Not applicable

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the New York Stock Exchange under the symbol "BYD." On February 20, 2020, the closing sales price of our common stock on the NYSE was $34.74 per share. On that date, we had approximately 610 holders of record of our common stock and our directors and executive officers owned approximately 28% of the outstanding shares. There are no other classes of common equity outstanding.

Dividends

Dividends are declared at the discretion of our Board of Directors. We are subject to certain limitations regarding the payment of dividends, such as restricted payment limitations contained in our Credit Facility and the indentures for our outstanding notes.

Share Repurchase Program

No share repurchases were made pursuant to our share repurchase program during the three months ended December 31, 2019.

In July 2008, our Board of Directors authorized an amendment to our existing share repurchase program to increase the amount of common stock available to be repurchased to $100 million. On May 2, 2017 the Company announced that its Board of Directors had reaffirmed the Company's existing share repurchase program (the "2008 Plan"). On December 12, 2018, our Board of Directors authorized a new share repurchase program of $100 million which is in addition to the existing repurchase authorization (the "2018 Plan"). There were 1.1 million shares repurchased during the year ended December 31, 2019. As of December 31, 2019, the repurchase authorization under the 2008 Plan has been fully utilized and $72.5 million remained available under the 2018 Plan.

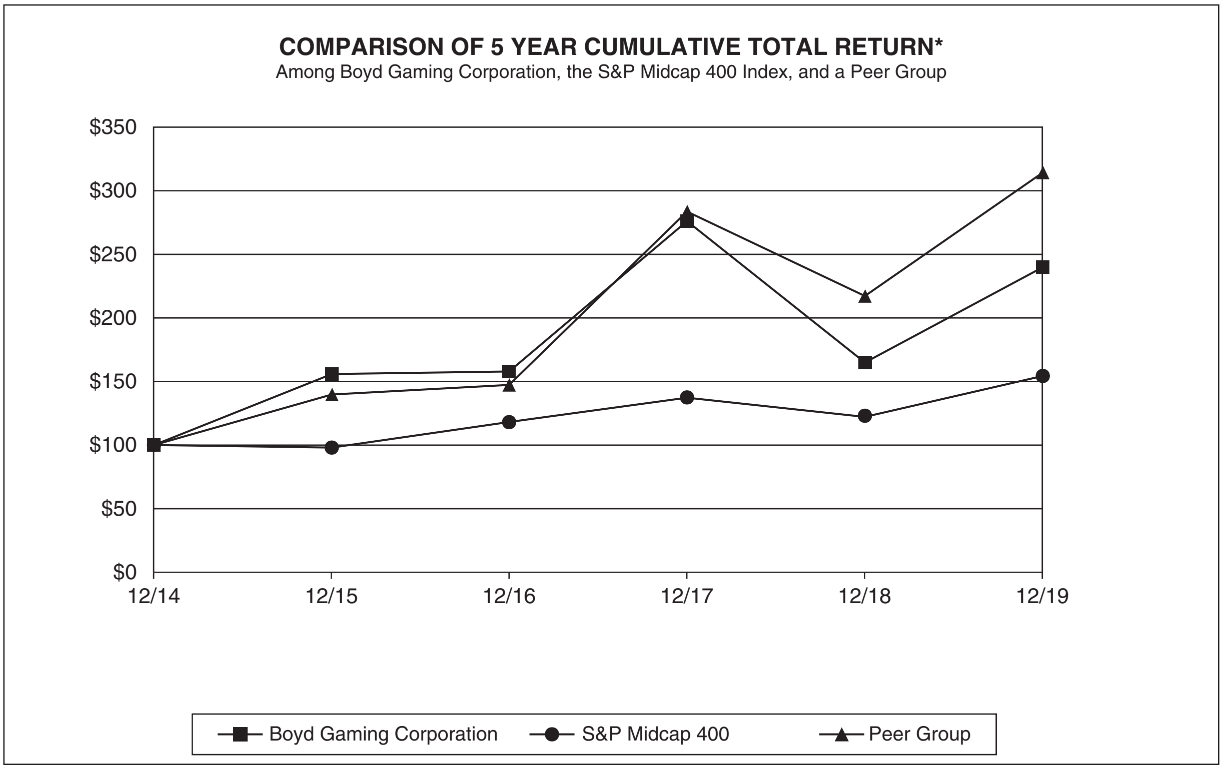
We are not obligated to repurchase any shares under these programs. Subject to applicable corporate securities laws, repurchases under this program may be made at such times and in such amounts as we deem appropriate. Repurchases are funded with existing cash resources and availability under the Credit Facility. We are subject to certain limitations regarding the repurchase of common stock, such as restricted payment limitations contained in our Credit Facility and the indentures for our outstanding notes.

We may acquire our debt or equity securities through open market purchases, privately negotiated transactions, tender offers, exchange offers, redemptions or otherwise, upon such terms and at such prices as we may determine.

Our Definitive Proxy Statement to be filed in connection with our 2020 Annual Meeting of Stockholders, incorporated herein by reference, contains information concerning securities authorized for issuance under equity compensation plans within the captions *Ownership of Certain Beneficial Owners and Management* and *Equity Compensation Plan Information.*

Stock Performance Graph

The graph below compares the five-year cumulative total return on our common stock to the cumulative total return of the Standard & Poor's MidCap 400 Index ("S&P 400") and to companies in our peer group, which is comprised of Penn National Gaming, Inc., Red Rock Resort, Inc. and Eldorado Resorts, Inc. The performance graph assumes that $100 was invested on December 31, 2014 in each of the Company's common stock, the S&P 400 and our peer group, and that all dividends were reinvested. For purposes of the performance graph, in cases in which a shareholder of a peer group company received shares of another company in a corporate transaction, the value of the additional shares received are considered to be a dividend and assumed to be reinvested in the stock of the peer company on the date of the transaction. The stock price performance shown in this graph is neither necessarily indicative of, nor intended to suggest, future stock price performance.



* $100 invested on 12/31/14 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

	Indexed Returns		
	Boyd Gaming Corp.	**S&P 400**	**Peer Group**
December 2015	$155.48	$ 97.82	$139.65
December 2016	157.82	118.11	147.24
December 2017	275.72	137.30	283.23
December 2018	164.77	122.08	216.93
December 2019	239.77	154.07	314.22

The performance graph should not be deemed filed or incorporated by reference into any other of our filings under the Securities Act of 1933 or the Exchange Act of 1934, unless we specifically incorporate the performance graph by reference therein.

ITEM 6. Selected Financial Data

The selected consolidated financial data presented below has been derived from our audited consolidated financial statements. This information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited Consolidated Financial Statements and accompanying notes thereto.

	Year Ended December 31,				
(In thousands, except per share data)	**2019 (a)**	**2018 (b)**	**2017 (c)**	**2016 (d)**	**2015 (e)**
Statement of Operations Data:					
Total revenues	$3,326,119	$2,626,730	$2,400,819	$2,199,259	$2,214,831
Operating income	472,568	355,284	343,801	260,408	271,584
Income from continuing operations before income taxes	202,126	155,032	171,113	7,768	4,443
Income from continuing operations, net of tax	157,636	114,701	167,998	207,701	11,068
Income from discontinued operations, net of tax	—	347	21,392	212,530	36,539
Net income	157,636	115,048	189,390	420,231	47,607
Income from continuing operations per common share					
Basic	$ 1.39	$ 1.01	$ 1.46	$ 1.81	$ 0.10
Diluted	$ 1.38	$ 1.00	$ 1.45	$ 1.80	$ 0.10
Dividends declared per common share	$ 0.27	$ 0.23	$ 0.15	$ —	$ —
Balance Sheet Data:					
Cash and cash equivalents	$ 249,977	$ 249,417	$ 203,104	$ 193,862	$ 158,821
Total assets	6,650,145	5,756,339	4,685,930	4,670,751	4,350,900
Long-term debt, net of current maturities	3,738,937	3,955,119	3,051,899	3,199,119	3,239,799
Total stockholders' equity	1,265,242	1,145,741	1,097,227	930,180	501,837
Other Data:					
Ratio of earnings to fixed charges (f)	1.7x	1.7x	1.9x	1.0x	1.0x

(a) 2019 includes a full year of financial results for Lattner, Valley Forge, Ameristar Kansas City, Ameristar St. Charles, Belterra Resort and Belterra Park. In addition, 2019 includes $34.9 million in pretax loss on early extinguishments of debt.

(b) 2018 includes the financial results of acquired properties from their respective acquisition date, which include Lattner on June 1, 2018, Valley Forge on September 17, 2018 and Ameristar Kansas City, Ameristar St. Charles, Belterra Resort and Belterra Park on October 15, 2018. As a result of the acquisitions and ongoing projects, we had project development, preopening and writedowns of $45.7 million.

(c) 2017 includes a full year of financial results for Aliante, Cannery and Eastside Cannery. Additionally, 2017 includes a noncash income tax benefit of $60.1 million related to the changes in tax legislation. Discontinued operations for 2017 of $21.4 million reflects our after-tax share of the proceeds related to the

final settlement of Borgata's property tax disputes with Atlantic City. The Company has accounted for its 50% investment in Borgata as discontinued operations for all periods presented in these consolidated financial statements.

(d) 2016 includes $38.3 million in pretax, non-cash impairment charges which includes non-cash impairment charges of $23.6 million, $12.5 million and $0.8 million for a gaming license, goodwill and trademarks, respectively, in our Midwest & South segment; and $42.4 million in pretax loss on early extinguishments and modifications of debt. Additionally, 2016 includes a noncash income tax benefit of $203.9 million resulting from the release of a previously recorded deferred tax asset valuation allowance. The financial results of Aliante are included in these financial results from its September 27, 2016 date of acquisition, and the financial results of Cannery and Eastside Cannery are included from their December 20, 2016 date of acquisition. Discontinued operations for 2016 include an after-tax gain on the sale of our equity interest in Borgata of $181.7 million.

(e) 2015 includes $18.6 million in pretax, non-cash impairment charges, which includes a $17.5 million non-cash impairment charge for a gaming license in our Midwest & South segment; and $40.7 million in pretax loss on early extinguishments and modifications of debt.

(f) For purposes of computing this ratio, "earnings" consist of income before income taxes and income/(loss) from unconsolidated affiliates, plus fixed charges (excluding capitalized interest) and distributed income of equity investees. "Fixed charges" include interest whether expensed or capitalized, amortization of debt expense, discount, or premium related to indebtedness (included in interest expense), and such portion of rental expense that we deem to be a reasonable representation of the interest factor.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our consolidated financial statements and the related notes thereto and other financial information included in this Annual Report on Form 10-K. In addition to the historical information, certain statements in this discussion are forward-looking statements based on current expectations that involve risks and uncertainties. Actual results and the timing of certain events may differ significantly from those projected in such forward-looking statements.

EXECUTIVE OVERVIEW

Boyd Gaming Corporation (the "Company," "Boyd Gaming," "we" or "us") is a multi-jurisdictional gaming company that has been in operation since 1975.

As of December 31, 2019, we are a geographically diversified operator of 29 wholly owned gaming entertainment properties. Headquartered in Las Vegas, Nevada, we have gaming operations in Nevada, Illinois, Indiana, Iowa, Kansas, Louisiana, Mississippi, Missouri, Ohio and Pennsylvania. We view each operating property as an operating segment. For financial reporting purposes, we aggregate our wholly owned properties into the following three reportable segments:

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
Eastside Cannery Casino and Hotel	Las Vegas, Nevada
Aliante Casino + Hotel + Spa	North Las Vegas, Nevada
Cannery Casino Hotel	North 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 & South	
Par-A-Dice Hotel and Casino	East Peoria, Illinois
Belterra Casino Resort	Florence, Indiana
Blue Chip Casino, Hotel & Spa	Michigan City, Indiana
Diamond Jo Dubuque	Dubuque, Iowa
Diamond Jo Worth	Northwood, Iowa
Kansas Star Casino	Mulvane, Kansas
Amelia Belle Casino	Amelia, Louisiana
Delta Downs Racetrack Casino & Hotel	Vinton, Louisiana
Evangeline Downs Racetrack and Casino	Opelousas, Louisiana
Sam's Town Hotel and Casino	Shreveport, Louisiana
Treasure Chest Casino	Kenner, Louisiana
IP Casino Resort Spa	Biloxi, Mississippi
Sam's Town Hotel and Gambling Hall	Tunica, Mississippi
Ameristar Casino Hotel Kansas City	Kansas City, Missouri
Ameristar Casino Report Spa St. Charles	St. Charles, Missouri
Belterra Park	Cincinnati, Ohio
Valley Forge Casino Resort	King of Prussia, Pennsylvania

We also own and operate a travel agency and a captive insurance company that underwrites travel-related insurance, each located in Hawaii. Financial results for these operations are included in our Downtown Las Vegas segment, as our Downtown Las Vegas properties concentrate their marketing efforts on gaming customers from Hawaii.

Results for Lattner Entertainment Group Illinois, LLC ("Lattner"), our Illinois distributed gaming operator, are included in our Midwest & South segment.

In May 2016, we entered into an Equity Purchase Agreement to sell our 50% equity interest in the parent company of Borgata Hotel Casino and Spa ("Borgata") to MGM Resorts. This transaction closed on August 1, 2016. We account for our investment in Borgata by applying the equity method and report its results as discontinued operations for all periods presented in this Annual Report on Form 10-K.

Our Midwest & South segment includes our wholly owned subsidiaries Valley Forge Casino Resort for the period following its September 17, 2018 acquisition, and Ameristar Casino Hotel Kansas City, Ameristar Casino Resort Spa St. Charles, Belterra Casino Resort and Belterra Park (together, the "Pinnacle Properties") for the period following their October 15, 2018 acquisition. See Note 2, *Acquisitions and Divestitures*, to our consolidated financial statements presented in Part II, Item 8.

Most of our gaming entertainment properties also include hotel, dining, retail and other amenities. Our main business emphasis is on slot revenues, which are highly dependent upon the number of visits and spending levels of customers at our properties.

Our properties have historically generated significant operating cash flow, with the majority of our revenue being cash-based. While we do provide casino credit, subject to certain gaming regulations and jurisdictions, most of our customers wager with cash and pay for non-gaming services with cash or by credit card.

Our industry is capital intensive and we rely heavily on the ability of our properties to generate operating cash flow in order to fund maintenance capital expenditures, fund acquisitions, provide excess cash for future development, repay debt financing and associated interest costs, repurchase our debt or equity securities, and pay income taxes and dividends.

Our primary areas of focus are: (i) ensuring our existing operations are managed as efficiently as possible and remain positioned for growth; (ii) improving our capital structure and strengthening our balance sheet, including paying down debt, increasing cash flow, improving operations and diversifying our asset base; and (iii) successfully pursuing our growth strategy, which is built on identifying development opportunities and acquiring assets that are a good strategic fit and provide an appropriate return to our shareholders.

Our Strategy

Our overriding strategy is to increase shareholder value by pursuing strategic initiatives that improve and grow our business.

Strengthening our Balance Sheet

We are committed to finding opportunities to strengthen our balance sheet through diversifying and increasing our cash flows. We intend to take a balanced approach to our cash flows, with a current emphasis on debt repayment followed by investing in our business and returning capital to shareholders.

Operating Efficiently

We are committed to operating more efficiently. As we experience revenue growth in both our gaming and non-gaming operations, the efficiencies of our business position us to flow a substantial portion of the revenue growth directly to the bottom line.

Evaluating Acquisition Opportunities

Our evaluations of potential investments and growth opportunities are strategic, deliberate, and disciplined. Our goal is to identify and pursue opportunities that grow our business and deliver a solid return for shareholders. These investments can take the form of expanding and enhancing offerings and amenities at existing properties, development of new properties, or acquisitions. Currently, the Company is primarily focused on enhancements to its existing properties.

Maintaining our Brand

The ability of our employees to deliver great customer service helps distinguish our Company and our brands from our competitors. Our employees are an important reason that our customers continue to choose our properties over the competition across the country. In addition, we have established a nationwide branding initiative and loyalty program. Our players use their "B Connected" cards to earn and redeem points at nearly all of our properties. The "B Connected" club, among other benefits, rewards players for their loyalty by entitling them to qualify for promotions and earn rewards toward gaming and nongaming activities.

Our Key Performance Indicators

We use several key performance measures to evaluate the operations of our properties. These key performance measures include the following:

- ***Gaming revenue measures***: *slot handle*, which means the dollar amount wagered in slot machines, and *table game drop*, which means the total amount of cash deposited in table games drop boxes, plus the sum of markers issued at all table games, are measures of volume and/or market share. *Slot win* and *table game hold*, which mean the difference between customer wagers and customer winnings on slot machines and table games, respectively, represent the amount of wagers retained by us and recorded as gaming revenues. Slot win percentage and table game hold percentage, which are not fully controllable by us, represent the relationship between slot handle to slot win and table game drop to table game hold, respectively.
- ***Food & beverage revenue measures***: *average guest check*, which means the average amount spent per customer visit and is a measure of volume and product offerings; *number of guests served* ("food covers"), which is an indicator of volume; and the *cost per guest served*, which is a measure of operating margin.
- ***Room revenue measures***: *hotel occupancy rate*, which measures the utilization of our available rooms; and *average daily rate* ("ADR"), which is a price measure.

RESULTS OF OPERATIONS

Overview

	Year Ended December 31,		
(In millions)	**2019**	**2018**	**2017**
Total revenues	$3,326.1	$2,626.7	$2,400.8
Operating income	472.6	355.3	343.8
Income from continuing operations, net of tax	157.6	114.7	168.0
Income from discontinued operations, net of tax	—	0.3	21.4
Net income	157.6	115.0	189.4

Total Revenues

Total revenues increased $699.4 million, or 26.6%, for 2019 as compared to 2018 due primarily to the acquisitions of Lattner on June 1, 2018, Valley Forge on September 17, 2018 and Ameristar Kansas City, Ameristar St. Charles, Belterra Resort and Belterra Park on October 15, 2018 (collectively, the "Acquisitions").

Total revenues increased $225.9 million, or 9.4%, for 2018 as compared to 2017 due primarily to the Midwest & South segment increasing by $217.1 million over the prior period primarily attributable to the Acquisitions.

Operating Income
In 2019, our operating income increased $117.3 million as compared to 2018 due primarily to the Acquisitions and cost control efforts surrounding our operating costs. In addition, project development, preopening and writedowns expense decreased $24.0 million from the prior year period, which included costs incurred related to the Acquisitions.

In 2018, our operating income increased $11.5 million as compared to 2017 due primarily to the Acquisitions, along with the favorable impact of our continuing cost control efforts. Changes in operating margins are discussed further below.

Income from Continuing Operations, Net of Tax
Income from continuing operations, net of tax was $157.6 million in 2019, as compared to $114.7 million in 2018, an increase of $42.9 million. This increase was primarily attributable to the $117.3 million increase in operating income, as discussed above, offset by a $33.3 million increase in interest expense, net of amounts capitalized, due to an increase in the weighted average long-term debt balance of $536.0 million reflecting the incremental debt incurred to fund the Acquisitions, a 0.2 percentage point increase in the weighted average interest rate and by $34.9 million of loss on early extinguishments and modifications of debt due to our refinancing activities.

Income from continuing operations, net of tax was $114.7 million in 2018, as compared to $168.0 million in 2017, a decrease of $53.3 million. This decrease was attributable to a $37.2 million increase in the income tax provision. The increase in the income tax provision is a result of the prior year provision including a discrete tax benefit of $60.1 million related to the changes in tax legislation in 2017. In addition, interest expense, net of amounts capitalized, increased $31.1 million due to an increase in the weighted average long-term debt balance of $205.9 million reflecting the additional debt issued to fund the Acquisitions and a 1.0% percentage point increase in the weighted average interest rate. These declines were offset by the operating income increase of $11.5 million from the prior year for those factors mentioned above and an increase in interest income of $1.9 million due to the investment in cash equivalents and short-term marketable securities of the net proceeds from the issuance of the 6.000% Senior Notes due August 2026 in second quarter 2018.

Income From Discontinued Operations, Net of Tax
Income from discontinued operations, net of tax, reflects the results of our equity method investment in Borgata, which we sold in August 2016. The 2018 results include cash received for our share of miscellaneous recoveries realized by Borgata of $0.3 million. The 2017 results include property tax recovery proceeds of $36.2 million related to the final settlement of Borgata's property tax disputes with Atlantic City.

Net Income
For the year ended December 31, 2019, net income was $157.6 million, compared with net income of $115.0 million for the corresponding period of the prior year. The $42.6 million change is primarily due to the increase in income from continuing operations, net of tax, of $42.9 million, as discussed above, offset by a $0.3 million decrease in net income from discontinued operations, net of tax.

For the year ended December 31, 2018, net income was $115.0 million, compared with net income of $189.4 million for the corresponding period of the prior year. The $74.3 million change is primarily due to the decrease in income from continuing operations, net of tax along with a $21.0 million decrease in income from discontinued operations from the prior year (both items discussed above).

Operating Revenues
We derive the majority of our revenues from our gaming operations, which generated approximately 75%, 73% and 72% of our revenues for 2019, 2018 and 2017, respectively. Food & beverage revenues represent our next most significant revenue source, generating approximately 13% of revenues for 2019, and 14% for 2018 and 2017. Room revenues and other revenues separately contributed less than 10% of revenues during each year.

(In millions)	Year Ended December 31, 2019	2018	2017
REVENUES			
Gaming	$2,483.3	$1,925.4	$1,740.3
Food & beverage	447.9	367.9	346.4
Room	237.2	199.5	186.8
Other	157.7	133.9	127.3
Total revenues	$3,326.1	$2,626.7	$2,400.8
COSTS AND EXPENSES			
Gaming	$1,116.4	$ 845.5	$ 759.6
Food & beverage	412.9	347.6	335.5
Room	110.7	90.9	85.2
Other	96.1	87.4	83.6
Total costs and expenses	$1,736.1	$1,371.4	$1,263.9
MARGINS			
Gaming	55.0%	56.1%	56.4%
Food & beverage	7.8%	5.5%	3.1%
Room	53.3%	54.4%	54.4%
Other	39.1%	34.7%	34.3%

Gaming
Gaming revenues are comprised primarily of the net win from our slot machine operations and to a lesser extent from table games win. The $557.9 million, or 29.0%, increase in gaming revenues during 2019 as compared to the prior year, was primarily due to the Acquisitions.

The $185.2 million, or 10.6%, increase in gaming revenues during 2018 as compared to the prior year, was primarily due to the Acquisitions. In addition, the Louisiana and Mississippi properties experienced gaming revenue growth, particularly Delta Downs, Amelia Belle and IP. Gaming margins were essentially even with the prior year.

Food & Beverage
Food & beverage revenues increased $80.0 million, or 21.7%, during 2019 as compared to prior year. The increase is primarily due to the Acquisitions. Overall food & beverage margins increased to 7.8% from 5.5% in the prior year, due primarily to an increase in average check of 10.8% while cost per cover increased by only 6.1%

Food & beverage revenues increased $21.5 million, or 6.2%, during 2018 as compared to prior year due primarily to the Acquisitions. Overall food & beverage margins increased to 5.5% from 3.1% in the prior year, primarily due to an overall increase in average check of 2.2% offset slightly by an increase in cost per cover of 0.6%.

Room

Room revenues increased $37.7 million, or 18.9%, in 2019 compared to 2018 due primarily to the Acquisitions. An increase in room revenue of $5.5 million in the Las Vegas Locals segment was driven by an increase in the hotel occupancy rate of 3.1% from the prior year, offset by a decrease of 0.8% in the average daily rate from the prior year.

Room revenues increased $12.7 million, or 6.8%, in 2018 compared to 2017 due primarily to the Acquisitions which accounted for $8.4 million. The increase in room revenue of $2.3 million in the Downtown Las Vegas segment was driven by an increase in the average daily rate of 6.1% from the prior year. The Las Vegas Locals segment also experienced room revenue growth of $1.7 million attributable to a 1.2% increase over the prior year in average daily rate.

Other

Other revenues relate to patronage visits at the amenities at our properties, including entertainment and nightclub revenues, retail sales, theater tickets and other venues. Other revenues increased by $23.9 million, or 17.8%, during 2019 as compared to the prior year, was primarily due to the Acquisitions.

Other revenues increased by $6.5 million, or 5.1%, during 2018 as compared to the prior year due primarily to the Acquisitions, which accounted for an increase of $5.5 million to other revenue in the Midwest & South segment.

Revenues and Adjusted EBITDAR by Reportable Segment

We determine each of our properties' profitability based upon Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization and Rent expense related to the master lease ("Adjusted EBITDAR"), which represents earnings before interest expense, income taxes, depreciation and amortization, deferred rent, master lease rent expense, share-based compensation expense, project development, preopening and writedowns expenses, impairments of assets and other operating items, net, as applicable. Reportable Segment Adjusted EBITDAR is the aggregate sum of the Adjusted EBITDAR for each of the properties comprising our Las Vegas Locals, Downtown Las Vegas and Midwest & South segments before net amortization, preopening and other items. Results for Downtown Las Vegas include the results of our travel agency and captive insurance company in Hawaii. The results for our Illinois distributed gaming operator are included in our Midwest & South segment. Corporate expense represents unallocated payroll, professional fees, aircraft expenses and various other expenses not directly related to our casino and hotel operations. Furthermore, for purposes of this presentation, corporate expense excludes its portion of share-based compensation expense.

EBITDAR 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 facilities comparisons between us and our competitors. Management has historically adjusted EBITDAR when evaluating operating performance because we believe that the inclusion or exclusion of certain recurring and non-recurring items is necessary to provide a full understanding of our core operating results and as a means to evaluate period-to-period results.

The following table presents our total revenues and Adjusted EBITDAR by Reportable Segment:

(In millions)	Year Ended December 31, 2019	2018	2017
Total revenues			
Las Vegas Locals	$ 880.9	$ 873.5	$ 868.4
Downtown Las Vegas	257.7	248.1	244.4
Midwest & South	2,187.5	1,505.1	1,288.0
Total revenues	$3,326.1	$2,626.7	$2,400.8
Adjusted EBITDAR (1)			
Las Vegas Locals	$ 283.0	$ 274.3	$ 249.9
Downtown Las Vegas	62.4	56.5	54.6
Midwest & South	635.2	432.4	364.4
Total Reportable Segment Adjusted EBITDAR	980.6	763.2	668.9
Corporate expense	(83.9)	(81.9)	(73.0)
Adjusted EBITDAR	$ 896.7	$ 681.3	$ 595.9

(1) Refer to Note 14, *Segment Information*, in the notes to the consolidated financial statements for a reconciliation of Total Reportable Segment Adjusted EBITDAR to operating income, as reported in accordance with GAAP in our accompanying consolidated statements of operations.

Las Vegas Locals

Total revenues increased $7.4 million, or 0.9%, during 2019 as compared to the prior year, primarily due to revenue increases in food & beverage and room revenue. Food & beverage revenue increased $1.8 million due to an increase in average check of 7.8% over prior year. In addition, room revenue increased $5.5 million, as discussed above.

Total revenues increased $5.1 million, or 0.6%, during 2018 as compared to the prior year, reflecting revenue increases in all departmental categories. Gaming revenue increased $1.8 million primarily due to a 3.7% and 0.4% increase in table game win and slot win, respectively. In addition, room revenue increased $1.7 million due to a 1.2% increase in average daily rate and other revenue increased $1.0 million due to increased consumption of property amenities and visitor spending.

Adjusted EBITDAR increased by $8.7 million, or 3.2%, during 2019 as compared to the prior year, primarily due to revenue growth.

Downtown Las Vegas

Total revenues increased by $9.6 million, or 3.9%, in 2019 as compared to the prior year, reflecting revenue increases in all departmental categories except other revenue. Gaming revenue increased $5.8 million primarily due to a 6.8% increase in slot win. Food & beverage revenue increased $2.0 million primarily due to an increase in average check of 6.2% and a 1.1% increase in food covers. In addition, room revenue increased $1.8 million as the hotel occupancy rate increased 2.8% over prior year. We continue to tailor our marketing programs in the Downtown segment to cater to our Hawaiian market. Our Hawaiian market represented approximately 53% and 54% of our occupied rooms in this segment in 2019 and 2018, respectively.

Total revenues increased by $3.7 million, or 1.5%, in 2018 as compared to the prior year, reflecting revenue increases in all departmental categories except gaming revenue. Food & beverage revenue increased by

$1.3 million due to an increase in average check of 3.4% over prior year. In addition, room revenue increased $2.3 million as the average daily rate increased 6.1% over prior year. We continue to tailor our marketing programs in the Downtown segment to cater to our Hawaiian market. Our Hawaiian market represented approximately 54% during both 2018 and 2017 of our occupied rooms in this segment.

Adjusted EBITDAR increased by $5.9 million, or 10.4%, during 2019 as compared to the prior year, primarily due to revenue growth.

Midwest & South
Total revenues increased $682.4 million, or 45.3%, in 2019 as compared to 2018, primarily due to the Acquisitions.

Total revenues increased $217.1 million, or 16.9%, in 2018 as compared to 2017, primarily due to the Acquisitions. In addition, the Louisiana and Mississippi properties experienced gaming revenue growth, particularly Delta Downs, Amelia Belle and IP.

Adjusted EBITDAR increased by $202.8 million, or 46.9%, during 2019 as compared to the prior year, primarily due to the Acquisitions.

Other Operating Costs and Expenses
The following operating costs and expenses, as presented in our consolidated statements of operations, are further discussed below:

	Year Ended December 31,		
(In millions)	2019	2018	2017
Selling, general and administrative	$459.6	$369.3	$362.0
Master lease rent expense	97.7	20.7	—
Maintenance and utilities	154.7	127.0	109.5
Depreciation and amortization	276.6	230.0	217.5
Corporate expense	105.1	104.2	88.1
Project development, preopening and writedowns	21.7	45.7	14.5
Impairment of assets	—	1.0	(0.4)
Other operating items, net	1.9	2.2	1.9

Selling, General and Administrative
Selling, general and administrative expenses include marketing, technology, compliance and risk, surveillance and security. These costs, as a percentage of total revenues, were 13.8%, 14.1% and 15.1% for 2019, 2018 and 2017, respectively. We continue to focus on disciplined and targeted marketing spend and on our cost containment efforts.

Master Lease Rent Expense
Master lease rent expense represents rent expense incurred by those properties subject to a master lease agreement with a real estate investment trust.

Maintenance and Utilities
Maintenance and utilities expenses, as a percentage of total revenues, were 4.7%, 4.8% and 4.6% for 2019, 2018 and 2017, respectively.

Depreciation and Amortization

Depreciation and amortization expense, as a percentage of total revenues, was 8.3%, 8.8% and 9.1% for 2019, 2018 and 2017, respectively. The decline in the percentage versus the prior periods is attributable to there not being depreciation on the real property for three of the Acquisition properties which are subject to the master lease agreement.

Corporate Expense

Corporate expense represents unallocated payroll, professional fees, rent and various other administrative expenses that are not directly related to our casino and/or hotel operations, in addition to the corporate portion of share-based compensation expense. Corporate expense, represented 3.2%, 4.0% and 3.7%, of total revenues, for 2019, 2018 and 2017, respectively.

Project Development, Preopening and Writedowns

Project development, preopening and writedowns represent: (i) certain costs incurred and recoveries realized related to the activities associated with various acquisition opportunities, strategic initiatives, dispositions and other business development activities in the ordinary course of business; (ii) certain costs of start-up activities that are expensed as incurred; and (iii) asset write-downs. The higher project development, preopening and writedowns expense in 2018 as compared to 2019 and 2017 is primarily due to the Acquisitions, the Wilton Rancheria development and the launch of the redesigned B Connected player loyalty program.

Impairment of Assets

There were no costs related to impairment of assets in 2019.

Impairment of assets of $1.0 million in 2018 includes non-cash impairment charges related to a nonoperating asset.

Impairment of assets in 2017 include a $0.6 million write down of a land parcel in Missouri that was sold during the period. This impairment charge is offset by a $1.0 million excess reserve recovery related to the Echelon project. The value of the remaining Echelon inventory is fully reserved.

Other Operating Items, Net

Other operating items, net, is generally comprised of miscellaneous non-recurring operating charges, including direct and non-reimbursable costs associated with natural disasters and severe weather, including hurricane and flood expenses and subsequent recoveries of such costs, as applicable.

