BOYD GAMING CORP
Form 10-Q
August 09, 2013

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2013

OR

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

For the transition period from to

Commission file number: 1-12882

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

Nevada	88-0242733
(State or other jurisdiction of 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)

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 x No o

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

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

Large accelerated filer	o	Accelerated filer	x
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

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

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

Class	Outstanding as of August 7, 2013

Common stock, $0.01 par value	107,766,479

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BOYD GAMING CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIODS ENDED JUNE 30, 2013
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PART I. Financial Information

Item 1. Financial Statements (Unaudited)

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
as of June 30, 2013 and December 31, 2012

(In thousands, except share data) (Unaudited)	June 30, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 182,612	$ 192,545
Restricted cash	23,576	22,900
Accounts receivable, net	59,426	61,753
Inventories	19,567	18,539
Prepaid expenses and other current assets	48,451	48,673
Income taxes receivable	1,643	2,875
Deferred income taxes and other current tax assets	7,796	7,623
Current assets of discontinued operations	—	685
Total current assets	343,071	355,593
Property and equipment, net	3,550,178	3,587,314
Assets held for development	—	331,770
Debt financing costs, net	82,451	85,468
Restricted investments held by variable interest entity	—	21,382
Other assets, net	82,954	98,415
Intangible assets, net	1,095,494	1,119,638
Goodwill, net	694,929	694,929
Assets of discontinued operations	—	37,684
Total assets	$ 5,849,077	$ 6,332,193

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BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
as of June 30, 2013 and December 31, 2012

(In thousands, except share data) (Unaudited)	June 30, 2013	December 31, 2012
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	$ 50,759	$ 61,570
Accounts payable	102,063	91,156
Accrued liabilities	370,776	363,732
Deferred income taxes and income taxes payable	—	8,129
Current deferred tax liability	7,433	—
Current maturities of non-recourse obligations of variable interest entity	—	225,113
Current liabilities of discontinued operations	—	864
Total current liabilities	531,031	750,564
Long-term debt, net of current maturities	4,519,481	4,827,853
Deferred income taxes	150,754	139,943
Other long-term tax liabilities	26,260	43,457
Other liabilities	95,493	103,249
Commitments and contingencies (Note 10)		
Stockholders' equity		
Preferred stock, $0.01 par value, 5,000,000 shares authorized	—	—
Common stock, $0.01 par value, 200,000,000 shares authorized; 88,767,611 and 86,871,977 shares outstanding	888	869
Additional paid-in capital	675,454	655,694
Accumulated deficit	(347,467)	(351,810)
Accumulated other comprehensive loss	(846)	(962)
Total Boyd Gaming Corporation stockholders' equity	328,029	303,791
Noncontrolling interest	198,029	163,336
Total stockholders' equity	526,058	467,127
Total liabilities and stockholders' equity	$ 5,849,077	$ 6,332,193

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

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BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
for the three and six months ended June 30, 2013 and 2012

(In thousands, except per share data) (Unaudited)	Three Months Ended June 30, 2013	2012	Six Months Ended June 30, 2013	2012
REVENUES				
Operating revenues:				
Gaming	$ 627,926	$ 514,018	$ 1,260,485	$ 1,048,554
Food and beverage	112,804	105,187	224,578	211,218
Room	67,154	69,628	131,009	135,625
Other	41,898	35,784	81,209	71,505
Gross revenues	849,782	724,617	1,697,281	1,466,902
Less promotional allowances	111,034	110,547	222,949	221,163
Net revenues	738,748	614,070	1,474,332	1,245,739
COST AND EXPENSES				
Operating costs and expenses:				
Gaming	287,801	239,170	585,063	486,942
Food and beverage	64,242	60,250	124,295	114,209
Room	15,955	15,931	29,055	30,066
Other	31,199	26,680	59,373	52,696
Selling, general and administrative	127,000	109,671	251,028	218,318
Maintenance and utilities	41,042	39,387	80,251	77,995
Depreciation and amortization	70,318	50,661	140,356	100,635
Corporate expense	15,148	13,009	30,504	25,880
Preopening expense	789	2,210	3,154	3,870
Impairments of assets	5,032	—	5,032	—
Asset transactions costs	614	6,242	3,627	6,272
Other operating charges and credits, net	229	(8,438)	1,795	(8,221)
Total operating costs and expenses	659,369	554,773	1,313,533	1,108,662
Operating income	79,379	59,297	160,799	137,077
Other expense (income):				
Interest income	(570)	(408)	(1,226)	(412)
Interest expense, net	88,126	64,788	183,808	128,616
Other, net	2,419	—	1,901	—
Total other expense, net	89,975	64,380	184,483	128,204
Income (loss) from continuing operations before income taxes	(10,596)	(5,083)	(23,684)	8,873
Income taxes benefit (expense)	4,102	5,080	6,526	(1,623)
Income (loss) from continuing operations, net of tax	(6,494)	(3)	(17,158)	7,250
Income (loss) from discontinued operations, net of tax	11,753	(688)	10,790	(1,466)
Net income (loss)	5,259	(691)	(6,368)	5,784
Net loss attributable to noncontrolling interest	6,368	1,668	10,711	1,045
Net income (loss) attributable to Boyd Gaming Corporation	$ 11,627	$ 977	$ 4,343	$ 6,829

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BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
for the three and six months ended June 30, 2013 and 2012

(In thousands, except per share data) (Unaudited)	Three Months Ended June 30, 2013	2012	Six Months Ended June 30, 2013	2012
Basic net income (loss) per common share:				
Continuing operations	$ —	$ 0.02	$ (0.07)	$ 0.09
Discontinued operations	0.13	(0.01)	0.12	(0.01)
Basic net income (loss) per common share	$ 0.13	$ 0.01	$ 0.05	$ 0.08
Weighted average basic shares outstanding	89,230	87,588	88,606	87,559
Diluted net income (loss) per common share:				
Continuing operations	$ —	$ 0.02	$ (0.07)	$ 0.09
Discontinued operations	0.13	(0.01)	0.12	(0.01)
Diluted net income (loss) per common share	$ 0.13	$ 0.01	$ 0.05	$ 0.08
Weighted average diluted shares outstanding	90,265	87,829	89,447	87,978

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

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BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
for the three and six months ended June 30, 2013 and 2012

(In thousands) (Unaudited)	Three Months Ended June 30, 2013	2012	Six Months Ended June 30, 2013	2012
Net income (loss)	$ 5,259	$ (691)	$ (6,368)	$ 5,784
Other comprehensive income, net of tax:				
Fair value of derivative instruments, net	—	27	—	2,467
Fair value of adjustments to available-for-sale securities, net of tax of $0	(179)	—	116	—
Comprehensive income (loss)	5,080	(664)	(6,252)	8,251
Less: other comprehensive income attributable to noncontrolling interest	—	27	—	2,467
Less: net loss attributable to noncontrolling interest	(6,368)	(1,668)	(10,711)	(1,045)
Comprehensive income attributable to Boyd Gaming Corporation	$ 11,448	$ 977	$ 4,459	$ 6,829

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

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BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
for the six months ended June 30, 2013

	Boyd Gaming Corporation Stockholders' Equity						
(In thousands, except share data)	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss), Net	Noncontrolling Interest	Total
(Unaudited)	Shares	Amount					
Balances, January 1, 2013	86,871,977	$869	$655,694	$(351,810)	$(962)	$163,336	$467,127
Net income (loss)	—	—	—	4,343	—	(10,711)	(6,368)
Unrealized gain on investment available for sale	—	—	—	—	116	—	116
Stock options exercised	1,765,037	18	13,127	—	—	—	13,145
RSU released/settled	130,597	1	(351)	—	—	—	(350)
Share-based compensation costs	—	—	6,984	—	—	—	6,984
Deconsolidation of LVE	—	—	—	—	—	45,404	45,404
Balances, June 30, 2013	88,767,611	$888	$675,454	$(347,467)	$(846)	$198,029	$526,058

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

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BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
for the six months ended June 30, 2013 and 2012

(In thousands) (Unaudited)	Six Months Ended June 30, 2013	2012
Cash Flows from Operating Activities		
Net income (loss)	$ (6,368)	$ 5,784
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Loss (Gain) on discontinued operations, net of tax	(10,790)	1,466
Depreciation and amortization	140,356	100,635
Amortization of debt financing costs	11,425	6,256
Amortization of discounts on debt	9,156	1,811
Loss on early retirements of debt	2,372	—
Share-based compensation expense	6,984	5,953
Deferred income taxes	4,732	10,064
Noncash asset write-downs	5,089	15
Gain on insurance settlement	—	(6,323)
Gain on insurance subrogation settlement	—	(2,203)
Other operating activities	1,535	4,548
Changes in operating assets and liabilities:		
Restricted cash	(675)	(1,417)
Accounts receivable, net	23	5,131
Inventories	(1,030)	(1,087)
Prepaid expenses and other current assets	249	(4,618)
Current other tax asset	(17)	—
Income taxes receivable	577	(51)
Other long-term tax assets	—	1,168
Other assets, net	3,818	(989)
Accounts payable and accrued liabilities	14,970	3,847
Income taxes payable	—	267
Other long-term tax liabilities	(19,939)	(18,786)
Other liabilities	3,303	(1,673)
Net cash provided by operating activities	165,770	109,798
Cash Flows from Investing Activities		
Capital expenditures	(58,456)	(70,063)
Proceeds from sale of Echelon, net	343,750	—
Cash paid for exercise of LVE option	(187,000)	—
Other investing activities	214	2,334
Net cash provided by (used in) investing activities	98,508	(67,729)
Cash Flows from Financing Activities		
Borrowings under Boyd Gaming bank credit facility	490,400	488,500
Payments under Boyd Gaming bank credit facility	(557,250)	(672,450)
Borrowings under Peninsula bank credit facility	161,100	—
Payments under Peninsula bank credit facility	(182,725)	—
Borrowings under Borgata bank credit facility	200,000	354,500

Payments under Borgata bank credit facility	(215,600)	(370,500)
Proceeds from issuance of senior notes	—	350,000
Debt financing costs, net	(11,333)	(10,246)
Proceeds from issuance of non-recourse debt by variable interest entity	—	1,935
Proceeds from stock options exercised	13,145	117
Restricted stock units released, net	(350)	—
Payments on notes payable	(10,816)	—
Payments on early retirements of debt	(215,668)	—
Payments on non-recourse debt of variable interest entity	—	(501)
Other financing activities	(4)	(360)
Net cash (used in) provided by financing activities	(329,101)	140,995

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BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
for the six months ended June 30, 2013 and 2012

(In thousands) (Unaudited)	Six Months Ended June 30, 2013	2012
Cash Flows from Discontinued Operations		
Cash flows from operating activities	(2,144)	(1,025)
Cash flows from investing activities	56,751	(340)
Cash flows from financing activities	—	—
Net cash provided by (used in) discontinued operations	54,607	(1,365)
Change in cash and cash equivalents	(10,216)	181,699
Cash and cash equivalents, beginning of period	192,545	178,091
Change in cash classified as discontinued operations	283	(1,077)
Cash and cash equivalents, end of period	$ 182,612	$ 358,713
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 164,551	$ 115,177
Cash received for income taxes, net	(2,136)	(1)
Supplemental Schedule of Noncash Investing and Financing Activities		
Payables incurred for capital expenditures	$ 12,600	$ 13,194
Assets and Liabilities Deconsolidated of Variable Interest Entity		
Current assets	$ 184,013	$ —
Long-term assets	2,429	—
Total assets deconsolidated	$ 186,442	$ —
Current liabilities	$ 48,366	$ —
Noncontrolling interests	(48,924)	—
Total liabilities and noncontrolling interests deconsolidated	$ (558)	$ —

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

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BOYD GAMING CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
as of June 30, 2013 and December 31, 2012 and for the three and six months ended June 30, 2013 and 2012

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

Boyd Gaming Corporation (and together with its subsidiaries, the "Company," "Boyd Gaming," "we" or "us") was incorporated in the state of Nevada in 1988 and has been operating since 1973. The Company's common stock is traded on the New York Stock Exchange under the symbol "BYD".
We are a diversified operator of 21 wholly owned gaming entertainment properties and one controlling interest in a limited liability company. Headquartered in Las Vegas, Nevada, we have gaming operations in Nevada, Illinois, Indiana, Iowa, Kansas, Louisiana, Mississippi, and New Jersey.

