

AMPAL-AMERICAN ISRAEL CORP
Form DEF 14A
October 08, 2004

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 14A
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

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

AMPAL-AMERICAN ISRAEL CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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AMPAL-AMERICAN ISRAEL CORPORATION
111 ARLOZOROV STREET
TEL AVIV, ISRAEL 62098

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON OCTOBER 20, 2004

Dear Shareholder:

You are cordially invited to attend the annual meeting (the Annual Meeting) of the shareholders of Ampal-American Israel Corporation (the Company or Ampal) which will be held at the offices of Bryan Cave LLP, 1290 Avenue of the Americas, 31st floor, New York, NY 10104, on October 20, 2004, at 10:00 a.m., local time, to consider and act upon the following matters:

1. To elect eight (8) directors to the Board of Directors of the Company to hold office for one year terms and until their respective successors shall be elected and qualified;
2. To ratify the appointment of Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, as the independent auditors of the Company for the fiscal year ending December 31, 2004; and
3. To transact such other business as may properly come before said meeting or any adjournment(s) or postponement(s) thereof.

Information regarding the matters to be acted upon at the Annual Meeting is contained in the accompanying Proxy Statement.

The Board of Directors of the Company has fixed the close of business on September 30, 2004 as the record date for determining the shareholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment(s) or postponement(s) thereof.

Please vote, date, sign and mail the enclosed Proxy in the return envelope. You will not need postage if you mail it from within the United States. A prompt response will be helpful and appreciated.

By Order of the Board of
Directors,

JACK BIGIO
President and Chief Executive
Officer

Tel Aviv, Israel
October 8, 2004

YOUR VOTE IS IMPORTANT. PLEASE VOTE, DATE, SIGN AND MAIL PROMPTLY THE ENCLOSED PROXY, FOR WHICH A RETURN ENVELOPE IS PROVIDED, EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

AMPAL-AMERICAN ISRAEL CORPORATION

PROXY STATEMENT for ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON OCTOBER 20, 2004

This Proxy Statement is being furnished to the holders of Class A Stock, \$1.00 par value (the "Class A Stock"), of Ampal-American Israel Corporation (the "Company" or "Ampal") in connection with the solicitation of proxies by the Board of Directors (the "Board" or "Board of Directors") for use at the annual meeting of the shareholders of the Company to be held on October 20, 2004, and at any adjournment(s) or postponement(s) thereof (the "Annual Meeting"). The mailing address of our principal executive office is 111 Arlozorov Street, Tel Aviv, Israel 62098. This Proxy Statement and enclosed proxy card are first being mailed to the shareholders of the Company entitled to vote at the Annual Meeting on or about October 8, 2004. In an effort to present the information contained in this Proxy Statement in a clear manner, the Company has decided to use a question and answer format.

Q: What am I voting on?

Election of Ampal's eight directors for one-year terms, and ratification of the appointment of Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited ("Kesselman & Kesselman"), as the independent auditors of the Company for the fiscal year ending December 31, 2004.

Q: Who is entitled to vote?

Holders of the Class A Stock as of the close of business on September 30, 2004 (the "Record Date") are entitled to notice of, and to vote at, the Annual Meeting. As of such date, the Company had 19,872,305 shares of Class A Stock outstanding (excluding treasury shares). Each shareholder is entitled to one vote for each share of Class A Stock held on the Record Date. The Class A Stock does not have cumulative voting rights.

Q: How can I get a copy of Ampal's Annual Report on Form 10-K?

Upon request, the Company will provide, without charge to any shareholder entitled to vote at the Annual Meeting, a copy of Ampal's annual report on Form 10-K to the Securities and Exchange Commission (the "SEC") for the fiscal year ended December 31, 2003. Such request should be made to the Secretary of the Company at the address shown on the accompanying Notice of Annual Meeting of Shareholders. The Company's annual report on Form 10-K, as well as its other filings with the SEC, are available via the Internet at the Company's website at <http://www.ampal.com> and at the SEC's website at <http://www.sec.gov>.

Q: How can I review Ampal's financial statements for the fiscal year ended December 31, 2003?