Other Expense (Income)

Interest Expense, net

	Year Ended December 31,		
(In millions)	2019	2018	2017
Interest Expense, net	$ 235.6	$ 200.5	$ 171.3
Average Long-Term Debt Balance	3,949.1	3,413.2	3,207.2
Loss on Early Extinguishments and Modifications of Debt	34.9	0.1	1.6
Weighted Average Interest Rates	5.6%	5.4%	4.4%
Mix of Debt at Year End			
Fixed rate debt	65.8%	56.0%	48.1%
Variable rate debt	34.2%	44.0%	51.9%

Interest expense, net of capitalized interest and interest income increased $35.1 million, or 17.5%, from 2018 to 2019 primarily due to an increase in the weighted average long-term debt balance of $536.0 million, reflecting the incremental debt incurred related to the Acquisitions. In addition, the weighted average interest rate increased by 0.2 percentage points over the prior year period, which is driven by an increase in the underlying Eurodollar rate.

Interest expense, net of capitalized interest and interest income, for 2018 increased $29.2 million, or 17.0%, is primarily attributable to an increase in the weighted average long-term debt balance of $205.9 million from 2017 to 2018. The increase in the weighted average long-term debt balance for the year ended December 31, 2018 over the prior year period is due to the issuance in June 2018 of the $700.0 million aggregate principal amount of 6.000% senior notes due August 2026 issued in anticipation of the Acquisitions. In addition, the weighted average interest rate increased by 1.0 percentage point over the prior year period, which is driven by an increase in the underlying Eurodollar rate.

Loss on Early Extinguishments and Modifications of Debt

The components of the loss on early extinguishments and modifications of debt, are as follows:

	Year Ended December 31,		
(In millions)	2019	2018	2017
6.875% Senior Notes premium and consent fees	$25.8	$—	$—
6.875% Senior Notes deferred finance charges	6.1	—	—
Boyd Gaming Credit Facility deferred finance charges	3.0	0.1	1.1
Amendment No. 2 and Refinancing Amendment	—	—	0.5
Total loss on early extinguishments and modifications of debt	$34.9	$ 0.1	$ 1.6

Income Taxes

The effective tax rate on income from continuing operations during 2019, 2018 and 2017 was 21.8%, 26.0% and 1.8%, respectively. Our effective tax rate for 2019 was favorably impacted by benefits related to equity compensation and tax credits and unfavorably impacted by non-deductible expenses, including non-deductible compensation and employee benefits. Additionally, our 2019 effective tax rate was favorably impacted by the revaluation of our state tax deferred liabilities as a result of corporate restructuring. In 2018, our tax provision was unfavorably impacted by state taxes and certain nondeductible expenses which were partially offset by certain tax credits. In 2017, our tax provision was favorably impacted by the change to the federal statutory tax rate on our net deferred tax liability. On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from a top marginal rate of 35% to a flat rate of 21%; (2) eliminating the corporate alternative minimum tax (AMT); (3) creating a new limitation on deductible interest expense; (4) changing bonus depreciation that will allow for full expensing of qualified property; (5) changing the limitations on executive compensation (6) altering the rules with respect to net operating losses generated after December 31, 2017. These changes have various effective dates. As a result of the reduction of the federal corporate income tax rate, we revalued our net deferred tax liability as of December 31, 2017. Based on this revaluation, we recorded a discrete tax benefit of $60.1 million.

Income from Discontinued Operations, Net of Tax

Income from discontinued operations, net of tax, reflects the results of our equity method investment in Borgata, which we sold in August 2016. The 2018 results include cash received for our share of miscellaneous recoveries realized by Borgata of $0.3 million. The results for the year ended December 31, 2017 include property tax recovery proceeds of $21.4 million, net of tax, related to the final settlement of Borgata's property tax disputes with Atlantic City.

LIQUIDITY AND CAPITAL RESOURCES

Financial Position

We generally operate with minimal or negative levels of working capital in order to minimize borrowings and related interest costs. Our cash and cash equivalents balances were $250.0 million and $249.4 million at December 31, 2019 and 2018, respectively. In addition, we held restricted cash balances of $20.5 million and $23.8 million at December 31, 2019 and 2018, respectively. Our working capital deficit at December 31, 2019 and 2018 was $157.4 million and $70.0 million, respectively.

Our bank credit facility generally provides all necessary funds for the day-to-day operations, interest and tax payments, as well as capital expenditures. On a daily basis, we evaluate our cash position and adjust the balance outstanding under our bank credit facility, as necessary, by either borrowing or paying down debt with excess cash. We also plan the timing and the amounts of our capital expenditures. We believe that the borrowing capacity under the bank credit facility, subject to restrictive covenants, and cash flows from operating activities will be sufficient to meet our liquidity and capital resource needs for the next twelve months, including our projected operating and maintenance capital expenditures. The source of funds available to us for repayment of debt or to fund development projects is derived primarily from cash flows from operations and availability under our bank credit facility, to the extent availability exists after we meet working capital needs, and subject to restrictive covenants. See "*Indebtedness*", below, for further detail regarding funds available through our bank credit facility.

We could also seek to secure additional working capital, repay current debt maturities, or fund development projects, in whole or in part, through incremental bank financing and additional debt or equity offerings. If availability does not exist under our credit facility, or we are not otherwise able to draw funds on our credit facility, additional financing may not be available to us, and if available, may not be on terms favorable us.

Cash Flows Summary

	Year Ended December 31,		
(In millions)	2019	2018	2017
Net cash provided by operating activities	$ 549.0	$ 434.5	$ 422.6
Cash flows from investing activities			
Capital expenditures	(207.7)	(161.5)	(190.4)
Cash paid for acquisition, net of cash received	(5.5)	(934.1)	(1.2)
Advances pursuant to development agreement	—	—	(35.1)
Other investing activities	(18.3)	(39.7)	0.7
Net cash used in investing activities	(231.5)	(1,135.3)	(226.0)
Cash flows from financing activities			
Net payments under bank credit facility	(465.7)	150.3	(161.5)
Proceeds from issuance of senior notes	1,000.0	700.0	—
Retirement of senior notes	(750.0)	—	—
Premium and consent fees	(25.8)	—	—
Debt issuance costs	(15.5)	(14.2)	(3.4)
Shares repurchased and retired	(28.0)	(59.6)	(31.9)
Dividends paid	(28.9)	(24.7)	(11.3)
Share-based compensation activities, net	(5.8)	(5.3)	(7.7)
Other financing activities	(0.6)	(0.3)	0.5
Net cash provided by (used in) financing activities	(320.3)	746.2	(215.3)
Net cash provided by discontinued operations	—	0.5	35.7
Increase (decrease) in cash, cash equivalents and restricted cash	$ (2.8)	$ 45.9	$ 17.0

Cash Flows from Operating Activities

During 2019, 2018 and 2017, we generated net operating cash flow of $549.0 million, $434.5 million and $422.6 million, respectively. Generally, operating cash flows increased $114.5 million in 2019 compared to 2018 due to the flow through effect of higher revenues, including the impact of the Acquisitions, and the timing of working capital spending. Generally, operating cash flows increased $12.0 million in 2018 compared to 2017 due to the flow through effect of higher revenues, including the impact of the Acquisitions, and the timing of working capital spending.

Cash Flows from Investing Activities

Our industry is capital intensive and we use cash flows for acquisitions, facility expansions, investments in future development or business opportunities and maintenance capital expenditures.

During 2019, we incurred net cash outflows for investing activities of $231.5 million. Capital expenditures of $207.7 million for 2019 are primarily related to the purchase of property and equipment, including information technology purchases for new software.

During 2018, we incurred net cash outflows for investing activities of $1,135.3 million. The increase in outflows as compared to the prior year is due to the Acquisitions.

During 2017, we incurred net cash outflows for investing activities of $226.0 million. Capital expenditures for 2017 include $43.0 million paid in February 2017 to exercise a purchase option to acquire leased land underlying The Orleans Hotel and Casino. In January 2017, we paid $35.1 million for the acquisition of land that is the intended site of the Wilton Rancheria casino, pursuant to our development agreement with the Wilton Rancheria Tribe. We expect to be reimbursed for this cost when project financing is in place.

Cash Flows from Financing Activities

We rely upon our financing cash flows to provide funding for investment opportunities, repayments of obligations and ongoing operations.

In 2019 and 2017, our net cash outflows from financing activities totaled $320.3 million and $215.3 million, respectively. In 2018, our net cash inflows for financing activities totaled $746.2 million. The net cash outflows for financing activities in 2019 reflect primarily the use of the proceeds from the issuance of our 4.750% Senior Notes due 2027 and a portion of our excess cash from operations to reduce our outstanding debt, repurchase outstanding common stock under our share repurchase program and pay cash dividends to our shareholders. The net cash inflows for financing activities in 2018 reflect primarily the proceeds received for the issuance of our 6.000% Senior Notes due August 2026 and the Joinder Agreement to our Credit Agreement. The net proceeds from the debt issuance were ultimately used to fund the Acquisitions. The outflows in 2018 reflect the use of excess cash to reduce our outstanding debt, repurchase outstanding common stock under our share repurchase program and pay cash dividends to our shareholders. The net cash outflows for financing activities in 2017, reflect primarily the use of excess cash to reduce our outstanding debt, repurchase outstanding common stock under our share repurchase program and pay cash dividends to our shareholders.

Cash Flows from Discontinued Operations

Discontinued operations activities in 2018 and 2017 represent Borgata, which we sold in August 2016. The net cash inflow of $0.5 million in 2018 represents cash received for our share of miscellaneous recoveries realized by Borgata. The net cash inflow of $35.7 million in 2017 includes property tax recovery proceeds related to the final settlement of Borgata's property tax disputes with Atlantic City.

Indebtedness

The outstanding principal balances of long-term debt, before unamortized discounts and fees, and the changes in those balances, are as follows:

(In millions)	December 31, 2019	December 31, 2018	Increase / (Decrease)
Bank credit facility	$1,305.7	$1,771.3	$ (465.6)
6.875% senior notes due 2023	—	750.0	(750.0)
6.375% senior notes due 2026	750.0	750.0	—
6.000% senior notes due 2026	700.0	700.0	—
4.750% senior notes due 2027	1,000.0	—	1,000.0
Other	58.3	58.7	(0.4)
Total long-term debt	3,814.0	4,030.0	(216.0)
Less current maturities	27.0	24.2	2.8
Long-term debt, net of current maturities	$3,787.0	$4,005.8	$ (218.8)

The amount of current maturities includes certain non-extending balances scheduled to be repaid within the next twelve months under the bank credit facilities.

Boyd Gaming Corporation Debt

Bank Credit Facility

Credit Agreement

The outstanding principal amounts under the Credit Facility are comprised of the following:

(In millions)	December 31, 2019	December 31, 2018
Revolving Credit Facility	$ 235.0	$ 320.0
Term A Loan	234.3	248.3
Refinancing Term B Loans	795.0	1,152.7
Swing Loan	41.3	50.3
Total outstanding principal amounts under the bank credit facility	$1,305.6	$1,771.3

With a total revolving credit commitment of $945.5 million available under the bank credit facility, the remaining contractual availability was $656.6 million after consideration of $235.0 million borrowed on the Revolving Credit Facility, $41.3 million borrowed on the Swing Loan and $12.6 million allocated to support various letters of credit.

On August 2, 2018, we entered into a Joinder Agreement (the "Joinder Agreement") to Amendment No. 2 and Refinancing Amendment (the "Credit Agreement"), among the Company, certain financial institutions and Bank of America, N.A., as administrative agent.

The Joinder Agreement modified the Credit Agreement solely to join additional financial institutions as lenders and to provide for (i) increased commitments under the senior secured revolving credit facility under the Credit Agreement (the "Revolving Credit Facility") by an amount equal to $170.5 million resulting in total availability under the Revolving Credit Facility of an amount equal to $945.5 million and (ii) commitments from lenders to make additional Term A Loans (as defined in the Credit Agreement) in an amount equal to $49.5 million resulting in aggregate outstanding Term A Loans under the Credit Agreement in an amount equal to approximately $234.3 million.

Pursuant to the terms of the Credit Facility (i) the loans under the Term A Loan amortize in an annual amount equal to 5.00% of the original principal amount thereof, commencing December 31, 2016, payable on a quarterly basis, (ii) the loans under the Refinancing Term B Loans amortize in an annual amount equal to 1.00% of the original principal amount thereof, commencing June 30, 2017, payable on a quarterly basis, and (iii) beginning with the fiscal year ending December 31, 2016, the Company is required to use a portion of its annual Excess Cash Flow, as defined in the Credit Agreement, to prepay loans outstanding under the Credit Facility.

The Refinancing Term B Loans mature on September 15, 2023 (or earlier upon occurrence or non-occurrence of certain events). The Revolving Credit Facility and the Term A Loan mature on September 15, 2021 (or earlier upon occurrence or non-occurrence of certain events).

The interest rate on the outstanding balance from time to time of the Revolving Credit Facility and the Term A Loan is based upon, at the Company's option, either: (i) the Eurodollar rate or (ii) the base rate, in each case, plus an applicable margin. Such applicable margin is a percentage per annum determined in accordance with a specified pricing grid based on the total leverage ratio and ranges from 1.75% to 2.75% (if using the Eurodollar rate) and from 0.75% to 1.75% (if using the base rate). A fee of a percentage per annum (which ranges from 0.25% to 0.50% determined in accordance with a specified pricing grid based on the total leverage ratio) will be payable on the unused portions of the Revolving Credit Facility.

The interest rate on the outstanding balance of the Refinancing Term B Loans under the Amended Credit Agreement is based upon, at the Company's option, either: (i) the Eurodollar rate or (ii) the base rate, in each case, plus an applicable margin. Such applicable margin is a percentage per annum determined in accordance with the Company's secured leverage ratio and ranges from 2.25% to 2.50% (if using the Eurodollar rate) and from 1.25% to 1.50% (if using the base rate).

The "base rate" under the Credit Agreement remains the highest of (x) Bank of America's publicly-announced prime rate, (y) the federal funds rate plus 0.50%, or (z) the Eurodollar rate for a one-month period plus 1.00%.

The blended interest rate for outstanding borrowings under for the Credit Facility was 3.8% at December 31, 2019 and 4.7% at December 31, 2018.

Amounts outstanding under the Refinancing Amendment may be prepaid without premium or penalty, and the commitments may be terminated without penalty, subject to certain exceptions.

Subject to certain exceptions, the Company may be required to repay the amounts outstanding under the Credit Facility in connection with certain asset sales and issuances of certain additional secured indebtedness.

The Credit Facility contains certain financial and other covenants, including, without limitation, various covenants: (i) requiring the maintenance of a minimum consolidated interest coverage ratio 1.75 to 1.00; (ii) establishing a maximum permitted consolidated total leverage ratio; (iii) establishing a maximum permitted secured leverage ratio; (iv) imposing limitations on the incurrence of indebtedness; (v) imposing limitations on transfers, sales and other dispositions; and (vi) imposing restrictions on investments, dividends and certain other payments.

The Company's obligations under the Credit Facility, subject to certain exceptions, are guaranteed by certain of the Company's subsidiaries and are secured by the capital stock of certain subsidiaries. In addition, subject to certain exceptions, the Company and each of the guarantors will grant the administrative agent first priority liens and security interests on substantially all of their real and personal property (other than gaming licenses and subject to certain other exceptions) as additional security for the performance of the secured obligations under the Credit Facility.

The Credit Facility includes an accordion feature which permits an increase in the Revolving Credit Facility and the issuance and increase of senior secured term loans in an amount up to (i) $550.0 million, plus (ii) certain voluntary permanent reductions of the Revolving Credit Facility and certain voluntary prepayments of the senior secured term loans, plus (iii) certain reductions in the outstanding principal amounts under the term loans or the Revolving Credit Facility, plus (iv) any additional amount if, after giving effect thereto, the First Lien Leverage Ratio (as defined in the Credit Agreement) would not exceed 4.25 to 1.00 on a pro forma basis, less (v) any Incremental Equivalent Debt (as defined in the Credit Agreement), in each case, subject to the satisfaction of certain conditions.

Senior Notes

We currently have three issues of senior notes (the "Senior Notes") that are outstanding as described below.

4.750% Senior Notes due December 2027

On December 3, 2019, we issued $1.0 billion aggregate principal amount of 4.750% senior notes due December 2027 (the "4.750% Notes"). The 4.750% Notes require semi-annual interest payments on June 1 and December 1 of each year, commencing on June 1, 2020. The 4.750% Notes will mature on December 1, 2027 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 net proceeds from the 4.750% Notes were used to finance the redemption of all of its outstanding 6.875% senior notes due 2023 and prepay a portion of our Refinancing Term B Loans.

In conjunction with the issuance of the 4.750% Notes, we incurred approximately $15.7 million in debt financing costs that have been deferred and are being amortized over the term of the 4.750% Notes using the effective interest method.

At any time prior to December 1, 2022, we may redeem the 4.750% 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. After December 1, 2022, we may redeem all or a portion of the 4.750% Notes at redemption prices (expressed as percentages of the principal amount) ranging from 102.375% in 2022 to 100% in 2024 and thereafter, plus accrued and unpaid interest and Additional Interest.

In connection with the private placement of the 4.750% Notes, we entered into a registration rights agreement with the initial purchasers in which we agreed to file a registration statement with the SEC to permit the holders to exchange or resell the 4.750% Notes. We must use commercially reasonable efforts to file a registration statement and to consummate an exchange offer within 365 days after the issuance of the 4.750% Notes, subject to certain suspension and other rights set forth in the registration rights agreement. Under certain circumstances, including our determination that we cannot complete an exchange offer, we are required to file a shelf registration statement for the resale of the 4.750% Notes and to cause such shelf registration statement to be declared effective as soon as reasonably practicable (but in no event later than the 365th day following the issuance of the 4.750% Notes) after the occurrence of such circumstances. Subject to certain suspension and other rights, in the event that the registration statement is not filed or declared effective within the time periods specified in the registration rights agreement, the exchange offer is not consummated within 365 days after the issuance of the 4.750% Notes, or the registration statement is filed and declared effective but thereafter ceases to be effective or is unusable for its intended purpose for a period in excess of 30 days without being succeeded immediately by a post-effective amendment that cures such failure, the agreement provides that additional interest will accrue on the principal amount of the 4.750% Notes at a rate of 0.25% per annum during the 90-day period immediately following any of these events and will increase by 0.25% per annum at the end of each subsequent 90-day period, but in no event will the penalty rate exceed 1.00% per annum, until the default is cured. There are no other alternative settlement methods and, other than the 1.00% per annum maximum penalty rate, the agreement contains no limit on the maximum potential amount of consideration that could be transferred in the event we do not meet the registration statement filing requirements. The exchange offer will expire, unless extended or terminated in accordance with its terms, on December 3, 2019. Accordingly, we do not believe that payment of additional interest under the registration payment arrangement is probable and, therefore, no related liability has been recorded in the consolidated financial statements.

6.000% Senior Notes due August 2026

On June 25, 2018, we issued $700.0 million aggregate principal amount of 6.000% senior notes due August 2026 (the "6.000% Notes"). The 6.000% Notes require semi-annual interest payments on February 15 and August 15 of each year, commencing on August 15, 2018. The 6.000% Notes will mature on August 15, 2026 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 or will be, as applicable, 100% owned by us. The net proceeds from the debt issuance were ultimately used to fund the acquisitions of Valley Forge and the Pinnacle Properties.

In conjunction with the issuance of the 6.000% Notes, we incurred approximately $11.3 million in debt financing costs that have been deferred and are being amortized over the term of the 6.000% Notes using the effective interest method.

At any time prior to August 15, 2021, we may redeem the 6.000% 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 (as defined in the indenture governing the 6.000% Notes), if any, up to, but excluding, the applicable redemption date, plus a make-whole premium. On or after August 15, 2021, we may redeem all or a portion of the 6.000% Notes at redemption prices (expressed as percentages of the principal amount) ranging from 103% in 2021 to 100% in 2024 and thereafter, plus accrued and unpaid interest and Additional Interest, if any, up to, but excluding, the applicable redemption date.

6.375% Senior Notes due April 2026

On March 28, 2016, we issued $750.0 million aggregate principal amount of 6.375% senior notes due April 2026 (the "6.375% Notes"). The 6.375% Notes require semi-annual interest payments on April 1 and October 1 of each year, commencing on October 1, 2016. The 6.375% Notes will mature on April 1, 2026 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. Net proceeds from the 6.375% Notes were used to pay down the outstanding amount under the Revolving Credit Facility and the balance was deposited in money market funds and classified as cash equivalents on the consolidated balance sheets.

In conjunction with the issuance of the 6.375% Notes, we incurred approximately $13.0 million in debt financing costs that have been deferred and are being amortized over the term of the 6.375% Notes using the effective interest method.

At any time prior to April 1, 2021, we may redeem the 6.375% 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. After April 1, 2021, we may redeem all or a portion of the 6.375% Notes at redemption prices (expressed as percentages of the principal amount) ranging from 103.188% in 2021 to 100% in 2024 and thereafter, plus accrued and unpaid interest and Additional Interest.

6.875% Senior Notes due May 2023
On December 3, 2019, we redeemed all of our 6.875% senior notes due May 2023 (the "6.875% Notes") at a redemption price of 103.438% plus accrued and unpaid interest to the redemption date. The redemption was funded through the issuance of the 4.750% Notes. The Company used borrowings under its revolving credit facility to pay the redemption premium accrued and unpaid interest, fees, expenses and commissions related to this redemption.

Senior Notes Restrictive Covenants
Each of the Senior 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 respective notes 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 respective indenture), we will be required, unless certain conditions are met, to offer to repurchase the Senior Notes at a price equal to 101% of the principal amount of the Senior Notes, plus accrued and unpaid interest and Additional Interest (as defined in the respective indenture), if any, to, but not including, the date of purchase. If we sell assets, we will be required under certain circumstances to offer to purchase the Senior Notes.

Other Notes
On October 15, 2018, Boyd completed the acquisition of the Pinnacle Properties. Concurrently with the acquisition, Boyd (Ohio) PropCo, LLC, a wholly owned subsidiary of Boyd TCIV, LLC, ("Boyd PropCo"), acquired the real estate associated with Belterra Park in Cincinnati, Ohio (the "Belterra Park Real Property Sale") utilizing mortgage financing from a subsidiary of Gaming and Leisure Properties, Inc. ("GLPI"), pursuant to a purchase agreement, dated December 17, 2017 ("Belterra Park Purchase Agreement), by and among Penn, Gold Merger Sub, a wholly owned subsidiary of GLPI, Belterra Park and Pinnacle Entertainment, and a Novation and Amendment Agreement, dated October 15, 2018 (the "Novation Agreement"), by and among Penn, Gold Merger Sub, Boyd PropCo, Belterra Park and Pinnacle Entertainment. Pursuant to the Novation Agreement, Gold Merger Sub, the original purchaser under the Belterra Park Purchase Agreement, assigned, transferred and conveyed to Boyd PropCo and Boyd PropCo accepted Gold Merger Sub's rights, title and interest in the Belterra Park Purchase Agreement ("Belterra Park Note").

The total Belterra Park Note payable to Gold Merger Sub is $57.7 million. The Belterra Park Note provides for interest at a per annum for any monthly period equal to (a) the sum of (i) the building base rent, as defined in the master lease agreement, payable for such period annualized, plus (ii) the land base rent, as defined in the master lease agreement, payable for such period annualized, plus (iii) the percentage rent, as defined in the master lease agreement, payable for such period annualized divided by (b) the outstanding principal balance of this Belterra Park Note, divided by (c) the number twelve. The interest rate as of December 31, 2019 and 2018, was 11.20% and 11.11%, respectively. Interest payments are due monthly with a balloon payment for the outstanding principal due at the maturity date. The maturity date is the earlier to occur of (a) the expiration of the master lease term or (b) the termination of the master lease agreement.

Covenant Compliance
As of December 31, 2019, we believe that we were in compliance with the financial and other covenants contained in our debt instruments.

Scheduled Maturities of Long-Term Debt

The scheduled maturities of long-term debt, as discussed above, are as follows:

(In millions)	Total
Year Ending December 31,	
2020	$ 27.0
2021	509.5
2022	12.7
2023	757.1
2024	—
Thereafter	2,507.7
Total outstanding principal of long-term debt	$3,814.0

Dividends

Dividends are declared at the discretion of our Board of Directors. We are subject to certain limitations regarding payment of dividends, such as restricted payment limitations related to our outstanding notes and our Credit Facility. On May 2, 2017, the Company announced that its Board of Directors had authorized the reinstatement of the Company's cash dividend program. The dividends declared by the Board under this program are:

Declaration date	Record date	Payment date	Amount per share
May 2, 2017	June 15, 2017	July 15, 2017	$0.05
September 6, 2017	September 18, 2017	October 15, 2017	0.05
December 7, 2017	December 28, 2017	January 15, 2018	0.05
March 2, 2018	March 16, 2018	April 15, 2018	0.05
June 8, 2018	June 29, 2018	July 15, 2018	0.06
September 14, 2018	September 28, 2018	October 15, 2018	0.06
December 7, 2018	December 28, 2018	January 15, 2019	0.06
March 4, 2019	March 15, 2019	April 15, 2019	0.06
June 7, 2019	June 17, 2019	July 15, 2019	0.07
September 17, 2019	September 27, 2019	October 15, 2019	0.07
December 17, 2019	December 27, 2019	January 15, 2020	0.07

Share Repurchase Program

Subject to applicable corporate securities laws, repurchases under our stock repurchase program may be made at such times and in such amounts as we deem appropriate. We are subject to certain limitations regarding the repurchase of common stock, such as restricted payment limitations related to our outstanding notes and our bank credit facility. Purchases under our stock repurchase program can be discontinued at any time that we feel additional purchases are not warranted. We intend to fund the repurchases under the stock repurchase program with existing cash resources and availability under our Credit Facility.

In July 2008, our Board of Directors authorized an amendment to our existing share repurchase program to increase the total amount of common stock available to be repurchased to $100 million. The Board reaffirmed this program in May 2017 (the "2008 Plan"). On December 12, 2018, our Board of Directors authorized a new share repurchase program of $100 million which is in addition to the existing repurchase authorization (the "2018 Plan"). We are not obligated to purchase any shares under our stock repurchase program. There were 1.1 million shares, 1.9 million shares and 1.2 million shares repurchased during the years ended December 31, 2019, 2018 and 2017, respectively. We are currently authorized to repurchase up to an additional $72.5 million in shares of our common stock under the 2018 share repurchase program. The 2008 share repurchase program has been depleted.

We have in the past, and may in the future, acquire our debt or equity securities through open market purchases, privately negotiated transactions, tender offers, exchange offers, redemptions or otherwise, upon such terms and at such prices as we may determine.

Other Items Affecting Liquidity
We anticipate the ability to fund our capital requirements using our free cash flow from operations and availability under our Credit Facility, to the extent availability exists after we meet our working capital needs for the next twelve months. Any additional financing that is needed may not be available to us or, if available, may not be on terms favorable to us. The outcome of the following specific matters, including our commitments and contingencies, may also affect our liquidity.

Divestiture of Borgata
The proceeds we received upon the sale of our equity interest in Borgata did not include our 50% share of any future property tax settlement benefits, from the time period during which we held a 50% ownership in MDDHC, later received by Borgata and to which Boyd Gaming retained the right to receive payment. On February 15, 2017, Borgata announced that it had entered into a settlement agreement under which it would receive payments totaling $72 million to resolve the property tax issues. Borgata received full payment, and we received our share of the proceeds, in June 2017. For the year ended December 31, 2017, we recognized $36.2 million in income for the cash we received for our share of property tax benefits realized by Borgata after the closing of the sale. These payments, net of tax of $14.8 million for the year ended December 31, 2017, are included in discontinued operations in the consolidated financial statements. During the year ended December 31, 2018, we recognized $0.3 million in income, net of tax, for the cash received for our share of miscellaneous recoveries realized by Borgata during that period, which are included in discontinued operations in the consolidated financial statements.

Commitments
Capital Spending and Development
We continually perform on-going refurbishment and maintenance at our facilities to maintain our standards of quality. Certain of these maintenance costs are capitalized, if such improvement or refurbishment extends the life of the related asset, while other maintenance costs that do not so qualify are expensed as incurred. The commitment of capital and the related timing thereof are contingent upon, among other things, negotiation of final agreements and receipt of approvals from the appropriate regulatory bodies. We must also comply with covenants and restrictions set forth in our debt agreements.

We currently estimate that our annual cash capital requirements to perform on-going refurbishment and maintenance at our properties to maintain our quality standards ranges from between $190 million and $210 million. We intend to fund such capital expenditures through our credit facility and operating cash flows.

In addition to the capital spending discussed above, we continue to pursue other potential development projects that may require us to invest significant amounts of capital. For example, we continue to work with the Wilton Rancheria Tribe (the “Tribe”), a federally-recognized Native American tribe located about 15 miles southeast of Sacramento, California, to develop and manage a gaming entertainment complex. In January 2017, we funded the acquisition of land that is the intended site of the Wilton Rancheria casino for $35.1 million. We expect to be reimbursed for this cost when project financing is in place. In September 2017, the California State Legislature unanimously approved, and the Governor of California executed, a tribal-state gaming compact with the tribe allowing the development of the casino. In October 2018, the National Indian Gaming Commission approved the Company's management contract with the Tribe. With the compact now in place, we are in the process of finalizing project budget, design and construction planning. The project will be constructed using third-party financing. Once commenced and project financing put in place, the construction timeline is expected to span 18 to 24 months.

CONTRACTUAL OBLIGATIONS

The following summarizes our undiscounted contractual obligations as of December 31, 2019:

		Year Ending December 31,					
(In millions)	**Total**	**2020**	**2021**	**2022**	**2023**	**2024**	**Thereafter**
CONTRACTUAL OBLIGATIONS							
Long-Term Debt							
Bank credit facility	$1,305.7	$ 26.7	$509.3	$ 12.6	$ 757.1	$ —	$ —
6.375% senior notes due 2026	750.0	—	—	—	—	—	750.0
6.000% senior notes due 2026	700.0	—	—	—	—	—	700.0
4.750% senior notes due 2027	1,000.0	—	—	—	—	—	1,000.0
Other	58.3	0.3	0.2	0.1	—	—	57.7
Total long-term debt	3,814.0	27.0	509.5	12.7	757.1	—	2,507.7
Interest on Fixed Rate Debt	998.0	143.8	143.7	143.7	143.7	143.7	279.4
Interest on Variable Rate Debt (1)	142.3	48.6	42.4	29.5	21.8	—	—
Operating Leases	1,087.5	130.4	125.6	117.9	116.9	114.6	482.1
Purchase Obligations (2)	59.0	19.1	13.3	8.3	3.9	3.4	11.0
TOTAL CONTRACTUAL OBLIGATIONS	$6,100.8	$368.9	$834.5	$312.1	$1,043.4	$261.7	$3,280.2

(1) Estimated interest payments are based on principal amounts and scheduled maturities of debt outstanding at December 31, 2019. Estimated interest payments for variable-rate debt are based on rates at December 31, 2019.
(2) Purchase obligations include various contracted amounts, including construction contracts and information technology, advertising, maintenance and other service agreements.

Other Opportunities

We regularly investigate and pursue additional expansion opportunities in markets where casino gaming is currently permitted. We also pursue expansion opportunities in jurisdictions where casino gaming is not currently permitted in order to be prepared to develop projects upon approval of casino gaming. Such expansions will be affected and determined by several key factors, which may include the following:

- the outcome of gaming license selection processes;
- the approval of gaming in jurisdictions where we have been active but where casino gaming is not currently permitted;
- identification of additional suitable investment opportunities in current gaming jurisdictions; and
- availability of acceptable financing.

Additional projects may require us to make substantial investments or may cause us to incur substantial costs related to the investigation and pursuit of such opportunities, which investments and costs we may fund through cash flow from operations or availability under our Credit Facility. To the extent such sources of funds are not sufficient, we may also seek to raise such additional funds through public or private equity or debt financings or from other sources. No assurance can be given that additional financing will be available or that, if available, such financing will be obtainable on terms favorable to us. Moreover, we can provide no assurances that any expansion opportunity will result in a completed transaction.

Off Balance Sheet Arrangements
Our off balance sheet arrangements consist of the following:

Indemnification
We have entered into certain agreements that contain indemnification provisions, as well as indemnification agreements involving certain of our executive officers and directors. These agreements provide indemnity insurance pursuant to which directors and officers are indemnified or insured against liability or loss under certain circumstances, which may include liability or related loss under the Securities Act and the Exchange Act. In addition, our Restated Articles of Incorporation and Restated Bylaws contain provisions that provide for indemnification of our directors, officers, employees and other agents to the maximum extent permitted by law.

Outstanding Letters of Credit
At December 31, 2019, we had outstanding letters of credit totaling $12.6 million.