Basis of Presentation

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

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

The accompanying condensed consolidated financial statements include the accounts of Boyd Gaming and its subsidiaries. Investments in unconsolidated affiliates, which are less than 50% 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.

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2012, as filed with the SEC on March 18, 2013.

Revisions and Reclassifications

The financial information for the three and six months ended June 30, 2012 is derived from our condensed consolidated financial statements and footnotes included in the Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 and has been revised to reflect the results of operations and cash flows of our Dania Jai-Alai property as discontinued operations. See Note 3, Acquisitions and Dispositions, for further discussion.

Certain prior period amounts presented in our condensed consolidated financial statements have been reclassified to conform to the current presentation. These reclassifications related to other assets of discontinued operations that were previously accumulated in property and equipment, current assets, and current liabilities for the year ended December 31, 2012. This reclassification had no effect on our total assets as previously reported in our condensed consolidated balance sheet. In addition, asset transactions costs that were previously accumulated in other operating charges were disaggregated in our condensed consolidated statements of operations for the three and six months ended June 30, 2013 and 2012, respectively. This reclassification had no effect on our retained earnings or net income (loss) as previously reported.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Gaming revenue represents the net win from gaming activities, which is the aggregate difference between gaming wins and losses. The majority of our gaming revenue is counted in the form of cash and chips and therefore is not subject to any significant or complex estimation procedures. Cash discounts, commissions and other cash incentives to customers related to gaming play are recorded as a reduction of gross gaming revenues. Race revenue recognition criteria are met at the time the results of the event are official. Room revenue recognition criteria are met at the time of occupancy. Food and beverage revenue recognition criteria are met at the time of service.

Asset Transactions Costs

Asset transactions costs are comprised of certain costs incurred related to the activities associated with various acquisition opportunities and other business development activities, as well as, transaction costs incurred to dispose of assets, including, but not limited to, the sale of Echelon.

Promotional Allowances

The retail value of accommodations, food and beverage, and other services furnished to guests without charge is included in gross revenues and then deducted as a promotional allowance. Promotional allowances also include incentives such as cash, goods and services (such as complimentary rooms, food and beverages) earned in our slot bonus point program. 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, principally for cash play, and to a lesser extent for goods or services, depending upon the property. We record the estimated retail value of these goods and services as revenue and then deduct them as a promotional allowance.

The amounts included in promotional allowances for the three and six months ended June 30, 2013 and 2012 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
(In thousands)				
Rooms	$35,321	$35,991	$70,441	$70,673
Food and beverage	49,875	46,815	100,653	95,103
Other	25,838	27,741	51,855	55,387
Total promotional allowances	$111,034	$110,547	$222,949	$221,163

The estimated costs of providing such promotional allowances for the three and six months ended June 30, 2013 and 2012 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
(In thousands)				
Rooms	$14,432	$15,352	$29,143	$29,099
Food and beverage	44,123	45,279	89,182	85,507
Other	5,404	6,462	10,559	11,886
Total cost of promotional allowances	$63,959	$67,093	$128,884	$126,492

Gaming Taxes

We are subject to taxes based on gross gaming revenues in the jurisdictions in which we operate. These gaming taxes are assessed based on our gaming revenues and are recorded as a gaming expense in the condensed consolidated statements of operations. These taxes totaled approximately $101.8 million and $67.8 million for the three months ended June 30, 2013 and 2012, respectively, and $204.1 million and $139.1 million for the six months ended June 30, 2013 and 2012, respectively.

CRDA Investments

Pursuant to the New Jersey Casino Control Act ("Casino Control Act"), we are assessed as a casino licensee 1.25% of our gross gaming revenues to fund qualified investments. This assessment is made in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. Once our funds are deposited with the New Jersey Casino Reinvestment Development Authority ("CRDA"), qualified investments may be satisfied by: (i) purchase of bonds issued by the CRDA at below market rates of interest; (ii) direct investment in CRDA approved projects; or (iii) donation of funds to projects as determined by the CRDA. According to the Casino Control Act, funds on deposit with the CRDA are invested by the CRDA and the resulting income is shared two-thirds to the casino licensee and one-third to the CRDA. Further, the Casino Control Act requires that CRDA bonds be issued at statutory rates established at two-thirds of market value.

We are required to make quarterly deposits with the CRDA to satisfy our investment obligations. At the date the obligation arises, we record charges to expense (i) pursuant to the respective underlying agreements for obligations with identified qualified investments and (ii) by applying a one-third valuation reserve to our obligations that are available to fund qualified investment to reflect the anticipated below market return on investment. The one-third valuation reserve is adjusted accordingly when a qualified investment is identified. Our deposits with the CRDA, net of valuation reserves held by Borgata, were $25.1 million and $28.5 million as of June 30, 2013 and December 31, 2012, respectively, and are included in other assets, net, on our condensed consolidated balance sheets.

On May 8, 2013, we entered into an agreement with the CRDA that included a 50% donation and a 50% refund of $45.1 million of our available deposits. As a result, the carrying values of our CRDA-related accounts at June 30, 2013 were reviewed and adjusted to their net realizable values resulting in a charge of $5.0 million, which is included in impairments of assets on our condensed consolidated statements of operations. On July 17, 2013, the CRDA disbursed $45.1 million from our funds on deposit with the CRDA of which we received a $22.5 million refund.

Income Taxes

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

For the three months and six months ended June 30, 2013, in accordance with GAAP, we have computed our provision for income taxes by applying the actual effective tax rate, under the discrete method, to year-to-date income. Our current rate is impacted by adjustments that are largely independent of our operating results before taxes. Such adjustments relate primarily to the accrual of non-cash tax expense in connection with the tax amortization of indefinite-lived intangible assets that are not available to offset existing deferred tax assets. The deferred tax liabilities created by the tax amortization of these intangibles cannot be used to offset corresponding increases in the net operating loss deferred tax assets in determining our valuation allowance. As such, we believe this method provides the most reliable estimate of year-to-date income tax expense.

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. Use of the term “more likely than not” indicates the likelihood of occurrence is greater than 50%.

Tax positions, failing to qualify for initial recognition, are recognized in the first subsequent interim period that they meet the “more likely than not” standard. If it is subsequently determined that a previously recognized tax position no longer meets the “more likely than not” standard, it is required that the tax position be 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.

Unrecognized tax benefits at June 30, 2013 and December 31, 2012 are $22.2 million and $38.4 million, respectively. Included in the $22.2 million balance of unrecognized tax benefits at June 30, 2013, are $20.0 million of benefits that, if recognized, would impact the effective tax rate. We recognize accrued interest related to unrecognized tax benefits in our income tax provision. We have accrued $9.4 million and $12.4 million of interest and penalties in our condensed consolidated balance sheet as of June 30, 2013 and December 31, 2012, respectively.

In 2013, we reached agreement on certain proposed adjustments in connection with our IRS examination for tax years ended 2005 through 2009. As a result of the agreed adjustments, we reduced our unrecognized tax benefits by $16.7 million, of which $0.9 million impacted our effective tax rate. Such agreements also resulted in a reduction to the interest accrued on our unrecognized tax benefits and a corresponding benefit to our tax provision of $3.8 million.

During 2012, we reached an agreement with the Appeals Division in our IRS examination for tax years ended 2001 through 2004. We reduced our federal unrecognized tax benefits, primarily related to the settlement, by approximately $20.8 million on a net basis, of which $0.1 million impacted our effective tax rate. Additionally, we reduced the interest accrued on our federal unrecognized tax benefits by approximately $4.9 million and recorded a $3.2 million benefit to our tax provision.

We are in various stages of the examination and appeals process in connection with many of our audits and it is difficult to determine when these examinations will be closed; however, it is reasonably possible over the next twelve-month period, that we may experience a decrease in our unrecognized tax benefits, as of June 30, 2013, of up to $10.1 million. Approximately $8.0 million of the total reduction would impact our effective tax rate.

Earnings per Share

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

The weighted average number of common and common equivalent shares used in the calculations of basic and diluted earnings per share calculations for the three and six months ended June 30, 2013 and 2012, consisted of the following amounts:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
(In thousands)				
Weighted average shares outstanding:				
Basic	89,230	87,588	88,606	87,559
Potential dilutive effect	1,035	241	841	419
Diluted	90,265	87,829	89,447	87,978

Anti-dilutive options totaling 5.8 million and 6.0 million for the three and six months ended June 30, 2013, respectively, and totaling 9.4 million and 8.1 million for the three and six months ended June 30, 2012, respectively, have been excluded from the computation of diluted earnings per share due to the exercise prices for these shares being in excess of the weighted-average market price of the Company's common stock during these periods.

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. Significant estimates incorporated into our condensed consolidated financial statements include the estimated allowance for doubtful accounts receivable, the estimated useful lives for depreciable and amortizable assets, recoverability of assets held for development, measurement of the fair value of our controlling interest and the noncontrolling interest in Borgata, fair valuations of acquired assets and assumed liabilities, estimated cash flows in assessing the recoverability of long-lived assets and assumptions relative to the valuation and impairment of goodwill and intangible assets, estimated valuation allowances for deferred tax assets, accruals for slot bonus point programs, estimates of certain tax liabilities and uncertain tax positions, determination of self-insured liability reserves, computation of share-based payment valuation assumptions, estimates of fair values of assets and liabilities measured at fair value, estimates of fair values of assets and liabilities disclosed at fair value, fair values of derivative instruments and assessments of contingencies and litigation and claims. Actual results could differ from these estimates.

Recently Issued Accounting Pronouncements

A variety of proposed or otherwise potential accounting standards are currently under study 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.

Accounting Standards Update 2013-02 Comprehensive Income (Topic 220) Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income ("Update 2013-02")

In February 2013, the Financial Accounting Standards Board ("FASB") issued Update 2013-02 which is an amendment to Topic 220-10 of the Accounting Standards Codification ("ASC").

The objective of Update 2013-02 is to amend ASC 220-10 to require entities to provide information about amounts reclassified out of other comprehensive income by component. The Company is required to present, either on the face of the financial statements or in the notes, the amounts reclassified from other comprehensive income to the respective line items in the condensed consolidated statements of comprehensive income (loss).

Update 2013-02 is effective for interim and annual periods beginning after December 15, 2012. In February 2013, the Company adopted Update 2013-02. Update 2013-02 did not have a material impact on our consolidated financial statements.

NOTE 3. ACQUISITIONS AND DIVESTITURES

Acquisition of Peninsula Gaming

Overview

On November 20, 2012, we completed the acquisition of Peninsula Gaming pursuant to an Agreement and Plan of Merger (the "Merger Agreement") entered into on May 16, 2012. Accordingly, the acquired assets and liabilities of Peninsula Gaming are included in our condensed consolidated balance sheets as of June 30, 2013 and December 31, 2012 and the results of its operations and cash flows are reported in our condensed consolidated statements of operations and cash flows for the three and six months ended June 30, 2013.

Status of Purchase Price Allocation

The Company has recognized the assets acquired and liabilities assumed in the Merger based on preliminary fair value estimates as of the date of the Merger. The determination of the fair values of the acquired assets and assumed liabilities (and the related determination of estimated lives of depreciable tangible and identifiable intangible assets) requires significant judgment. As such, management has not completed its valuation analysis and calculations in sufficient detail necessary to arrive at the final estimates of the fair value of the assets acquired and liabilities assumed, along with the related allocations of goodwill and intangible assets. The fair values of certain tangible assets, intangible assets, the note payable to seller, certain contingent liabilities and residual goodwill are the most significant areas not yet finalized and therefore are subject to change. The final fair value determinations are expected to be completed no later than the third quarter of 2013. The final fair value determinations may be significantly different than those reflected in the condensed consolidated balance sheets at June 30, 2013 and December 31, 2012.