Other Arrangements
We have not entered into any transactions with special purpose entities, nor have we engaged in any derivative transactions.

CRITICAL ACCOUNTING POLICIES
Our discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. In accordance with GAAP, we are required to make estimates and assumptions that affect the reported amounts included in our consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. On an ongoing basis, management reviews and refines those estimates, the following of which materially impact our consolidated financial statements: the recoverability of long-lived assets; application of acquisition method of accounting; valuation of indefinite-lived intangible assets and goodwill; determination of self-insured reserves; and provisions for deferred tax assets, certain tax liabilities and uncertain tax positions.

Judgments are based on information including, but not limited to, historical experience, industry trends, conventional practices, expert opinions, terms of existing agreements and information from outside sources. Judgments are subject to an inherent degree of uncertainty, and therefore actual results could differ from these estimates.

We believe the following critical accounting policies require a higher degree of judgment and complexity, the sensitivity of which could result in a material impact on our consolidated financial statements.

Recoverability of Long-Lived Assets
Our long-lived assets were carried at $2.7 billion at December 31, 2019, or 40.2% of our consolidated total assets. We evaluate the carrying value of long-lived assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If triggering events are identified, we then compare the estimated undiscounted future cash flows of the asset to the carrying value of the asset. The asset is not impaired if the undiscounted future cash flows exceed its carrying value. If the carrying value exceeds the undiscounted future cash flows, then an impairment charge is recorded, typically measured using a discounted

cash flow model, which is based on the estimated future results of the relevant reporting unit discounted using our weighted-average cost of capital and market indicators of terminal year free cash flow multiples.

A long-lived asset shall be tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The following are examples of such events or changes in circumstances:

i. a significant decrease in the market price of a long-lived asset;

ii. a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition;

iii. a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset, including an adverse action or assessment by a regulator;

iv. an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset;

v. a current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset; and/or

vi. a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

We reconsider changes in circumstances on a frequent basis, and if a triggering event related to potential impairment has occurred, we solicit third party valuation expertise to assist in the valuation of our investment. There are three generally accepted approaches available in developing an opinion of value: the cost, sales comparison and income approaches. We generally consider each of these approaches in developing a recommendation of the fair value of the asset; however, the reliability of each approach is dependent upon the availability and comparability of the market data uncovered, as well as, the decision-making criteria used by market participants when evaluating a property. We will bifurcate our investment and apply the most indicative approach to overall fair valuation, or in some cases, a weighted analysis of any or all of these methods.

Developing an opinion of land value is typically accomplished using a sales comparison approach by analyzing recent sales transactions of similar sites. Potential comparables are researched and the pertinent facts are confirmed with parties involved in the transaction. This process fosters a general understanding of the potential comparable sales and facilitates the selection of the most relevant comparables by the appraiser. Valuation is typically accomplished using a unit of comparison such as price per square foot of land or potential building area. Adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive a value for the property.

The cost approach is based on the premise that a prudent investor would pay no more for an asset of similar utility than its replacement or reproduction cost. The cost to replace the asset would include the cost of constructing a similar asset of equivalent utility at prices applicable at the time of the valuation date. To arrive at an estimate of the fair value using the cost approach, the replacement cost new is determined and reduced for depreciation of the asset. Replacement cost new is defined as the current cost of producing or constructing a similar new item having the nearest equivalent utility as the property being valued.

The income approach focuses on the income-producing capability of the asset. The underlying premise of this approach is that the value of an asset can be measured by the present worth of the net economic benefit (cash receipts less cash outlays) to be received over the life of the subject asset. The steps followed in applying this approach include estimating the expected before-tax cash flows attributable to the asset over its life and converting these before-tax cash flows to present value through capitalization or discounting. The process uses a rate of return that accounts for both the time value of money and risk factors. There are two common methods for converting net income into value, those methods are the direct capitalization and discounted cash flow methods ("DCF"). Direct capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step by dividing the income estimate by an appropriate capitalization rate. Under the DCF method, anticipated future cash flows and a reversionary value are discounted to an opinion of net present value at a specific internal rate of return or a yield rate, because net operating income of the subject property is not fully stabilized.

Application of Acquisition Method of Accounting

We follow the guidance of ASC 805 to account for our acquisitions. We completed three acquisitions in 2018, as described in Note 2, *Acquisitions and Divestitures*, to our consolidated financial statements presented in Part II, Item 8, for an aggregate net purchase price of approximately $940.4 million. For purposes of these consolidated financial statements, for each of the acquisitions we have allocated the purchase price to the assets acquired and the liabilities assumed based on their fair values as determined by us with the assistance from third-party specialists. The excess of the purchase price over those fair values was recorded as goodwill.

The assets and liabilities of each of the acquisitions are included in our consolidated balance sheet as of December 31, 2019 and 2018, and the results of their operations and cash flows are reported in our consolidated statements of operations and cash flows, respectively, from the respective dates of acquisition through December 31, 2019.

Valuation of Indefinite-Lived Intangible Assets

Gaming license rights represent the value of the license to conduct gaming in certain jurisdictions, which is subject to highly extensive regulatory oversight and a limitation on the number of licenses available for issuance with these certain jurisdictions. Gaming license rights are tested for impairment using a discounted cash flow approach. The value of gaming licenses is determined using a multi-period excess earnings method, which is a specific discounted cash flow model. The value is determined at an amount equal to the present value of the incremental after-tax cash flows attributable only to future gaming revenue, discounted to present value at a risk-adjusted rate of return. With respect to the application of this methodology, we used the following significant projections and assumptions: gaming revenues; gaming operating expenses; general and administrative expenses; tax expense; terminal value; and discount rate. These projections are modeled for a five-year period.

Trademarks are based on the value of our brand, which reflects the level of service and quality we provide and from which we generate repeat business. Trademarks are valued using the relief from royalty method, which presumes that without ownership of such trademarks, we would have to make a stream of payments to a brand or franchise owner in return for the right to use their name. By virtue of this asset, we avoid any such payments and record the related intangible value of our ownership of the brand name. We used the following significant projections and assumptions to determine value under the relief from royalty method: total revenues; royalty rate; tax expense; terminal growth rate; discount rate; and the present value of tax benefit. The projections underlying this discounted cash flow model were forecasted for fifteen years. Applying the selected pretax royalty rates to the applicable revenue base in each period yielded pretax income for each property's trademarks and trade name. These pretax totals were tax effected utilizing the applicable tax rate to arrive at net, after-tax cash flows. The net, after-tax flows were then discounted to present value utilizing an appropriate discount rate. The present value of the after-tax cash flows was then added to the present value of the amortization tax benefit (considering the 15-year amortization of intangible assets pursuant to recent tax legislation) to arrive at the recommended fair values for the trademarks and trade names.

Gaming license rights and trademarks are indefinite-lived intangible assets and are not subject to amortization, but are subject to an annual impairment test and between annual test dates in certain circumstances. If the fair value of an indefinite-lived intangible asset is less than its carrying amount, an impairment loss is recognized equal to the difference. As part of our annual impairment testing, management assesses the likelihood of impairment and solicits third party valuation expertise to assist in the valuation of indefinite-lived intangible assets that are deemed to have a greater likelihood of impairment. Our annual impairment tests, performed as of October 1, 2019, did not result in any impairment charges.

We evaluate whether any triggering events or changes in circumstances had occurred subsequent to our annual impairment test that would indicate an impairment condition may exist. This evaluation required significant judgment, including consideration of whether there had been any significant adverse changes in legal factors or in our business climate, adverse action or assessment by a regulator, unanticipated competition, loss of key personnel or likely sale or disposal of all or a significant portion of a reporting unit. Based upon this evaluation, we concluded that there had not been any triggering events or changes in circumstances that indicated an impairment condition existed as of December 31, 2019. If an event described above occurs, and results in a significant impact to our revenue and profitability projections, or any significant assumption in our valuations methods is adversely impacted, the impact could result in a material impairment charge in the future.

Valuation of Goodwill
The authoritative guidance related to goodwill impairment requires goodwill to be tested for impairment at the reporting unit level at least annually. The guidance permits an entity to make a qualitative assessment, referred to as "Step Zero," of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount. If the carrying value of the goodwill is considered impaired, a loss is measured as the excess of the reporting unit's carrying value over the fair value, with a limit of the goodwill allocated to that reporting unit.

As part of our annual impairment testing, management assesses the likelihood of impairment and solicits third party valuation expertise to assist in valuations of goodwill for those reporting units that are deemed to have a greater likelihood of impairment. We perform the test annually as of October 1 using a weighting of two different approaches to determine fair value: (i) the income approach; and (ii) the market approach.

The income approach is based on a discounted cash flow method, which focuses on the expected cash flow of the subject company. In applying this approach, the cash flow available for distribution is calculated for a finite period of years. Cash flow available for distribution is defined, for purposes of this analysis, as the amount of cash that could be distributed as a dividend without impairing the future profitability or operations of the subject company. The cash flow available for distribution and the terminal value (the value of the subject company at the end of the estimation period) are then discounted to present value to derive an indication of value of the business enterprise.

In the valuation of an asset, the income approach focuses on the income-producing capability of the subject asset. The underlying premise of this approach is that the value of an asset can be measured by the present worth of the net economic benefit (cash receipts less cash outlays) to be received over the life of the subject asset. The steps followed in applying this approach include estimating the expected after-tax cash flows attributable to the asset over its life and converting these after-tax cash flows to present value through "discounting." The discounting process uses a rate of return which accounts for both the time value of money and investment risk factors. Finally, the present value of the after-tax cash flows over the life of the asset is totaled to arrive at an indication of the fair value of the asset.

The market approach is comprised of the guideline company method, which focuses on comparing the subject company to selected reasonably similar, or "guideline", publicly-traded companies. Under this method, valuation multiples are: (i) derived from the operating data of selected guideline companies; (ii) evaluated and adjusted based on the strengths and weaknesses of the subject company relative to the selected guideline companies; and (iii) applied to the operating data of the subject company to arrive at an indication of value. In the valuation of an asset, the market approach measures value based on what typical purchasers in the market have paid for assets which can be considered reasonably similar to those being valued. When the market approach is utilized, data are collected on the prices paid for reasonably comparable assets. Adjustments are made to the similar assets to compensate for differences between reasonably similar assets and the asset being valued. The application of the market approach results in an estimate of the price reasonably expected to be realized from the sale of the subject asset.

The two methodologies were weighted 60.0% toward the income approach and 40.0% toward the market approach, to arrive at an overall fair value. At October 1, 2019, the fair value of our reporting units substantially exceeded their carrying value. At December 31, 2019, we evaluated whether any triggering events or changes in circumstances had occurred subsequent to our annual impairment test that would indicate an impairment condition may exist. This evaluation required significant judgment, including consideration of whether there had been any significant adverse changes in legal factors or in our business climate, adverse action or assessment by a regulator, unanticipated competition, loss of key personnel or likely sale or disposal of all or a significant portion of a reporting unit. Based upon this evaluation, we concluded that there had not been a triggering event or change in circumstances that indicated an impairment condition existed at December 31, 2019.

Although we satisfied the impairment analysis requirements for each reporting unit tested, changes to certain underlying assumptions and variables, many of which are derived from external factors, could greatly impact the results of future tests. We cannot control or influence the impact of these factors from a fair valuation perspective, but they could nonetheless have a material effect on the results of valuation, particularly the guideline company method under the market approach, in the future.

Additionally, several of the assumptions underlying the discounted cash flow method under the income approach could pose a high degree of sensitivity to the resulting fair value. These factors include, but are not limited to, the following: total revenue, operating expenses, depreciation expense, depreciation overhang, tax expense and effective rates, debt-free net working capital, capital additions, terminal year growth factor, discount rate and the capitalization rate. A change in any of these variables that cause our undiscounted cash flows or terminal value or both to adversely and materially change could result in the failure of the impairment test, and a resulting impairment of our goodwill in an amount up to its book value of $1,083.3 million.

The Company has determined that each of its properties is a reporting unit for goodwill impairment testing, since discrete financial information is available at the property level.

Accounting for Leases

The determination of lease liabilities requires us to estimate the present value of our future lease commitments over their reasonably assured remaining lease term using a weighted average incremental borrowing rate commensurate with the rate of interest we would have to pay to borrow on a collateralized basis over a similar term an amount equal to our future lease payments in a similar economic environment. The determination of the interest rate could materially impact our lease liabilities.

We estimate the expected term of a lease by assuming the exercise of renewal options, in addition to the initial non-cancelable lease term, if the renewal is reasonably assured. Generally, “reasonably assured” relates to our contractual right to renew and the existence of an economic penalty that would preclude the abandonment of the lease at the end of the initial non-cancelable lease term. The determination of the expected term could also materially impact our lease liabilities.

The determination of the expected term of a lease requires us to apply judgment and estimates concerning the number of renewal periods that are reasonably assured. If a lease is terminated prior to reaching the end of the expected term, this may result in the acceleration of depreciation or impairment of the lease right-of-use asset and related long-lived assets.

Determination of Self-Insured Reserves

We are fully self-insured for general liability costs and self-insured for workers’ compensation costs up to a stop loss limit of $0.5 million. Self-insurance reserves include accruals of estimated settlements for known claims, (“Case Reserves”) as well as accruals of estimates for claims incurred but not yet reported (“IBNR”). Case reserves represent estimated liability for unpaid loss, based on a claims administrator’s estimates of future payments on individual reported claims, including Loss Adjustment Expenses (“LAE”). Generally, LAE includes claims settlement costs directly assigned to specific claims, such as legal fees. We estimate case and LAE reserves on a combined basis, but do not include claim administration costs in our estimated ultimate loss reserves. IBNR reserves include the provision for unreported claims, changes in case reserves, and future payments on reopened claims.

We have relied upon an industry-based method to establish our self-insurance reserves, which projects the ultimate losses estimated by multiplying the exposures by a selected ultimate loss rate. The selected ultimate loss rates were determined based on a review of ultimate loss rates for prior years, adjusted for loss and exposure trend, and benefit level changes. We believe this method best provides an appropriate result, given the maturing experience and relative stabilization of our claims history. In previous years, and in certain instances, loss rates were based on industry Loss Development Factors (“LDFs”). Industry LDFs are from various national sources for workers compensation and general liability claims, and we utilize the most recent information available, although there is some lag time between compilation and publishing of such reports, during which unfavorable trends or data could emerge, which would not be reflected in our reserves.

For workers’ compensation, using payroll by state as weights, we calculate a weighted average industry LDF; for general liability claims, we use revenues as weights, and apply to a weighted average Industry LDF to yield an initial expectation of the ultimate loss amount. The paid LDFs are used to determine the percentage of the expected ultimate loss that is expected to be unpaid as of the reserving date. This future unpaid percentage is multiplied by the expected ultimate losses to derive the expected future paid losses. As a loss year matures, the expected future paid losses are replaced by actual paid losses.

In the computation of workers’ compensation claims, we exclude any claim which has reached our stop loss limitation; and therefore, we do not include any allowance for expected recoverable from excess or reinsurance. We are, however, contingently liable in the event such reinsurer cannot meet its obligations. Although we place this risk with insurers rated better than A with AM Best, a national insurance company rating agency, there can be no assurance that such reinsurer will be able to meet their obligations in the future. At December 31, 2019, unpaid case reserves on claims in excess of $0.5 million, which we have subrogated to the reinsurer, totaled less than $6.7 million.

In estimating our reserves for unpaid losses, it is also necessary to project future loss payments. Actual future losses will not develop exactly as projected and may, in fact, vary significantly from the projections. Further, the projections make no provision for future emergence of new classes of losses or types of losses not sufficiently represented in our historical database or that are not yet quantifiable. Additionally, our results are estimates based on long term averages. Actual loss experience in any given year may differ from what is suggested by these averages. The sensitivity of key variables and assumptions in the analysis was considered. Key variables and assumptions include (but are not limited to) loss development factors, trend factors and the expected loss rates/ratios used. It is possible that reasonable alternative selections would produce materially different reserve estimates.

Management believes the estimates of future liability are reasonable based upon this methodology; however, changes in key variables and assumptions used above, or generally in health care costs, accident frequency and severity could materially affect the estimate for these reserves.

Provisions for Deferred Tax Assets, Certain Tax Liabilities and Uncertain Tax Positions

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 assessed periodically based on 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 usability of operating loss and tax credit carryforwards before expiration, and tax planning alternatives.

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 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.

We recognize the tax benefit from an uncertain tax position only when it is more likely than not, based on the technical merits of the position, that the tax position will be sustained upon examination, including the resolution of any related appeals or litigation. The tax benefits recognized in the consolidated financial statements from such a position are measured as the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.

We have established contingency reserves for material, known tax exposures. Our tax reserves reflect management's judgment as to the resolution of the issues involved if subject to judicial review. While we believe our reserves are adequate to cover reasonably expected tax risks, there can be no assurance that, in all instances, an issue raised by a taxing authority will be resolved at a financial cost that does not exceed its related reserve. With respect to these reserves, our income tax expense would include: (i) any changes in tax reserves arising from material changes during the period in the facts and circumstances (i.e., new information) surrounding a tax issue; and (ii) any difference from our tax position as recorded in the financial statements and the final resolution of a tax issue during the period.

Our balance for uncertain tax benefits as of December 31, 2019 was $2.5 million. While we believe that our reserves are adequate to cover reasonably expected tax risks, in the event that the ultimate resolution of our uncertain tax positions differ from our estimates, we may be exposed to material increases in income tax expense, which could materially impact our financial position, results of operations and cash flows.

Recently Issued Accounting Pronouncements

For information with respect to recent accounting pronouncements and the impact of these pronouncements on our consolidated financial statements, see Note 1, *Summary of Significant Accounting Policies*—**Recently Issued Accounting Pronouncements**, in the notes to the consolidated financial statements.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. We do not hold any market risk sensitive instruments for trading purposes. Our primary exposure to market risk is interest rate risk, specifically long-term U.S. treasury rates and the applicable spreads in the high-yield investment market, short-term and long-term LIBOR rates, and short-term Eurodollar rates, and their potential impact on our long-term debt. We attempt to limit our exposure to interest rate risk by managing the mix of our long-term fixed-rate borrowings and short-term borrowings under our bank credit facility. We do not currently utilize derivative financial instruments for trading or speculative purposes.

Table of Debt Maturities and Interest Rates

The following table provides information about our financial instruments that are sensitive to changes in interest rates, including debt obligations. For our debt obligations, the table presents principal cash flows and related weighted-average interest rates by expected maturity dates. The weighted-average variable rates are based upon prevailing interest rates.

The scheduled maturities of our long-term debt outstanding for the years ending December 31 are as follows:

	Scheduled Maturity Date							
	Year Ending December 31,							
(In millions)	2020	2021	2022	2023	2024	Thereafter	Total	Fair Value
Long-term debt (including current portion):								
Fixed-rate	$ 0.3	$ 0.2	$ 0.1	$ —	$—	$2,507.7	$2,508.3	$2,654.2
Average interest rate	5.7%	5.7%	5.7%	5.7%	5.7%	5.3%	5.7%	
Variable-rate	$26.7	$509.3	$12.6	$757.1	$—	$ —	$1,305.7	$1,308.8
Average interest rate	3.8%	3.8%	3.9%	3.9%	— %	— %	3.8%	

As of December 31, 2019, our long-term variable-rate borrowings represented approximately 34.2% of total long-term debt. Based on December 31, 2019 debt levels, a 100-basis-point change in interest rate would cause our annual interest costs to change by approximately $13.1 million.

The following table provides other information about our long-term debt:

	December 31, 2019		
(In millions)	Outstanding Face Amount	Carrying Value	Estimated Fair Value
Bank credit facility	$1,305.7	$1,290.7	$1,308.8
6.375% senior notes due 2026	750.0	741.7	806.3
6.000% senior notes due 2026	700.0	690.8	750.8
4.750% senior notes due 2027	1,000.0	984.4	1,038.8
Other	58.3	58.3	58.3
Total long-term debt	$3,814.0	$3,765.9	$3,963.0

The estimated fair value of our Credit Facility is based on a relative value analysis performed on or about December 31, 2019. See also “Liquidity and Capital Resources” above.

ITEM 8. Financial Statements and Supplementary Data

The following consolidated financial statements for the three years in the period ended December 31, 2019 are filed as part of this Report:

The accompanying audited consolidated financial statements of Boyd Gaming Corporation (and together with its subsidiaries, the "Company," "we" or "us") have been prepared in accordance with the instructions to Form 10-K and Regulation S-X and include all information and footnote disclosures necessary for complete financial statements in conformity with accounting principles generally accepted in the United States ("GAAP").

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Boyd Gaming Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Boyd Gaming Corporation and Subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2019, and the related notes collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective January 1, 2019, the Company adopted FASB ASU 2016-02, *Leases*, using the modified retrospective approach.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill and Indefinite-Lived Intangibles—Refer to Notes 1, 4 and 5 to the financial statements

Critical Audit Matter Description

The Company's evaluation of goodwill for impairment involves the comparison of the fair value of each reporting unit to its carrying value. Similarly, its gaming license rights and trademarks are also required to be tested for impairment by comparing the fair value of each license or trademark to its carrying value. As of December 31, 2019, the carrying value of goodwill is $1,083.3 million, gaming license rights is $1,162.8 million, and trademarks is $202.4 million.

The determination of these fair values requires management to make significant estimates and assumptions related to various items, such as selection of reasonably similar ("guideline") companies and valuation multiples derived from the operating data of the selected companies used to estimate the fair value of a reporting unit (goodwill), as well as projections of future total revenues (goodwill and trademarks), gaming revenues (gaming license rights) and discount rates (goodwill, gaming license rights, and trademarks) to estimate the net present value of future revenues. Changes in these assumptions could have a significant impact on the concluded fair value. For certain of the Company's reporting units, gaming license rights, and trademarks, a significant change in fair value could cause a significant impairment.

Auditing these fair values involved a high degree of subjectivity as it relates to evaluating whether management's estimates and assumptions used to derive the fair value were reasonable.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management's judgments regarding selection of guideline companies and valuation multiples, as well as projections of future revenues, and selection of the discount rate included the following:

- We tested the effectiveness of management's controls related to selection of guideline companies and valuation multiples, as well as projected revenues (total and gaming revenues), and the selection of discount rates.
- We evaluated management's ability to accurately project future revenues by comparing actual revenue results to management's historical projections.
- We evaluated the reasonableness of management's projections of future revenues by:
  - Comparing management's projections with:
  - Historical revenues
  - Internal communications to management and the Board of Directors
  - Projected information included in Company press releases, as well as analyst and industry reports of the Company and selected companies in its peer group
  - Considering the impact of changes in the regulatory environment on management's projections
  - Assessing the reasonableness of the projected revenue mix based on the historical total revenue mix and the Company's strategic plans
  - Considering actual results for the period from October 1 to December 31, 2019 as compared to management's projection for that same period, as well as any changes in management's projection that may have occurred subsequent to October 1, 2019.

- With the assistance of our fair value specialists, we evaluated the selection of guideline companies and valuation multiples, as well as reasonableness of the discount rate by:
  - Testing the source information underlying the determination of the valuation multiples and discount rate including the mathematical accuracy of these calculations
  - Assessing the comparability of the guideline companies using the industry classification system
  - Assessing the selection of valuation multiples through comparison of historical and projected growth and profitability
  - Independently estimating the weighted average cost of capital (a component of the discount rate)
  - Assessing the basis and rationale for each discount rate input
  - Developing a range of independent estimates and comparing those to the discount rate selected by management.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada
February 27, 2020

We have served as the Company's auditor since 1981.

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)	December 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 249,977	$ 249,417
Restricted cash	20,471	23,785
Accounts receivable, net	54,864	54,667
Inventories	22,101	20,590
Prepaid expenses and other current assets	46,481	45,815
Income taxes receivable	5,600	5,477
Total current assets	399,494	399,751
Property and equipment, net	2,672,553	2,716,064
Operating lease right-of-use assets	936,170	—
Other assets, net	91,750	106,277
Intangible assets, net	1,466,891	1,466,670
Goodwill, net	1,083,287	1,062,102
Other long-term tax assets	—	5,475
Total assets	$6,650,145	$5,756,339
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 91,003	$ 111,172
Current maturities of long-term debt	26,994	24,181
Accrued liabilities	438,896	334,175
Income tax payable	—	173
Total current liabilities	556,893	469,701
Long-term debt, net of current maturities and debt issuance costs	3,738,937	3,955,119
Operating lease liabilities, net of current portion	840,285	—
Deferred income taxes	162,695	121,262
Other long-term tax liabilities	3,840	3,636
Other liabilities	82,253	60,880
Commitments and contingencies (Notes 2, 7 and 9)		
Stockholders' equity		
Preferred stock, $0.01 par value, 5,000,000 shares authorized	—	—
Common stock, $0.01 par value, 200,000,000 shares authorized; 111,542,108 and 111,757,105 shares outstanding	1,115	1,118
Additional paid-in capital	883,715	892,331
Retained earnings	380,942	253,357
Accumulated other comprehensive loss	(530)	(1,065)
Total stockholders' equity	1,265,242	1,145,741
Total liabilities and stockholders' equity	$6,650,145	$5,756,339

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

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)	Year Ended December 31, 2019	2018	2017
Revenues			
Gaming	$2,483,293	$1,925,424	$1,740,268
Food & beverage	447,853	367,888	346,379
Room	237,187	199,500	186,795
Other	157,786	133,918	127,377
Total revenues	3,326,119	2,626,730	2,400,819
Operating costs and expenses			
Gaming	1,116,448	845,486	759,612
Food & beverage	412,949	347,624	335,506
Room	110,680	90,915	85,188
Other	96,140	87,354	83,615
Selling, general and administrative	459,583	369,313	362,037
Master lease rent expense	97,723	20,682	—
Maintenance and utilities	154,673	127,027	109,462
Depreciation and amortization	276,569	229,979	217,522
Corporate expense	105,139	104,201	88,148
Project development, preopening and writedowns	21,728	45,698	14,454
Impairment of assets	—	993	(426)
Other operating items, net	1,919	2,174	1,900
Total operating costs and expenses	2,853,551	2,271,446	2,057,018
Operating income	472,568	355,284	343,801
Other expense (income)			
Interest income	(1,858)	(3,721)	(1,818)
Interest expense, net of amounts capitalized	237,465	204,188	173,108
Loss on early extinguishments and modifications of debt	34,949	61	1,582
Other, net	(114)	(276)	(184)
Total other expense, net	270,442	200,252	172,688
Income before income taxes	202,126	155,032	171,113
Income tax provision	(44,490)	(40,331)	(3,115)
Income from continuing operations, net of tax	157,636	114,701	167,998
Income from discontinued operations, net of tax	—	347	21,392
Net income	$ 157,636	$ 115,048	$ 189,390
Basic net income per common share			
Continuing operations	$ 1.39	$ 1.01	$ 1.46
Discontinued operations	—	—	0.19
Basic net income per common share	$ 1.39	$ 1.01	$ 1.65
Weighted average basic shares outstanding	113,474	114,401	114,957
Diluted net income per common share			
Continuing operations	$ 1.38	$ 1.00	$ 1.45
Discontinued operations	—	—	0.19
Diluted net income per common share	$ 1.38	$ 1.00	$ 1.64
Weighted average diluted shares outstanding	113,947	115,071	115,628

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

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)	Year Ended December 31, 2019	2018	2017
Net income	$157,636	$115,048	$189,390
Other comprehensive income (loss), net of tax:			
Fair value adjustments to available-for-sale securities, net of tax	535	(1,195)	433
Comprehensive income	$158,171	$113,853	$189,823

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

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

(In thousands, except share data)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net	Noncontrolling Interest	Total
Balances, January 1, 2017	112,896,377	$1,129	$953,440	$ (23,824)	$ (615)	$ 50	$ 930,180
Cumulative effect of change in accounting principle, adoption of Update 2016-09	—	—	—	15,777	—	—	15,777
Net income	—	—	—	189,390	—	—	189,390
Comprehensive income, net of tax	—	—	—	—	433	—	433
Stock options exercised	241,964	2	2,082	—	—	—	2,084
Release of restricted stock units, net of tax	520,854	5	(8,009)	—	—	—	(8,004)
Release of performance stock units, net of tax	173,653	2	(1,793)	—	—	—	(1,791)
Shares repurchased and retired	(1,198,430)	(12)	(31,915)	—	—	—	(31,927)
Dividends declared ($0.15 per share)	—	—	—	(16,918)	—	—	(16,918)
Share-based compensation costs	—	—	17,413	—	—	—	17,413
Other	—	—	640	—	—	(50)	590
Balances, December 31, 2017	112,634,418	1,126	931,858	164,425	(182)	—	1,097,227
Cumulative effect of change in accounting principle, adoption of Update 2018-02	—	—	—	(312)	312	—	—
Net income	—	—	—	115,048	—	—	115,048
Comprehensive loss, net of tax	—	—	—	—	(1,195)	—	(1,195)
Stock options exercised	338,426	3	3,539	—	—	—	3,542
Release of restricted stock units, net of tax	300,177	3	(3,619)	—	—	—	(3,616)
Release of performance stock units, net of tax	337,537	4	(5,274)	—	—	—	(5,270)
Shares repurchased and retired	(1,853,453)	(18)	(59,552)	—	—	—	(59,570)
Dividends declared ($0.23 per share)	—	—	—	(25,804)	—	—	(25,804)
Share-based compensation costs	—	—	25,379	—	—	—	25,379
Balances, December 31, 2018	111,757,105	1,118	892,331	253,357	(1,065)	—	1,145,741
Net income	—	—	—	157,636	—	—	157,636
Comprehensive loss, net of tax	—	—	—	—	535	—	535
Stock options exercised	242,357	2	2,375	—	—	—	2,377
Release of restricted stock units, net of tax	358,361	4	(4,391)	—	—	—	(4,387)
Release of performance stock units, net of tax	270,960	3	(3,769)	—	—	—	(3,766)
Shares repurchased and retired	(1,086,675)	(12)	(28,033)	—	—	—	(28,045)
Dividends declared ($0.27 per share)	—	—	—	(30,051)	—	—	(30,051)
Share-based compensation costs	—	—	25,202	—	—	—	25,202
Balances, December 31, 2019	111,542,108	$1,115	$883,715	$380,942	$ (530)	$—	$1,265,242

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

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year Ended December 31, 2019	2018	2017
Cash Flows from Operating Activities			
Net income	$ 157,636	$ 115,048	$ 189,390
Adjustments to reconcile net income to net cash provided by operating activities:			
Income from discontinued operations, net of tax	—	(347)	(21,392)
Depreciation and amortization	276,569	229,979	217,522
Amortization of debt financing costs and discounts on debt	9,227	9,158	9,845
Non-cash operating lease expense	31,524	—	—
Share-based compensation expense	25,202	25,379	17,413
Deferred income taxes	41,433	34,470	5,203
Non-cash impairment of assets	—	993	—
Gain on sale of assets	—	—	(1,027)
Loss on early extinguishments and modifications of debt	34,949	61	1,582
Other operating activities	2,645	887	(2,033)
Changes in operating assets and liabilities:			
Accounts receivable, net	(315)	(772)	(9,937)
Inventories	(2,032)	1,699	565
Prepaid expenses and other current assets	(1,423)	4,224	4,957
Income taxes (receivable) payable, net	(296)	(140)	1,089
Other long-term tax assets, net	5,475	(292)	(5,183)
Other assets, net	(4,508)	(4,094)	2,318
Accounts payable and accrued liabilities	(1,052)	18,494	13,216
Operating lease liabilities	(31,524)	—	—
Other long-term tax liabilities	204	189	140
Other liabilities	5,278	(409)	(1,117)
Net cash provided by operating activities	548,992	434,527	422,551
Cash Flows from Investing Activities			
Capital expenditures	(207,637)	(161,544)	(190,464)
Cash paid for acquisitions, net of cash received	(5,535)	(934,073)	(1,153)
Advances pursuant to development agreement	—	—	(35,108)
Other investing activities	(18,259)	(39,710)	706
Net cash used in investing activities	(231,431)	(1,135,327)	(226,019)

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)

	Year Ended December 31,		
(In thousands)	2019	2018	2017
Cash Flows from Financing Activities			
Borrowings under bank credit facility	1,666,329	1,114,600	958,000
Payments under bank credit facility	(2,132,024)	(964,322)	(1,119,485)
Proceeds from issuance of senior notes	1,000,000	700,000	—
Retirement of senior notes	(750,000)	—	—
Premium and consent fees	(25,785)	—	—
Debt financing costs, net	(15,500)	(14,215)	(3,430)
Share-based compensation activities, net	(5,776)	(5,344)	(7,711)
Shares repurchased and retired	(28,045)	(59,570)	(31,927)
Dividends paid	(28,949)	(24,730)	(11,286)
Other financing activities	(565)	(178)	503
Net cash provided by (used in) financing activities	(320,315)	746,241	(215,336)
Cash Flows from Discontinued Operations			
Cash flows from operating activities	—	—	(514)
Cash flows from investing activities	—	482	36,247
Cash flows from financing activities	—	—	—
Net cash provided by discontinued operations	—	482	35,733
Change in cash, cash equivalents and restricted cash	(2,754)	45,923	16,929
Cash, cash equivalents and restricted cash, beginning of period	273,202	227,279	210,350
Cash, cash equivalents and restricted cash, end of period	$ 270,448	$ 273,202	$ 227,279
Supplemental Disclosure of Cash Flow Information			
Cash paid for interest, net of amounts capitalized	$ 231,734	$ 179,154	$ 174,090
Cash paid for income taxes	(2,120)	5,657	5,189
Supplemental Schedule of Non-cash Investing and Financing Activities			
Payables incurred for capital expenditures	$ 1,897	$ 4,930	$ 9,297

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Boyd Gaming Corporation (and together with its subsidiaries, the "Company", the "Registrant", "Boyd Gaming", "Boyd", "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".

As of December 31, 2019, we are a geographically diversified operator of 29 wholly owned gaming entertainment properties. Headquartered in Las Vegas, Nevada, we have gaming operations in Nevada, Illinois, Indiana, Iowa, Kansas, Louisiana, Mississippi, Missouri, Ohio and Pennsylvania. For financial reporting purposes, we aggregate our properties in order to present the following three reportable segments:

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
Eastside Cannery Casino and Hotel	Las Vegas, Nevada
Aliante Casino + Hotel + Spa	North Las Vegas, Nevada
Cannery Casino Hotel	North 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 & South	
Par-A-Dice Hotel and Casino	East Peoria, Illinois
Belterra Casino Resort	Florence, Indiana
Blue Chip Casino, Hotel & Spa	Michigan City, Indiana
Diamond Jo Dubuque	Dubuque, Iowa
Diamond Jo Worth	Northwood, Iowa
Kansas Star Casino	Mulvane, Kansas
Amelia Belle Casino	Amelia, Louisiana
Delta Downs Racetrack Casino & Hotel	Vinton, Louisiana
Evangeline Downs Racetrack and Casino	Opelousas, Louisiana
Sam's Town Hotel and Casino	Shreveport, Louisiana
Treasure Chest Casino	Kenner, Louisiana
IP Casino Resort Spa	Biloxi, Mississippi
Sam's Town Hotel and Gambling Hall	Tunica, Mississippi
Ameristar Casino Hotel Kansas City	Kansas City, Missouri
Ameristar Casino Report Spa St. Charles	St. Charles, Missouri
Belterra Park	Cincinnati, Ohio
Valley Forge Casino Resort	King of Prussia, Pennsylvania

Our Midwest & South segment includes the results of Valley Forge Convention Center, L.P. ("Valley Forge"), which was acquired in September 2018, Ameristar Casino Kansas City, LLC ("Ameristar Kansas City"), Ameristar Casino St. Charles, LLC ("Ameristar St. Charles"), Belterra Resort Indiana LLC ("Belterra Resort"), PNK (Ohio), LLC ("Belterra Park"), which were acquired in October 2018, and Lattner Entertainment Group Illinois, LLC, our Illinois distributed gaming operator ("Lattner") which was acquired in June 2018, from the date of their respective acquisitions (see Note 2, *Acquisitions and Divestitures).*

In addition to these properties, we own and operate a travel agency and a captive insurance company that underwrites travel-related insurance, each located in Hawaii. Financial results for our travel agency and our captive insurance company are included in our Downtown Las Vegas segment, as our Downtown Las Vegas properties concentrate significant marketing efforts on gaming customers from Hawaii.

Basis of Presentation
The consolidated financial statements include the accounts of the Company and its subsidiaries.

Investments in unconsolidated affiliates, which are 50% or less owned and 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.

Discontinued Operations
On August 1, 2016, Boyd Gaming completed the sale of its 50% equity interest in the parent company of Borgata in Atlantic City, New Jersey, to MGM Resorts International ("MGM") pursuant to the Purchase Agreement entered into on May 31, 2016, as amended on July 19, 2016 by and among Boyd, Boyd Atlantic City, Inc., a wholly owned subsidiary of Boyd, and MGM. (See Note 2, *Acquisitions and Divestitures*.) We accounted for our investment in Borgata by applying the equity method and reported its results as discontinued operations for all periods presented in these consolidated financial statements.

Cash and Cash Equivalents
Cash and cash equivalents include highly liquid investments, which include cash on hand and in banks, interest-bearing deposits and money market funds with maturities of three months or less at their date of purchase. The instruments are not restricted as to withdrawal or use and are on deposit with high credit quality financial institutions. Although these balances may at times exceed the federal insured deposit limit, we believe such risk is mitigated by the quality of the institution holding such deposit. The carrying values of these instruments approximate their fair values as such balances are generally available on demand.

Restricted Cash
Restricted cash consists primarily of advance payments related to: (i) future bookings with our Hawaiian travel agency; and (ii) amounts restricted by regulation for gaming and racing purposes. These restricted cash balances are invested in highly liquid instruments with a maturity of 90 days or less. These restricted cash balances are held by high credit quality financial institutions. The carrying value of these instruments approximates their fair value due to their short maturities.

The following table provides a reconciliation of cash, cash equivalents and restricted cash balances reported within the consolidated balance sheets to the total balance shown in the consolidated statements of cash flows.

(In thousands)	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Cash and cash equivalents	$249,977	$249,417	$203,104	$193,862
Restricted cash	20,471	23,785	24,175	16,488
Total cash, cash equivalents and restricted cash	$270,448	$273,202	$227,279	$210,350

Accounts Receivable, net

Accounts receivable consist primarily of casino, hotel and other receivables. Accounts receivable are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems the account to be uncollectible, based upon historical collection experience, the age of the receivable and other relevant economic factors. An estimated allowance for doubtful accounts is maintained to reduce our receivables to their carrying amount. As a result, the net carrying value approximates fair value.

The activity comprising our allowance for doubtful accounts is as follows:

	Year Ended December 31,		
(In thousands)	2019	2018	2017
Beginning balance, January 1,	$3,607	$2,072	$1,971
Additions due to Acquisitions	—	1,425	—
Additions	929	180	478
Deductions	(62)	(70)	(377)
Ending balance, December 31,	$4,474	$3,607	$2,072

Inventories

Inventories consist primarily of food & beverage and retail items and are stated at the lower of cost or market. Cost is determined using the weighted-average inventory method.

Property and Equipment, net

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or, for leasehold improvements, over the shorter of the asset's useful life or term of the lease.

The estimated useful lives of our major components of property and equipment are:

Building and improvements	3 through 40 years
Riverboats and barges	5 through 40 years
Furniture and equipment	1 through 10 years

Gains or losses on disposals of assets are recognized as incurred. Costs of major improvements are capitalized, while costs of normal repairs and maintenance are charged to expense as incurred.

For an asset that is held for sale, we recognize the asset at the lower of carrying value or fair market value, less costs of disposal, as estimated based on comparable asset sales, solicited offers, or a discounted cash flow model. For a long-lived asset to be held and used, we review the asset for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We then compare the estimated undiscounted future cash flows of the asset to the carrying value of the asset. The asset is not impaired if the undiscounted future cash flows exceed its carrying value. If the carrying value exceeds the undiscounted future cash flows, then an impairment charge is recorded, typically measured using a discounted cash flow model, which is based on the estimated future results of the relevant reporting unit discounted using our weighted-average cost of capital and market indicators of terminal year free cash flow multiples. All resulting recognized impairment charges are recorded as Impairment of assets within operating expenses.

Capitalized Interest

Interest costs associated with major construction projects are capitalized as part of the cost of the constructed assets. When no debt is incurred specifically for a project, interest is capitalized on amounts expended for the project using our weighted-average cost of borrowing. Capitalization of interest ceases when the project (or discernible portions of the project) is substantially complete. If substantially all of the construction activities of a project are suspended, capitalization of interest will cease until such activities are resumed. There was no interest capitalized for the years ended December 31, 2019, 2018 and 2017.

Investment in Available for Sale Securities

We have an investment in $19.5 million aggregate principal amount of 7.5% Urban Renewal Tax Increment Revenue Bonds, Taxable Series 2007 ("City Bonds"). This investment is classified as available-for-sale and is recorded at fair value. The fair value at December 31, 2019 and 2018 was $16.2 million and $15.8 million, respectively. At December 31, 2019 and 2018, $0.6 million and $0.5 million is included in prepaid expenses and other current assets, respectively, and $15.6 million and $15.3 million, respectively, is included in other assets, net.

Future maturities of the City Bonds, excluding the discount, for the years ending December 31 are summarized as follows:

(In thousands)

For the year ending December 31,	
2020	$ 550
2021	590
2022	635
2023	680
2024	730
Thereafter	16,350
Total	$19,535

Intangible Assets

Intangible assets include customer relationships, host agreements, development agreements, gaming license rights and trademarks.

Amortizing Intangible Assets
Customer relationships represent the value of repeat business associated with our customer loyalty programs and are being amortized on an accelerated method over their approximate useful life. Host agreements represent the value associated with our host establishment relationships and are being amortized on a straight-line basis over 15 years. Development agreements are contracts between two parties establishing an agreement for development of a product or service. These agreements are amortized over the respective cash flow period of the related agreement.

Indefinite-Lived Intangible Assets
Trademarks are based on the value of our brands, which reflect the level of service and quality we provide and from which we generate repeat business. Gaming license rights represent the value of the license to conduct gaming in certain jurisdictions, which is subject to highly extensive regulatory oversight, and a limitation on the number of licenses available for issuance therein. These assets, considered indefinite-lived intangible assets, are not subject to amortization, but instead are subject to an annual impairment test, and between annual test dates in certain circumstances. If the fair value of an indefinite-lived intangible asset is less than its carrying amount, an impairment loss is recognized equal to the difference. License rights are tested for impairment using a discounted cash flow approach, and trademarks are tested for impairment using the relief-from-royalty method.

Goodwill
Goodwill is an asset representing the future economic benefits arising from other assets in a business combination that are not individually identified and separately recognized. Goodwill is not subject to amortization, but it is subject to an annual impairment test and between annual test dates in certain circumstances.

We evaluate goodwill using a weighted average allocation of both the income and market approach models. The income approach is based upon a discounted cash flow method, whereas the market approach uses the guideline public company method. Specifically, the income approach focuses on the expected cash flow of the subject reporting unit, considering the available cash flow for a finite period of years. Available cash flow is defined as the amount of cash that could be distributed as a dividend without impairing the future profitability or operations of the reporting unit. The underlying premise of the income approach is that the value of goodwill can be measured by the present value of the net economic benefit to be received over the life of the reporting unit. The market approach focuses on comparing the reporting unit to selected reasonably similar (or “guideline”) publicly-traded companies. Under this method, valuation multiples are: (i) derived from the operating data of selected guideline companies; (ii) evaluated and adjusted based on the strengths and weaknesses of our reporting unit relative to the selected guideline companies; and (iii) applied to the operating data of our reporting unit to arrive at an indication of value. The application of the market approach results in an estimate of the price reasonably expected to be realized from the sale of the subject reporting unit.

Player Loyalty Point Program
We have established promotional programs to encourage repeat business from frequent and active slot machine customers and other patrons. Members earn points based on gaming activity and such points can be redeemed for complimentary slot play, food & beverage, and other free goods and services. We record points earned based on the value of a point that can be redeemed for a hotel room, food & beverage or other items. The player loyalty point program accrual is deferred and recognized as revenue when the customer redeems the points for a hotel room stay, for food & beverage or for other amenities and is included in accrued liabilities on our consolidated balance sheets.

Long-Term Debt, Net

Long-term debt, net is reported as the outstanding debt amount net of amortized cost. Any unamortized debt issuance costs, which include legal and other direct costs related to the issuance of our outstanding debt, or discount granted to the initial purchasers or lenders upon issuance of our debt instruments is recorded as a direct reduction to the face amount of our outstanding debt. The debt issuance costs and discount are accreted to interest expense using the effective interest method over the contractual term of the underlying debt. In the event that our debt is modified, repurchased or otherwise reduced prior to its original maturity date, we ratably reduce the unamortized debt issuance costs and discount and record a loss on extinguishment of debt.

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. 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. Use of the term “more likely than not” indicates the likelihood of occurrence is greater than 50%. 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 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 making such judgments, significant weight is given to evidence that can be objectively verified.

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 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.

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.

Self-Insurance Reserves

We are self-insured for various insurance coverages such as property, general liability, employee health and workers’ compensation costs with the appropriate levels of deductibles and retentions. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of estimates for claims incurred but not yet reported. In estimating these accruals, we consider historical loss experience and make judgments about the expected levels of costs per claim. Management believes the estimates of future liability are reasonable based upon our methodology; however, changes in health care costs, accident frequency and severity and other factors could materially affect the estimate for these liabilities. Certain of these claims represent obligations to make future payments; and therefore, we discount such reserves to an amount representing the present value of the claims which will be paid in the future using a blended rate, which represents the inherent risk and the average payout duration. Self-insurance reserves are included in other liabilities on our consolidated balance sheets.

The activity comprising our self-insurance reserves is as follows:

	Year Ended December 31,		
(In thousands)	**2019**	**2018**	**2017**
Beginning balance, January 1,	$ 37,501	$ 33,995	$ 31,022
Additions			
Charged to costs and expenses	121,075	90,299	84,209
Due to acquisitions	—	3,279	—
Payments made	(114,972)	(90,072)	(81,236)
Ending balance, December 31,	$ 43,604	$ 37,501	$ 33,995

Accumulated Other Comprehensive Income (Loss)

Comprehensive income includes net income and other comprehensive income (loss). Components of the Company's comprehensive income are reported in the accompanying consolidated statements of changes in stockholders' equity and consolidated statements of comprehensive income. The accumulated other comprehensive income (loss) at December 31, 2019, consists of unrealized gains and losses on the investment available for sale resulting from changes in fair value.

Noncontrolling Interest

Noncontrolling interest represented the ownership interest in one of our subsidiaries that was held by a third party. During 2017, the joint venture in which we held an 80% interest was dissolved, thus eliminating the noncontrolling interest.

Leases

Management determines if a contract is or contains a lease at inception or modification of a contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset. Operating lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the discount rate for the lease at the commencement date. For our operating leases for which the rate implicit in the lease is not readily determinable, we generally use an incremental borrowing rate based on information available at the commencement date to determine the present value of future lease payments. Operating right-of-use ("ROU") assets and finance lease assets are generally recognized based on the amount of the initial measurement of the lease liability. Lease expense is recognized on a straight-line basis over the lease term. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease and non-lease components are accounted for separately.

Operating leases are included in operating lease right-of-use assets, accrued liabilities and operating lease liabilities on our consolidated balance sheets.

Revenue Recognition

The Company's revenue contracts with customers consist of gaming wagers, hotel room sales, food & beverage offerings and other amenity transactions. The transaction price for a gaming wagering contract is the difference between gaming wins and losses, not the total amount wagered. Cash discounts, commissions and other cash incentives to customers related to gaming play are recorded as a reduction of gaming revenues. The transaction price for hotel, food & beverage and other contracts is the net amount collected from the customer for such goods and services. Hotel, food & beverage and other services have been determined to be separate, stand-alone performance obligations and the transaction price for such contracts is recorded as revenue as the good or service is transferred to the customer over their stay at the hotel, when the delivery is made for the food & beverage or when the service is provided for other amenity transactions.

Gaming wager contracts involve two performance obligations for those customers earning points under the Company's player loyalty programs and a single performance obligation for customers who do not participate in the programs. The Company applies a practical expedient by accounting for its gaming contracts on a portfolio basis as such wagers have similar characteristics and the Company reasonably expects the effects on the financial statements of applying the revenue recognition guidance to the portfolio to not differ materially from that which would result if applying the guidance to an individual wagering contract. For purposes of allocating the transaction price in a wagering contract between the wagering performance obligation and the obligation associated with the loyalty points earned, the Company allocates an amount to the loyalty point contract liability based on the stand-alone selling price of the points earned, which is determined by the value of a point that can be redeemed for a hotel room stay, food & beverage or other amenities. Sales and usage-based taxes are excluded from revenues. An amount is allocated to the gaming wager performance obligation using the residual approach as the stand-alone price for wagers is highly variable and no set established price exists for such wagers. The allocated revenue for gaming wagers is recognized when the wagers occur as all such wagers settle immediately. The loyalty point contract liability amount is deferred and recognized as revenue when the customer redeems the points for a hotel room stay, food & beverage or other amenities and such goods or services are delivered to the customer. See Note 6, *Accrued Liabilities*, for the balance outstanding related to player loyalty programs.

The Company collects advanced deposits from hotel customers for future reservations representing obligations of the Company until the hotel room stay is provided to the customer. See Note 6, *Accrued Liabilities*, for the balance outstanding related to advance deposits.

The Company's outstanding chip liability represents the amounts owned in exchange for gaming chips held by a customer. Outstanding chips are expected to be recognized as revenue or redeemed for cash within one year of being purchased. See Note 6, *Accrued Liabilities*, for the balance outstanding related to the chip liability.

The retail value of hotel accommodations, food & beverage, and other services furnished to guests without charge is recorded as departmental revenues. Gaming revenues are net of 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 & 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 & beverage, and to a lesser extent for other goods or services, depending upon the property.

The estimated retail value related to goods and services provided to customers without charge or upon redemption of points under our player loyalty programs, included in departmental revenues, and therefore reducing our gaming revenues, are as follows:

	Year Ended December 31,		
(In thousands)	2019	2018	2017
Food & beverage	$215,989	$182,960	$171,904
Rooms	96,296	81,671	76,565
Other	14,908	11,939	10,900

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 consolidated statements of operations. These taxes totaled approximately $546.7 million, $367.5 million and $324.5 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Advertising Expense

Direct advertising costs are expensed the first time such advertising appears. Advertising costs are included in selling, general and administrative expenses on the consolidated statements of operations and totaled $44.7 million, $33.7 million and $29.9 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Corporate Expense

Corporate expense represents unallocated payroll, professional fees, aircraft costs and various other expenses that are not directly related to our casino hotel operations.

Project Development, Preopening and Writedowns

Project development, preopening and writedowns represent: (i) certain costs incurred and recoveries realized related to the activities associated with various acquisition opportunities, strategic initiatives, dispositions and other business development activities in the ordinary course of business; (ii) certain costs of start-up activities that are expensed as incurred and do not qualify as capital costs; and (iii) asset write-downs.

Share-Based Compensation

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 requisite service period can be impacted by the provisions of the Company's stock compensation programs that provide for automatic vesting acceleration upon retirement (including as a result of death or disability) for those long-service participants achieving defined age and years of service criteria. These acceleration provisions do not apply to stock grants and awards issued within six months of the employee's retirement. Compensation costs related to stock option awards are calculated based on the fair value of each major option grant on the date of the grant using the Black-Scholes option pricing model, which requires the following assumptions: expected stock price volatility, risk-free interest rates, expected option lives and dividend yields. We formed our assumptions using historical experience and observable market conditions.

The Company did not issue any stock option grants in 2019, 2018 and 2017.

Net Income per Share

Basic net income per share is computed by dividing net income 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.

Concentration of Credit Risk

Financial instruments that subject us to credit risk consist of cash equivalents and accounts receivable.

Our policy is to limit the amount of credit exposure to any one financial institution, and place investments with financial institutions evaluated as being creditworthy, or in short-term money market and tax-free bond funds which are exposed to minimal interest rate and credit risk. We have bank deposits that may at times exceed federally-insured limits.

Concentration of credit risk, with respect to gaming receivables, is limited through our credit evaluation process. We issue markers to approved gaming customers only following credit checks and investigations of creditworthiness.

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 Adopted Accounting Pronouncements

ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments ("Update 2019-04") and ASU 2019-05, Financial Instruments—Credit Losses ("Update 2019-05")

In April and May 2019, the FASB issued Update 2019-04 and Update 2019-05, respectively, to provide clarification and corrections to ASU 2016-13, *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments ("Update 2016-13")*. Update 2019-04 and Update 2019-05, along with Update 2016-13, are effective for financial statements issued for annual periods and interim periods within those annual periods beginning after December 15, 2019, and early adoption is permitted. The Company adopted Update 2019-04, Update 2019-05 and Update 2016-13 during 2019 and the impact of the new standards to its consolidated financial statements was not material.

ASU 2016-02, Leases ("Update 2016-02"); ASU 2018-10, Targeted Improvements ("Update 2018-10"); ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842 ("Update ASU 2018-01"); ASU 2018-11, Codification Improvements to Topic 842, Leases ("Update 2018-11"); ASU 2019-01, Codification Improvements to Topic 842, Leases ("Update 1901-01") (collectively, the "Lease Standard")

The Lease Standard provides for transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet and the disclosure of key information about leasing arrangements to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the Lease Standard effective January 1, 2019, using the modified retrospective approach, which allows the initial application of the new guidance as of the adoption date without adjusting comparative periods presented. We elected the package of practical expedients for leases that commenced prior to the adoption date whereby we elected to not reassess (i) whether any expired or existing contracts contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for any existing leases. We also made an accounting policy election that leases with an initial term of 12 months or less are not recognized on our consolidated balance sheet. Adoption of the Lease Standard resulted in the recognition of $935.1 million of ROU assets and $921.8 million of lease liabilities on our consolidated balance sheet as of the date of adoption, primarily related to land, buildings and office space. The difference of $13.3 million represented the reclassification of the remaining balance of favorable lease rates intangible assets and deferred rent for leases that existed as of the date of adoption, which were additions to the opening balance of right-of-use assets. The adoption of the Lease Standard did not have a material impact on our consolidated statements of income, stockholders' equity and cash flows.

See Note 10, *Leases*, for further information regarding our leases.

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 2. ACQUISITIONS AND DIVESTITURES

Ameristar Casino Hotel Kansas City; Ameristar Casino Resort Spa St. Charles; Belterra Casino Resort; Belterra Park

On October 15, 2018, we completed the acquisition of Ameristar Kansas City, the owner and operator of Ameristar Casino Hotel Kansas City; Ameristar St. Charles, the owner and operator of Ameristar Casino Resort Spa St. Charles; Belterra Resort, the owner and operator of Belterra Casino Resort located in Florence, Indiana; and Belterra Park, the owner and operator of Belterra Park, located in Cincinnati, Ohio (collectively, the "Pinnacle Properties"), pursuant to a Membership Interest Purchase Agreement (as amended, the "Pinnacle Purchase Agreement"), dated as of December 17, 2017, as amended as of January 29, 2018 ("Amendment No. 1") and October 15, 2018 ("Amendment No. 2"), in each case by and among Boyd Gaming, Boyd TCIV, LLC, a wholly owned subsidiary of Boyd Gaming ("Boyd TCIV"), Penn National Gaming, Inc. ("Penn"), and, solely following the execution and delivery of a joinder to the Pinnacle Purchase Agreement, Pinnacle Entertainment, Inc. ("Pinnacle Entertainment") and its wholly owned subsidiary, Pinnacle MLS, LLC (collectively with Pinnacle Entertainment, "Pinnacle").

Pursuant to the Pinnacle Purchase Agreement, Boyd Gaming acquired from Pinnacle all of the issued and outstanding membership interests of the Pinnacle Properties as well as certain other assets (and assumed certain other liabilities) of Pinnacle related to the Pinnacle Properties (collectively, the "Pinnacle Acquisition"). Each of the Pinnacle Properties is now a wholly owned subsidiary of Boyd Gaming. The Pinnacle Properties are aggregated into our Midwest & South segment (See Note 14, *Segment Information*). The net purchase price was $576.1 million.

Pursuant to the Pinnacle Purchase Agreement, Boyd TCIV entered into a Master Lease, dated October 15, 2018 (the "Master Lease"), with Gold Merger Sub, LLC ("Gold Merger Sub"), as landlord, and Boyd TCIV, as tenant, pursuant to which the landlord agreed to lease to Boyd TCIV the facilities associated with Ameristar Kansas City, Ameristar St. Charles, Belterra Resort and Ogle Haus, LLC, a wholly owned subsidiary of Belterra Resort

("Ogle Haus"), commencing on October 15, 2018 and ending on April 30, 2026 as the initial term, with options for renewal.

The Pinnacle Acquisition occurred substantially concurrently with the acquisition of Pinnacle Entertainment by Penn pursuant to the Merger Agreement, dated December 17, 2017, by and among Pinnacle Entertainment, Penn and Franchise Merger Sub, Inc., a wholly owned subsidiary of Penn.

Concurrently with the Pinnacle Acquisition, Boyd (Ohio) PropCo, LLC, a wholly owned subsidiary of Boyd TCIV ("Boyd PropCo"), acquired the real estate associated with Belterra Park in Cincinnati, Ohio (the "Belterra Park Real Property Sale") utilizing mortgage financing from a subsidiary of Gaming and Leisure Properties, Inc. ("GLPI"), pursuant to a purchase agreement, dated December 17, 2017 ("Belterra Park Purchase Agreement"), by and among Penn, Gold Merger Sub, a wholly owned subsidiary of GLPI, Belterra Park and Pinnacle Entertainment, and a Novation and Amendment Agreement, dated October 15, 2018 (the "Novation Agreement"), by and among Penn, Gold Merger Sub, Boyd PropCo, Belterra Park and Pinnacle Entertainment. Pursuant to the Novation Agreement, Gold Merger Sub, the original purchaser under the Belterra Park Purchase Agreement, assigned, transferred and conveyed to Boyd PropCo and Boyd PropCo accepted Gold Merger Sub's rights, title and interest in the Belterra Park Purchase Agreement.

Consideration Transferred
The total gross cash consideration paid to acquire the Pinnacle Properties was $615.1 million.

Status of Purchase Price Allocation
The Company followed the acquisition method of accounting per FASB Accounting Standards Codification Topic 805 ("ASC 805") guidance. In accordance with ASC 805, we have allocated the purchase price to the assets acquired and the liabilities assumed based on their fair values as determined by management with the assistance from third-party specialists. The excess of the purchase price over those fair values was recorded as goodwill. The purchase price allocation below represents the Pinnacle Properties opening balance sheet on October 15, 2018, which was reported in our Form 10-K for the annual period ended December 31, 2018. During the measurement period, which ended on September 30, 2019, opening balance sheet adjustments were made to finalize the preliminary fair value estimates, resulting in a $0.4 million decrease in current assets, a $36.7 million decrease in property and equipment, a $39.0 million increase in intangible assets and a $0.2 million decrease in current liabilities, with a corresponding increase of $5.8 million to goodwill. The tax impact related to the measurement period adjustments was considered immaterial to our consolidated financial statements.

The following table presents the components of the allocation of the purchase price as of the acquisition date, including the measurement period adjustments:

(In thousands)	Preliminary Allocation as of December 31, 2018	Adjustments	Final Purchase Price Allocation
Current assets	$ 64,604	$ (443)	$ 64,161
Property and equipment	167,000	(36,694)	130,306
Other assets	(28)	—	(28)
Intangible assets	415,400	39,000	454,400
Total acquired assets	646,976	1,863	648,839
Current liabilities	54,585	(151)	54,434
Other liabilities	57,832	—	57,832
Total liabilities assumed	112,417	(151)	112,266
Net identifiable assets acquired	534,559	2,014	536,573
Goodwill	72,740	5,820	78,560
Net assets acquired	$607,299	$ 7,834	$615,133

The following table summarizes the final values assigned to acquired property and equipment and estimated useful lives:

(In thousands)	Useful Lives (in years)	As Recorded
Land		$ 4,395
Buildings and improvements	15 - 40	56,054
Furniture and equipment	2 - 10	69,857
Property and equipment acquired		$130,306

The following table summarizes the acquired intangible assets and weighted average useful lives of definite-lived intangible assets.

(In thousands)	Useful Lives (in years)	As Recorded
Customer relationship	4	$ 42,600
Trademark	Indefinite	42,300
Gaming license right	Indefinite	369,500
Total intangible assets acquired		$454,400

The goodwill recognized is the excess of the purchase price over the final values assigned to the assets acquired and liabilities assumed. All of the goodwill was assigned to the Midwest & South reportable segment and is expected to be deductible for income tax purposes.

The Company recognized $2.4 million, $14.5 million and $2.0 million of acquisition related costs that were expensed for the years ended December 31, 2019, 2018 and 2017, respectively. These costs are included in the Project development, preopening and writedowns line in the consolidated statements of operations.

Condensed Consolidated Statement of Operations for the year ended December 31, 2019 and the period from October 15, 2018 through December 31, 2018
The following supplemental information presents the financial results of the Pinnacle Properties included in the Company's consolidated statement of operations for the year ended December 31, 2019 and the period from October 15, 2018 through December 31, 2018:

(In thousands)	Year Ended December 31, 2019	October 15 to December 31, 2018
Total revenues	$671,900	$138,189
Net income	$ 59,740	$ 1,641

Valley Forge Convention Center Partners
On September 17, 2018, we completed the acquisition of Valley Forge, the owner and operator of Valley Forge Casino Resort, pursuant to an Agreement and Plan of Merger (as amended, the "Valley Forge Merger Agreement"), dated as of December 20, 2017, as amended as of September 17, 2018, in each case by and among Boyd, Boyd TCV, LP, a Pennsylvania limited partnership and a wholly owned subsidiary of Boyd ("Boyd TCV"), Valley Forge, and VFCCP SR LLC, a Pennsylvania limited liability company, solely in its capacity as the representative of Valley Forge's limited partners.

Pursuant to the Valley Forge Merger Agreement, Boyd TCV merged with and into Valley Forge (the "Valley Forge Merger"), with Valley Forge surviving the merger. Valley Forge is now a wholly owned subsidiary of Boyd. Valley Forge is a modern casino and hotel in King of Prussia, Pennsylvania that offers premium accommodations, gaming, dining, entertainment and retail services, and is aggregated into our Midwest & South segment (See Note 14, *Segment Information*). The net purchase price was $264.3 million.

Consideration Transferred
The total gross cash consideration paid to acquire Valley Forge was $289.1 million.

Status of Purchase Price Allocation
The Company followed the acquisition method of accounting per ASC 805 guidance. In accordance with ASC 805, we have allocated the purchase price to the assets acquired and the liabilities assumed based on their fair values as determined by management with the assistance from third-party specialists. The excess of the purchase price over those fair values was recorded as goodwill. The purchase price allocation below represents Valley Forge's opening balance sheet on September 17, 2018, which was reported in our Form 10-K for the annual period ended December 31, 2018. During the measurement period, which concluded on September 1, 2019, opening balance sheet adjustments were made to finalize the preliminary fair value estimates, resulting in a $0.6 million decrease in current assets, a $0.6 million increase in property and equipment, a $2.4 million increase in other assets, a $12.0 million decrease in intangible assets and a $9.2 increase in other liabilities, with a corresponding increase of $16.5 million to goodwill. The measurement period adjustments and the related tax impact were immaterial to our consolidated financial statements.

The following table presents the components of the allocation of the purchase price as of the acquisition date, including the measurement period adjustments:

(In thousands)	Preliminary Allocation as of December 31, 2018	Adjustments	Final Purchase Price Allocation
Current assets	$ 29,909	$ (629)	$ 29,280
Property and equipment	56,500	618	57,118
Other assets	483	2,389	2,872
Intangible assets	148,600	(12,000)	136,600
Total acquired assets	235,492	(9,622)	225,870
Current liabilities	12,968	—	12,968
Other liabilities	606	9,197	9,803
Total liabilities assumed	13,574	9,197	22,771
Net identifiable assets acquired	221,918	(18,819)	203,099
Goodwill	69,446	16,520	85,966
Net assets acquired	$291,364	$ (2,299)	$289,065

The following table summarizes the final values assigned to acquired property and equipment and estimated useful lives:

(In thousands)	Useful Lives (in years)	As Recorded
Land		$15,150
Buildings and improvements	15 - 40	32,908
Furniture and equipment	2 - 6	9,060
Property and equipment acquired		$57,118

The following table summarizes the acquired intangible assets and weighted average useful lives of definite-lived intangible assets.

(In thousands)	Useful Lives (in years)	As Recorded
Customer relationship	5	$ 16,100
Trademark	Indefinite	12,500
Gaming license right	Indefinite	108,000
Total intangible assets acquired		$136,600

The goodwill recognized is the excess of the purchase price over the final values assigned to the assets acquired and liabilities assumed. All of the goodwill was assigned to the Midwest & South reportable segment and is expected to be deductible for income tax purposes.