Supplemental Unaudited Pro Forma Information

The following table presents pro forma results of the Company, as though Peninsula Gaming had been acquired as of January 1, 2012. 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 and Peninsula Gaming prior to the acquisition, with adjustments directly attributable to the acquisition.

	Three Months Ended June 30, 2012		
	Boyd Gaming Corporation (As Reported)	Peninsula Gaming	Boyd Gaming Corporation (Pro Forma)
(In thousands)			
Condensed Statements of Operations			
Net revenues	$614,070	$132,957	$747,027
Net income (loss) attributable to Boyd Gaming Corporation	$977	$457	$1,434
Basic and diluted earnings per share	$0.01		$0.02

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	Six Months Ended June 30, 2012		
	Boyd Gaming Corporation (As Reported)	Peninsula Gaming	Boyd Gaming Corporation (Pro Forma)
(In thousands)			
Condensed Statements of Operations			
Net revenues	$1,245,739	$267,616	$1,513,355
Net income (loss) attributable to Boyd Gaming Corporation	$6,829	$4,156	$10,985
Basic earnings per share	$0.08		$0.13
Diluted earnings per share	$0.08		$0.12

Disposition of Echelon

On March 1, 2013, we entered into a definitive agreement to sell the Echelon site for $350 million in cash. The sale agreement included the 87-acre land parcel, as well as site improvements. The transaction was completed on March 4, 2013, and we realized approximately $157.0 million in net proceeds from the sale after consideration of direct transaction costs and after payment of a portion of the proceeds to a third party to fulfill our obligations to LVE Energy Partners, LLC (see Note 5, Deconsolidation of LVE Energy Partners, LLC.)

Discontinued Operations - Disposition of Dania Jai-Alai

On May 22, 2013, we consummated the sale of certain assets and liabilities of the Dania pari-mutuel facility ("Dania Jai-Alia"), with approximately 47 acres of related land located in Dania Beach, Broward County, Florida, for a sales price of $65.5 million. The sale was pursuant to an asset agreement (the "New Dania Agreement") that we entered into with Dania Entertainment Center, LLC ("Dania Entertainment"). As part of the New Dania Agreement, the $5 million non-refundable deposit and $2 million fees paid to us in 2011 by Dania Entertainment were applied to the sales price, and we received $58.5 million in cash and recorded a pre-tax gain of $18.9 million. We have presented the results of Dania Jai-Alai Business as discontinued operations for all periods presented in these condensed consolidated financial statements.

There were no assets and liabilities of the discontinued operation as of June 30, 2013, and the assets and liabilities of the discontinued operation as of December 31, 2012 were as follows:

	December 31, 2012
(In thousands)	
Assets	
Cash and cash equivalents	$283
Other current assets	402
Current assets of discontinued operations	$685
Property and equipment, net	$37,674
Other assets	10
Noncurrent assets of discontinued operations	$37,684

Liabilities	
Accounts payable and accrued expenses	$864
Liabilities of discontinued operations	$864

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Net revenues, pre-tax income (loss) from operations, and income (loss), net of income taxes presented as discontinued operations are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
(In thousands)				
Operations				
Net revenues	$740	$1,152	$2,140	$2,566
Loss from discontinued operations before income taxes	$(1,237)	$(1,058)	$(2,200)	$(2,256)
Income tax benefit	776	370	776	790
Loss from discontinued operations, net of tax	$(461)	$(688)	$(1,424)	$(1,466)
Disposal				
Gain on disposal before income taxes	$18,873	$—	$18,873	$—
Income tax expense	(6,659)	—	(6,659)	—
Gain on disposal, net of tax	$12,214	$—	$12,214	$—
Income (loss) from discontinued operations, net of tax	$11,753	$(688)	$10,790	$(1,466)

NOTE 4. BORGATA HOTEL CASINO AND SPA

The Company and MGM Resorts International ("MGM") each originally held a 50% interest in Marina District Development Holding Co., LLC (“Holding Company”). Holding Company owns all the equity interests in Marina District Development Company, LLC, d.b.a. Borgata Hotel Casino and Spa. We are the managing member of Holding Company, and we are responsible for the day-to-day operations of Borgata, including the improvement of the facility and business. As a result, we consolidate the Borgata into our financial statements.

On March 24, 2010, MGM transferred its interest in Holding Company ("MGM Interest") to a divestiture trust (“Divestiture Trust”) established for the purpose of selling the MGM Interest to a third party as a part of a settlement agreement between MGM and the New Jersey Department of Gaming Enforcement (the “NJDGE”).

On February 20, 2013, MGM announced that it had entered into an amendment with the NJDGE, effective February 13, 2013, pursuant to which MGM was allowed to reapply to the New Jersey Casino Control Commission for licensure in New Jersey with the March 24, 2013 deadline to sell the MGM Interest deferred pending the outcome of the licensure process.

NOTE 5. DECONSOLIDATION OF LVE ENERGY PARTNERS, LLC

In connection with the disposition of Echelon on March 4, 2013 (see Note 3, Acquisitions and Divestitures), we exercised an option to acquire the central energy center assets from LVE Energy Partners, LLC (“LVE”), a joint venture between Marina Energy LLC and DCO ECH Energy, LLC, for $187 million. We immediately sold these assets to the buyer of Echelon, and our agreements with LVE were terminated.

Prior to these transactions, we had determined that we were the primary beneficiary of the contract with LVE, which required us to consolidate LVE for financial statement purposes. As a result of the March 4, 2013 transactions, we ceased consolidation of LVE as of that date.

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The effects of the consolidation of LVE on our financial position as of December 31, 2012, and its impact on our results of operations for the six months ended June 30, 2013 and for the three and six months ended June 30, 2012 are reconciled by respective line items to amounts as reported in our condensed consolidated balance sheets and condensed consolidated statements of operations as follows:

	December 31, 2012			
(In thousands)	Boyd Gaming Corporation	LVE, LLC	Eliminations	Boyd Gaming Corporation (as consolidated)
ASSETS				
Current assets	$354,140	$1,453	$—	$355,593
Property and equipment, net	3,587,314	—	—	3,587,314
Assets held for development	168,251	163,519	—	331,770
Debt financing costs, net	83,020	2,448	—	85,468
Restricted investments	—	21,382	—	21,382
Other assets	98,415	—	—	98,415
Intangible assets, net	1,119,638	—	—	1,119,638
Goodwill, net	694,929	—	—	694,929
Assets of discontinued operation	37,684	—	—	37,684
Total Assets	$6,143,391	$188,802	$—	$6,332,193
LIABILITIES				
Current maturities of long-term debt	$61,570	$—	$—	$61,570
Accounts payable	90,992	164	—	91,156
Accrued and other liabilities	355,246	8,486	—	363,732
Income taxes payable	8,129	—	—	8,129
Non-recourse obligations of variable interest entity	—	225,113	—	225,113
Long-term debt, net of current maturities	4,827,853	—	—	4,827,853
Deferred income taxes	139,943	—	—	139,943
Long-term tax and other liabilities	146,706	—	—	146,706
Liabilities of discontinued operation	864	—	—	864
STOCKHOLDERS' EQUITY				
Common stock	869	—	—	869
Additional paid-in capital	655,694	—	—	655,694
Retained earnings	(351,810)	—	—	(351,810)
Accumulated other comprehensive income (loss)	(962)	—	—	(962)
Noncontrolling interest	208,297	(44,961)	—	163,336

Total Liabilities and Stockholders' Equity	$6,143,391	$188,802	$—	$6,332,193

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	Three Months Ended June 30, 2012			
(In thousands)	Boyd Gaming Corporation	LVE, LLC	Eliminations	Boyd Gaming Corporation (as consolidated)
REVENUES				
Other revenue	$35,784	$2,724	$(2,724)	$35,784
COSTS AND EXPENSES				
Selling, general and administrative	$109,665	$6	$—	$109,671
Preopening expenses	$4,934	$—	$(2,724)	$2,210
Operating income	$56,579	$2,718	$—	$59,297
Other expense				
Interest expense, net	$62,139	$2,649	$—	$64,788
Income (loss) from continuing operations before income taxes	$(5,152)	$69	$—	$(5,083)
Income taxes	5,080	—	—	5,080
Income (loss) from continuing operations, net of tax	(72)	69	—	(3)
Income (loss) from discontinued operations, net of tax	(688)	—	—	(688)
Net income (loss)	(760)	69	—	(691)
Net (income) loss attributable to noncontrolling interest	1,737	—	(69)	1,668
Net income (loss) attributable to Boyd Gaming Corporation	$977	$69	$(69)	$977

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	Six Months Ended June 30, 2013			
(In thousands)	Boyd Gaming Corporation	LVE, LLC	Eliminations	Boyd Gaming Corporation (as consolidated)
REVENUES				
Other revenue	$81,209	$1,933	$(1,933)	$81,209
COSTS AND EXPENSES				
Selling, general and administrative	$251,028	$—	$—	$251,028
Preopening expenses	$5,087	$—	$(1,933)	$3,154
Operating income	$158,866	$1,933	$—	$160,799
Other expense				
Interest expense, net	$181,432	$2,376	$—	$183,808
Income (loss) from continuing operations before income taxes	$(23,241)	$(443)	$—	$(23,684)
Income taxes	6,526	—	—	6,526
Income (loss) from continuing operations, net of tax	(16,715)	(443)	—	(17,158)
Income (loss) from discontinued operations, net of tax	10,790	—	—	10,790
Net income (loss)	(5,925)	(443)	—	(6,368)
Net (income) loss attributable to noncontrolling interest	10,268	—	443	10,711
Net income (loss) attributable to Boyd Gaming Corporation	$4,343	$(443)	$443	$4,343

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	Six Months Ended June 30, 2012			
(In thousands)	Boyd Gaming Corporation	LVE, LLC	Eliminations	Boyd Gaming Corporation (as consolidated)
REVENUES				
Other revenue	$71,505	$5,448	$(5,448)	$71,505
COSTS AND EXPENSES				
Selling, general and administrative	$218,309	$9	$—	$218,318
Maintenance and utilities	$77,995	$—	$—	$77,995
Preopening expenses	$9,318	$—	$(5,448)	$3,870
Operating income	$131,638	$5,439	$—	$137,077
Other expense				
Interest expense, net	$122,574	$6,042	$—	$128,616
Income (loss) from continuing operations before income taxes	$9,476	$(603)	$—	$8,873
Income taxes	(1,623)	—	—	(1,623)
Income (loss) from continuing operations, net of tax	7,853	(603)	—	7,250
Income (loss) from discontinued operations, net of tax	(1,466)	—	—	(1,466)
Net income (loss)	6,387	(603)	—	5,784
Net (income) loss attributable to noncontrolling interest	442	—	603	1,045
Net income (loss) attributable to Boyd Gaming Corporation	$6,829	$(603)	$603	$6,829

The reduction in other revenue and preopening expenses reflects the elimination of the Periodic Fee paid by Boyd Gaming to LVE. Such fee was recognized as revenue by LVE, but eliminated in consolidation completely, thereby having no impact on our consolidated other revenues. Although this Periodic Fee is eliminated in consolidation, it was actually paid to LVE directly on a monthly basis through March 4, 2013, the date we completed the Echelon transaction.

NOTE 6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

(In thousands)	June 30, 2013	December 31, 2012
Land	$340,778	$341,174
Buildings and improvements	3,836,072	3,826,880
Furniture and equipment	1,310,744	1,305,216
Riverboats and barges	188,780	187,620
Construction in progress	64,977	27,397
Other	23,002	23,013
Total property and equipment	5,764,353	5,711,300
Less accumulated depreciation	2,214,175	2,123,986
Property and equipment, net	$3,550,178	$3,587,314

Other property and equipment presented in the table above relates to the net realizable value of construction materials inventory that was previously included in assets held for development at December 31, 2012, and that was not disposed of with the sale of the Echelon project. Such assets are not in service and are not currently being depreciated.