The Company recognized $0.6 million, $3.6 million and $0.4 million of acquisition related costs that were expensed for the years ended December 31, 2019, 2018 and 2017, respectively. These costs are included in the Project development, preopening and writedowns line in the consolidated statements of operations.

Condensed Consolidated Statement of Operations for the year ended December 31, 2019 and the period from September 17, 2018 through December 31, 2018
The following supplemental information presents the financial results of Valley Forge included in the Company's consolidated statement of operations for the year ended December 31, 2019 and the period from September 17, 2018 through December 31, 2018:

(In thousands)	Year Ended December 31, 2019	Period from September 17 to December 31, 2018
Total revenues	$168,610	$43,499
Net income	$ 31,286	$ 4,450

Lattner Entertainment Group Illinois
On June 1, 2018, we completed the acquisition of Lattner, a distributed gaming operator headquartered in Ottawa, Illinois, pursuant to an Agreement and Plan of Merger (the "Lattner Merger Agreement") dated as of May 1, 2018, by and among Boyd, Boyd TCVI Acquisition, LLC, a wholly owned subsidiary of Boyd ("Boyd TCVI"), Lattner, and Lattner Capital, LLC, solely in its capacity as the representative of the equity holders of Lattner.

Pursuant to the Lattner Merger Agreement, Boyd TCVI merged with and into Lattner (the "Lattner Merger"), with Lattner surviving the Lattner Merger and becoming a wholly owned subsidiary of Boyd. Lattner currently operates approximately 1,000 gaming units in approximately 220 locations across the state of Illinois and is aggregated into our Midwest & South segment (See Note 14, *Segment Information*). The net purchase price was $100.0 million.

Consideration Transferred
The total gross cash consideration paid to acquire Lattner was $110.5 million.

Status of Purchase Price Allocation
The Company followed the acquisition method of accounting per ASC 805 guidance. In accordance with ASC 805, we have allocated the purchase price to the assets acquired and the liabilities assumed based on their fair values as determined by management with the assistance from third-party specialists. The excess of the purchase price over those fair values was recorded as goodwill. The purchase price allocation below represents Lattner's opening balance sheet on June 1, 2018, which was reported in our Form 10-K for the annual period ended December 31, 2018. During the measurement period, which concluded on March 31, 2019, opening balance sheet adjustments were made to finalize the preliminary fair value estimates, resulting in a $0.2 million increase in property and equipment, a $1.0 million increase in other assets, with a corresponding decrease of $1.2 million to goodwill. The measurement period adjustments and the related tax impact were immaterial to our consolidated financial statements.

The following table presents the components of the allocation of the purchase price as of the acquisition date, including the measurement period adjustments:

(In thousands)	Preliminary Allocation as of December 31, 2018	Adjustments	Final Purchase Price Allocation
Current assets	$ 10,638	$ —	$ 10,638
Property and equipment	9,307	189	9,496
Other assets	1,963	970	2,933
Intangible and other assets	58,000	—	58,000
Total acquired assets	79,908	1,159	81,067
Current liabilities	1,062	—	1,062
Total liabilities assumed	1,062	—	1,062
Net identifiable assets acquired	78,846	1,159	80,005
Goodwill	31,692	(1,163)	30,529
Net assets acquired	$110,538	$ (4)	$110,534

The following table summarizes the final values assigned to acquired property and equipment and estimated useful lives:

(In thousands)	Useful Lives (in years)	As Recorded
Buildings and improvements	10 - 45	$ 66
Furniture and equipment	3 - 7	9,430
Property and equipment acquired		$9,496

The following table summarizes the acquired intangible asset and weighted average useful lives of the definite-lived intangible asset.

(In thousands)	Useful Lives (in years)	As Recorded
Host agreements	15	$58,000
Total intangible assets acquired		$58,000

The goodwill recognized is the excess of the purchase price over the final values assigned to the assets acquired and liabilities assumed. All of the goodwill was assigned to the Midwest & South reportable segment and is expected to be deductible for income tax purposes.

The Company recognized $0.4 million and $0.7 million of acquisition related costs that were expensed for the year ended December 31, 2019 and 2018. There were no acquisition related costs for the year ended December 31, 2017. These costs are included in the Project development, preopening and writedowns line in the consolidated statements of operations.

We have not provided the amount of revenue and earnings included in our consolidated financial results from the Lattner acquisition for the period subsequent to its acquisition as such amounts are not material for the year ended December 31, 2019 and the period from June 1, 2018 through December 31, 2018.

Supplemental Unaudited Pro Forma Information
The following table presents pro forma results of the Company, as though Lattner, Valley Forge and the Pinnacle Properties (the "Acquired Companies") had been acquired as of January 1, 2017. The pro forma results do not necessarily represent the results that may occur in the future. The pro forma amounts include the historical operating results of the Company, Lattner, Valley Forge and the Pinnacle Properties, prior to the acquisition, with adjustments directly attributable to the acquisitions.

	Year Ended December 31, 2018		
(In thousands)	Boyd Gaming Corporation (As Reported)	Acquired Companies	Boyd Gaming Corporation (Pro Forma)
Total revenues	$2,626,730	$666,928	$3,293,658
Net income from continuing operations, net of tax	$ 114,701	$ 16,589	$ 131,290
Basic net income per share	$ 1.01		$ 1.15
Diluted net income per share	$ 1.00		$ 1.14

	Year Ended December 31, 2017		
(In thousands)	Boyd Gaming Corporation (As Reported)	Acquired Companies	Boyd Gaming Corporation (Pro Forma)
Total revenues	$2,400,819	$861,454	$3,262,273
Net income from continuing operations, net of tax	$ 167,998	$ 4,464	$ 172,462
Basic net income per share	$ 1.46		$ 1.50
Diluted net income per share	$ 1.45		$ 1.49

Pro Forma and Other Adjustments
The unaudited pro forma results, as presented above, include adjustments to record: (i) rent expense under the Master Lease; (ii) the net incremental depreciation expense for the adjustment of property and equipment to fair value and the allocation of a portion of the purchase price to amortizing intangible assets; (iii) the increase in interest expense incurred on the incremental borrowings incurred by Boyd to fund the acquisition along with the Belterra Park Mortgage; (iv) the estimated tax effect of the pro forma adjustments and on the historical taxable income of the Acquired Companies; and (v) miscellaneous adjustments as a result of the preliminary purchase price allocation on the amortization of certain assets and liabilities.

Divestiture of Borgata
On August 1, 2016, Boyd Gaming completed the sale of its 50% equity interest in the parent company of Borgata in Atlantic City, New Jersey, to MGM Resorts, pursuant to the Purchase Agreement entered into on May 31, 2016, as amended on July 19, 2016, by and among Boyd, Boyd Atlantic City, Inc., a wholly-owned subsidiary of Boyd, and MGM. On February 15, 2017, Borgata announced that it had entered into a settlement agreement under which it would receive payments totaling $72 million to resolve the property tax issues. Borgata received full payment, and we received our share of the proceeds, in June 2017. For the year ended December 31, 2017, we recognized $36.2 million in income for the cash we received for our share of property tax benefits realized by Borgata after the closing of the sale. These proceeds, net of tax of $14.8 million for the year ended December 31, 2017, are included in discontinued operations in the consolidated financial statements. During the year ended

December 31, 2018, we recognized $0.3 million in income, net of tax, for the cash received for our share of miscellaneous recoveries realized by Borgata during that period, which are included in discontinued operations in the consolidated financial statements.

NOTE 3. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	December 31,	
(In thousands)	2019	2018
Land	$ 324,501	$ 316,590
Buildings and improvements	3,090,974	3,084,337
Furniture and equipment	1,596,395	1,480,917
Riverboats and barges	241,036	240,507
Construction in progress	56,069	66,752
Total property and equipment	5,308,975	5,189,103
Less accumulated depreciation	2,636,422	2,473,039
Property and equipment, net	$2,672,553	$2,716,064

Construction in progress primarily relates to costs capitalized in conjunction with major improvements that have not yet been placed into service, and accordingly, such costs are not currently being depreciated.

Depreciation expense for the years ended December 31, 2019, 2018 and 2017 was $247.0 million, $212.1 million and $199.3 million, respectively.

NOTE 4. INTANGIBLE ASSETS

Intangible assets consist of the following:

	December 31, 2019				
(In thousands)	Weighted Average Life Remaining (in years)	Gross Carrying Value	Cumulative Amortization	Cumulative Impairment Losses	Intangible Assets, Net
Amortizing intangibles					
Customer relationships	3.5	$ 68,100	$(39,598)	$ —	$ 28,502
Host agreements	13.4	58,000	(6,122)	—	51,878
Development agreement	—	21,373	—	—	21,373
		147,473	(45,720)	—	101,753
Indefinite lived intangible assets					
Trademarks	Indefinite	206,687	—	(4,300)	202,387
Gaming license rights	Indefinite	1,376,685	(33,960)	(179,974)	1,162,751
		1,583,372	(33,960)	(184,274)	1,365,138
Balances, December 31, 2019		$1,730,845	$(79,680)	$(184,274)	$1,466,891

	December 31, 2018				
(In thousands)	Weighted Average Life Remaining (in years)	Gross Carrying Value	Cumulative Amortization	Cumulative Impairment Losses	Intangible Assets, Net
Amortizing intangibles					
Customer relationships	7.3	$ 65,400	$(15,113)	$ —	$ 50,287
Host agreements	14.4	58,000	(2,256)	—	55,744
Favorable lease rates	37.0	11,730	(3,302)	—	8,428
Development agreement	—	21,373	—	—	21,373
		156,503	(20,671)	—	135,832
Indefinite lived intangible assets					
Trademarks	Indefinite	207,387	—	(4,300)	203,087
Gaming license rights	Indefinite	1,341,685	(33,960)	(179,974)	1,127,751
		1,549,072	(33,960)	(184,274)	1,330,838
Balances, December 31, 2018		$1,705,575	$(54,631)	$(184,274)	$1,466,670

Amortizing Intangible Assets

Customer Relationships

Customer relationships represent the value of repeat business associated with our customer loyalty programs. The value of customer relationships is determined using a multi-period excess earnings method, which is a specific discounted cash flow model. The value is determined at an amount equal to the present value of the incremental after-tax cash flows attributable only to these customers, discounted to present value at a risk-adjusted rate of return. With respect to the application of this methodology, we used the following significant projections and assumptions: revenue of our rated customers, based on expected level of play; promotional allowances provided to these existing customers; attrition rate related to these customers; operating expenses; general and administrative expenses; trademark expense; discount rate; and the present value of tax benefit.

Host Agreements

Host agreements represent the value associated with our host establishment relationships. The value of host agreements is determined using a multi-period excess earnings method, which is a specific discounted cash flow model. The value is determined at an amount equal to the present value of the incremental after-tax cash flows attributable only to these establishments, discounted to present value at a risk-adjusted rate of return.

Favorable Lease Rates

Favorable lease rates represent the rental rates for assumed land leases that are favorable to comparable market rates. The fair value is determined on a technique whereby the difference between the lease rate and the then current market rate for the remaining contractual term is discounted to present value. The assumptions underlying this computation include the actual lease rates, the expected remaining lease term, including renewal options, based on the existing lease; current rates of rent for leases on comparable properties with similar terms obtained from market data and analysis; and an assumed discount rate. The estimates underlying the result covered a term of 41 to 52 years. This asset was reclassified and added to the operating lease right-of-use asset upon the adoption of the Lease Standard effective January 1, 2019.

Development Agreement
Development agreement is an acquired contract with a Native American tribe (the "Tribe") under which the Company has the right to assist the Tribe in the development and management of a gaming facility on the Tribe's land. This asset although amortizable, is not amortized until development is completed. We are in the process of finalizing project design and construction planning. In the interim, this asset is subject to periodic impairment reviews.

Indefinite Lived Intangible Assets
Trademarks
Trademarks are based on the value of our brands, which reflect the level of service and quality we provide and from which we generate repeat business. Trademarks are valued using the relief from royalty method, which presumes that without ownership of such trademark, we would have to make a stream of payments to a brand or franchise owner in return for the right to use their name. By virtue of this asset, we avoid any such payments and record the related intangible value of our ownership of the trade name. We used the following significant projections and assumptions to determine value under the relief from royalty method: revenue from gaming and hotel activities; royalty rate; tax expense; terminal growth rate; discount rate; and the present value of tax benefit.

Gaming License Rights
Gaming license rights represent the value of the license to conduct gaming in certain jurisdictions, which is subject to highly extensive regulatory oversight, and a limitation on the number of licenses available for issuance therein. In the majority of cases, the value of our gaming licenses is determined using a multi-period excess earnings method, which is a specific discounted cash flow model. The value is determined at an amount equal to the present value of the incremental after-tax cash flows attributable only to future gaming revenue, discounted to present value at a risk-adjusted rate of return. With respect to the application of this methodology, we used the following significant projections and assumptions: gaming revenues; gaming operating expenses; general and administrative expenses; tax expense; terminal value; and discount rate. In two instances, we determine the value of our gaming licenses by applying a cost approach. Our primary consideration in the application of this methodology is the initial statutory fee associated with acquiring a gaming license in the jurisdiction.

Activity for the Years Ended December 31, 2019, 2018 and 2017

The following table sets forth the changes in these intangible assets:

(In thousands)	Customer Relationships	Host Agreements	Favorable Lease Rates	Development Agreements	Trademarks	Gaming License Rights	Intangible Assets, Net
Balance, January 1, 2017	$ 19,462	$ —	$ 32,331	$21,373	$149,387	$ 659,401	$ 881,954
Additions	—	—	—	—	—	—	—
Purchase price adjustments	920	—	—	—	(1,800)	—	(880)
Impairments	—	—	—	—	—	—	—
Amortization	(14,452)	—	(228)	—	—	—	(14,680)
Other (1)	—	—	(23,448)	—	—	—	(23,448)
Balance, December 31, 2017	5,930	—	8,655	21,373	147,587	659,401	842,946
Additions	56,000	58,000	—	—	55,500	468,350	637,850
Impairments	—	—	—	—	—	—	—
Amortization	(11,643)	(2,256)	(227)	—	—	—	(14,126)
Balance, December 31, 2018	50,287	55,744	8,428	21,373	203,087	1,127,751	1,466,670
Additions	—	—	—	—	—	—	—
Purchase price adjustments	2,700	—	—	—	(700)	35,000	37,000
Impairments	—	—	—	—	—	—	—
Amortization	(24,485)	(3,866)	—	—	—	—	(28,351)
Other (2)	—	—	(8,428)	—	—	—	(8,428)
Balance, December 31, 2019	$ 28,502	$51,878	$ —	$21,373	$202,387	$1,162,751	$1,466,891

(1) In March 2017, The Orleans Hotel and Casino exercised an option in its lease agreement to terminate the existing lease and purchase the land subject to the lease therefore combining the remaining unamortized favorable lease rate asset into the cost of the land asset.
(2) The remaining balance of the favorable lease rates intangible asset was reclassified and added to the operating lease right-of-use asset upon the adoption of the Lease Standard effective January 1, 2019.

Future Amortization

Customer relationships are being amortized on an accelerated basis over a weighted average original life of five years. Host agreements are being amortized on a straight-line basis over an original life of 15 years. Future amortization is as follows:

(In thousands)	Customer Relationships	Host Agreements	Total
For the year ending December 31,			
2020	$15,465	$ 3,867	$19,332
2021	8,737	3,867	12,604
2022	3,322	3,867	7,189
2023	939	3,867	4,806
2024	39	3,867	3,906
Thereafter	—	32,543	32,543
Total future amortization	$28,502	$51,878	$80,380

Trademarks and gaming license rights are not subject to amortization, as we have determined that they have an indefinite useful life; however, these assets are subject to an annual impairment test each year and between annual test dates in certain circumstances.

Impairment Considerations
No impairment charges resulted from our quarterly reviews or annual tests of intangible assets for impairment in 2019, 2018 and 2017.

NOTE 5. GOODWILL

Goodwill consists of the following:

(In thousands)	Gross Carrying Value	Cumulative Amortization	Cumulative Impairment Losses	Goodwill, Net
Goodwill, net by Reportable Segment:				
Las Vegas Locals	$ 593,567	$ —	$(165,479)	$ 428,088
Downtown Las Vegas	6,997	(6,134)	—	863
Midwest & South	666,798	—	(12,462)	654,336
Balance, December 31, 2019	$1,267,362	$(6,134)	$(177,941)	$1,083,287

Changes in Goodwill
During the year ended December 31, 2019, we recorded $21.2 million of goodwill in our Midwest & South segment related to the Acquired Companies as the acquisition accounting was finalized in 2019 (see Note 2, *Acquisitions and Divestitures*). During the year ended December 31, 2018, we recorded $173.9 million of goodwill in our Midwest & South segment related to the Acquired Companies. During the year ended December 31, 2017, we recorded $61.7 million of goodwill in our Las Vegas Locals segment related to our acquisitions of Aliante in September 2016 and Cannery and Eastside Cannery in December 2016 as the acquisition accounting was finalized in 2017.

The following table sets forth the changes in our goodwill, net, during the years ended December 31, 2019, 2018 and 2017.

(In thousands)	Goodwill, Net
Balance, January 1, 2017	$ 826,476
Additions	—
Impairments	—
Final purchase price adjustments	61,748
Balance, December 31, 2017	888,224
Additions	173,878
Impairments	—
Balance, December 31, 2018	1,062,102
Additions	—
Impairments	—
Final purchase price adjustments	21,185
Balance, December 31, 2019	$1,083,287

NOTE 6. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	December 31,	
(In thousands)	2019	2018
Payroll and related expenses	$ 99,602	$ 85,532
Interest	32,239	35,734
Gaming liabilities	64,465	59,823
Player loyalty program liabilities	32,983	25,251
Advance deposits	22,854	21,687
Outstanding chip liabilities	7,394	7,449
Dividend payable	7,808	6,705
Operating lease liabilities	87,686	—
Other accrued liabilities	83,865	91,994
Total accrued liabilities	$438,896	$334,175

NOTE 7. LONG-TERM DEBT

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

	December 31, 2019				
(In thousands)	Interest Rates at December 31, 2019	Outstanding Principal	Unamortized Discount	Unamortized Origination Fees and Costs	Long-Term Debt, Net
Bank credit facility	3.753%	$1,305,634	$(671)	$(14,255)	$1,290,708
6.375% senior notes due 2026	6.375%	750,000	—	(8,271)	741,729
6.000% senior notes due 2026	6.000%	700,000	—	(9,244)	690,756
4.750% senior notes due 2027	4.750%	1,000,000	—	(15,584)	984,416
Other	11.138%	58,322	—	—	58,322
Total long-term debt		3,813,956	(671)	(47,354)	3,765,931
Less current maturities		26,994	—	—	26,994
Long-term debt, net		$3,786,962	$(671)	$(47,354)	$3,738,937

	December 31, 2018				
(In thousands)	Interest Rates at December 31, 2018	Outstanding Principal	Unamortized Discount	Unamortized Origination Fees and Costs	Long-Term Debt, Net
Bank credit facility	4.651%	$1,771,330	$(1,286)	$(21,515)	$1,748,529
6.875% senior notes due 2023	6.875%	750,000	—	(7,701)	742,299
6.375% senior notes due 2026	6.375%	750,000	—	(9,594)	740,406
6.000% senior notes due 2026	6.000%	700,000	—	(10,639)	689,361
Other	11.010%	58,705	—	—	58,705
Total long-term debt		4,030,035	(1,286)	(49,449)	3,979,300
Less current maturities		24,181	—	—	24,181
Long-term debt, net		$4,005,854	$(1,286)	$(49,449)	$3,955,119

Bank Credit Facility

Credit Agreement

On August 2, 2018, we entered into a Joinder Agreement (the "Joinder Agreement") to Amendment No. 2 and Refinancing Amendment (the "Credit Agreement"), among the Company, certain financial institutions and Bank of America, N.A., as administrative agent.

The Joinder Agreement modified the Credit Agreement solely to join additional financial institutions as lenders and to provide for (i) increased commitments under the senior secured revolving credit facility under the Credit Agreement (the "Revolving Credit Facility") by an amount equal to $170.5 million resulting in total availability under the Revolving Credit Facility of an amount equal to $945.5 million and (ii) commitments from lenders to make additional Term A Loans (as defined in the Credit Agreement) in an amount equal to $49.5 million resulting in aggregate outstanding Term A Loans under the Credit Agreement in an amount equal to approximately $234.3 million.

Amounts Outstanding

The outstanding principal amounts under the Credit Facility are comprised of the following:

	December 31,	
(In thousands)	2019	2018
Revolving Credit Facility	$ 235,000	$ 320,000
Term A Loan	234,300	248,351
Refinancing Term B Loans	795,034	1,152,679
Swing Loan	41,300	50,300
Total outstanding principal amounts under the bank credit facility	$1,305,634	$1,771,330

The Refinancing Term B Loans mature on September 15, 2023 (or earlier upon occurrence or non-occurrence of certain events). The Revolving Credit Facility and the Term A Loan mature on September 15, 2021 (or earlier upon occurrence or non-occurrence of certain events).

At December 31, 2019 approximately $1.3 billion was outstanding under the bank credit facility. A total revolving credit commitment of $945.5 million is available to us under the bank credit facility. Of this total

$235.0 million was borrowed on the Revolving Credit Facility, $41.3 million was borrowed on the Swing Loan and $12.6 million allocated to support various letters of credit, leaving the remaining contractual availability to us at December 31, 2019, of $656.6 million.

Interest and Fees

The interest rate on the outstanding balance from time to time of the Revolving Credit Facility and the Term A Loan is based upon, at the Company's option, either: (i) the Eurodollar rate or (ii) the base rate, in each case, plus an applicable margin. Such applicable margin is a percentage per annum determined in accordance with a specified pricing grid based on the total leverage ratio and ranges from 1.75% to 2.75% (if using the Eurodollar rate) and from 0.75% to 1.75% (if using the base rate). A fee of a percentage per annum (which ranges from 0.25% to 0.50% determined in accordance with a specified pricing grid based on the total leverage ratio) will be payable on the unused portions of the Revolving Credit Facility.

The interest rate on the outstanding balance of the Refinancing Term B Loans under the Amended Credit Agreement is based upon, at the Company's option, either: (i) the Eurodollar rate or (ii) the base rate, in each case, plus an applicable margin. Such applicable margin is a percentage per annum determined in accordance with the Company's secured leverage ratio and ranges from 2.25% to 2.50% (if using the Eurodollar rate) and from 1.25% to 1.50% (if using the base rate).

The "base rate" under the Credit Agreement remains the highest of (x) Bank of America's publicly-announced prime rate, (y) the federal funds rate plus 0.50%, or (z) the Eurodollar rate for a one-month period plus 1.00%.

Optional and Mandatory Prepayments

Pursuant to the terms of the Credit Facility (i) the loans under the Term A Loan amortize in an annual amount equal to 5.00% of the original principal amount thereof, commencing December 31, 2016, payable on a quarterly basis, (ii) the loans under the Refinancing Term B Loans amortize in an annual amount equal to 1.00% of the original principal amount thereof, commencing June 30, 2017, payable on a quarterly basis, and (iii) beginning with the fiscal year ending December 31, 2016, the Company is required to use a portion of its annual Excess Cash Flow, as defined in the Credit Agreement, to prepay loans outstanding under the Credit Facility.

Amounts outstanding under the Refinancing Amendment may be prepaid without premium or penalty, and the commitments may be terminated without penalty, subject to certain exceptions.

Subject to certain exceptions, the Company may be required to repay the amounts outstanding under the Credit Facility in connection with certain asset sales and issuances of certain additional secured indebtedness.

Guarantees and Collateral

The Company's obligations under the Credit Facility, subject to certain exceptions, are guaranteed by certain of the Company's subsidiaries and are secured by the capital stock of certain subsidiaries. In addition, subject to certain exceptions, the Company and each of the guarantors will grant the administrative agent first priority liens and security interests on substantially all of their real and personal property (other than gaming licenses and subject to certain other exceptions) as additional security for the performance of the secured obligations under the Credit Facility.

The Credit Facility includes an accordion feature which permits an increase in the Revolving Credit Facility and the issuance and increase of senior secured term loans in an amount up to (i) $550.0 million, plus (ii) certain voluntary permanent reductions of the Revolving Credit Facility and certain voluntary prepayments of the senior secured term loans, plus (iii) certain reductions in the outstanding principal amounts under the term loans or the Revolving Credit Facility, plus (iv) any additional amount if, after giving effect thereto, the First Lien Leverage Ratio (as defined in the Credit Agreement) would not exceed 4.25 to 1.00 on a pro forma basis, less (v) any Incremental Equivalent Debt (as defined in the Credit Agreement), in each case, subject to the satisfaction of certain conditions.

Financial and Other Covenants
The Credit Facility contains certain financial and other covenants, including, without limitation, various covenants: (i) requiring the maintenance of a minimum consolidated interest coverage ratio 1.75 to 1.00; (ii) establishing a maximum permitted consolidated total leverage ratio (discussed below); (iii) establishing a maximum permitted secured leverage ratio (discussed below); (iv) imposing limitations on the incurrence of indebtedness; (v) imposing limitations on transfers, sales and other dispositions; and (vi) imposing restrictions on investments, dividends and certain other payments.

The maximum permitted consolidated Total Leverage Ratio is calculated as Consolidated Funded Indebtedness to twelve-month trailing Consolidated EBITDA, as defined by the Agreement. The following table provides our maximum Total Leverage Ratio during the remaining term of the Credit Facility:

For the Trailing Four Quarters Ending	Maximum Total Leverage Ratio
March 31, 2019 through December 31, 2019	6.00 to 1.00
March 31, 2020 through December 31, 2020	5.75 to 1.00
March 31, 2021 and thereafter	5.50 to 1.00

The maximum permitted Secured Leverage Ratio is calculated as Secured Indebtedness to twelve-month trailing Consolidated EBITDA, as defined by the Agreement. The following table provides our maximum Secured Leverage Ratio during the remaining term of the Credit Facility:

For the Trailing Four Quarters Ending	Maximum Secured Leverage Ratio
March 31, 2019 through December 31, 2019	3.75 to 1.00
March 31, 2020 and thereafter	3.50 to 1.00

Current Maturities of Our Indebtedness
We classified certain non-extending balances under our Credit Facility as a current maturity, as such amounts come due within the next twelve months.

Senior Notes
4.750% Senior Notes due December 2027
On December 3, 2019, we issued $1.0 billion aggregate principal amount of 4.750% senior notes due December 2027 (the “4.750% Notes”). The 4.750% Notes require semi-annual interest payments on June 1 and December 1 of each year, commencing on June 1, 2020. The 4.750% Notes will mature on December 1, 2027 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 net proceeds from the 4.750% Notes were used to finance the redemption of all of our outstanding 6.875% senior notes due in 2023 and prepay a portion of our Refinancing Term B Loan.

In conjunction with the issuance of the 4.750% Notes, we incurred approximately $15.7 million in debt financing costs that have been deferred and are being amortized over the term of the 4.750% Notes using the effective interest method.

The 4.750% 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 indenture governing the 4.750% Notes, the “4.750% 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 4.750% Indenture), we will be required, unless certain conditions are met, to offer to repurchase the 4.750% Notes at a price equal to 101% of the principal amount of the 4.750% Notes, plus accrued and unpaid interest and Additional Interest (as defined in the 4.750% Indenture), if any, to, but not including, the date of purchase. If we sell assets, we will be required under certain circumstances to offer to purchase the 4.750% Notes.

At any time prior to December 1, 2022, we may redeem the 4.750% 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. After December 1, 2022, we may redeem all or a portion of the 4.750% Notes at redemption prices (expressed as percentages of the principal amount) ranging from 102.375% in 2022 to 100% in 2024 and thereafter, plus accrued and unpaid interest and Additional Interest.

In connection with the private placement of the 4.750% Notes, we entered into a registration rights agreement with the initial purchasers in which we agreed to file a registration statement with the Securities and Exchange Commission (the “SEC”) to permit the holders to exchange or resell the 4.750% Notes. We must use commercially reasonable efforts to file a registration statement and to consummate an exchange offer within 365 days after the issuance of the 4.750% Notes, subject to certain suspension and other rights set forth in the registration rights agreement. Under certain circumstances, including our determination that we cannot complete an exchange offer, we are required to file a shelf registration statement for the resale of the 4.750% Notes and to cause such shelf registration statement to be declared effective as soon as reasonably practicable (but in no event later than the 365th day following the issuance of the 4.750% Notes) after the occurrence of such circumstances. Subject to certain suspension and other rights, in the event that the registration statement is not filed or declared effective within the time periods specified in the registration rights agreement, the exchange offer is not consummated within 365 days after the issuance of the 4.750% Notes, or the registration statement is filed and declared effective but thereafter ceases to be effective or is unusable for its intended purpose for a period in excess of 30 days without being succeeded immediately by a post-effective amendment that cures such failure, the agreement provides that additional interest will accrue on the principal amount of the 4.750% Notes at a rate of 0.25% per annum during the 90-day period immediately following any of these events and will increase by 0.25% per annum at the end of each subsequent 90-day period, but in no event will the penalty rate exceed 1.00% per annum, until the default is cured. There are no other alternative settlement methods and, other than the 1.00% per annum maximum penalty rate, the agreement contains no limit on the maximum potential amount of consideration that could be transferred in the event we do not meet the registration statement filing requirements. We currently intend to file a registration statement, have it declared effective and consummate any exchange offer within these time periods. Accordingly, we do not believe that payment of additional interest under the registration payment arrangement is probable and, therefore, no related liability has been recorded in the consolidated financial statements.

6.000% Senior Notes due August 2026

On June 25, 2018, we issued $700.0 million aggregate principal amount of 6.000% senior notes due August 2026 (the "6.000% Notes"). The 6.000% Notes require semi-annual interest payments on February 15 and August 15 of each year, commencing on August 15, 2018. The 6.000% Notes will mature on August 15, 2026 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 or will be, as applicable, 100% owned by us. The net proceeds from the debt issuance were ultimately used to fund the acquisitions of Valley Forge and the four Pinnacle properties.

In conjunction with the issuance of the 6.000% Notes, we incurred approximately $11.3 million in debt financing costs that have been deferred and are being amortized over the term of the 6.000% Notes using the effective interest method.

The 6.000% 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 indenture governing the 6.000% Notes, the "6.000% 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 6.000% Indenture), we will be required, unless certain conditions are met, to offer to repurchase the 6.000% Notes at a price equal to 101% of the principal amount of the 6.000% Notes, plus accrued and unpaid interest and Additional Interest (as defined in the 6.000% Indenture), if any, to, but not including, the date of purchase. If we sell assets, we will be required under certain circumstances to offer to purchase the 6.000% Notes.

At any time prior to August 15, 2021, we may redeem the 6.000% 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 (as defined in the indenture governing the 6.000% Notes), if any, up to, but excluding, the applicable redemption date, plus a make-whole premium. On or after August 15, 2021, we may redeem all or a portion of the 6.000% Notes at redemption prices (expressed as percentages of the principal amount) ranging from 103% in 2021 to 100% in 2024 and thereafter, plus accrued and unpaid interest and Additional Interest, if any, up to, but excluding, the applicable redemption date.

6.375% Senior Notes due April 2026

On March 28, 2016, we issued $750.0 million aggregate principal amount of 6.375% senior notes due April 2026 (the "6.375% Notes"). The 6.375% Notes require semi-annual interest payments on April 1 and October 1 of each year, commencing on October 1, 2016. The 6.375% Notes will mature on April 1, 2026 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. Net proceeds from the 6.375% Notes were used to pay down the outstanding amount under the Revolving Credit Facility and the balance was deposited in money market funds and classified as cash equivalents on the consolidated balance sheets.

In conjunction with the issuance of the 6.375% Notes, we incurred approximately $13.0 million in debt financing costs that have been deferred and are being amortized over the term of the 6.375% Notes using the effective interest method.

The 6.375% 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 6.375% Notes, together, the "6.375% 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 6.375% Indenture), we will be required, unless certain conditions are met, to offer to repurchase the 6.375% Notes at a price equal to 101% of the principal amount of the 6.375% Notes, plus accrued and unpaid interest and Additional Interest (as defined in the 6.375% Indenture), if any, to, but not including, the date of purchase. If we sell assets or experience an event of loss, as defined in the 6.375% Indenture, we will be required under certain circumstances to offer to purchase the 6.375% Notes.

At any time prior to April 1, 2021, we may redeem the 6.375% 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. After April 1, 2021, we may redeem all or a portion of the 6.375% Notes at redemption prices (expressed as percentages of the principal amount) ranging from 103.188% in 2021 to 100% in 2024 and thereafter, plus accrued and unpaid interest and Additional Interest.

6.875% Senior Notes due May 2023

On December 3, 2019, we redeemed all of our 6.875% senior notes due May 2023 (the “6.875% Notes”) at a redemption price of 103.438% plus accrued and unpaid interest to the redemption date. The redemption was funded through the issuance of the 4.750% Notes. The Company used borrowings under its revolving credit facility to pay the redemption premium accrued and unpaid interest, fees, expenses and commissions related to this redemption.

Other Notes

On October 15, 2018, Boyd completed the acquisition of the Pinnacle Properties. Concurrently with the acquisition, Boyd PropCo, acquired the real estate associated with Belterra Park in Cincinnati, Ohio (the “Belterra Park Real Property Sale”) utilizing mortgage financing from a subsidiary of GLPI, pursuant to the Belterra Park Purchase Agreement, and a Novation Agreement. Pursuant to the Novation Agreement, Gold Merger Sub, the original purchaser under the Belterra Park Purchase Agreement, assigned, transferred and conveyed to Boyd PropCo and Boyd PropCo accepted Gold Merger Sub’s rights, title and interest in the Belterra Park Purchase Agreement (“Belterra Park Note”).

The total Belterra Park Note payable to Gold Merger Sub is $57.7 million. The Belterra Park Note provides for interest at a per annum for any monthly period equal to (a) the sum of (i) the building base rent, as defined in the master lease agreement, payable for such period annualized, plus (ii) the land base rent, as defined in the master lease agreement, payable for such period annualized, plus (iii) the percentage rent, as defined in the master lease agreement, payable for such period annualized divided by (b) the outstanding principal balance of this Belterra Park Note, divided by (c) the number twelve. The interest rate as of December 31, 2019 and 2018, was 11.20% and 11.11%, respectively. Interest payments are due monthly with a balloon payment for the outstanding principal due at the maturity date. The maturity date is the earlier to occur of (a) the expiration of the master lease term and (b) the termination of the master lease agreement.

Loss on Early Extinguishments and Modifications of Debt

The components of the loss on early extinguishments and modifications of debt are as follows:

	Year Ended December 31,		
(In thousands)	2019	2018	2017
6.875% Senior Notes premium and consent fees	$25,785	$—	$ —
6.875% Senior Notes deferred finance charges	6,092	—	—
Boyd Gaming Credit Facility deferred finance charges	3,072	61	1,086
Amendment No. 2 and Refinancing Amendment	—	—	496
Total loss on early extinguishments and modifications of debt	$34,949	$ 61	$1,582

Covenant Compliance

As of December 31, 2019, we believe that we were in compliance with the financial and other covenants of our debt instruments.

The indentures governing the notes issued by the Company contain provisions that allow for the incurrence of additional indebtedness, if after giving effect to such incurrence, the coverage ratio (as defined in the respective indentures, essentially a ratio of the Company's consolidated EBITDA to fixed charges, including interest) for the Company's trailing four quarter period on a pro forma basis would be at least 2.0 to 1.0. Should this provision prohibit the incurrence of additional debt, the Company may still borrow under its existing credit facility. At December 31, 2019, the available borrowing capacity under our Credit Facility was $656.6 million.

Scheduled Maturities of Long-Term Debt

The scheduled maturities of long-term debt are as follows:

(In thousands)	Total
For the year ending December 31,	
2020	$ 26,994
2021	509,437
2022	12,743
2023	757,099
2024	—
Thereafter	2,507,683
Total outstanding principal of long-term debt	$3,813,956

NOTE 8. INCOME TAXES

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities are provided to record the effects of temporary differences between the tax basis of an asset or liability and its amount as reported in our consolidated balance sheets. These temporary differences result in taxable or deductible amounts in future years.

The components comprising our deferred income tax assets and liabilities are as follows:

	December 31,	
(In thousands)	2019	2018
Deferred income tax assets		
Federal net operating loss carryforwards	$ 95,861	$102,806
State net operating loss carryforwards	67,357	55,478
Operating lease liability	198,800	—
Share-based compensation	15,029	15,127
Other	60,540	53,434
Gross deferred income tax assets	437,587	226,845
Valuation allowance	(41,281)	(39,516)
Deferred income tax assets, net of valuation allowance	396,306	187,329
Deferred income tax liabilities		
Difference between book and tax basis of property and intangible assets	311,365	259,495
State tax liability	45,314	38,891
Right of use asset	194,874	—
Other	7,448	10,205
Gross deferred income tax liabilities	559,001	308,591
Deferred income tax liabilities, net	$162,695	$121,262

At December 31, 2019, we have unused federal general business tax credits of approximately $14.3 million which may be carried forward or used until expiration beginning in 2031 and alternative minimum tax credits of $5.5 million which may be used or refunded through 2021. We have a federal income tax net operating loss of approximately $456.5 million, which may be carried forward or used until expiration beginning in 2033, assuming no significant change in ownership. We also have state income tax net operating loss carryforwards of approximately $1,077.5 million, which may be used to reduce future state income taxes. The state net operating loss carryforwards will expire in various years ranging from 2020 to 2039, if not fully utilized.

Valuation Allowance on Deferred Tax Assets

Management assesses available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. In evaluating our ability to recover deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies and results of recent operations.

We have maintained a valuation allowance of $41.3 million against certain federal and state deferred tax assets as of December 31, 2019 due to uncertainties related to our ability to realize the tax benefits associated with these assets. In assessing the need to establish a valuation allowance, we consider, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of profitability and taxable income, the duration of statutory carryforward periods, our experience with the utilization of operating loss and tax credit carryforwards before expiration and tax planning strategies. Valuation allowances are evaluated periodically and subject to change in future reporting periods as a result of changes in the factors noted above.

Provision (Benefit) for Income Taxes

A summary of the provision (benefit) for income taxes is as follows:

	Year Ended December 31,		
(In thousands)	2019	2018	2017
Current			
Federal	$ —	$ (584)	$(10,367)
State	3,475	5,897	5,335
Total current taxes provision (benefit)	3,475	5,313	(5,032)
Deferred			
Federal	44,877	29,434	6,449
State	(3,862)	5,584	1,698
Total deferred taxes provision	41,015	35,018	8,147
Provision for income taxes from continuing operations	$44,490	$40,331	$ 3,115

Provision for income taxes included on the consolidated statement of operations			
Provision for income taxes from continuing operations	$44,490	$40,331	$ 3,115
Provision for income taxes from discontinued operations	—	136	14,855
Provision for income taxes from continuing operations and discontinued operations	$44,490	$40,467	$ 17,970

Our tax provision for the year ended December 31, 2019 was favorably impacted by benefits related to equity compensation and tax credits and unfavorably impacted by non-deductible expenses.

Our tax provision for the year ended December 31, 2018 was unfavorably impacted by state taxes and certain nondeductible expenses which were partially offset by utilization of tax credits.

Our tax provision for the year ended December 31, 2017 was favorably impacted by the federal statutory tax rate change applied to our net deferred tax liability. Based on this revaluation, we have recorded a discrete tax benefit of $60.1 million.

The following table provides a reconciliation between the federal statutory rate and the effective income tax rate, expressed as a percentage of income from continuing operations before income taxes:

(In thousands)	Year Ended December 31, 2019	2018	2017
Tax at federal statutory rate	21.0 %	21.0 %	35.0 %
Federal statutory rate change on deferred tax liability	— %	— %	(35.2)%
State income taxes, net of federal benefit	(0.2)%	5.9 %	2.7 %
Compensation-based credits	(1.2)%	(1.9)%	(1.0)%
Nondeductible expenses	0.4 %	0.7 %	0.5 %
Tax exempt interest	(0.2)%	(0.2)%	(0.3)%
Company provided benefits	1.6 %	0.1 %	0.5 %
Other, net	0.4 %	0.4 %	(0.4)%
Effective tax rate	21.8 %	26.0 %	1.8 %

Status of Examinations

We generated net operating losses on our federal income tax returns for years 2011 through 2013. These returns remain subject to federal examination until the statute of limitations expires for the year in which the net operating losses are utilized.

We are also currently under examination for various state income and franchise tax matters. As it relates to our material state returns, we are subject to examination for tax years ended on or after December 31, 2001, and the statute of limitations will expire over the period October 2020 through October 2023.

We believe that we have adequately reserved for any tax liability; however, the ultimate resolution of these examinations may result in an outcome that is different than our current expectation. We do not believe the ultimate resolution of these examinations will have a material impact on our consolidated financial statements.

Other Long-Term Tax Liabilities

The impact of an uncertain income tax position taken in our income tax return is recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position is not recognized if it has less than a 50% likelihood of being sustained. Our liability for uncertain tax positions is recorded as other long-term tax liabilities in our consolidated balance sheets.

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

(In thousands)	Year Ended December 31, 2019	2018	2017
Unrecognized tax benefit, beginning of year	$2,482	$2,482	$2,482
Additions:			
Tax positions related to current year	—	—	—
Reductions:			
Tax positions related to prior years	—	—	—
Unrecognized tax benefit, end of year	$2,482	$2,482	$2,482

Included in the $2.5 million balance of unrecognized tax benefits at December 31, 2019, are $2.0 million of federally tax effected benefits that, if recognized, would impact the effective tax rate. We recognize interest related to unrecognized tax benefits in our income tax provision. During the year ended December 31, 2019, we recognized interest and penalties of approximately $0.2 million in our tax provision. We have accrued $1.1 million and $1.0 million of interest and penalties at December 31, 2019 and 2018, respectively, in our consolidated balance sheets.

We do not anticipate any material changes to our unrecognized tax benefits over the next twelve-month period.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Commitments

Capital Spending and Development

We continually perform on-going refurbishment and maintenance at our facilities to maintain our standards of quality. Certain of these maintenance costs are capitalized, if such improvement or refurbishment extends the life of the related asset, while other maintenance costs that do not so qualify are expensed as incurred. The commitment of capital and the related timing thereof are contingent upon, among other things, negotiation of final agreements and receipt of approvals from the appropriate regulatory bodies. We must also comply with covenants and restrictions set forth in our debt agreements.

Kansas Management Contract

As part of the Kansas Management Contract approved by the Kansas Racing and Gaming Commission on January 11, 2011, Kansas Star committed to donate $1.5 million each year to support education in the local area in which Kansas Star operates for the duration of the Kansas Management Contract. We have made all distributions under this commitment as scheduled and such related expenses are recorded in Selling, general and administrative expenses on the consolidated statements of operations.

Mulvane Development Agreement

On March 7, 2011, Kansas Star entered into a Development Agreement with the City of Mulvane ("Mulvane Development Agreement") related to the provision of water, sewer, and electrical utilities to the Kansas Star site. This agreement sets forth certain parameters governing the use of public financing for the provision of such utilities, through the issuance of general obligation bonds by the City of Mulvane, paid for through the imposition of a special tax assessment on the Kansas Star site payable over 15 years in an amount equal to the City's full obligations under the general obligation bonds.

All infrastructure improvements to the Kansas Star site under the Mulvane Development Agreement are complete and the City of Mulvane issued $19.7 million in general obligation bonds related to these infrastructure improvements. As of December 31, 2019 and 2018, under the Mulvane Development Agreement, Kansas Star recorded $1.6 million and $1.7 million, respectively, which is included in accrued liabilities on the consolidated balance sheets and $6.7 million, net of a $2.5 million discount, and $7.4 million, net of a $3.0 million discount, respectively, which is recorded as a long-term obligation in other liabilities on the consolidated balance sheets. Interest costs are expensed as incurred and the discount will be amortized to interest expense over the term of the special tax assessment ending in 2028. Kansas Star's special tax assessment related to these bonds is approximately $1.7 million annually. Payments under the special tax assessment are secured by irrevocable letters of credit of $5.0 million issued by the Company in favor of the City of Mulvane, representing an amount equal to three times the annual special assessment tax imposed on Kansas Star.

Contingent Payments
In connection with securing the Kansas Management Contract, Kansas Star agreed to pay a former casino project promoter 1% of Kansas Star's earnings before interest expense, taxes, depreciation and amortization ("EBITDA") each month for a period of 10 years commencing December 20, 2011.

Minimum Assessment Agreement
In 2007, Diamond Jo Dubuque entered into a Minimum Assessment Agreement with the City of Dubuque (the "City"). Under the Minimum Assessment Agreement, Diamond Jo Dubuque and the City agreed to a minimum taxable value related to the new casino of $57.9 million. Diamond Jo Dubuque agreed to pay property taxes to the City based on the actual taxable value of the casino, but not less than the minimum taxable value. Scheduled payments of principal and interest on the City Bonds will be funded through Diamond Jo Dubuque's payment obligations under the Minimum Assessment Agreement. Diamond Jo Dubuque is also obligated to pay any shortfall should property taxes be insufficient to fund the principal and interest payments on the City Bonds.

Interest costs under the Minimum Assessment Agreement obligation are expensed as incurred. As of December 31, 2019 and 2018, the remaining obligation under the Minimum Assessment Agreement was $1.9 million at each date, which was recorded in accrued liabilities on the consolidated balance sheets and $13.1 million, net of a $2.3 million discount, and $13.4 million, net of a $2.5 million discount, respectively, which was recorded as a long-term obligation in other liabilities on the consolidated balance sheets. The discount will be amortized to interest expense over the life of the Minimum Assessment Agreement. Total minimum payments by Diamond Jo Dubuque under the Minimum Assessment Agreement are approximately $1.9 million per year through 2036.

Public Parking Facility Agreement
Diamond Jo Dubuque has an agreement with the City for use of the public parking facility adjacent to Diamond Jo Dubuque's casino and owned and operated by the City (the "Parking Facility Agreement"). The Parking Facility Agreement calls for: (i) the payment by the Company for the reasonable and necessary actual operating costs incurred by the City for the operation, security, repair and maintenance of the public parking facility; and (ii) the payment by the Company to the City of $80 per parking space in the public parking facility per year, subject to annual increases based on any increase in the Consumer Price Index, which funds will be deposited into a special sinking fund and used by the City for capital expenditures necessary to maintain the public parking facility. Operating costs of the parking facility incurred by Diamond Jo Dubuque are expensed as incurred. Deposits to the sinking fund are recorded as other assets. When the sinking fund is used for capital improvements, such amounts are capitalized and amortized over their remaining useful life.

Iowa Qualified Sponsoring Organization Agreements
Diamond Jo Dubuque and Diamond Jo Worth are required to pay their respective qualified sponsoring organization, who hold a joint gaming license with Diamond Jo Dubuque and Diamond Jo Worth, 4.50% and 5.76%, respectively, of the casino's adjusted gross receipts on an ongoing basis. Diamond Jo Dubuque expensed $3.2 million, $3.1 million and $3.1 million, in the year ended December 31, 2019, 2018 and 2017, respectively, related to its agreement. Diamond Jo Worth expensed $4.9 million, $4.9 million and $5.0 million during the years ended December 31, 2019, 2018 and 2017, respectively, related to its agreement. The Diamond Jo Dubuque agreement expires on December 31, 2030. The Diamond Jo Worth agreement expires on March 31, 2025, and is subject to automatic ten-year renewal periods.

Development Agreement
In September 2011, the Company acquired the membership interests of a limited liability company (the “LLC”) for a purchase price of $24.5 million. The primary asset of the LLC was a previously executed development agreement (the “Development Agreement”) with Wilton Rancheria (the “Tribe”). The purchase price was allocated primarily to an intangible asset associated with the Company’s rights under the agreement to assist the Tribe in the development and management of a gaming facility on the Tribe’s land.

In July 2012, the Company and the Tribe amended and replaced the agreement with a new development agreement and a management agreement (the “Agreements”). The Agreements obligate us to fund certain pre-development costs, which were estimated to be approximately $1 million to $2 million annually, to assist the Tribe in its development and oversight of the gaming facility construction. In the current year, as progress is being made with the development, pre-development costs were approximately $6.6 million. Upon opening, we will manage the gaming facility. The pre-development costs funded by us are reimbursable to us with future cash flows from the operations of the gaming facility under terms of a note receivable from the Tribe.

In January 2017, the Company funded the acquisition of land that is the intended site of the Wilton Rancheria casino and, in February 2017, the land was placed into trust by the U.S. Bureau of Indian Affairs for the benefit of the Tribe. The cost of the land is recorded as a receivable on our consolidated balance sheet, and we expect to be reimbursed for this cost when project financing is in place. Should the project be abandoned, ownership of the land would revert to the Company.

The Agreements provide that the Company will receive future revenue for its services to the Tribe contingent upon successful development of the gaming facility and based on future revenues at the gaming facility. In September 2017, the California State Legislature unanimously approved, and the Governor of California executed, a tribal-state gaming compact with the tribe allowing the development of the casino. In October 2018, the National Indian Gaming Commission approved the Company’s management contract with the Tribe. With the compact now in place, we are in the process of finalizing project budget, design and construction planning. The project will be constructed using third-party financing. Once commenced and project financing put in place, the construction timeline is expected to span 18 to 24 months.

Master Lease Agreement
On October 15, 2018, Boyd completed the acquisition of the Pinnacle Properties. Pursuant to the Pinnacle Purchase Agreement, Boyd TCIV entered into the Master Lease pursuant to which the landlord agreed to lease to Boyd TCIV the facilities associated with Ameristar Kansas City, Ameristar St. Charles, Belterra Resort and Ogle Haus, LLC, commencing on October 15, 2018 and ending on April 30, 2026 as the initial term, with options for renewal. The term of this Master Lease may be extended for five separate renewal terms of five years each. The monthly lease payment consists of the following, (i) the building base rent, as defined in the Master Lease agreement, plus (ii) the land base rent, as defined in the Master Lease agreement, plus (iii) the percentage rent, as defined in the Master Lease agreement. Each and every other lease year commencing with the third lease year, the percentage rent will reset based on a calculation defined in the Master Lease agreement.

Contingencies
Legal Matters
We are parties to various legal proceedings arising in the ordinary course of business. We believe that all pending claims, if adversely decided, would not have a material adverse effect on our business, financial position or results of operations.

NOTE 10. LEASES

We have operating and finance leases primarily for three casino hotel properties, corporate offices, parking ramps, gaming and other equipment. Our leases have remaining lease terms of one year to 59 years, some of which include options to extend the leases for up to 67 years, and some of which include options to terminate the leases within one year. Certain of our lease agreements, including the Master Lease, include provisions for variable lease payments, which represent lease payments that vary due to changes in facts or circumstances occurring after the commencement date other than the passage of time. Such variable lease payments are expensed in the period in which the obligation for these payments is incurred. Variable lease expense recognized in the year ended ended December 31, 2019 was not material.

The components of lease expense were as follows:

(In thousands)	For the Year Ended December 31, 2019
Operating lease cost	$163,027
Short-term lease cost	481

Supplemental cash flow information related to leases was as follows:

(In thousands)	For the Year Ended December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$160,333
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	13,204

Supplemental balance sheet information related to leases was as follows:

(In thousands, except lease term and discount rate)	December 31, 2019
Operating Leases	
Operating lease right-of-use assets, including favorable lease rates asset	$936,170
Current lease liabilities (included in accrued liabilities)	$ 87,686
Operating lease liabilities	840,285
Total operating lease liabilities	$927,971
Weighted Average Remaining Lease Term	
Operating leases (in years)	18.2
Weighted Average Discount Rate	
Operating leases	8.9%

Maturities of lease liabilities were as follows:

(In thousands)	Operating Leases
For the period ending December 31,	
2020	$ 161,404
2021	145,491
2022	113,133
2023	112,346
2024	112,140
Thereafter	1,273,966
Total lease payments	1,918,480
Less imputed interest	(990,509)
Less current portion (included in accrued liabilities)	(87,686)
Long-term portion of operating lease liabilities	$ 840,285

Future minimum rental income, which is primarily related to retail and restaurant facilities located within our properties are as follows:

(In thousands)	Minimum Rental Income
For the Year Ended December 31,	
2020	$ 4,798
2021	2,286
2022	2,030
2023	1,903
2024	1,425
Thereafter	156
Total	$12,598

NOTE 11. STOCKHOLDERS' EQUITY AND STOCK INCENTIVE PLANS

Share Repurchase Program

We have in the past, and may in the future, acquire our equity securities through open market purchases, privately negotiated transactions, tender offers, exchange offers, redemptions or otherwise, upon such terms and at such prices as we may determine from time to time. In July 2008, our Board of Directors authorized an amendment to an existing share repurchase program to increase the amount of common stock that can be repurchased to $100 million. We are not obligated to repurchase any shares under this program. On May 2, 2017 the Company announced that its Board of Directors had reaffirmed the Company's existing share repurchase program (the "2008 Plan"). On December 12, 2018, our Board of Directors authorized a new share repurchase program of $100 million which is in addition to the existing repurchase authorization (the "2018 Plan"). There were 1.1 million shares, 1.9 million shares and 1.2 million shares repurchased during the years ended

December 31, 2019, 2018 and 2017, respectively. As of December 31, 2019, the 2008 Plan was fully depleted and $72.5 million remained available under the 2018 Plan.

The following table provides information regarding share repurchases during the referenced periods.[1]

(In thousands, except per share data)	For the Year Ended December 31, 2019	2018	2017
Shares repurchased [2]	1,087	1,853	1,198
Total cost, including brokerage fees	$28,045	$59,570	$31,927
Average repurchase price per share [3]	$ 25.80	$ 32.14	$ 26.64

(1) Shares repurchased reflect repurchases settled during the twelve months ended December 31, 2019, 2018 and 2017. These amounts exclude repurchases, if any, traded but not yet settled on or before December 31, 2019, 2018 and 2017.
(2) All shares repurchased have been retired and constitute authorized but unissued shares.
(3) Figures in the table may not recalculate exactly due to rounding. Average repurchase price per share is calculated based on unrounded numbers.

Subject to applicable corporate securities laws, repurchases under our stock repurchase program may be made at such times and in such amounts as we deem appropriate. Repurchases can be discontinued at any time that we feel additional purchases are not warranted. We intend to fund the repurchases under the stock repurchase program with existing cash resources and availability under our Credit Facility. We are subject to certain limitations regarding the repurchase of common stock, such as restricted payment limitations related to our outstanding notes and our Credit Facility.

Dividends

Dividends are declared at the discretion of our Board of Directors. We are subject to certain limitations regarding the payment of dividends, such as restricted payment limitations contained in our Credit Facility and the indentures for our outstanding notes.

On May 2, 2017, the Company announced that its Board of Directors had authorized the reinstatement of the Company's cash dividend program. The dividends declared by the Board under this program are:

Declaration date	Record date	Payment date	Amount per share
May 2, 2017	June 15, 2017	July 15, 2017	$0.05
September 6, 2017	September 18, 2017	October 15, 2017	0.05
December 7, 2017	December 28, 2017	January 15, 2018	0.05
March 2, 2018	March 16, 2018	April 15, 2018	0.05
June 8, 2018	June 29, 2018	July 15, 2018	0.06
September 14, 2018	September 28, 2018	October 15, 2018	0.06
December 7, 2018	December 28, 2018	January 15, 2019	0.06
March 4, 2019	March 15, 2019	April 15, 2019	0.06
June 7, 2019	June 17, 2019	July 15, 2019	0.07
September 17, 2019	September 27, 2019	October 15, 2019	0.07
December 17, 2019	December 27, 2019	January 15, 2020	0.07

Stock Incentive Plan

In May 2012, the Company's stockholders approved the 2012 Stock Incentive Plan (the "2012 Plan"), which amended and restated the Company's 2002 Stock Incentive Plan (the "2002 Plan") to (a) provide for a term ending ten years from the date of stockholder approval at the Annual Meeting, (b) increase the maximum number of shares of the Company's common stock authorized for issuance over the term of the 2012 Plan by 4 million shares from 17 million to 21 million shares, (c) permit the future grant of certain equity-based awards, including awards designed to constitute performance-based compensation under Section 162(m) of the Internal Revenue Code, and (d) make certain other changes. Under our 2012 Plan, approximately 3.3 million shares remain available for grant at December 31, 2019. The number of authorized but unissued shares of common stock under this 2012 Plan as of December 31, 2019 was approximately 7.8 million shares.

Grants made under the 2012 Plan include provisions that entitle the grantee to automatic vesting acceleration in the event of a grantee's separation from service (including as a result of retirement, death or disability), other than for cause (as defined), after reaching the defined age and years of service thresholds. These provisions result in the accelerated recognition of the stock compensation expense for those grants issued to employees who have met the stipulated thresholds.

Stock Options

Options granted under the 2012 Plan generally become exercisable ratably over a three-year period from the date of grant. Options that have been granted under the 2012 Plan had an exercise price equal to the market price of our common stock on the date of grant and will expire no later than ten years after the date of grant.

Summarized stock option plan activity is as follows:

	Options	Weighted-Average Option Price	Weighted-Average Remaining Term *(In years)*	Aggregate Intrinsic Value *(In thousands)*
Outstanding at January 1, 2017	3,107,916	$23.36		
Granted	—	—		
Canceled	(1,323,500)	39.30		
Exercised	(241,964)	8.61		
Outstanding at December 31, 2017	1,542,452	11.99		
Granted	—	—		
Canceled	(25,000)	3.31		
Exercised	(338,426)	10.47		
Outstanding at December 31, 2018	1,179,026	11.98		
Granted	—	—		
Canceled	(48,941)	13.72		
Exercised	(242,357)	9.81		
Outstanding at December 31, 2019	887,728	$12.48	4.2	$15,504
Exercisable at December 31, 2018	1,106,860	$11.60	4.3	$10,159
Exercisable at December 31, 2019	887,728	$12.48	4.2	$15,504

Share-based compensation costs related to stock option awards are calculated based on the fair value of each option grant on the date of the grant using the Black-Scholes option pricing model.

The following table summarizes the information about stock options outstanding and exercisable at December 31, 2019:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	**Number Outstanding**	**Weighted-Average Remaining Contractual Life (Years)**	**Weighted-Average Exercise Price**	**Number Exercisable**	**Weighted-Average Exercise Price**
$5.22	25,510	2.9	$ 5.22	25,510	$ 5.22
6.70	84,353	1.9	6.70	84,353	6.70
8.34	146,065	0.8	8.34	146,065	8.34
9.86	202,068	3.9	9.86	202,068	9.86
11.57	123,849	4.9	11.57	123,849	11.57
17.75	169,857	6.9	17.75	169,857	17.75
19.98	136,026	5.8	19.98	136,026	19.98
$5.22-$19.98	887,728	4.2	12.48	887,728	12.48

The total intrinsic value of in-the-money options exercised during the years ended December 31, 2019, 2018 and 2017 was $4.7 million, $7.8 million, and $3.9 million, respectively. The total fair value of options vested during the years ended December 31, 2019, 2018 and 2017 was approximately $0.6 million, $1.2 million, and $1.6 million, respectively. As of December 31, 2019, there were no unrecognized share-based compensation costs related to unvested stock options.

Restricted Stock Units

Our 2012 Plan provides for the grant of Restricted Stock Units (“RSUs”). An RSU is an award that may be earned in whole, or in part, upon the passage of time, and that may be settled for cash, shares, other securities or a combination thereof. The RSUs do not contain voting rights and are not entitled to dividends. The RSUs are subject to the terms and conditions contained in the applicable award agreement and the 2012 Plan. Share-based compensation costs related to RSU awards are calculated based on the market price on the date of the grant.

We grant RSUs to members of management of the Company, which represents a contingent right to receive one share of our common stock upon vesting. An RSU generally vests on the third anniversary of its issuance and the share-based compensation expense is amortized to expense over the requisite service period.

We also annually award RSUs to certain members of our Board of Directors. Each RSU is to be paid in shares of common stock upon the director’s cessation of service to the Company. These RSUs are issued for past service; therefore, they are expensed on the date of issuance.

Summarized RSU activity is as follows:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2017	1,961,118	
Granted	442,879	$27.40
Canceled	(38,964)	
Awarded	(727,821)	
Outstanding at December 31, 2017	1,637,212	
Granted	510,989	$25.05
Canceled	(18,250)	
Awarded	(416,084)	
Outstanding at December 31, 2018	1,713,867	
Granted	555,749	$28.46
Canceled	(10,100)	
Awarded	(490,759)	
Outstanding at December 31, 2019	1,768,757	

As of December 31, 2019, there was approximately $15.7 million of total unrecognized share-based compensation costs related to unvested RSUs, which is expected to be recognized over approximately 2.5 years.

Performance Stock Units
Our 2012 Plan provides for the grant of Performance Stock Units ("PSUs"). A PSU is an award which may be earned in whole, or in part, upon the passage of time, and the attainment of performance criteria, and which may be settled for cash, shares, other securities or a combination thereof. The PSUs do not contain voting rights and are not entitled to dividends. The PSUs are subject to the terms and conditions contained in the applicable award agreement and our 2012 Plan. We annually award PSUs to certain members of management.

Each PSU represents a contingent right to receive a share of Boyd Gaming Corporation common stock; however, the actual number of common shares awarded is dependent upon the occurrence of: (i) a requisite service period; and (ii) an evaluation of specific performance conditions. The performance conditions are based on Company metrics for net revenue growth, EBITDA growth and customer service scores, all of which are determined on a comprehensive annual three-year growth rate. Based upon actual and combined achievement, the number of shares awarded could range from zero, if no conditions are met, a 50% payout if only threshold performance is achieved, a payout of 100% for target performance, or a payout of up to 200% of the original award for achievement of maximum performance. Each condition weighs equally and separately in determining the payout, and based upon management's estimates at the service inception date, the Company is expected to meet the target for each performance condition. Therefore, the related compensation cost of these PSUs assumes all units granted will be awarded. Share-based compensation costs related to PSU awards are calculated based on the market price on the date of the grant.

These PSUs will vest three years from the service inception date, during which time achievement of the related performance conditions is periodically evaluated, and the number of shares expected to be awarded, and resulting compensation expense, is adjusted accordingly.

Performance Shares Vesting
The PSU grants awarded in fourth quarter 2015, 2014 and 2013 vested during first quarter 2019, 2018 and 2017, respectively. Common shares were issued based on the determination by the Compensation Committee of the Board of Directors of our actual achievement of net revenue growth, EBITDA growth and customer service scores for the three-year performance period of each grant. 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.

The PSU grant awarded in October 2015 resulted in a total of 395,964 shares being issued during first quarter 2019, representing approximately 1.67 shares per PSU. Of the 395,964 shares issued, a total of 125,004 were surrendered by the participants for payroll taxes, resulting in a net issuance of 270,960 shares due to the vesting of the 2015 grant. The actual achievement level under the award metrics equaled the estimated performance as of year-end 2018; therefore, the vesting of the PSUs did not impact compensation costs in our 2019 consolidated statement of operations.

The PSU grant awarded in December 2014 resulted in a total of 486,805 shares being issued during first quarter 2018, representing approximately 1.57 shares per PSU. Of the 486,805 shares issued, a total of 149,268 were surrendered by the participants for payroll taxes, resulting in a net issuance of 337,537 shares due to the vesting of the 2014 grant. The actual achievement level under the award metrics equaled the estimated performance as of year-end 2017; therefore, the vesting of the PSUs did not impact compensation costs in our 2018 consolidated statement of operations.

The PSU grant awarded in November 2013 resulted in a total of 268,429 shares being issued during first quarter 2017, representing approximately 0.80 shares per PSU. Of the 268,429 shares issued, a total of 94,776 were surrendered by the participants for payroll taxes, resulting in a net issuance of 173,653 shares due to the vesting of the 2013 grant. The actual achievement level under the award metrics equaled the estimated performance as of the year-end 2016; therefore, the vesting of the PSUs did not impact compensation costs in our 2017 consolidated statement of operations.

Summarized PSU activity is as follows:

	Performance Stock Units	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2017	1,129,078	
Granted	275,305	$28.94
Performance Adjustment	(73,407)	
Canceled	—	
Awarded	(268,429)	
Outstanding at December 31, 2017	1,062,547	
Granted	287,374	$24.42
Performance Adjustment	176,754	
Canceled	(2,450)	
Awarded	(486,805)	
Outstanding at December 31, 2018	1,037,420	
Granted	269,495	$28.67
Performance Adjustment	158,858	
Canceled	—	
Awarded	(395,964)	
Outstanding at December 31, 2019	1,069,809	

As of December 31, 2019, there was approximately $8.5 million of total unrecognized share-based compensation costs related to unvested PSUs, which is expected to be recognized over approximately 2.7 years. Based on the current estimates of performance compared to the targets set for the respective PSU grants, the Company estimates that approximately 1.4 million shares will be issued to settle the PSUs outstanding at December 31, 2019.