On May 22, 2013, we completed the sale of certain assets and liabilities of Dania Jai-Alai in Dania Beach, Broward County, Florida, to Dania Entertainment. The property and equipment table above excludes the assets related to these discontinued operations.

Depreciation expense for the three months ended June 30, 2013 and 2012 was $58.5 million and $49.5 million, respectively. Depreciation expense for the six months ended June 30, 2013 and 2012 was $116.7 million and $98.4 million, respectively.

NOTE 7. INTANGIBLE ASSETS

Intangible assets consist of the following:

	June 30, 2013				
	Weighted Average Life Remaining	Gross Carrying Value	Cumulative Amortization	Cumulative Impairment Losses	Intangible Assets, Net
(In thousands)					
Amortizing intangibles:					
Customer relationships	4.0 years	$154,000	$(45,880)	$—	$108,120
Non-competition agreement	0.4 years	3,200	(1,955)	—	1,245
Favorable lease rates	34.9 years	45,370	(9,390)	—	35,980
Development agreement	—	21,373	—	—	21,373
		223,943	(57,225)	—	166,718

Indefinite lived intangible assets:					
Trademarks and other	Indefinite	192,381	—	(5,000)	187,381
Gaming license rights	Indefinite	955,355	(33,960)	(180,000)	741,395
		1,147,736	(33,960)	(185,000)	928,776
Balance, June 30, 2013		$1,371,679	$(91,185)	$(185,000)	$1,095,494

	December 31, 2012				
(In thousands)	Weighted Average Life Remaining	Gross Carrying Value	Cumulative Amortization	Cumulative Impairment Losses	Intangible Assets, Net
Amortizing intangibles:					
Customer relationships	4.5 years	$154,000	$(23,059)	$—	$130,941
Non-competition agreement	0.9 years	3,200	(354)	—	2,846
Favorable lease rates	35.4 years	45,370	(8,867)	—	36,503
Development agreement	—	21,373	—	—	21,373
		223,943	(32,280)	—	191,663
Indefinite lived intangible assets:					
Trademarks	Indefinite	191,800	—	(5,000)	186,800
Gaming license rights	Indefinite	955,135	(33,960)	(180,000)	741,175
		1,146,935	(33,960)	(185,000)	927,975
Balance, December 31, 2012		$1,370,878	$(66,240)	$(185,000)	$1,119,638

NOTE 8. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

(In thousands)	June 30, 2013	December 31, 2012
Payroll and related expenses	$92,070	$86,448
Interest	61,917	67,145
Gaming liabilities	78,182	85,561
Accrued liabilities	138,607	124,578
Total accrued liabilities	$370,776	$363,732

NOTE 9. LONG-TERM DEBT

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

	June 30, 2013			
(In thousands)	Outstanding Principal	Unamortized Discount	Unamortized Origination Fees	Long-Term Debt, Net
Boyd Debt:				
Boyd Gaming Debt:				
Bank credit facility	$1,408,000	$(4,029)	$(2,586)	$1,401,385
9.125% senior notes due 2018	500,000	—	(6,701)	493,299
9.00% senior notes due 2020	350,000	—	—	350,000
7.125% senior subordinated notes due 2016	240,750	—	—	240,750
HoldCo Note	147,800	(25,513)	—	122,287
	2,646,550	(29,542)	(9,287)	2,607,721
Peninsula Gaming Debt:				
Bank credit facility	832,775	—	—	832,775
8.375% senior notes due 2018	350,000	—	—	350,000
Other	17	—	—	17
	1,182,792	—	—	1,182,792
Total Boyd Debt	3,829,342	(29,542)	(9,287)	3,790,513
Borgata Debt:				
Bank credit facility	4,400	—	—	4,400
9.50% senior secured notes due 2015	398,000	(2,123)	(4,984)	390,893
9.875% senior secured notes due 2018	393,500	(1,961)	(7,105)	384,434
	795,900	(4,084)	(12,089)	779,727
Less current maturities	50,759	—	—	50,759
Long-term debt, net	$4,574,483	$(33,626)	$(21,376)	$4,519,481

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	December 31, 2012			
(In thousands)	Outstanding Principal	Unamortized Discount	Unamortized Origination Fees	Long-Term Debt, Net
Boyd Debt:				
Boyd Gaming Debt:				
Bank credit facility	$1,474,850	$(5,001)	$(3,214)	$1,466,635
9.125% senior notes due 2018	500,000	—	(7,320)	492,680
9.00% senior notes due 2020	350,000	—	—	350,000
6.75% senior subordinated notes due 2014	215,668	—	—	215,668
7.125% senior subordinated notes due 2016	240,750	—	—	240,750
HoldCo Note and other	158,141	(32,666)	—	125,475
	2,939,409	(37,667)	(10,534)	2,891,208
Peninsula Gaming Debt:				
Bank credit facility	854,400	—	—	854,400
8.375% senior notes due 2018	350,000	—	—	350,000
Other	494	(3)	—	491
	1,204,894	(3)	—	1,204,891
Total Boyd Debt	4,144,303	(37,670)	(10,534)	4,096,099
Borgata Debt:				
Bank credit facility	20,000	—	—	20,000
9.50% senior secured notes due 2015	398,000	(2,525)	(5,928)	389,547
9.875% senior secured notes due 2018	393,500	(2,103)	(7,620)	383,777
	811,500	(4,628)	(13,548)	793,324
Less current maturities	61,570	—	—	61,570
Long-term debt, net	$4,894,233	$(42,298)	$(24,082)	$4,827,853

Boyd Gaming Debt

Bank Credit Facility

The blended interest rate for outstanding borrowings under our Second Amended and Restated Credit Agreement (as amended, the "Credit Facility") was 4.2% at both June 30, 2013 and December 31, 2012. At June 30, 2013, approximately $1.41 billion was outstanding under our Credit Facility, with $8.5 million allocated to support various letters of credit, leaving remaining contractual availability of approximately $304.8 million.

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Amounts Outstanding

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

(In thousands)	June 30, 2013	December 31, 2012
Extended Revolving Facility	$610,000	$660,000
Initial Term Loan	437,500	450,000
Increased Term Loan	323,750	332,500
Swing Loan	30,135	24,135
Total outstanding borrowings under Credit Facility, net	$1,401,385	$1,466,635

Guarantees

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 granted 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.

Compliance with Financial 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 of 2.00 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. 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. We believe that, at June 30, 2013, we were in compliance with the Credit Facility covenants.

Senior Notes

9.125% Senior Notes due December 2018

The notes are fully and unconditionally guaranteed, on a joint and several basis, by certain of our current and future domestic restricted subsidiaries, all of which are 100% owned by us. The 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 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. We believe that we were in compliance with these covenants at June 30, 2013.

Senior Notes

9.00% Senior Notes due July 2020

The notes are fully and unconditionally guaranteed, on a joint and several basis, by certain of our current and future domestic restricted subsidiaries, all of which are 100% owned by us. The notes contain certain restrictive covenants that, subject to exceptions and qualifications, among other things, limit our ability and the ability of our restrictive subsidiaries (as defined in the indenture governing the 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. We believe that we were in compliance with these covenants at June 30, 2013.

Pursuant to the registration rights agreement entered into with the initial purchasers on June 8, 2012, the date these notes were issued, we agreed that, subject to certain suspension and other rights provided in the Registration Rights Agreement, we would file a registration statement with the SEC with respect to a registered exchange offer to exchange the 2020 notes for new notes with terms substantially identical in all material respects to the 2020 notes, and consummate the exchange offer within 365 days of the issuance of the notes. We filed the registration statement with the SEC on March 22, 2013. The registration statement was declared effective on April 23, 2013 and the exchange offer was completed on May 31, 2013.

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Senior Subordinated Notes
6.75% Senior Subordinated Notes due April 2014
On March 7, 2013, we announced that we would redeem $150 million of the notes at a redemption price of 100.00% plus accrued and unpaid interest to the redemption date, April 6, 2013, subject to the right of holders of record on April 1, 2013 to receive accrued and unpaid interest on the redemption date. The redemption was completed on April 6, 2013 and resulted in a write-off of unamortized debt fees of $0.3 million which was recognized in our second quarter 2013 financial results.

On April 30, 2013, we announced that we would redeem the remaining $65.7 million notes at a redemption price of 100.00% plus accrued and unpaid interest to the redemption date, May 30, 2013, subject to the right of holders of record on April 1, 2013 to receive accrued and unpaid interest on the redemption date. The redemption was completed on May 30, 2013 and resulted in a write-off of unamortized debt fees of $0.1 million, which was recognized in our second quarter 2013 financial results.

As a result of these redemptions, these notes have been fully extinguished.

Senior Subordinated Notes
7.125% Senior Subordinated Notes due February 2016
The notes contain certain restrictive covenants regarding, among other things, incurrence of debt, sales of assets, mergers and consolidations, and limitations on restricted payments (as defined in the indenture governing the notes). We believe that we were in compliance with these covenants at June 30, 2013.

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.

Debt Service Requirements
Debt service requirements under our current outstanding senior subordinated notes and senior notes consist of semi-annual interest payments (based upon fixed annual interest rates ranging from 7.125% to 9.125%) and principal repayments of our 7.125% senior subordinated notes due on February 1, 2016, our 9.125% senior notes due on December 1, 2018, and our 9.00% senior notes due on July 1, 2020.

Peninsula Gaming Debt

Bank Credit Facility
The blended interest rate for outstanding borrowings under the Peninsula Gaming $875.0 million senior secured credit facility (the "Peninsula Credit Facility") were 4.3% and 5.7% at June 30, 2013 and December 31, 2012, respectively. At June 30, 2013, approximately $832.8 million was outstanding under the Peninsula Credit Facility, with $5.8 million allocated to support various letters of credit, leaving remaining contractual availability of $32.3 million.

First Amendment to the Peninsula Credit Agreement
On May 1, 2013, Peninsula Gaming entered into the First Amendment to the Peninsula Credit Agreement (the “Peninsula Amendment”), among Peninsula Gaming, certain financial institutions and Bank of America, N.A. (“Bank of

America"), as administrative agent (in such capacity, "Administrative Agent") for the lenders. The Peninsula Amendment amends certain terms of the Peninsula Credit Agreement dated as of November 14, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the "Peninsula Credit Agreement"), among Peninsula Gaming, the lenders from time to time party thereto, the Administrative Agent, and Bank of America, as Collateral Agent, Swing Line Lender and L/C Issuer.

Among other things, the Peninsula Amendment: (i) decreases the applicable margin with respect to the Term Loan to 3.25% in the case of Eurodollar Rate Loans and 2.25% in the case of Base Rate Loans, (ii) reduces the minimum Eurodollar Rate with respect to the Term Loan to 1.00% per annum, (iii) requires the Company to pay a premium of 1.00% of the principal amount prepaid for full or partial repayments of Term Loans through the issuance of indebtedness having a lower interest rate than described in clause (i) above during the period of six calendar months after the effective date of the Peninsula Amendment and requires payment of an amendment fee of 1.00% during such period payable to lenders who consent to any such reduced interest rate, (iv) extends the deadline for delivery of year-end reports to 90 days after the end of each fiscal year of the Company, (v) clarifies the definition of Consolidated Adjusted EBITDA with respect to management fees, and (vi) allows quarterly amortization installments to be paid prior to the last day of the applicable quarter.

As a result of the Peninsula Amendment, Peninsula Gaming incurred $10.3 million of financing fees of which $8.3 million were capitalized as of June 30, 2013 and $2.0 million were expensed as incurred for the three months ended June 30, 2013.

Guarantees and Collateral

Peninsula Gaming's obligations under the Peninsula Credit Facility, subject to certain exceptions, are guaranteed by Peninsula Gaming's subsidiaries and are secured by the capital stock and equity interests of Peninsula Gaming's subsidiaries. In addition, subject to certain exceptions, Peninsula Gaming and each of the guarantors granted the collateral agent first priority liens and security interests on substantially all of the real and personal property (other than gaming licenses and subject to certain other exceptions) of Peninsula Gaming and its subsidiaries as additional security for the performance of the obligations under the Peninsula Credit Facility. The obligations under the Revolver rank senior in right of payment to the obligations under the Term Loan.

Compliance with Financial and Other Covenants

The Peninsula Credit Facility contains certain financial and other covenants, including, without limitation, various covenants requiring the maintenance of (i) beginning with the fiscal quarter ended March 31 2013, a maximum consolidated leverage ratio over each 12-month period ending on the last fiscal day of each quarter; (ii) beginning with the fiscal quarter ended March 31, 2013, a minimum consolidated interest coverage ratio of 2.0 to 1.0 as of the end of each calendar quarter; and (iii) a maximum amount of capital expenditures for each fiscal year. Substantially all of Peninsula Gaming's net assets were restricted from distribution under the Peninsula Gaming Notes and Credit Facility subject to specific amounts allowed for certain investments and other restricted payments as well as payments under a management services agreement between Peninsula Gaming and Boyd Acquisition Sub. We believe we were in compliance with our financial covenants at June 30, 2013.

Senior Notes

8.375% Senior Notes due February 2018

The notes are fully and unconditionally guaranteed, on a joint and several basis, by Peninsula Gaming, LLC's subsidiaries (other than Peninsula Gaming Corp.). The notes contain certain restrictive covenants that, subject to exceptions and qualifications, among other things, limit our ability and the ability of our restrictive subsidiaries (as defined in the indenture governing the 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. We believe that we were in compliance with these covenants at June 30, 2013.

Borgata Debt

Borgata Bank Credit Facility

The blended interest rate for outstanding borrowings under the Marina District Finance Company Inc.'s ("MDFC") $60 million payment priority secured revolving credit facility (the "Borgata bank credit facility) was 4.9% at both June 30, 2013 and December 31, 2012. At June 30, 2013, approximately $4.4 million was outstanding under the credit facility leaving contractual availability of $55.6 million.

Guarantees

The Borgata bank credit facility is guaranteed on a senior secured basis by Marina District Development Company, LLC ("MDDC") and any future subsidiaries of MDDC and is secured by a first priority lien on substantially all of Borgata's assets, subject to certain exceptions. The obligations under the Borgata bank credit facility have priority in payment to Borgata's senior secured notes.

Neither Boyd Gaming Corporation nor its subsidiaries are guarantors of the Borgata bank credit facility, as amended.

Compliance with Financial and Other Covenants

The Borgata bank credit facility, as amended, contains certain financial and other covenants, including, without limitation, (i) establishing a minimum consolidated EBITDA (as defined in the Borgata bank credit facility) of $125 million over each trailing twelve-month period ending on the last day of each calendar quarter; (ii) imposing limitations on MDFC's ability to incur additional debt; and (iii) imposing restrictions on Borgata's ability to pay dividends and make other distributions, make certain restricted payments, create liens, enter into transactions with affiliates, merge or consolidate, and engage in unrelated business activities. We believe that MDFC was in compliance with the amended Borgata bank credit facility covenants at June 30, 2013.

Borgata Senior Secured Notes
9.5% Senior Secured Notes Due 2015
The notes are guaranteed on a senior secured basis by MDDC and any future restricted subsidiaries of MDDC. The notes contain covenants that, among other things, limit MDFC's ability and the ability of MDDC to (i) incur additional indebtedness or liens; (ii) pay dividends or make distributions; (iii) make certain investments; (iv) sell or merge with other companies; and (v) enter into certain types of transactions. MDFC believes that it was in compliance with these covenants at June 30, 2013.

Borgata Senior Secured Notes
9.875% Senior Secured Notes Due 2018
The notes are guaranteed on a senior secured basis by MDDC and any future restricted subsidiaries of MDDC. The notes contain covenants that, among other things, limit MDFC's ability and the ability of MDDC to (i) incur additional indebtedness or liens; (ii) pay dividends or make distributions; (iii) make certain investments; (iv) sell or merge with other companies; and (v) enter into certain types of transactions. MDFC believes that it was in compliance with these covenants at June 30, 2013.

Borgata Amended and Restated Credit Agreement
On July 24, 2013, MDFC entered into an Amended and Restated Credit Agreement (the “New Borgata Credit Facility”) with MDDC, certain financial institutions, and Wells Fargo Bank, National Association, as administrative agent, letter of credit issuer and swing line lender. The New Borgata Credit Facility replaces the Credit Agreement, dated as of August 6, 2010, among MDFC, MDDC, various lenders and Wells Fargo Bank, National Association, as administrative agent, letter of credit issuer and swing line lender, as amended (the “Prior Borgata Credit Agreement”), which provided for the Borgata bank credit facility.

The New Borgata Credit Facility provides for a $60 million senior secured revolving credit facility (the “Borgata Revolving Credit Facility”) which matures in February 2018 (or earlier upon the occurrence or non-occurrence of certain events). A portion of the availability under the New Borgata Credit Facility will be used to repay obligations outstanding under the Prior Borgata Credit Agreement and is expected to be used, together with cash on hand, to redeem up to 10% of MDFC's 9 ½% Senior Secured Notes due 2015 (the “Borgata 2015 Notes”) outstanding pursuant to that certain Indenture dated as of August 6, 2010 (the “Borgata Indenture”) among MDFC, MDDC and U.S. Bank National Association, as trustee.

The New Borgata Credit Facility includes an accordion feature which permits: (a) an increase in the Borgata Revolving Credit Facility in an amount not to exceed $15 million and (b) the issuance of senior secured term loans to refinance the 2015 Borgata Notes and, concurrently with or after the 2015 Borgata Notes have been refinanced, to refinance MDFC's 9.875% Senior Secured Notes due 2018 (the “2018 Borgata Notes”) outstanding pursuant to the Borgata Indenture, in each case, subject to the satisfaction of certain conditions.

The New Borgata Credit Facility is guaranteed on a senior secured basis by MDDC and any future subsidiaries of MDDC and is secured by a first priority lien on substantially all of the assets of MDFC, MDDC and any future subsidiaries of MDDC, subject to certain exceptions. The obligations under the Borgata Revolving Credit Facility will have priority in payment to the payment of the 2015 Borgata Notes and the 2018 Borgata Notes. Neither we nor our subsidiaries (other than MDDC) are a guarantor of the New Borgata Credit Facility.

Outstanding borrowings under the Borgata Revolving Credit Facility accrue interest, at the option of MDFC, at a rate based upon either: (i) the highest of (a) the agent bank's quoted prime rate, (b) the one-month Eurodollar rate plus 1.00%, and (c) the daily federal funds rate plus 0.50%, or (ii) the Eurodollar rate, plus with respect to each of clause (i) and (ii), an applicable margin as specified in the New Borgata Credit Facility. In addition, a commitment fee is incurred on the unused portion of the Borgata Revolving Credit Facility ranging from 0.50% per annum to 0.75% per annum.

The New Borgata Credit Facility contains customary affirmative and negative covenants, including but not limited to, (i) establishing a minimum Consolidated EBITDA (as defined in the New Borgata Credit Facility) of $110 million over each trailing twelve-month period ending on the last day of each calendar quarter; (ii) imposing limitations on MDFC's and MDDC's ability to incur additional debt, create liens, enter into transactions with affiliates, merge or consolidate, and engage in unrelated business activities; and (iii) imposing restrictions on MDDC's ability to pay dividends.

As a result of the Borgata Amendment, Borgata incurred approximately $2.1 million of financing fees.

NOTE 10. COMMITMENTS AND CONTINGENCIES

Commitments

There have been no material changes to our commitments described under Note 13, Commitments and Contingencies, in our Annual Report on Form 10-K for the year ended December 31, 2012 filed with the SEC on March 18, 2013.

Contingencies

Copeland

Alvin C. Copeland, the sole shareholder (deceased) of an unsuccessful applicant for a riverboat license at the location of our Treasure Chest Casino (“Treasure Chest”), has made several attempts to have the Treasure Chest license revoked and awarded to his company. In 1999 and 2000, Copeland unsuccessfully opposed the renewal of the Treasure Chest license and has brought two separate legal actions against Treasure Chest. In November 1993, Copeland objected to the relocation of Treasure Chest from the Mississippi River to its current site on Lake Pontchartrain. The predecessor to the Louisiana Gaming Control Board allowed the relocation over Copeland's objection. Copeland then filed an appeal of the agency's decision with the Nineteenth Judicial District Court. Through a number of amendments to the appeal, Copeland unsuccessfully attempted to transform the appeal into a direct action suit and sought the revocation of the Treasure Chest license. Treasure Chest intervened in the matter in order to protect its interests. The appeal/suit, as it related to Treasure Chest, was dismissed by the District Court and that dismissal was upheld on appeal by the First Circuit Court of Appeal. Additionally, in 1999, Copeland filed a direct action against Treasure Chest and certain other parties seeking the revocation of Treasure Chest's license, an award of the license to him, and monetary damages. The suit was dismissed by the trial court, citing that Copeland failed to state a claim on which relief could be granted. The dismissal was appealed by Copeland to the Louisiana First Circuit Court of Appeal. On June 21, 2002, the First Circuit Court of Appeal reversed the trial court's decision and remanded the matter to the trial court. On January 14, 2003, we filed a motion to dismiss the matter and that motion was partially denied. The Court of Appeal refused to reverse the denial of the motion to dismiss. In May 2004, we filed additional motions to dismiss on other grounds. There was no activity regarding this matter during 2005 and 2006, and the case was set to be dismissed by the court for failure to prosecute by the plaintiffs in mid-May 2007; however on May 1, 2007, the plaintiff filed a motion to set a hearing date related to the motions to dismiss. The hearing was scheduled for September 10, 2007, at which time all parties agreed to postpone the hearing indefinitely. The hearing has not yet been rescheduled.

Mr. Copeland has since passed away and his son, the executor of his estate, has petitioned the court to be substituted as plaintiff in the case. On June 9, 2009, the plaintiff filed to have the exceptions set for hearing. The parties decided to submit the exceptions to the court on the previously filed briefs. The court issued a ruling denying the exceptions on August 9, 2010. Copeland's counsel indicated a desire to move forward with the litigation and requested that the parties respond to outstanding discovery. Subsequently, on August 11, 2010, Robert J. Guidry, the co-defendant, filed a third party demand against the U.S. Attorney's Office seeking enforcement of Guidry's plea agreement which would limit Guidry's exposure in the case. On September 9, 2010, the U.S. Attorney's Office removed the suit to the U.S. District Court, Middle District of Louisiana. Guidry then filed a motion to dismiss for failing to state a cause of action, asserting the same arguments he tried in state court, which we joined. The U.S. Attorney filed a motion to dismiss for lack of subject matter jurisdiction. The U.S. District Court heard the motions on March 16, 2011. On April 1, 2011, the U.S. Attorney's Office moved for summary judgment, maintaining its jurisdictional argument as well as seeking substantive relief. On September 2, 2011, the judge issued an Order stating that the case should be remanded to state district court. A Remand Order was issued on September 15, 2011, sending the case back to the 19th Judicial District Court, East Baton Rouge Parish, State of Louisiana. Guidry filed a motion for partial summary judgment on

November 14, 2011 to limit the damages in the case. Treasure Chest joined in the motion. The hearing on the Motion for Partial Summary Judgment was held on September 10, 2012. On October 3, 2012, Judge Clark granted the motion which effectively struck Copeland's demands for lost profits, the value of the Treasure Chest license and the value of Treasure Chest's success. On October 26, 2012, Copeland filed a supervisory writ application with the First Circuit Court of Appeal asking that the partial summary judgment be reversed. Treasure Chest and Guidry opposed the writ. On February 13, 2013, the writ was denied leaving intact the partial summary judgment. Discovery is proceeding. We are vigorously defending the lawsuit. If this matter ultimately results in the Treasure Chest license being revoked, it could have a significant adverse effect on Treasure Chest's business, financial condition and results of operations.