Career Shares

Our Career Shares Program is a stock incentive award program for certain executive officers to provide for additional capital accumulation opportunities for retirement. The program incentivizes and rewards executives for their period of service. Our Career Shares Program was adopted in December 2006, and modified in October 2010, as part of the overall update of our compensation programs. The Career Shares Program rewards eligible executives with annual grants of Boyd Gaming Corporation stock units, to be paid out at retirement. The payout at retirement is dependent upon the executive's age at such retirement and the number of years of service with the Company. Executives must be at least 55 years old and have at least 10 years of service to receive any payout at retirement. Career Shares do not contain voting rights and are not entitled to dividends. Career Shares are subject to the terms and conditions contained in the applicable award agreement and our 2012 Plan. The Career Share awards are tranched by specific term, in the following periods: 10 years, 15 years and 20 years of service. These grants vest over the remaining period of service required to fulfill the requisite years in each of these tranches, and compensation expense is recorded in accordance with the specific vesting provisions. Share-based compensation costs related to Career Shares awards are calculated based on the market price on the date of the grant.

Summarized Career Shares activity is as follows:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2017	1,041,639	
Granted	66,000	$20.41
Canceled	(11,236)	
Awarded	(82,944)	
Outstanding at December 31, 2017	1,013,459	
Granted	40,492	$34.48
Canceled	(5,335)	
Awarded	(27,331)	
Outstanding at December 31, 2018	1,021,285	
Granted	67,719	$21.27
Canceled	—	
Awarded	(26,693)	
Outstanding at December 31, 2019	1,062,311	

As of December 31, 2019, there was approximately $1.2 million of total unrecognized share-based compensation costs related to unvested Career Shares.

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 summarizes our share-based compensation costs by award type:

	For the Year Ended December 31,		
(In thousands)	2019	2018	2017
Stock Options	$ 52	$ 154	$ 1,193
Restricted Stock Units	14,301	10,219	7,463
Performance Stock Units	9,525	13,647	7,381
Career Shares	1,324	1,359	1,376
Total share-based compensation costs	$25,202	$25,379	$17,413

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

	For the Year Ended December 31,		
(In thousands)	2019	2018	2017
Gaming	$ 628	$ 490	$ 363
Food & beverage	120	94	69
Room	57	44	33
Selling, general and administrative	3,195	2,488	1,846
Corporate expense	21,202	22,263	15,102
Total share-based compensation expense	$25,202	$25,379	$17,413

NOTE 12. FAIR VALUE MEASUREMENTS

We have adopted the authoritative accounting guidance for fair value measurements, which does not determine or affect the circumstances under which fair value measurements are used, but defines fair value, expands disclosure requirements around fair value and 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.

As required by the guidance for fair value measurements, 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.

Balances Measured at Fair Value

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

	December 31, 2019			
(In thousands)	Balance	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	$249,977	$249,977	$ —	$ —
Restricted cash	20,471	20,471	—	—
Investment available for sale	16,151	—	—	16,151
Liabilities				
Contingent payments	$ 1,712	$ —	$ —	$ 1,712

	December 31, 2018			
(In thousands)	Balance	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	$249,417	$249,417	$ —	$ —
Restricted cash	23,785	23,785	—	—
Investment available for sale	15,772	—	—	15,772
Liabilities				
Contingent payments	$ 2,407	$ —	$ —	$ 2,407

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, is based on statements received from our banks at December 31, 2019 and 2018.

Investment Available for Sale
We have an investment in a single municipal bond issuance of $19.5 million aggregate principal amount of 7.5% Urban Renewal Tax Increment Revenue Bonds, Taxable Series 2007 that is classified as available for sale with a maturity date of June 1, 2037. 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 December 31, 2019 and 2018. The fair value of the investment is estimated using a discounted cash flows approach and the significant unobservable input used in the valuation as of December 31, 2019 and 2018 is a discount rate of 10.5% and 11.2%, respectively. 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 consolidated balance sheets. At December 31, 2019 and 2018, $0.6 million and $0.5 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 December 31, 2019 and 2018, $15.6 million and $15.3 million, respectively, is included in investment on the consolidated balance sheets. The discount associated with this investment of $2.7 million and $2.8 million as of December 31, 2019 and 2018, 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 consolidated statements of operations.

Contingent Payments
In connection with securing the Kansas Management Contract, Kansas Star agreed to pay a former casino project promoter 1% of Kansas Star's EBITDA each month for a period of 10 years commencing December 20, 2011. The liability is recorded at the estimated fair value of the contingent payments using a discounted cash flows approach and the significant unobservable input used in the valuation at December 31, 2019 and 2018 is a discount rate of 6.2% and 6.8%, respectively. At December 31, 2019 and 2018, there was a current liability of $0.9 million and $0.8 million related to this agreement, which was recorded in accrued liabilities on the respective consolidated balance sheets, and long-term obligations of $0.8 million and $1.6 million, respectively, which were included in other liabilities on the respective consolidated balance sheets.

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

	December 31, 2019	
	Assets	Liability
(In thousands)	Investment Available for Sale	Contingent Payments
Balance at beginning of reporting period	$15,772	$(2,407)
Total gains (losses) (realized or unrealized):		
Included in interest income (expense)	150	(140)
Included in other comprehensive income (loss)	739	—
Included in other items, net	—	(42)
Purchases, sales, issuances and settlements:		
Settlements	(510)	877
Balance at end of reporting period	$16,151	$(1,712)

	December 31, 2018	
	Assets	Liability
(In thousands)	Investment Available for Sale	Contingent Payments
Balance at beginning of reporting period	$17,752	$(2,887)
Total gains (losses) (realized or unrealized):		
Included in interest income (expense)	144	(249)
Included in other comprehensive income (loss)	(1,649)	—
Included in other items, net	—	(110)
Purchases, sales, issuances and settlements:		
Settlements	(475)	839
Balance at end of reporting period	$15,772	$(2,407)

We are exposed to valuation risk on our Level 3 financial instruments. We estimate our risk exposure using a sensitivity analysis of potential changes in the significant unobservable inputs of our fair value measurements. Our Level 3 financial instruments are most susceptible to valuation risk caused by changes in the discount rate. If the discount in our fair value measurements increased or decreased by 100 basis points, the change would not cause the value of our fair value measurements to change significantly.

The fair value of intangible assets, classified in the fair value hierarchy as Level 3, is utilized in performing its impairment analyses (see Note 4, *Intangible Assets*).

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:

	December 31, 2019			
(In thousands)	**Outstanding Face Amount**	**Carrying Value**	**Estimated Fair Value**	**Fair Value Hierarchy**
Liabilities				
Obligation under assessment arrangements	$28,118	$23,300	$28,780	Level 3

	December 31, 2018			
(In thousands)	**Outstanding Face Amount**	**Carrying Value**	**Estimated Fair Value**	**Fair Value Hierarchy**
Liabilities				
Obligation under assessment arrangements	$29,943	$24,477	$29,591	Level 3

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

	December 31, 2019			
(In thousands)	**Outstanding Face Amount**	**Carrying Value**	**Estimated Fair Value**	**Fair Value Hierarchy**
Bank credit facility	$1,305,634	$1,290,708	$1,308,846	Level 2
6.375% senior notes due 2026	750,000	741,729	806,250	Level 1
6.000% senior notes due 2026	700,000	690,756	750,750	Level 1
4.750% senior notes due 2027	1,000,000	984,416	1,038,750	Level 1
Other	58,322	58,322	58,322	Level 3
Total debt	$3,813,956	$3,765,931	$3,962,918	

	December 31, 2018			
(In thousands)	**Outstanding Face Amount**	**Carrying Value**	**Estimated Fair Value**	**Fair Value Hierarchy**
Bank credit facility	$1,771,330	$1,748,529	$1,720,654	Level 2
6.875% senior notes due 2023	750,000	742,299	757,500	Level 1
6.375% senior notes due 2026	750,000	740,406	724,688	Level 1
6.000% senior notes due 2026	700,000	689,361	657,125	Level 1
Other	58,705	58,705	58,705	Level 3
Total debt	$4,030,035	$3,979,300	$3,918,672	

The estimated fair value of the Credit Facility is based on a relative value analysis performed on or about December 31, 2019 and December 31, 2018. The estimated fair values of our Senior Notes are based on quoted market prices as of December 31, 2019 and December 31, 2018. The other debt is fixed-rate debt consisting of: (i) Belterra Park Mortgage payable in 96 monthly installments, beginning in 2018; and (2) capital leases with various maturity dates from 2019 to 2026. These debt obligations are not traded and do not have observable market inputs; therefore, we have estimated fair value to be equal to the carrying value for these obligations.

There were no transfers between Level 1, Level 2 and Level 3 measurements during the years ended December 31, 2019 and 2018.

NOTE 13. EMPLOYEE BENEFIT PLANS

We contribute to multiemployer pension defined benefit plans under terms of collective-bargaining agreements that cover our union-represented employees. Contributions, based on wages paid to covered employees, totaled approximately $1.8 million, $1.7 million and $1.6 million for the years ended December 31, 2019, 2018 and 2017, respectively. These aggregate contributions were not individually significant to any of the respective plans. Our share of the unfunded vested liability related to multi-employer plans, if any, is not determinable and our participation is not individually significant on an individual multiemployer plan basis.

We have retirement savings plans under Section 401(k) of the Internal Revenue Code covering our non-union employees. The plans allow employees to defer up to the lesser of the Internal Revenue Code prescribed maximum amount or 100% of their income on a pre-tax basis through contributions to the plans. We expensed our voluntary contributions to the 401(k) profit-sharing plans and trusts of $6.3 million, $4.3 million and $4.4 million for the years ended December 31, 2019, 2018 and 2017, respectively.

NOTE 14. SEGMENT INFORMATION

We have aggregated our properties in order to present three Reportable Segments: (i) Las Vegas Locals; (ii) Downtown Las Vegas; and (iii) Midwest & South. The table in Note 1, *Summary of Significant Accounting Policies,* lists the classification of each of our properties.

Results of Operations—Total Reportable Segment Total Revenues and Adjusted EBITDAR

We evaluate each of our property's profitability based upon Property Adjusted EBITDAR, which represents each property's earnings before interest expense, income taxes, depreciation and amortization, deferred rent, share-based compensation expense, project development, preopening and writedowns expenses, impairments of assets, other operating items, net, gain or loss on early retirements of debt and master lease rent expense, as applicable. Total Reportable Segment Adjusted EBITDAR is the aggregate sum of the Property Adjusted EBITDAR for each of the properties included in our Las Vegas Locals, Downtown Las Vegas, and Midwest & South segments. Results for Downtown Las Vegas include the results of our Hawaii-based travel agency and captive insurance company. Results for Lattner, our Illinois distributed gaming operator, are included in our Midwest & South segment.

The following tables set forth, for the periods indicated, departmental revenues for our Reportable Segments:

(In thousands)	Year Ended December 31, 2019				
	Gaming Revenue	Food & Beverage Revenue	Room Revenue	Other Revenue	Total Revenue
Revenues					
Las Vegas Locals	$ 566,443	$156,932	$105,619	$ 51,941	$ 880,935
Downtown Las Vegas	138,623	57,732	28,784	32,528	257,667
Midwest & South	1,778,227	233,189	102,784	73,317	2,187,517
Total Revenues	$2,483,293	$447,853	$237,187	$157,786	$3,326,119

(In thousands)	Year Ended December 31, 2018				
	Gaming Revenue	Food & Beverage Revenue	Room Revenue	Other Revenue	Total Revenue
Revenues					
Las Vegas Locals	$ 565,579	$155,107	$100,110	$ 52,708	$ 873,504
Downtown Las Vegas	132,870	55,767	26,943	32,530	248,110
Midwest & South	1,226,975	157,014	72,447	48,680	1,505,116
Total Revenues	$1,925,424	$367,888	$199,500	$133,918	$2,626,730

(In thousands)	Year Ended December 31, 2017				
	Gaming Revenue	Food & Beverage Revenue	Room Revenue	Other Revenue	Total Revenue
Revenues					
Las Vegas Locals	$ 563,785	$154,451	$ 98,406	$ 51,735	$ 868,377
Downtown Las Vegas	133,072	54,451	24,623	32,295	244,441
Midwest & South	1,043,411	137,477	63,766	43,347	1,288,001
Total Revenues	$1,740,268	$346,379	$186,795	$127,377	$2,400,819

The following table reconciles, for the periods indicated, Total Reportable Segment Adjusted EBITDAR to operating income, as reported in our accompanying consolidated statements of operations:

(In thousands)	Year Ended December 31, 2019	2018	2017
Adjusted EBITDAR			
Las Vegas Locals	$283,030	$274,344	$249,906
Downtown Las Vegas	62,413	56,517	54,613
Midwest & South	635,182	432,366	364,458
Total Reportable Segment Adjusted EBITDAR	980,625	763,227	668,977
Corporate expense	(83,937)	(81,938)	(73,046)
Adjusted EBITDAR	896,688	681,289	595,931
Other operating costs and expenses			
Deferred rent	979	1,100	1,267
Master lease rent expense	97,723	20,682	—
Depreciation and amortization	276,569	229,979	217,522
Share-based compensation expense	25,202	25,379	17,413
Project development, preopening and writedowns	21,728	45,698	14,454
Impairment of assets	—	993	(426)
Other operating items, net	1,919	2,174	1,900
Total other operating costs and expenses	424,120	326,005	252,130
Operating income	$472,568	$355,284	$343,801

For purposes of this presentation, corporate 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.

Total Reportable Segment Assets

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

(In thousands)	December 31, 2019	2018
Assets		
Las Vegas Locals	$1,804,476	$1,732,138
Downtown Las Vegas	212,936	169,495
Midwest & South	4,229,174	3,562,926
Total Reportable Segment Assets	6,246,586	5,464,559
Corporate	403,559	291,780
Total Assets	$6,650,145	$5,756,339

Capital Expenditures

The Company's capital expenditures by Reportable Segment consisted of the following:

(In thousands)	Year Ended December 31, 2019	2018	2017
Capital Expenditures:			
Las Vegas Locals	$ 26,207	$ 33,503	$ 59,382
Downtown Las Vegas	8,881	12,885	21,705
Midwest & South	80,883	69,285	37,657
Total Reportable Segment Capital Expenditures	115,971	115,673	118,744
Corporate	88,633	50,238	71,673
Total Capital Expenditures	204,604	165,911	190,417
Change in Accrued Property Additions	3,033	(4,367)	47
Cash-Based Capital Expenditures	$207,637	$161,544	$190,464

The Company utilizes the Corporate entities to centralize the development of major renovation and other capital development projects that are included as construction in progress. After the project is complete, the corporate entities transfer the projects to the segment subsidiaries.

NOTE 15. SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table presents selected quarterly financial information:

(In thousands, except per share data)	Year Ended December 31, 2019 First	Second	Third	Fourth	Year
Summary Operating Results:					
Total revenues	$827,288	$846,132	$819,568	$833,131	$3,326,119
Operating income	117,626	126,692	113,391	114,859	472,568
Net income	45,451	48,484	39,405	24,296	157,636
Basic net income per common share	$ 0.40	$ 0.43	$ 0.35	$ 0.21	$ 1.39
Diluted net income per common share	$ 0.40	$ 0.43	$ 0.35	$ 0.20	$ 1.38

	Year Ended December 31, 2018				
(In thousands, except per share data)	First	Second	Third	Fourth	Year
Summary Operating Results:					
Total revenues	$606,118	$616,793	$612,196	$791,623	$2,626,730
Operating income	94,774	96,258	69,568	94,684	355,284
Income from continuing operations, net of tax	$ 41,399	$ 38,598	$ 11,837	$ 22,867	$ 114,701
Income from discontinued operations, net of tax	—	347	—	—	347
Net income	$ 41,399	$ 38,945	$ 11,837	$ 22,867	$ 115,048
Basic net income per common share:					
Continuing operations	$ 0.36	$ 0.34	$ 0.10	$ 0.21	$ 1.01
Discontinued operations	—	—	—	—	—
Basic net income per common share	$ 0.36	$ 0.34	$ 0.10	$ 0.21	$ 1.01
Diluted net income per common share:					
Continuing operations	$ 0.36	$ 0.34	$ 0.10	$ 0.20	$ 1.00
Discontinued operations	—	—	—	—	—
Diluted net income per common share	$ 0.36	$ 0.34	$ 0.10	$ 0.20	$ 1.00

NOTE 16. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

Separate condensed consolidating financial information for our subsidiary guarantors and non-guarantors of our 6.375% Notes, our 6.000% Notes and our 4.750% Notes is presented below. The 6.375% 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 our special purpose entities, tax holding companies, our less significant operating subsidiaries and our less than wholly owned subsidiaries.

The 6.000% Notes and 4.750% Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by certain of our current and future domestic restricted subsidiaries. With the exception of one subsidiary, the guarantors of the 6.000% Notes and 4.750% Notes are the same as for our 6.375% Notes. The non-guarantors primarily represent our special purpose entities, tax holding companies, our less significant operating subsidiaries, our less than wholly owned subsidiaries and those properties acquired in 2018.

The tables below present the condensed consolidating balance sheets as of December 31, 2019 and 2018, the condensed consolidating statements of operations for the years ended December 31, 2019, 2018 and 2017 and the condensed consolidating statements of cash flows for the years ended December 31, 2019, 2018 and 2017. On January 10, 2019, Ameristar Kansas City, Ameristar St. Charles, Belterra Resort, Belterra Park and Valley Forge became guarantors of the 6.375% Notes, the 6.000% Notes and the Credit Facility. We have reclassified certain prior year amounts in the current year presentation to reflect the designation of the additional restricted subsidiaries listed above as subsidiary guarantors.

Condensed Consolidating Balance Sheets

	December 31, 2019						
(In thousands)	Parent	Guarantor Subsidiaries	Subsidiary (100% Owned)*	Non-Guarantor Subsidiaries (100% Owned)	Non-Guarantor Subsidiaries (Not 100% Owned)	Eliminations	Consolidated
Assets							
Cash and cash equivalents	$ 3,007	$ 231,866	$ —	$ 15,104	$ —	$ —	$ 249,977
Restricted cash	—	12,668	—	7,803	—	—	20,471
Other current assets	24,164	100,219	55	4,608	—	—	129,046
Property and equipment, net	159,139	2,411,456	—	101,958	—	—	2,672,553
Investments in subsidiaries	3,718,900	47,759	—	—	—	(3,766,659)	—
Intercompany receivable	1,031,342	—	59,116	—	—	(1,090,458)	—
Operating leases right-of-use assets	23,229	886,463	—	26,478	—	—	936,170
Other long-term assets	20,662	22,636	—	48,452	—	—	91,750
Intangible assets, net	—	1,390,954	—	75,937	—	—	1,466,891
Goodwill, net	—	1,051,968	—	31,319	—	—	1,083,287
Total assets	$ 4,980,443	$ 6,155,989	$ 59,171	$ 311,659	$ —	$(4,857,117)	$ 6,650,145
Liabilities and Stockholders' Equity							
Current maturities of long-term debt	$ 26,695	$ 299	$ —	$ —	$ —	$ —	$ 26,994
Other current liabilities	159,138	332,393	—	39,858	—	(1,490)	529,899
Accumulated losses of subsidiaries in excess of investment	—	—	—	9,946	—	(9,946)	—
Intercompany payable	—	104,697	—	984,298	—	(1,088,995)	—
Long-term debt, net of current maturities and debt issuance costs	3,680,912	341	—	57,684	—	—	3,738,937
Operating lease liabilities, net of current portion	19,189	814,779	—	6,317	—	—	840,285
Other long-term liabilities	(170,733)	420,775	900	(2,154)	—	—	248,788
Total stockholders' equity (deficit)	1,265,242	4,482,705	58,271	(784,290)	—	(3,756,686)	1,265,242
Total liabilities and stockholders' equity	$ 4,980,443	$ 6,155,989	$ 59,171	$ 311,659	$ —	$(4,857,117)	$ 6,650,145

*Subsidiary is a 100% owned guarantor of the 6.375% Notes and is a 100% owned non-guarantor of the 6.000% Notes and 4.750% Notes.

Condensed Consolidating Balance Sheets - continued

	December 31, 2018						
(In thousands)	Parent	Guarantor Subsidiaries	Subsidiary (100% Owned)*	Non-Guarantor Subsidiaries (100% Owned)	Non-Guarantor Subsidiaries (Not 100% Owned)	Eliminations	Consolidated
Assets							
Cash and cash equivalents	$ 8,697	$ 226,200	$ —	$ 14,520	$ —	$ —	$ 249,417
Restricted cash	—	13,703	—	10,082	—	—	23,785
Other current assets	15,636	108,069	191	2,844	—	(191)	126,549
Property and equipment, net	117,642	2,505,987	—	92,435	—	—	2,716,064
Investments in subsidiaries	6,381,321	—	—	3,861	—	(6,385,182)	—
Intercompany receivable	—	2,106,566	374,108	—	—	(2,480,674)	—
Other long-term assets	33,513	30,002	—	48,237	—	—	111,752
Intangible assets, net	—	1,386,868	—	79,802	—	—	1,466,670
Goodwill, net	—	1,029,628	—	32,474	—	—	1,062,102
Total assets	$ 6,556,809	$ 7,407,023	$ 374,299	$ 284,255	$ —	$(8,866,047)	$ 5,756,339
Liabilities and Stockholders' Equity							
Current maturities of long-term debt	$ 23,895	$ 286	$ —	$ —	$ —	$ —	$ 24,181
Other current liabilities	160,262	267,250	—	17,679	—	329	445,520
Accumulated losses of subsidiaries in excess of investment	—	9,459	—	—	—	(9,459)	—
Intercompany payable	1,509,857	—	—	971,060	—	(2,480,917)	—
Long-term debt, net of current maturities and debt issuance costs	3,896,699	736	—	57,684	—	—	3,955,119
Other long-term liabilities	(179,645)	382,148	900	(17,625)	—	—	185,778
Total stockholders' equity (deficit)	1,145,741	6,747,144	373,399	(744,543)	—	(6,376,000)	1,145,741
Total liabilities and stockholders' equity	$ 6,556,809	$ 7,407,023	$ 374,299	$ 284,255	$ —	$(8,866,047)	$ 5,756,339

*Subsidiary is a 100% owned guarantor of the 6.375% Notes and is a 100% owned non-guarantor of the 6.000% Notes and 4.750% Notes.

Condensed Consolidating Statements of Operations

	Year Ended December 31, 2019						
(In thousands)	Parent	Guarantor Subsidiaries	Subsidiary (100% Owned)*	Non-Guarantor Subsidiaries (100% Owned)	Non-Guarantor Subsidiaries (Not 100% Owned)	Eliminations	Consolidated
Total revenues	$ 84,144	$ 3,258,013	$ —	$ 86,053	$ —	$ (102,091)	$ 3,326,119
Operating costs and expenses							
Operating	—	1,664,496	—	71,721	—	—	1,736,217
Selling, general and administrative	—	449,422	—	10,161	—	—	459,583
Master lease rent expense	—	97,723	—	—	—	—	97,723
Maintenance and utilities	—	153,324	—	1,349	—	—	154,673
Depreciation and amortization	39,490	224,612	—	12,467	—	—	276,569
Corporate expense	100,919	673	—	3,547	—	—	105,139
Project development, preopening and writedowns	6,557	6,128	—	9,043	—	—	21,728
Other operating items, net	1,895	24	—	—	—	—	1,919
Intercompany expenses	203	101,888	—	—	—	(102,091)	—
Total operating costs and expenses	149,064	2,698,290	—	108,288	—	(102,091)	2,853,551
Equity in earnings (losses) of subsidiaries	438,736	(757)	—	—	—	(437,979)	—
Operating income (loss)	373,816	558,966	—	(22,235)	—	(437,979)	472,568
Other expense (income)							
Interest expense, net	227,757	1,381	—	6,469	—	—	235,607
Loss on early extinguishments and modifications of debt	34,949	—	—	—	—	—	34,949
Other, net	513	(564)	—	(63)	—	—	(114)
Total other expense (income), net	263,219	817	—	6,406	—	—	270,442
Income (loss) from continuing operations before income taxes	110,597	558,149	—	(28,641)	—	(437,979)	202,126
Income tax benefit (provision)	47,039	(95,948)	—	4,419	—	—	(44,490)
Net income (loss)	$ 157,636	$ 462,201	$ —	$ (24,222)	$ —	$ (437,979)	$ 157,636
Comprehensive income (loss)	$ 158,171	$ 462,736	$ —	$ (24,222)	$ —	$ (438,514)	$ 158,171

*Subsidiary is a 100% owned guarantor of the 6.375% Notes and is a 100% owned non-guarantor of the 6.000% Notes and 4.750% Notes.

BOYD GAMING CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017

Condensed Consolidating Statements of Operations - continued

	Year Ended December 31, 2018						
(In thousands)	Parent	Guarantor Subsidiaries	Subsidiary (100% Owned)*	Non-Guarantor Subsidiaries (100% Owned)	Non-Guarantor Subsidiaries (Not 100% Owned)	Eliminations	Consolidated
Total revenues	$ 83,508	$ 2,579,317	$ —	$ 66,084	$ —	$ (102,179)	$ 2,626,730
Operating costs and expenses							
Operating	—	1,313,823	—	57,556	—	—	1,371,379
Selling, general and administrative	13	360,089	—	9,222	—	(11)	369,313
Master lease rent expense	—	20,682	—	—	—	—	20,682
Maintenance and utilities	—	125,667	—	1,360	—	—	127,027
Depreciation and amortization	19,052	203,570	—	7,357	—	—	229,979
Corporate expense	100,844	403	—	2,954	—	—	104,201
Project development, preopening and writedowns	31,514	4,043	—	10,141	—	—	45,698
Impairment of assets	993	—	—	—	—	—	993
Other operating items, net	58	2,116	—	—	—	—	2,174
Intercompany expenses	203	101,965	—	—	—	(102,168)	—
Total operating costs and expenses	152,677	2,132,358	—	88,590	—	(102,179)	2,271,446
Equity in earnings (losses) of subsidiaries	311,701	(1,352)	—	—	—	(310,349)	—
Operating income (loss)	242,532	445,607	—	(22,506)	—	(310,349)	355,284
Other expense (income)							
Interest expense, net	174,299	1,192	—	24,976	—	—	200,467
Loss on early extinguishments and modifications of debt	61	—	—	—	—	—	61
Other, net	161	(371)	—	(66)	—	—	(276)
Total other expense (income), net	174,521	821	—	24,910	—	—	200,252
Income (loss) from continuing operations before income taxes	68,011	444,786	—	(47,416)	—	(310,349)	155,032
Income tax benefit (provision)	47,037	(97,358)	—	9,990	—	—	(40,331)
Income (loss) from continuing operations, net of tax	115,048	347,428	—	(37,426)	—	(310,349)	114,701
Income (loss) from discontinued operations, net of tax	—	—	347	—	—	—	347
Net income (loss)	$ 115,048	$ 347,428	$ 347	$ (37,426)	$ —	$ (310,349)	$ 115,048
Comprehensive income (loss)	$ 113,853	$ 346,233	$ 347	$ (37,426)	$ —	$ (309,154)	$ 113,853

*Subsidiary is a 100% owned guarantor of the 6.375% Notes and is a 100% owned non-guarantor of the 6.000% Notes and 4.750% Notes.

Consolidating Statements of Operations - continued

	Year Ended December 31, 2017						
(In thousands)	Parent	Guarantor Subsidiaries	Subsidiary (100% Owned)*	Non-Guarantor Subsidiaries (100% Owned)	Non-Guarantor Subsidiaries (Not 100% Owned)	Eliminations	Consolidated
Total revenues	$ 73,292	$ 2,377,514	$ —	$ 42,670	$ —	$ (92,657)	$ 2,400,819
Operating costs and expenses							
Operating	—	1,225,765	—	38,156	—	—	1,263,921
Selling, general and administrative	44	354,423	—	7,612	—	(42)	362,037
Maintenance and utilities	—	108,092	—	1,370	—	—	109,462
Depreciation and amortization	12,041	201,401	—	4,080	—	—	217,522
Corporate expense	85,362	1,140	—	1,646	—	—	88,148
Project development, preopening and writedowns	7,806	2,758	154	3,736	—	—	14,454
Impairment of assets	600	1	—	(1,027)	—	—	(426)
Other operating items, net	725	1,175	—	—	—	—	1,900
Intercompany expenses	1,204	91,411	—	—	—	(92,615)	—
Total operating costs and expenses	107,782	1,986,166	154	55,573	—	(92,657)	2,057,018
Equity in earnings (losses) of subsidiaries	330,711	(1,374)	—	—	—	(329,337)	—
Operating income (loss)	296,221	389,974	(154)	(12,903)	—	(329,337)	343,801
Other expense (income)							
Interest expense, net	169,990	1,275	—	25	—	—	171,290
Loss on early extinguishments and modifications of debt	1,582	—	—	—	—	—	1,582
Other, net	(16)	(98)	—	(70)	—	—	(184)
Total other expense (income), net	171,556	1,177	—	(45)	—	—	172,688
Income (loss) from continuing operations before income taxes	124,665	388,797	(154)	(12,858)	—	(329,337)	171,113
Income tax benefit (provision)	64,725	(73,426)	—	5,586	—	—	(3,115)
Income (loss) from continuing operations, net of tax	189,390	315,371	(154)	(7,272)	—	(329,337)	167,998
Income (loss) from discontinued operations, net of tax	—	—	21,392	—	—	—	21,392
Net income (loss)	$ 189,390	$ 315,371	$ 21,238	$ (7,272)	$ —	$ (329,337)	$ 189,390
Comprehensive income (loss)	$ 189,823	$ 315,804	$ 21,238	$ (7,272)	$ —	$ (329,770)	$ 189,823

*Subsidiary is a 100% owned guarantor of the 6.375% Notes and is a 100% owned non-guarantor of the 6.000% Notes and 4.750% Notes.

Condensed Consolidating Statements of Cash Flows

	Year Ended December 31, 2019						
(In thousands)	Parent	Guarantor Subsidiaries	Subsidiary (100% Owned)*	Non-Guarantor Subsidiaries (100% Owned)	Non-Guarantor Subsidiaries (Not 100% Owned)	Eliminations	Consolidated
Cash flows from operating activities							
Net cash from operating activities	$ 2,992,943	$ (2,114,670)	$ (314,992)	$ (12,583)	$ —	$ (1,706)	$ 548,992
Cash flows from investing activities							
Capital expenditures	(129,678)	(76,274)	—	(1,685)	—	—	(207,637)
Cash paid for acquisition, net of cash received	(5,535)	—	—	—	—	—	(5,535)
Net activity with affiliates	—	2,211,263	314,992	—	—	(2,526,255)	—
Distributions from subsidiary	9,000	—	—	—	—	(9,000)	—
Other investing activities	(11,471)	(6,788)	—	—	—	—	(18,259)
Net cash from investing activities	(137,684)	2,128,201	314,992	(1,685)	—	(2,535,255)	(231,431)
Cash flows from financing activities							
Borrowings under bank credit facility	1,666,329	—	—	—	—	—	1,666,329
Payments under bank credit facility	(2,132,024)	—	—	—	—	—	(2,132,024)
Proceeds from issuance of senior notes	1,000,000	—	—	—	—	—	1,000,000
Retirements of senior notes	(750,000)	—	—	—	—	—	(750,000)
Premium and consent fees	(25,785)	—	—	—	—	—	(25,785)
Debt financing costs, net	(15,500)	—	—	—	—	—	(15,500)
Net activity with affiliates	(2,541,199)	—	—	13,238	—	2,527,961	—
Distributions to parent	—	(8,335)	—	(665)	—	9,000	—
Share-based compensation activities, net	(5,776)	—	—	—	—	—	(5,776)
Shares repurchased and retired	(28,045)	—	—	—	—	—	(28,045)
Dividends paid	(28,949)	—	—	—	—	—	(28,949)
Other financing activities	—	(565)	—	—	—	—	(565)
Net cash from financing activities	(2,860,949)	(8,900)	—	12,573	—	2,536,961	(320,315)
Change in cash, cash equivalents and restricted cash	(5,690)	4,631	—	(1,695)	—	—	(2,754)
Cash, cash equivalents and restricted cash, beginning of period	8,697	239,903	—	24,602	—	—	273,202
Cash, cash equivalents and restricted cash, end of period	$ 3,007	$ 244,534	$ —	$ 22,907	$ —	$ —	$ 270,448

*Subsidiary is a 100% owned guarantor of the 6.375% Notes and is a 100% owned non-guarantor of the 6.000% Notes and 4.750% Notes.