Nevada Use Tax Refund Claims

On March 27, 2008, the Nevada Supreme Court issued a decision in Sparks Nugget, Inc. vs. The State of Nevada Department of Taxation (the “Department”), holding that food purchased for subsequent use in the provision of complimentary and/or employee meals was exempt from use tax. As a result of this decision, refund claims were filed for use taxes paid, over the period November 2000 through May 2008, on food purchased for subsequent use in complimentary and employee meals at our Nevada casino properties. The estimated refund, as of May 30, 2013 was in the range of $19.1 million to $21.6 million, including interest. In 2009, the Department audited and denied our refund claim while simultaneously issuing a $12.3 million sales tax deficiency assessment, plus interest of $7.5 million. We appealed both the denial of the refund claim as well as the deficiency assessment in a hearing before the Nevada Administrative Law Judge ("ALJ") in September 2010. In April 2011, the judge issued a split decision, granting a refund on employee meals and applying a sales tax measure on complimentary meals; however, the ruling barred retroactive application of the sales tax measure to all years in the refund claim period, effectively overturning the Department's 2009 deficiency assessment. Both we and the Department appealed the decision to the Nevada State Tax Commission (the "Commission"). On August 8, 2011, the Commission remanded the case back for a second administrative hearing, which was held on September 26, 2011, to allow for the introduction of additional supporting documentation. The ALJ issued a decision on November 8, 2011, reversing her position on the employee meal refund claim while also affirming the denial of the complimentary meal refund, as well as the denial of a retroactive application of the sales tax measure to both employee and complimentary meals. The ALJ's decision was affirmed in a Commission hearing on January 23, 2012. On February 15, 2012 we filed a petition for judicial review in Clark County District Court. We received a split decision at our District Court hearing on October 17, 2012. The District Court Judge (the “Judge”) affirmed the ALJ decision that sales tax was applicable to complimentary meals and reversed the decision on employee meals, concluding that such meals were exempt from sales tax. The Department has asserted that, although the statute of limitations prohibits their ability to collect incremental sales tax on complimentary meals, the statutes provide for an offset of the incremental sales tax against refunds due on employee meals. As such, the Department believes that it is not required to pay the employee meal refunds. The Judge did not issue a decision with respect to the refund claim offset. We appealed the decision on complimentary meals to the Nevada State Supreme Court and the Department appealed the decision on employee meals. The State Supreme Court suspended our briefing schedule and remanded the case back to District Court for a remedy on the offset issue. In May 2013 we executed a settlement agreement with the Department and Commission. Under the terms of the agreement, we would withdraw our refund claims and dismiss the related litigation, contingent on the enactment of prospective legislation that exempted complimentary and employee meals from sales tax. The Department agreed not to assess sales tax on such meals prior to the date of the legislation's enactment. The legislation exempting complimentary and employee meals from sales tax was passed on May 30, 2013 and signed into law by the Governor of Nevada on June 13, 2013.The agreement further provides a claw-back provision whereby the State of Nevada would be required to refund a pro-rata portion of the withdrawn claims in the event future legislation was enacted, prior to February 1, 2019, subjecting complimentary and employee meals to sales tax. As the terms of the agreement were met upon enactment of the legislation, we intend to file a stipulation for dismissal of our claims in District Court and all contingent liabilities associated with sales tax on complimentary and employee meals have been eliminated.

Blue Chip Property Taxes

Blue Chip received a property tax assessment for its 2010 tax year in January 2013 but has not received valuation notices or final tax rates for the years 2011 through 2013. The 2010 tax assessment increased the taxable property value approximately 46% over the settlement valuation agreed to in Blue Chip's 2009 appeal. We have made the minimum required payment against provisional bills received for the tax years 2010 through 2013, all of which were based on our 2006 appeal valuation. We have appealed the 2010 tax assessment and believe the assessments for the period from January 1, 2010 through June 30, 2013 could result in a total property tax obligation, net of previous payments, ranging between $5.1 million and $17.0 million. We have accrued, net of the payment of the minimum requirements discussed above, approximately $17.0 million for this property tax liability as of June 30, 2013, based on what we believe to be the most likely outcome within our range, once all valuations have been received and all tax rates have been finalized; however, we can provide no assurances that the estimated amount accrued will approximate the actual amount assessed. The final tax assessment notices for the period January 1, 2011 through June 30, 2013, which have not been received, could result in further adjustment to our estimated property tax liability at Blue Chip.

Legal Matters

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

NOTE 11. STOCKHOLDERS' EQUITY AND STOCK INCENTIVE PLANS

Share-Based Compensation

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

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
as of June 30, 2013 and December 31, 2012 and for the three and six months ended June 30, 2013 and 2012

The following table provides classification detail of the total costs related to our share-based employee compensation plans reported in our condensed consolidated statements of operations for the three and six months ended June 30, 2012 and 2013.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
(In thousands)				
Gaming	$58	$58	$117	$117
Food and beverage	11	12	22	23
Room	6	6	11	11
Selling, general and administrative	298	299	596	596
Corporate expense	2,520	2,462	6,238	5,206
Total shared-based compensation expense	$2,893	$2,837	$6,984	$5,953

NOTE 12. NONCONTROLLING INTEREST

Noncontrolling interest represents: (i) the 50% interest in Holding Company, held by the Divestiture Trust for the economic benefit of MGM, which was initially recorded at fair value at the date of the effective change in control, on March 24, 2010; and (ii) until the Echelon transaction, which closed on March 4, 2013, all 100% of the members' equity interest in LVE, the variable interest entity which had been consolidated in our financial statements, but in which we did not hold an equity interest.

Changes in the noncontrolling interest during the six months ended June 30, 2013 and 2012 are as follows:

	Six Months Ended June 30, 2013			
	Holding Company	LVE	Other	Total
(In thousands)				
Balance, January 1, 2013	$208,277	$(44,961)	$20	$163,336
Attributable net loss	(10,268)	(443)	—	(10,711)
Deconsolidation of LVE on March 4, 2013	—	45,404	—	45,404
Balance, June 30, 2013	$198,009	$—	$20	$198,029

NOTE 13. 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.

	June 30, 2013			
	Balance	Level 1	Level 2	Level 3
(In thousands)				
Assets				
Cash and cash equivalents	$182,612	$182,612	$—	$—
Restricted cash	23,576	23,576	—	—
CRDA deposits	25,114	—	—	25,114
Investment available for sale	17,742	—	—	17,742
Liabilities				
Merger earnout	$8,983	$—	$—	$8,983
Contingent payments	4,470	—	—	4,470

	December 31, 2012			
	Balance	Level 1	Level 2	Level 3
(In thousands)				
Assets				
Cash and cash equivalents	$192,545	$192,545	$—	$—
Restricted cash	22,900	22,900	—	—
CRDA deposits	28,464	—	—	28,464
Investment available for sale	17,907	—	—	17,907
Liabilities				
Merger earnout	$9,800	$—	$—	$9,800
Contingent payments	4,563	—	—	4,563

Cash and Cash Equivalents and Restricted Cash

The fair value of our cash and cash equivalents and restricted cash, classified in the fair value hierarchy as Level 1, are based on statements received from our banks at June 30, 2013 and December 31, 2012.

CRDA Deposits

The fair value of Borgata's CRDA deposits, classified in the fair value hierarchy as Level 3, is based on estimates of the realizable value applied to the balances on statements received from the CRDA at June 30, 2013 and December 31, 2012.

Investment Available for Sale

We have an investment in a single municipal bond issuance of $22.4 million aggregate principal amount of 7.5% Urban Renewal Tax Increment Revenue Bonds, Taxable Series 2007 that is classified as available for sale. We are the only holder of this instrument and there is no quoted market price for this instrument. As such, the fair value of this investment is classified as Level 3 in the fair value hierarchy. The estimate of the fair value of such investment was determined using a combination of current market rates and estimates of market conditions for instruments with similar terms, maturities, and degrees of risk and a discounted cash flows analysis as of June 30, 2013 and December 31, 2012. Unrealized gains and losses on this instrument resulting from changes in the fair value of the instrument are not charged to earnings, but rather are recorded as other comprehensive income (loss) in the stockholders' equity section of the condensed consolidated balance sheets. At June 30, 2013 and December 31, 2012, $0.4 million and $0.3 million, respectively, 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 June 30, 2013 and December 31, 2012, $17.4 million and $17.6 million, respectively, is included in investment on the condensed consolidated balance sheets. The discount associated with this investment of $3.5 million and $3.6 million as of June 30, 2013 and December 31, 2012, respectively, is netted with the investment on the condensed consolidated balance sheets and is being accreted over the life of the investment using the effective interest method. The accretion of such discount is included in interest income on the condensed consolidated statements of comprehensive income (loss).

Merger Earnout

Under the terms of the Merger Agreement, Boyd Acquisition II, LLC, an indirect wholly owned subsidiary of Boyd, is obligated to make an additional payment to PGP in 2016 if Kansas Star Casino's ("KSC") EBITDA, as defined in the Merger Agreement, for 2015 exceeds $105.0 million. The additional payment would be equal to 7.5 times the amount by which KSC's 2015 EBITDA exceeds $105.0 million. The actual payout will be determined based on actual EBITDA of KSC for calendar year 2015, and payments are not limited by a maximum value. If the actual 2015 EBITDA of KSC is less than the target, the Company is not required to make any additional consideration payment. The liability was initially recorded upon consummation of the Merger, at the estimated fair value of the earnout determined in conjunction with the preliminary purchase price allocation using the modified Black-Scholes option pricing model, which requires the following assumptions: expected EBITDA volatility, forecasted 2015 EBITDA, risk-free interest rates and risk adjusted discount rate. The fair value of the earnout liability is not yet finalized and is therefore subject to change. We formed our preliminary valuation assumptions using historical experience in the gaming industry and observable market conditions. The contingent consideration agreement will be fair valued periodically with updated assumptions and any change in the fair value of the obligation will be included in the consolidated statements of comprehensive income (loss). At June 30, 2013 and December 31, 2012, there were outstanding liabilities of $9.0 million and $9.8 million, respectively, related to the merger earnout which are included in other liabilities on the condensed consolidated balance sheets.

Contingent Payments

In connection with KSC's acquisition of the land upon which KSC's casino was developed, KSC agreed to pay a former casino project developer and option holder 1% of KSC's EBITDA each month for a period of ten years commencing December 20, 2011. The liability was initially recorded upon consummation of the Merger, at the estimated fair value of the contingent land purchase price using a discounted cash flows approach. At each of June 30, 2013 and December 31, 2012, there was a current liability of $0.9 million related to this agreement which was recorded in accrued liabilities on the respective condensed consolidated balance sheets and long-term obligations of $3.5 million and $3.6 million, respectively, which were included in other liabilities on the respective condensed consolidated balance sheets.

The following table summarizes the fair value of the Company's Level 3 assets and liabilities for the three and six months ended June 30, 2013.

	Three Months Ended June 30, 2013			
	Assets		Liabilities	
(In thousands)	Investment Available for Sale	CRDA Deposits	Merger Earnout	Contingent Payments
Balance at April 1, 2013	$18,223	$29,101	$(8,983)	$(4,522)
Deposits	—	1,874	—	—
Total gains (losses) (realized or unrealized):				
Included in earnings	28	(5,861)	—	(193)
Included in other comprehensive income (loss)	(179)	—	—	—
Transfers in or out of Level 3	—	—	—	—
Purchases, sales, issuances and settlements:				
Settlements	(330)	—	—	245
Ending balance at June 30, 2013	$17,742	$25,114	$(8,983)	$(4,470)
Gains (losses) included in earnings attributable to the change in unrealized gains relating to assets and liabilities still held at the reporting date:				
Included in interest income	$28	$—	$—	$—
Included in interest expense	—	—	—	(193)
Included in non-operating income	—	—	—	—

	Six Months Ended June 30, 2013			
	Assets		Liabilities	
(In thousands)	Investment Available for Sale	CRDA Deposits	Merger Earnout	Contingent Payments
Balance at January 1, 2013	$17,907	$28,464	$(9,800)	$(4,563)
Deposits	—	3,698	—	—
Total gains (losses) (realized or unrealized):				
Included in earnings	49	(6,883)	817	(387)
Included in other comprehensive income (loss)	116	—	—	—
Transfers in or out of Level 3	—	—	—	—
Purchases, sales, issuances and settlements:				
Settlements	(330)	(165)	—	480
Ending balance at June 30, 2013	$17,742	$25,114	$(8,983)	$(4,470)

Gains (losses) included in earnings attributable to the change in unrealized gains relating to assets and liabilities still held at the reporting date:				
Included in interest income	$49	$—	$—	$—
Included in interest expense	—	—	—	(387)
Included in non-operating income	—	—	817	—

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

	Valuation Technique	Unobservable Input	Rate	
Investment available for sale	Discounted cash flow	Discount rate	10.3	%
CRDA deposits	Valuation Allowance	Reserves	33.3	%
Merger earnout	Option Model	Risk-free interest rate	0.4	%
		Risk-adjusted discount rate	14.5	%
		EBITDA volatility	21.3	%
Contingent payments	Discounted cash flow	Discount rate	18.5	%

Balances Disclosed at Fair Value

The following tables provide the fair value measurement information about our note receivable, obligation under minimum assessment agreements and other financial instruments at June 30, 2013 and December 31, 2012.

	June 30, 2013			
(In thousands)	Outstanding Face Amount	Carrying Value	Estimated Fair Value	Fair Value Hierarchy
Assets				
Note receivable	$2,506	$2,506	$2,506	Level 3
Liabilities				
Obligation under assessment arrangements	$38,198	$29,063	$29,102	Level 3
Other financial instruments	500	329	329	Level 3

	December 31, 2012			
(In thousands)	Outstanding Face Amount	Carrying Value	Estimated Fair Value	Fair Value Hierarchy
Assets				
Note receivable	$2,470	$2,470	$2,470	Level 3
Liabilities				
Obligation under assessment arrangements	$38,787	$29,335	$29,113	Level 3
Other financial instruments	500	413	413	Level 3

The following tables provide the fair value measurement information about our long-term debt at June 30, 2013 and December 31, 2012.

	June 30, 2013 Outstanding Face Amount	Carrying Value	Estimated Fair Value	Fair Value Hierarchy
(In thousands)				
Boyd Debt:				
Boyd Gaming Debt:				
Bank credit facility	$1,408,000	$1,401,385	$1,408,809	Level 2
9.125% Senior Notes due 2018	500,000	493,299	520,000	Level 1
9.00% Senior Notes due 2020	350,000	350,000	355,250	Level 1
7.125% Senior Subordinated Notes due 2016	240,750	240,750	237,139	Level 1
Other	147,800	122,287	122,287	Level 3
	2,646,550	2,607,721	2,643,485	
Peninsula Gaming Debt:				
Bank credit facility	832,775	832,775	846,155	Level 2
8.375% senior notes due 2018	350,000	350,000	364,000	Level 1
Other	17	17	17	Level 3
	1,182,792	1,182,792	1,210,172	
Total Boyd debt	3,829,342	3,790,513	3,853,657	
Borgata Debt:				
Borgata bank credit facility	4,400	4,400	4,400	Level 2
Borgata 9.50% Senior Secured Notes due 2015	398,000	390,893	411,930	Level 1
Borgata 9.875% Senior Secured Notes due 2018	393,500	384,434	410,224	Level 1
Total Borgata debt	795,900	779,727	826,554	
Total debt	$4,625,242	$4,570,240	$4,680,211	

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	December 31, 2012			
	Outstanding Face Amount	Carrying Value	Estimated Fair Value	Fair Value Hierarchy
(In thousands)				
Boyd Debt:				
Boyd Gaming Debt:				
Bank credit facility	$1,474,850	$1,466,635	$1,508,516	Level 2
9.125% Senior Notes due 2018	500,000	492,680	523,995	Level 1
9.00% Senior Notes due 2020	350,000	350,000	347,158	Level 1
6.75% Senior Subordinated Notes due 2014	215,668	215,668	216,460	Level 1
7.125% Senior Subordinated Notes due 2016	240,750	240,750	236,537	Level 1
Other	158,141	125,475	123,424	Level 3
	2,939,409	2,891,208	2,956,090	
Peninsula Gaming Debt:				
Bank credit facility	854,400	854,400	868,838	Level 2
8.375% Senior Notes due 2018	350,000	350,000	367,721	Level 1
Other	494	491	494	Level 3
	1,204,894	1,204,891	1,237,053	
Total Boyd Debt	4,144,303	4,096,099	4,193,143	
Borgata Debt:				
Borgata bank credit facility	20,000	20,000	20,000	Level 2
Borgata 9.50% Senior Secured Notes due 2015	398,000	389,547	402,275	Level 1
Borgata 9.875% Senior Secured Notes due 2018	393,500	383,777	373,825	Level 1
Total Borgata debt	811,500	793,324	796,100	
Total debt	$4,955,803	$4,889,423	$4,989,243	

The estimated fair value of the Credit Facility and the Peninsula Credit Facility are based on a relative value analysis performed on or about June 30, 2013 and December 31, 2012. The estimated fair value of Borgata's bank credit facility at June 30, 2013 and December 31, 2012 approximates its carrying value due to the short-term nature and variable repricing of the underlying Eurodollar loans comprising the Borgata bank credit facility. The estimated fair values of our senior subordinated and senior notes and Borgata's senior secured notes are based on quoted market prices as of June 30, 2013 and December 31, 2012, respectively. Debt included in the “Other” category has an escalating interest rate debt that is not traded and does not have an observable market input; therefore, we have estimated its fair value based on the short-term nature of the note (maturing is less than five years) after giving consideration to the changes in market rates of interest, creditworthiness of both parties, and credit spreads.

There were no transfers between Level 1, Level 2 and Level 3 measurements during the six months ended June 30, 2013 or 2012.

Fair Value of Non-Recourse Obligations of Variable Interest Entity

At December 31, 2012, the carrying value of LVE's long-term debt approximated its fair value due to the prevailing interest rates on the debt, which are comparable to market.

NOTE 14. SEGMENT INFORMATION

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

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Las Vegas Locals	
Gold Coast Hotel and Casino	Las Vegas, Nevada
The Orleans Hotel and Casino	Las Vegas, Nevada
Sam's Town Hotel and Gambling Hall	Las Vegas, Nevada
Suncoast Hotel and Casino	Las Vegas, Nevada
Eldorado Casino	Henderson, Nevada
Jokers Wild Casino	Henderson, Nevada
Downtown Las Vegas	
California Hotel and Casino	Las Vegas, Nevada
Fremont Hotel and Casino	Las Vegas, Nevada
Main Street Station Casino, Brewery and Hotel	Las Vegas, Nevada
Midwest and South	
Sam's Town Hotel and Gambling Hall	Tunica, Mississippi
IP Casino Resort Spa	Biloxi, Mississippi
Par-A-Dice Hotel Casino	East Peoria, Illinois
Blue Chip Casino, Hotel & Spa	Michigan City, Indiana
Treasure Chest Casino	Kenner, Louisiana
Delta Downs Racetrack Casino & Hotel	Vinton, Louisiana
Sam's Town Hotel and Casino	Shreveport, Louisiana
Peninsula	
Diamond Jo Dubuque	Dubuque, Iowa
Diamond Jo Worth	Northwood, Iowa
Evangeline Downs Racetrack and Casino	Opelousas, Louisiana
Amelia Belle Casino	Amelia, Louisiana
Kansas Star Casino	Mulvane, Kansas
Atlantic City	
Borgata Hotel Casino & Spa	Atlantic City, New Jersey

Results of Operations
We determine each of our wholly owned property's profitability based upon Property EBITDA, which represents each property's earnings before interest expense, income taxes, depreciation and amortization, preopening expenses, other operating charges, net, share-based compensation expense, deferred rent, change in value of derivative instruments, and gain/loss on early retirements of debt, as applicable. Reportable Segment Adjusted EBITDA is the aggregate sum of the Property EBITDA for each of the properties included in our Las Vegas Locals, Downtown Las Vegas, and Midwest and South, and Peninsula segments, and also includes our share of Borgata's operating income before net amortization, preopening and other items.

Results for Downtown Las Vegas include the results of our Hawaii-based travel agency and captive insurance company.

We reclassify the reporting of corporate expense on the accompanying table in order to exclude it from our subtotal for Reportable Segment Adjusted EBITDA and include it as part of total other operating costs and expenses. Furthermore, 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. Other operating costs and expenses include deferred rent, and share-based compensation expense charged to our Reportable Segments.

The following table sets forth, for the periods indicated, certain operating data for our Reportable Segments, and reconciles Adjusted EBITDA to operating income, as reported in our accompanying condensed consolidated statements of operations for the three and six months ended June 30, 2013 and 2012.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
(In thousands)				
Net Revenues				
Las Vegas Locals	$149,690	$148,987	$302,517	$303,776
Downtown Las Vegas	56,128	55,939	110,211	112,947
Midwest and South	224,273	233,728	453,390	477,450
Peninsula	135,780	—	269,693	—
Atlantic City	172,877	175,416	338,521	351,566
Reportable Segment Net Revenues	$738,748	$614,070	$1,474,332	$1,245,739
Reportable Segment Adjusted EBITDA				
Las Vegas Locals	$38,723	$34,535	$77,928	$73,021
Downtown Las Vegas	9,297	8,109	16,408	16,541
Midwest and South	48,625	51,003	98,307	109,133
Peninsula	48,323	—	99,035	—
Atlantic City	27,847	30,735	56,252	69,616
Reportable Segment Adjusted EBITDA	172,815	124,382	347,930	268,311
Other operating costs and expenses				
Corporate expense	12,628	10,547	24,266	20,674
Deferred rent	958	996	1,915	1,992
Depreciation and amortization	70,318	50,661	140,356	100,635
Preopening expense	789	2,210	3,154	3,870
Share-based compensation expense	2,894	2,837	6,985	5,953
Impairment of assets	5,032	—	5,032	—
Asset transaction costs	614	6,242	3,627	6,272
Other operating charges, net	203	(8,408)	1,796	(8,162)
Total other operating costs and expenses	93,436	65,085	187,131	131,234
Operating income	$79,379	$59,297	$160,799	$137,077

Total Assets

The Company's total assets by Reportable Segment consisted of the following amounts at June 30, 2013 and December 31, 2012:

(In thousands)	June 30, 2013	December 31, 2012
Assets		
Las Vegas Locals	$1,210,076	$1,215,494
Downtown Las Vegas	129,433	133,689
Midwest and South	1,340,063	1,367,063
Peninsula	1,570,569	1,604,778
Atlantic City	1,355,809	1,388,562
Total Reportable Segment assets	5,605,950	5,709,586
Corporate	243,127	395,436
Other	—	227,171
Total assets	$5,849,077	$6,332,193

NOTE 15. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

Separate condensed consolidating financial information for our subsidiary guarantors and non-guarantors of our 9.125% Senior Notes due December 2018 and 9.00% Senior Notes due July 2020 is presented below. The notes are fully and unconditionally guaranteed, on a joint and several basis, by certain of our current and future domestic restricted subsidiaries, all of which are 100% owned by us. The non-guarantors primarily represent special purpose entities, tax holding companies, our less significant operating subsidiaries and our less than wholly owned subsidiaries.