Condensed Consolidating Statements of Cash Flows - continued

	Year Ended December 31, 2018						
(In thousands)	**Parent**	**Guarantor Subsidiaries**	**Subsidiary (100% Owned)***	**Non-Guarantor Subsidiaries (100% Owned)**	**Non-Guarantor Subsidiaries (Not 100% Owned)**	**Eliminations**	**Consolidated**
Cash flows from operating activities							
Net cash from operating activities	$ (323,948)	$ 660,683	$ (92)	$ 97,640	$ —	$ 244	$ 434,527
Cash flows from investing activities							
Capital expenditures	(95,576)	(65,015)	—	(953)	—	—	(161,544)
Cash paid for acquisition, net of cash received	(934,073)	—	—	—	—	—	(934,073)
Net activity with affiliates	—	(545,725)	(390)	—	—	546,115	—
Distributions from subsidiary	7,975	—	—	—	—	(7,975)	—
Other investing activities	(13,860)	(15,850)	—	(10,000)	—	—	(39,710)
Net cash from investing activities	(1,035,534)	(626,590)	(390)	(10,953)	—	538,140	(1,135,327)
Cash flows from financing activities							
Borrowings under bank credit facility	1,114,600	—	—	—	—	—	1,114,600
Payments under bank credit facility	(964,322)	—	—	—	—	—	(964,322)
Proceeds from issuance of senior notes	700,000	—	—	—	—	—	700,000
Debt financing costs, net	(14,215)	—	—	—	—	—	(14,215)
Net activity with affiliates	621,413	—	—	(75,054)	—	(546,359)	—
Distributions to parent	—	(7,975)		—	—	7,975	—
Share-based compensation activities, net	(5,344)	—	—	—	—	—	(5,344)
Shares repurchased and retired	(59,570)	—	—	—	—	—	(59,570)
Dividends paid	(24,730)	—	—	—	—	—	(24,730)
Other financing activities	—	(178)	—	—	—	—	(178)
Net cash from financing activities	1,367,832	(8,153)	—	(75,054)	—	(538,384)	746,241
Cash Flows from Discontinued Operations							
Cash flows from operating activities	—	—	—	—	—	—	—
Cash flows from investing activities	—	—	482	—	—	—	482
Cash flows from financing activities	—	—	—	—	—	—	—
Net cash provided by discontinued operations	—	—	482	—	—	—	482
Change in cash, cash equivalents and restricted cash	8,350	25,940	—	11,633	—	—	45,923
Cash, cash equivalents and restricted cash, beginning of period	347	213,963	—	12,969	—	—	227,279
Cash, cash equivalents and restricted cash, end of period	$ 8,697	$ 239,903	$ —	$ 24,602	$ —	$ —	$ 273,202

*Subsidiary is a 100% owned guarantor of the 6.375% Notes and is a 100% owned non-guarantor of the 6.000% Notes and 4.750% Notes.

Condensed Consolidating Statements of Cash Flows - continued

	Year Ended December 31, 2017						
(In thousands)	Parent	Guarantor Subsidiaries	Subsidiary (100% Owned)*	Non-Guarantor Subsidiaries (100% Owned)	Non-Guarantor Subsidiaries (Not 100% Owned)	Eliminations	Consolidated
Cash flows from operating activities							
Net cash from operating activities	$ (82,632)	$ 532,515	$ (12,907)	$ (15,628)	$ 254	$ 949	$ 422,551
Cash flows from investing activities							
Capital expenditures	(102,277)	(87,590)	—	(597)	—	—	(190,464)
Cash paid for acquisition, net of cash received	(1,153)	—	—	—	—	—	(1,153)
Net activity with affiliates	—	(420,716)	(22,826)	—	—	443,542	—
Distributions from subsidiary	10,867	—	—	—	—	(10,867)	—
Advances pursuant to development agreement	—	—	—	(35,108)	—	—	(35,108)
Other investing activities	—	706	—	—	—	—	706
Net cash from investing activities	(92,563)	(507,600)	(22,826)	(35,705)	—	432,675	(226,019)
Cash flows from financing activities							
Borrowings under bank credit facility	958,000	—	—	—	—	—	958,000
Payments under bank credit facility	(1,119,485)	—	—	—	—	—	(1,119,485)
Debt financing costs, net	(3,430)	—	—	—	—	—	(3,430)
Net activity with affiliates	389,579	—	—	55,166	(254)	(444,491)	—
Distributions to parent	—	(10,475)		(392)	—	10,867	—
Share-based compensation activities, net	(7,711)	—	—	—	—	—	(7,711)
Shares repurchased and retired	(31,927)	—	—	—	—	—	(31,927)
Dividends paid	(11,286)	—	—	—	—	—	(11,286)
Other financing activities	590	(87)	—	—	—	—	503
Net cash from financing activities	174,330	(10,562)	—	54,774	(254)	(433,624)	(215,336)
Cash Flows from Discontinued Operations							
Cash flows from operating activities	—	—	(514)	—	—	—	(514)
Cash flows from investing activities	—	—	36,247	—	—	—	36,247
Cash flows from financing activities	—	—	—	—	—	—	—
Net cash provided by discontinued operations	—	—	35,733	—	—	—	35,733
Change in cash, cash equivalents and restricted cash	(865)	14,353	—	3,441	—	—	16,929
Cash, cash equivalents and restricted cash, beginning of period	1,212	199,610	—	9,528	—	—	210,350
Cash, cash equivalents and restricted cash, end of period	$ 347	$ 213,963	$ —	$ 12,969	$ —	$ —	$ 227,279

*Subsidiary is a 100% owned guarantor of the 6.375% Notes and is a 100% owned non-guarantor of the 6.000% Notes and 4.750% Notes.

NOTE 17. RELATED PARTY TRANSACTIONS

Boyd Percentage Ownership

William S. Boyd, our Executive Chairman of the Board of Directors, together with his immediate family, beneficially owned approximately 27% of our outstanding shares of common stock as of December 31, 2019. As such, the Boyd family has the ability to significantly influence our affairs, including the election of members of our Board of Directors and, except as otherwise provided by law, approving or disapproving other matters submitted to a vote of our stockholders, including a merger, consolidation or sale of assets. For each of the years ended December 31, 2019, 2018 and 2017, there were no related party transactions between the Company and the Boyd family other than compensation, including salary and equity incentives.

NOTE 18. SUBSEQUENT EVENTS

We have evaluated all events or transactions that occurred after December 31, 2019. During this period, up to the filing date, we did not identify any subsequent events, other than the payment of the cash dividend disclosed in Note 11, *Stockholders' Equity and Stock Incentive Plans*, the effects of which would require disclosure or adjustment to our financial position or results of operations.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in or disagreements with accountants on accounting and financial disclosures during the two years in the period ended December 31, 2019.

ITEM 9A. Controls and Procedures

As of the end of the period covered by this Report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this Report.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we include a report of management's assessment of the design and effectiveness of our internal controls as part of this Annual Report on Form 10-K for the fiscal year ended December 31, 2019. Our independent registered public accounting firm also reported on the effectiveness of our internal controls over financial reporting. Management's report and the independent registered public accounting firm's attestation report are located below.

There has been no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of our internal control over financial reporting as of the end of the most recent fiscal year, December 31, 2019, utilizing the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the *Internal Control-Integrated Framework* (2013).

Based on our evaluation under the framework set forth in *Internal Control—Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2019, the end of our most recent fiscal year.

Deloitte & Touche LLP, an independent registered public accounting firm, has issued an attestation report on our internal control over financial reporting as of December 31, 2019, which report follows below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Boyd Gaming Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Boyd Gaming Corporation and Subsidiaries (the "Company") as of December 31, 2019, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2019, of the Company and our report dated February 27, 2020, expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the Company's adoption of ASU 2016-02, Leases, and related amendments.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Las Vegas, Nevada
February 27, 2020

ITEM 9B. Other Information

Effective as of February 13, 2020, the Board of Directors amended and restated the Company's Bylaws to revise the name of the "Compensation and Stock Options Committee" to the "Compensation Committee."

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Information required by this item regarding the members of our board of directors and our audit committee, including our audit committee financial experts, is set forth under the captions *Board Committees—Audit Committee*, *Director Nominees*, and *Delinquent Section 16(a) Reports* in our Definitive Proxy Statement to be filed in connection with our 2020 Annual Meeting of Stockholders and is incorporated herein by reference.

The following table sets forth the non-director executive officers of Boyd Gaming Corporation as of February 27, 2020:

Name	Age	Position
Josh Hirsberg	58	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
Theodore A. Bogich	65	Executive Vice President, Operations
Stephen S. Thompson	60	Executive Vice President, Operations
Anthony D. McDuffie	59	Vice President and Chief Accounting Officer (Principal Accounting Officer)

Josh Hirsberg joined the Company as our Senior Vice President, Chief Financial Officer and Treasurer effective January 1, 2008 and was promoted to Executive Vice President effective January 13, 2016. Prior to his position with the Company, Mr. Hirsberg served as the Chief Financial Officer for EdgeStar Partners, a Las Vegas-based resort development concern. He previously held several senior-level finance positions in the gaming industry, including Vice President and Treasurer for Caesars Entertainment and Vice President, Strategic Planning and Investor Relations for Harrah's Entertainment.

Theodore A. Bogich was appointed an Executive Vice President, Operations on January 13, 2016. Mr. Bogich joined Boyd Gaming in 2004 as Vice President and General Manager of Sam's Town Tunica, and was named Vice President and General Manager of Blue Chip Casino Hotel in Michigan City, Indiana, in 2007. He was promoted to Senior Vice President, Operations in 2012.

Stephen S. Thompson was appointed an Executive Vice President, Operations on January 13, 2016. Prior to his being appointed this position, Mr. Thompson served in numerous senior executive positions with Boyd Gaming since joining the Company in 1983, including Senior Vice President, Operations for Boyd Gaming's Nevada region since 2004.

Anthony D. McDuffie has served as our Vice President and Chief Accounting Officer since March 2013. Prior to being appointed Vice President and Chief Accounting Officer, Mr. McDuffie, served as the Company's Director, Accounting Policy & Reporting, since October 2012. Mr. McDuffie previously served in senior-level financial accounting positions with several public companies, including Vice President, Finance and Controller of Pinnacle Airlines Corp. and as Controller and Chief Accounting Officer of Caesars Entertainment Corporation.

Code of Ethics. We have adopted a Code of Business Conduct and Ethics ("Code of Ethics") that applies to each of our directors, executive officers and employees. Our Code of Ethics is posted on our website at www.boydgaming.com. Any waivers or amendments to our Code of Ethics will be posted on our website.

ITEM 11. Executive Compensation

The information required by this item is set forth under the captions *Executive Officer and Director Compensation*, *Compensation Committee Interlocks and Insider Participation*, and *Compensation Committee Report* in our Definitive Proxy Statement to be filed in connection with our 2020 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is set forth under the captions *Ownership of Certain Beneficial Owners and Management* and *Equity Compensation Plan Information* in our Definitive Proxy Statement to be filed in connection with our 2020 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is set forth under the captions *Transactions with Related Persons* and *Director Independence* in our Definitive Proxy Statement to be filed in connection with our 2020 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 14. Principal Accounting Fees and Services

Information about principal accounting fees and services, as well as the audit committee's pre-approval policies appears under the captions *Audit and Non-Audit Fees* and *Audit Committee Pre-Approval of Audit and Non-Audit Services* in our Definitive Proxy Statement to be filed in connection with our 2020 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

1. Financial Statements

Financial statements of the Company (including related notes to consolidated financial statements) filed as part of this report are listed below:

2. Financial Statement Schedules

All schedules have been omitted because they are not applicable, not required or the information required to be set forth therein is included in Consolidated Financial Statements or Notes thereto included in this Report.

3. Exhibit List

Exhibit Number	Description of Exhibit	Method of Filing
2.1†	Equity Purchase Agreement entered into as of May 31, 2016, by and among MGM Resorts International, Boyd Atlantic City, Inc., and Boyd Gaming Corporation.	Incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K filed with the SEC on June 2, 2016.
2.2	First amendment to Equity Purchase Agreement entered into as of July 19, 2016, by and among MGM Resorts International, Boyd Atlantic City, Inc., and Boyd Gaming Corporation.	Incorporated by reference to Exhibit 2.2 of the Registrant's Current Report on Form 8-K filed with the SEC on August 5, 2016.
2.3†	Membership Interest Purchase Agreement, made and entered into on December 17, 2017, by and among Boyd Gaming Corporation, Boyd TCIV, LLC, Penn National Gaming, Inc., and, solely following the execution and delivery of a joinder to the Purchase Agreement, Pinnacle Entertainment, Inc. and Pinnacle MLS, LLC.	Incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K filed with the SEC on December 20, 2017.
2.4†	Master Lease Commitment and Rent Allocation Agreement, made and entered into as of December 17, 2017, by and among Boyd Gaming Corporation, Boyd TCIV, LLC, Penn National Gaming, Inc., Gaming and Leisure Properties, Inc., and Gold Merger Sub, LLC.	Incorporated by reference to Exhibit 2.2 of the Registrant's Current Report on Form 8-K filed with the SEC on December 20, 2017.
2.5†	Agreement and Plan of Merger, made and entered into on December 20, 2017, by and among Boyd Gaming Corporation, Boyd TCV, LP, a wholly owned subsidiary of Boyd, Valley Forge Convention	Incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K filed with the SEC on December 22, 2017.
2.6†	Agreement and Plan of Merger, made and entered into on May 1, 2018, by and among the Company, Boyd TCVI Acquisition, LLC, Lattner Entertainment Group Illinois, LLC, and Lattner Capital, LLC, solely in its capacity as the Representative.	Incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K filed May 3, 2018.
2.7†	First Amendment to Agreement and Plan of Merger, dated as of September 17, 2018, by and among Boyd Gaming Corporation, Boyd TCV, LP, Valley Forge Convention Center Partners, L.P. and VFCCP SR LLC.	Incorporated by reference to Exhibit 2.2 of the Registrant's Current Report on Form 8-K filed September 20, 2018.
2.8†	Amendment No. 1 to Membership Interest Purchase Agreement, dated as of December 17, 2017, by and among Boyd Gaming Corporation, Boyd TCIV, LLC, Penn National Gaming, Inc., and solely following the execution and delivery of a joinder to the Purchase Agreement, Pinnacle Entertainment, Inc., and Pinnacle MLS, LLC.	Incorporated by reference to Exhibit 2.11 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on February 26, 2018.

Exhibit Number	Description of Exhibit	Method of Filing
2.9†	Amendment No. 2 to Membership Interest Purchase Agreement, dated October 15, 2018, by and among Boyd Gaming Corporation, Boyd TCIV, LLC, Penn National Gaming, Inc., and, solely following the execution and delivery of a joinder to the Purchase Agreement, Pinnacle Entertainment, Inc. and Pinnacle MLS, LLC.	Incorporated by reference to Exhibit 2.3 of the Registrant's Current Report on Form 8-K filed October 18, 2018.
2.10†	Purchase Agreement, dated December 17, 2017, by and between Penn National Gaming, Inc., Gold Merger Sub, LLC, PNK (Ohio), LLC and Pinnacle Entertainment, Inc.	Incorporated by reference to Exhibit 2.4 of the Registrant's Current Report on Form 8-K filed October 18, 2018.
2.11†	Novation and Amendment Agreement, dated October 15, 2018, by and among Penn National Gaming, Inc., Gold Merger Sub, LLC, Boyd (Ohio) PropCo, LLC, PNK (Ohio), LLC and Pinnacle Entertainment, Inc.	Incorporated by reference to Exhibit 2.5 of the Registrant's Current Report on Form 8-K filed October 18, 2018.
3.1	Amended and Restated Articles of Incorporation of the Registrant.	Incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K, filed with the SEC on May 24, 2006.
3.2	Amended and Restated By-Laws of Boyd Gaming Corporation, effective February 13, 2020.	Filed electronically herewith.
4.1	Form of Indenture relating to senior debt securities	Incorporated by reference to Exhibit 4.1 of the Registrant's Automatic Shelf Registration Statement on Form S-3ASR dated May 1, 2015.
4.2	Form of Indenture relating to subordinated debt securities	Incorporated by reference to Exhibit 4.2 of the Registrant's Automatic Shelf Registration Statement on Form S-3ASR dated May 1, 2015.
4.3	Form of Indenture relating to senior debt securities between the Company, Guarantors party thereto and Wilmington Trust, National Association, as Trustee.	Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed May 8, 2015.
4.4	First Supplemental Indenture, the Company's 6.875% Senior Notes due 2023, dated May 21, 2015, by and among the Company, Guarantors party thereto and Wilmington Trust, National Association, as Trustee, to that certain Indenture dated May 21, 2015, by and among the Company, Guarantors party thereto and Wilmington Trust, National Association, as Trustee.	Incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed May 21, 2015.

Exhibit Number	Description of Exhibit	Method of Filing
4.5	Indenture governing the Company's 6.375% Senior Notes due 2026, dated March 28, 2016, by and among the Company, the guarantors named therein and Wilmington Trust, National Association, as trustee.	Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the SEC on March 29, 2016.
4.6	Form of 6.375% Senior Note.	Incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed with the SEC on March 29, 2016.
4.7	Second Supplemental Indenture dated December 15, 2016 governing the Company's 6.875% Senior Notes due 2023, by and among the Company, the guarantors named therein and Wilmington Trust, National Association, as trustee.	Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the SEC on December 20, 2016.
4.8	First Supplemental Indenture dated December 15, 2016 governing the Company's 6.375% Senior Notes due 2026, by and among the Company, the guarantors named therein and Wilmington Trust, National Association, as trustee.	Incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed with the SEC on December 20, 2016.
4.9	Third Supplemental Indenture dated March 7, 2017 governing the Company's 6.875% Senior Notes due 2023, by and among the Company, the guarantors named therein and Wilmington Trust, National Association, as trustee.	Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the SEC on March 7, 2017.
4.10	Second Supplemental Indenture dated March 7, 2017 governing the Company's 6.375% Senior Notes due 2026, by and among the Company, the guarantors named therein and Wilmington Trust, National Association, as trustee.	Incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed with the SEC on March 7, 2017.
4.11	Indenture governing the Company's 6.000% Senior Notes due 2026, dated June 25, 2018, by and among the Company, the guarantors named therein and Wilmington Trust, National Association, as trustee.	Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed June 25, 2018.
4.12	Form of 6.000% Senior Note due 2026, (included in Exhibit 4.11).	Incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed June 25, 2018.
4.13	Fourth Supplemental Indenture dated January 10, 2019 governing the Company's 6.875% Senior Notes due 2023, by and among the Company, the guarantors named therein and Wilmington Trust, National Association, as trustee.	Incorporated by reference to Exhibit 4.17 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC on March 1, 2019.

Exhibit Number	Description of Exhibit	Method of Filing
4.14	Third Supplemental Indenture dated January 10, 2019 governing the Company's 6.375% Senior Notes due 2026, by and among the Company, the guarantors named therein and Wilmington Trust, National Association, as trustee.	Incorporated by reference to Exhibit 4.18 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC on March 1, 2019.
4.15	First Supplemental Indenture dated January 10, 2019 governing the Company's 6.000% Senior Notes due 2026, by and among the Company, the guarantors named therein and Wilmington Trust, National Association, as trustee.	Incorporated by reference to Exhibit 4.19 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC on March 1, 2019.
4.16	Indenture governing the Company's 4.750% Senior Notes due 2027, dated December 3, 2019, by and among the Company, the guarantors named therein and Wilmington Trust, National Association, as trustee.	Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed December 3, 2019.
4.17	Form of 4.750% Senior Note due 2027, (included in Exhibit 4.16).	Incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed December 3, 2019.
4.18	Registration Rights Agreement, dated December 3, 2019, by and among the Company, the guarantors named therein and BofA Securities, Inc., on behalf of itself and as representative of the several initial purchasers.	Incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed December 3, 2019.
4.19	Description of Registrant's Securities	Filed electronically herewith.
10.1	Ninety-Nine Year Lease dated June 30, 1954, by and among Fremont Hotel, Inc., and Charles L. Ronnow and J.L. Ronnow, and Alice Elizabeth Ronnow	Incorporated by reference to the Registration Statement on Form S-1, File No. 33-51672, of California Hotel and Casino and California Hotel Finance Corporation, which was declared effective on November 18, 1992.
10.2	Lease Agreement dated October 31, 1963, by and between Fremont Hotel, Inc. and Cora Edit Garehime	Incorporated by reference to the Registration Statement on Form S-1, File No. 33-51672, of California Hotel and Casino and California Hotel Finance Corporation, which was declared effective on November 18, 1992.
10.3	Lease Agreement dated December 31, 1963, by and among Fremont Hotel, Inc., Bank of Nevada and Leon H. Rockwell, Jr.	Incorporated by reference to the Registration Statement on Form S-1, File No. 33-51672, of California Hotel and Casino and California Hotel Finance Corporation, which was declared effective on November 18, 1992.
10.4	Lease Agreement dated June 7, 1971, by and among Anthony Antonacci, Margaret Fay Simon and Bank of Nevada, as Co-Trustees under Peter Albert Simon's Last Will and Testament, and related Assignment of Lease dated February 25, 1985 to Sam-Will, Inc. and Fremont Hotel, Inc.	Incorporated by reference to the Registration Statement on Form S-1, File No. 33-51672, of California Hotel and Casino and California Hotel Finance Corporation, which was declared effective on November 18, 1992.

Exhibit Number	Description of Exhibit	Method of Filing
10.5	Lease Agreement dated July 25, 1973, by and between CH&C and William Peccole, as Trustee of the Peter Peccole 1970 Trust	Incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended June 30, 1995.
10.6	Lease Agreement dated July 1, 1974, by and among Fremont Hotel, Inc. and Bank of Nevada, Leon H. Rockwell, Jr. and Margorie Rockwell Riley	Incorporated by reference to the Registration Statement on Form S-1, File No. 33-51672, of California Hotel and Casino and California Hotel Finance Corporation, which was declared effective on November 18, 1992.
10.7	Ninety-Nine Year Lease, dated December 1, 1978, by and between Matthew Paratore, and George W. Morgan and LaRue Morgan, and related Lease Assignment dated November 10, 1987, to Sam-Will, Inc., d.b.a. Fremont Hotel and Casino	Incorporated by reference to the Registration Statement on Form S-1, File No. 33-51672, of California Hotel and Casino and California Hotel Finance Corporation, which was declared effective on November 18, 1992.
10.8	Form of Indemnification Agreement	Incorporated by reference to the Registrant's Registration Statement on Form S-1, File No. 33-64006, which was declared effective on October 15, 1993.
10.9	401(k) Profit Sharing Plan and Trust	Incorporated by reference to the Registration Statement on Form S-1, File No. 33-51672, of California Hotel and Casino and California Hotel Finance Corporation, which was declared effective on November 18, 1992.
10.10*	2000 Executive Management Incentive Plan (incorporated by reference to Appendix A of the Registrant's Definitive Proxy Statement filed with the SEC on April 21, 2000).	Incorporated by reference to Appendix A of the Registrant's Definitive Proxy Statement filed with the SEC on April 21, 2000.
10.11*	Annual Incentive Plan	Incorporated by reference to Exhibit 10.29 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2002.
10.12*	Form of Stock Option Award Agreement pursuant to the 2002 Stock Incentive Plan	Incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008.
10.13*	Form of Restricted Stock Unit Agreement and Notice of Award pursuant to the 2002 Stock Incentive Plan	Incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008.
10.14*	The Boyd Gaming Corporation Amended and Restated Deferred Compensation Plan for the Board of Directors and Key Employees	Incorporated by reference to Exhibit 10.39 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.
10.15*	Amendment Number 1 to the Amended and Restated Deferred Compensation Plan	Incorporated by reference to Exhibit 10.40 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.

Exhibit Number	Description of Exhibit	Method of Filing
10.16*	Amendment Number 2 to the Amended and Restated Deferred Compensation Plan	Incorporated by reference to Exhibit 10.41 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.
10.17*	Amendment Number 3 to the Amended and Restated Deferred Compensation Plan	Incorporated by reference to Exhibit 10.42 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.
10.18*	Amendment Number 4 to the Amended and Restated Deferred Compensation Plan	Incorporated by reference to Exhibit 10.43 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.
10.19*	Form of Stock Option Award Agreement Under the Registrant's Directors' Non-Qualified Stock Option Plan	Incorporated by reference to Exhibit 10.48 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.
10.20*	Boyd Gaming Corporation's 2002 Stock Incentive Plan (as amended and restated on May 15, 2008)	Incorporated by reference to Appendix A of the Registrant's Definitive Proxy Statement filed with the SEC on April 2, 2008.
10.21*	Amendment Number 5 to the Amended and Restated Deferred Compensation Plan	Incorporated by reference to Exhibit 10.35 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005.
10.22*	Amended and Restated 2000 Executive Management Incentive Plan	Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed with the SEC on May 24, 2006.
10.23*	Amended and Restated 2002 Stock Incentive Plan	Incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K, filed with the SEC on May 24, 2006.
10.24*	Form of Award Agreement for Restricted Stock Units under 2002 Stock Incentive Plan for Non-Employee Directors	Incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.
10.25*	Form of Award Agreement for Restricted Stock Units under the 2002 Stock Incentive Plans	Incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K filed with the SEC on May 24, 2006.
10.26*	Form of Career Restricted Stock Unit Award Unit Agreement under the 2002 Stock Incentive Plan	Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on December 13, 2006.
10.27*	Form of Restricted Stock Unit Agreement and Notice of Award Pursuant to the 2002 Stock Incentive Plan	Incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007.
10.28*	Change in Control Severance Plan for Tier I, II and III Executives	Incorporated by reference to Exhibit 10.46 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2006.
10.29	Form of Performance Share Unit Agreement and Notice of Award Pursuant to the 2002 Stock Incentive Plan	Incorporated by reference to Exhibit 10.49 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011.

Exhibit Number	Description of Exhibit	Method of Filing
10.30	Offer to Purchase Real Estate, Acceptance and Lease, dated September 27, 2006, between Diamond Jo, LLC and Dubuque County Historical Society	Incorporated by reference to Exhibit 10.1 of Peninsula Gaming, LLC's Quarterly Report on Form 10-Q filed November 14, 2006.
10.31	Closing Agreement, dated September 27, 2006, between Diamond Jo, LLC and Dubuque County Historical Society	Incorporated by reference to Exhibit 10.2 of Peninsula Gaming, LLC's Quarterly Report on Form 10-Q filed November 14, 2006.
10.32	Real Estate Ground Lease, dated September 27, 2006, between Diamond Jo, LLC and Dubuque County Historical Society	Incorporated by reference to Exhibit 10.3 of Peninsula Gaming, LLC's Quarterly Report on Form 10-Q filed November 14, 2006.
10.33	Minimum Assessment Agreement, dated October 1, 2007, among Diamond Jo, LLC, the City of Dubuque, Iowa and the City Assessor of the City of Dubuque, Iowa	Incorporated by reference to Exhibit 10.63 of Peninsula Gaming, LLC's Annual Report on Form 10-K filed March 28, 2008.
10.34	Amended and Restated Port of Dubuque Public Parking Facility Development Agreement, dated October 1, 2007, between the City of Dubuque, Iowa and Diamond Jo, LLC	Incorporated by reference to Exhibit 10.65 of Peninsula Gaming, LLC's Annual Report on Form 10-K filed March 28, 2008.
10.35	Lottery Gaming Facility Management Contract, dated October 19, 2010	Incorporated by reference to Exhibit 10.2 of Peninsula Gaming, LLC's Current Report on Form 8-K filed February 4, 2011.
10.36	Third Amended and Restated Credit Agreement dated as of August 14, 2013 among the Company certain financial institutions, Bank of America, N.A., as administrative agent and letter of credit issuer, and Wells Fargo Bank, National Association, as swing line lender.	Incorporated by reference from the Registrant's Current Report on Form 8-K dated August 14, 2013.
10.38	Amendment No. 1 and Joinder Agreement, dated as of September 15, 2016, among the Company, certain financial institutions, Bank of America, N.A., as administrative agent and letter of credit issuer, and Wells Fargo Bank, National Association, as swing line lender.	Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on September 19, 2016.
10.39	Amendment No. 2 and Refinancing Amendment dated March 29, 2017, to the Third Amended and Restated Credit Agreement, dated as of August 14, 2013.	Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2017.
10.40	Joinder Agreement, dated as of August 2, 2018, among the Company, certain financial institutions and Bank of America, N.A., as administrative agent.	Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed August 6, 2018.

Exhibit Number	Description of Exhibit	Method of Filing
10.41*	2012 Stock Incentive Plan (As amended and restated effective May 17, 2012) (incorporated by reference to Appendix A of the Registrant's Definitive Proxy Statement filed with the SEC on April 2, 2012).	Incorporated by reference to Appendix A of the Registrant's Definitive Proxy Statement filed with the SEC on April 2, 2012.
10.42†	Real Estate Ground Lease, dated September 22, 2006, as Amended between NP Land LLC and Nevada Palace, LLC	Incorporated by reference to Exhibit 10.40 of the Registrant's Current Report on Form 10-K filed with the SEC on February 21, 2017.
10.43	Master Lease, dated October 15, 2018, by and between Gold Merger Sub, LLC and Boyd TCIV, LLC.	Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed October 18, 2018.
21.1	Subsidiaries of the Registrant.	Filed electronically herewith.
23.1	Consent of Deloitte & Touche LLP.	Filed electronically herewith.
24	Power of Attorney (included in Part IV to this Annual Report on Form 10-K).	Filed electronically herewith.
31.1	Certification of the Chief Executive Officer of the Registrant pursuant to Exchange Act Rule 13a-14(a).	Filed electronically herewith.
31.2	Certification of the Chief Financial Officer of the Registrant pursuant to Exchange Act Rule 13a-14(a).	Filed electronically herewith.
32.1	Certification of the Chief Executive Officer of the Registrant pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. § 1350.	Filed electronically herewith.
32.2	Certification of the Chief Financial Officer of the Registrant pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. § 1350.	Filed electronically herewith.
99.1	Governmental Gaming Regulations	Filed electronically herewith.

Exhibit Number	Description of Exhibit	Method of Filing
101	The following materials from Boyd Gaming Corporation's Annual Report on Form 10-K for the year ended December 31, 2019, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2019 and December 31, 2018; (ii) Consolidated Statements of Operations for the years ended December 31, 2019, 2018 and 2017; (iii) Consolidated Statement of Changes in Stockholders' Equity for the years ended December 31, 2019; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017; and (vi) Notes to Consolidated Financial Statements.***	Filed electronically herewith.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	Filed electronically herewith.

* Management contracts or compensatory plans or arrangements.

** Certain portions of this exhibit have been granted confidential treatment by the Securities and Exchange Commission.

*** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

† Exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the SEC.

ITEM 16. Form 10-K Summary

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 27, 2020.

BOYD GAMING CORPORATION

By: /s/ Anthony D. McDuffie

Anthony D. McDuffie
Vice President and Chief Accounting Officer
(Principal Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Keith E. Smith, Josh Hirsberg and Anthony D. McDuffie, and each of them, his attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ WILLIAM S. BOYD **William S. Boyd**	Executive Chairman of the Board of Directors	February 27, 2020
/s/ MARIANNE BOYD JOHNSON **Marianne Boyd Johnson**	Vice Chairman of the Board of Directors, Executive Vice President and Director	February 27, 2020
/s/ KEITH E. SMITH **Keith E. Smith**	President, Chief Executive Officer and Director (Principal Executive Officer)	February 27, 2020
/s/ JOSH HIRSBERG **Josh Hirsberg**	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	February 27, 2020
/s/ WILLIAM R. BOYD **William R. Boyd**	Vice President and Director	February 27, 2020
/s/ JOHN R. BAILEY **John R. Bailey**	Director	February 27, 2020
/s/ ROBERT L. BOUGHNER **Robert L. Boughner**	Director	February 27, 2020
/s/ RICHARD E. FLAHERTY **Richard E. Flaherty**	Director	February 27, 2020
/s/ CHRISTINE J. SPADAFOR **Christine J. Spadafor**	Director	February 27, 2020
/s/ A. RANDALL THOMAN **A. Randall Thoman**	Director	February 27, 2020
/s/ PETER M. THOMAS **Peter M. Thomas**	Director	February 27, 2020
/s/ PAUL W. WHETSELL **Paul W. Whetsell**	Director	February 27, 2020
/s/ VERONICA J. WILSON **Veronica J. Wilson**	Director	February 27, 2020
/s/ ANTHONY D. MCDUFFIE **Anthony D. McDuffie**	Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 27, 2020

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