The tables below present the condensed consolidating balance sheets as of June 30, 2013 and December 31, 2012 and the condensed consolidating statements of operations for the three and six months ended June 30, 2013 and 2012 and the condensed consolidating statements of cash flows for the six months ended June 30, 2013 and 2012. The Company has corrected certain prior year amounts in the current year presentation to reflect certain intercompany activities between the parent and the sub-groups that had previously been excluded from the presentation, and to properly record the impact of certain reclassification entries within the correct sub-group.

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as of June 30, 2013 and December 31, 2012 and for the three and six months ended June 30, 2013 and 2012

Condensed Consolidating Balance Sheets

	June 30, 2013					
(In thousands)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (100% Owned)	Non-Guarantor Subsidiaries (Not 100% Owned)	Eliminations	Consolidated
Assets						
Cash and cash equivalents	$—	$115,809	$32,875	$33,928	$—	$182,612
Other current assets	92,989	(13,303)	35,186	45,784	(197)	160,459
Property and equipment, net	66,256	1,846,306	454,636	1,182,980	—	3,550,178
Investments in subsidiaries	3,147,384	265,412	8,778	(215)	(3,421,359)	—
Intercompany receivable	—	528,263	49,098	—	(577,361)	—
Other assets, net	37,071	12,820	82,141	33,373	—	165,405
Intangible assets, net	—	467,194	567,503	60,797	—	1,095,494
Goodwill, net	—	212,795	482,134	—	—	694,929
Total assets	$3,343,700	$3,435,296	$1,712,351	$1,356,647	$(3,998,917)	$5,849,077
Liabilities and Stockholders' Equity						
Current maturities of long-term debt	$42,500	$—	$8,259	$—	$—	$50,759
Other current liabilities	62,655	228,981	80,337	109,066	(767)	480,272
Intercompany payable	455,549	—	121,268	229	(577,046)	—
Long-term debt, net of current maturities	2,442,934	—	1,296,819	779,728	—	4,519,481
Other long-term liabilities	12,033	185,872	42,469	30,407	1,726	272,507
Common stock	888	31,124	—	—	(31,124)	888
Additional paid-in capital	675,454	2,736,895	244,003	480,833	(3,461,731)	675,454
Retained earnings (deficit)	(347,467)	252,424	(79,958)	(43,616)	(128,850)	(347,467)
Accumulated other comprehensive loss	(846)	—	(846)	—	846	(846)
Total Boyd Gaming Corporation stockholders' equity	328,029	3,020,443	163,199	437,217	(3,620,859)	328,029
Noncontrolling interest	—	—	—	—	198,029	198,029
Total stockholders' equity	328,029	3,020,443	163,199	437,217	(3,422,830)	526,058
Total liabilities and stockholders'	$3,343,700	$3,435,296	$1,712,351	$1,356,647	$(3,998,917)	$5,849,077

equity

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as of June 30, 2013 and December 31, 2012 and for the three and six months ended June 30, 2013 and 2012

Condensed Consolidating Balance Sheets - continued

	December 31, 2012					
(In thousands)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (100% Owned)	Non-Guarantor Subsidiaries (Not 100% Owned)	Eliminations	Consolidated
Assets						
Cash and cash equivalents	$2,520	$118,714	$36,619	$34,692	$—	$192,545
Other current assets	87,493	(4,371)	32,460	50,751	(3,970)	162,363
Current assets from discontinued operation	—	—	685	—	—	685
Property and equipment, net	67,500	1,691,120	462,986	1,365,708	—	3,587,314
Assets held for development	775	330,995	—	—	—	331,770
Investments in subsidiaries	3,089,125	267,777	4,103	—	(3,361,005)	—
Intercompany receivable	(134,385)	264,686	10	(224)	(130,087)	—
Other assets, net	45,880	12,791	81,846	64,748	—	205,265
Intangible assets, net	—	468,229	589,845	61,564	—	1,119,638
Goodwill, net	—	212,795	482,134	—	—	694,929
Noncurrent assets from discontinued operation	—	—	37,684	—	—	37,684
Total assets	$3,158,908	$3,362,736	$1,728,372	$1,577,239	$(3,495,062)	$6,332,193
Liabilities and Stockholders' Equity						
Current maturities of long-term debt	$42,500	$10,341	$8,729	$—	$—	$61,570
Non-recourse debt	—	—	—	225,113	—	225,113
Other current liabilities	66,121	208,399	79,928	109,442	(873)	463,017
Current liabilities from discontinued operation	—	—	70,864	—	(70,000)	864
Intercompany payable	—	—	58,198	—	(58,198)	—
Long-term debt, net of current maturities	2,723,234	—	1,311,295	793,324	—	4,827,853
Other long-term liabilities	23,262	185,717	41,289	36,350	31	286,649
Preferred stock	—	—	—	—		—
Common stock	869	31,128	—	—	(31,128)	869

Additional paid-in capital	655,694	2,756,184	250,504	480,833	(3,487,521)	655,694
Retained earnings (deficit)	(351,810)	170,967	(91,473)	(67,823)	(11,671)	(351,810)
Accumulated other comprehensive loss	(962)	—	(962)	—	962	(962)
Total Boyd Gaming Corporation stockholders' equity	303,791	2,958,279	158,069	413,010	(3,529,358)	303,791
Noncontrolling interest	—	—	—	—	163,336	163,336
Total stockholders' equity	303,791	2,958,279	158,069	413,010	(3,366,022)	467,127
Total liabilities and stockholders' equity	$3,158,908	$3,362,736	$1,728,372	$1,577,239	$(3,495,062)	$6,332,193

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Condensed Consolidating Statements of Operations

	Three Months Ended June 30, 2013					
(In thousands)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (100% Owned)	Non-Guarantor Subsidiaries (Not 100% Owned)	Eliminations	Consolidated
Net revenues	$36,939	$417,767	$153,699	$172,877	$(42,534)	$738,748
Costs and expenses						
Operating	462	225,454	82,326	90,955	—	399,197
Selling, general and administrative	11,671	59,469	16,269	39,622	(31)	127,000
Maintenance and utilities	—	22,991	3,598	14,453	—	41,042
Depreciation and amortization	1,684	30,287	22,844	15,503	—	70,318
Corporate expense	14,154	(22)	1,016	—	—	15,148
Preopening expense	70	103	623	54	(61)	789
Impairments of assets	—	12,734	—	5,032	(12,734)	5,032
Asset transactions costs	165	325	52	72	—	614
Other operating charges and credits, net	(1)	94	136	—	—	229
Intercompany expenses	286	31,495	10,659	—	(42,440)	—
Total costs and expenses	28,491	382,930	137,523	165,691	(55,266)	659,369
Equity in earnings of subsidiaries	45,298	22,095	—	—	(67,393)	—
Operating income (loss)	53,746	56,932	16,176	7,186	(54,661)	79,379
Other expense (income)						
Interest expense, net	40,294	2,520	23,899	20,843	—	87,556
Other, net	396	—	2,023	—	—	2,419
Total other expense, net	40,690	2,520	25,922	20,843	—	89,975
Income (loss) from continuing operations before income taxes	13,056	54,412	(9,746)	(13,657)	(54,661)	(10,596)
Income taxes benefit (expense)	(1,429)	(1,255)	5,865	921	—	4,102
	11,627	53,157	(3,881)	(12,736)	(54,661)	(6,494)

Income (loss) from continuing operations, net of tax						
Income (loss) from discontinued operations, net of tax	—	—	24,487	—	(12,734)	11,753
Net income (loss)	11,627	53,157	20,606	(12,736)	(67,395)	5,259
Net loss attributable to noncontrolling interest	—	—	—	—	6,368	6,368
Net income (loss) attributable to controlling interest	$11,627	$53,157	$20,606	$(12,736)	$(61,027)	$11,627
Comprehensive income (loss)	$11,448	$53,157	$20,427	$(12,736)	$(67,216)	$5,080

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Condensed Consolidating Statements of Operations - continued

	Three Months Ended June 30, 2012					
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (100% Owned)	Non-Guarantor Subsidiaries (Not 100% Owned)	Eliminations	Consolidated
(In thousands)						
Net revenues	$30,668	$426,160	$13,052	$178,139	$(33,949)	$614,070
Costs and expenses						
Operating	455	233,074	13,234	95,268	—	342,031
Selling, general and administrative	11,340	61,181	2,154	34,996	—	109,671
Maintenance and utilities	—	24,590	373	14,424	—	39,387
Depreciation and amortization	2,097	31,900	650	16,014	—	50,661
Corporate expense	12,838	(61)	232	—	—	13,009
Preopening expense	521	3,925	380	108	(2,724)	2,210
Asset transactions costs	6,242	—	—	—	—	6,242
Other operating charges and credits, net	—	(6,280)	—	(2,158)	—	(8,438)
Intercompany expenses	333	30,397	495	—	(31,225)	—
Total costs and expenses	33,826	378,726	17,518	158,652	(33,949)	554,773
Equity in earnings of subsidiaries	25,196	(4,564)	—	—	(20,632)	—
Operating income (loss)	22,038	42,870	(4,466)	19,487	(20,632)	59,297
Other expense (income)						
Interest expense, net	37,920	3,572	(409)	23,297	—	64,380
Total other expense, net	37,920	3,572	(409)	23,297	—	64,380
Income (loss) from continuing operations before income taxes	(15,882)	39,298	(4,057)	(3,810)	(20,632)	(5,083)
Income taxes benefit (expense)	16,859	(13,226)	1,042	405	—	5,080
Income (loss) from continuing operations, net of tax	977	26,072	(3,015)	(3,405)	(20,632)	(3)

Income (loss) from discontinued operations, net of tax	—	—	(688)	—	—	(688)
Net income (loss)	977	26,072	(3,703)	(3,405)	(20,632)	(691)
Net loss attributable to noncontrolling interest	—	—	—	—	1,668	1,668
Net income (loss) attributable to controlling interest	$977	$26,072	$(3,703)	$(3,405)	$(18,964)	$977
Comprehensive income (loss)	$977	$26,072	$(3,703)	$(3,378)	$(20,632)	$(664)

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BOYD GAMING CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
as of June 30, 2013 and December 31, 2012 and for the three and six months ended June 30, 2013 and 2012

Condensed Consolidating Statements of Operations

	Six Months Ended June 30, 2013					
(In thousands)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries (100% Owned)	Non-Guarantor Subsidiaries (Not 100% Owned)	Eliminations	Consolidated
Net revenues	$74,114	$842,431	$304,650	$340,454	$(87,317)	$1,474,332
Costs and expenses						
Operating	924	457,222	160,537	179,103	—	797,786
Selling, general and administrative	23,485	120,556	32,621	74,397	(31)	251,028
Maintenance and utilities	—	44,448	7,033	28,770	—	80,251
Depreciation and amortization	3,398	60,711	45,136	31,111	—	140,356
Corporate expense	28,040	94	2,370	—	—	30,504
Preopening expense	1,100	2,892	1,037	58	(1,933)	3,154
Impairments of assets	—	12,734	—	5,032	(12,734)	5,032
Asset transactions costs	2,735	325	161	406	—	3,627
Other operating charges and credits, net	278	1,353	164	—	—	1,795
Intercompany expenses	611	63,247	21,495	—	(85,353)	—
Total costs and expenses	60,571	763,582	270,554	318,877	(100,051)	1,313,533
Equity in earnings of subsidiaries	73,110	17,670	—	—	(90,780)	—
Operating income (loss)	86,653	96,519	34,096	21,577	(78,046)	160,799
Other expense (income)						
Interest expense, net	84,068	5,362	49,158	43,994	—	182,582
Other, net	396	—	1,505	—	—	1,901
Total other expense, net	84,464	5,362	50,663	43,994	—	184,483
Income (loss) from continuing operations before income taxes	2,189	91,157	(16,567)	(22,417)	(78,046)	(23,684)
Income taxes benefit (expense)	2,154	(2,924)	5,863	1,433	—	6,526
	4,343	88,233	(10,704)	(20,984)	(78,046)	(17,158)

Income (loss) from continuing operations, net of tax			
Income (loss) from discontinued operations, net of tax	—	—	23,524