A copy of Ampal's 2003 annual report on Form 10-K containing the Company's audited financial statements for the fiscal year ended December 31, 2003 has been mailed with this Proxy Statement to all holders of Class A Stock entitled to vote at the Annual Meeting on or about October 8, 2004.

Q: Who are the principal shareholders of Ampal and how will they vote?

As of the Record Date, Y.M. Noy Investments Ltd. (Noy) was the holder of approximately 59.13% of the outstanding Class A Stock. Noy is the only holder of more than 5% of the Class A Stock known to the Company. (See Security Ownership of Certain Beneficial Owners regarding the principal shareholders.) Noy has advised the Company that it will vote in favor of the Board's slate of nominees for directors and in favor of the ratification of the appointment of Kesselman & Kesselman as the independent auditors of the Company for the fiscal year ending December 31, 2004.

Q: Who is bearing the cost of preparing this Proxy Statement?

The cost of preparing, assembling and mailing the Notice of Annual Meeting of Shareholders, this Proxy Statement and the proxy card is being borne by the Company. The Company will also reimburse brokers who are holders of record of shares of the Company for their expenses in forwarding proxies and proxy soliciting material to the beneficial owners of the shares held by them.

Q: Besides shareholders, who else will attend the Annual Meeting?

Some of the directors of Ampal, senior management of Ampal and representatives of Mellon Investor Services, the Company's transfer agent, will be present at the Annual Meeting. Additionally, representatives of Kesselman & Kesselman, whom the Audit Committee of the Board has appointed to be the Company's independent auditors for the fiscal year ending December 31, 2004, are expected to be present, will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from shareholders.

Q: What constitutes a quorum?

The holders of record of one-third of the outstanding Class A Stock entitled to vote at any meeting of shareholders constitute a quorum for the Annual Meeting. Since as of the Record Date 19,872,305 of Class A Stock were outstanding (excluding treasury shares), a quorum equals 6,624,102 shares of Class A Stock. All votes will be tabulated by the inspector of elections appointed for the meeting. The inspector of elections will also determine whether or not a quorum is present.

Q: How do I vote using the proxy?

Sign your name exactly as it appears in the proxy, and return it in the enclosed prepaid envelope. IF YOU SIGN YOUR PROXY BUT DO NOT INDICATE YOUR VOTING PREFERENCES, YOUR VOTE WILL BE COUNTED FOR ALL OF THE BOARD'S NOMINEES FOR DIRECTORS AND THE RATIFICATION OF THE COMPANY'S INDEPENDENT AUDITORS. THE PROXIES, IN THEIR DISCRETION, ARE AUTHORIZED TO VOTE UPON ANY OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOURNMENT(S) OR POSTPONEMENT(S) THEREOF.

Q: May I revoke my proxy?

A proxy may be revoked at any time before it is exercised at the Annual Meeting by notifying the Company's Secretary in writing or by returning a later-dated proxy. You may also revoke your proxy by voting in person at the meeting (although your attendance at the Annual Meeting will not in and of itself constitute revocation of a proxy).

Q: How many votes are needed for the election of a director?

The election of a nominee director requires a plurality of the votes cast by the holders of shares entitled to vote at the Annual Meeting. (Proxies cannot be voted for a greater number of persons than the number of nominees listed in the Proxy Statement.) The Board of Directors of Ampal unanimously recommends the election of the following persons to the Board of Directors: Yosef A. Maiman, Jack Bigio, Leo Malamud, Dr. Joseph Yerushalmi, Michael Arnon, Yehuda Karni, Eitan Haber and Menahem Morag. Set forth below is information about each nominee, including biographical data for at least the last five years.

Q: How many votes are needed for the ratification of the appointment of Kesselman & Kesselman as the independent auditors of the Company for the fiscal year ending December 31, 2004?

The ratification of the appointment of Kesselman & Kesselman as the independent auditors of the Company for the fiscal year ending December 31, 2004 requires a plurality of the votes cast by the holders of shares entitled to vote at the Annual Meeting. The Board of Directors of Ampal unanimously recommends the ratification of the appointment of Kesselman & Kesselman as the Company's independent auditors for the fiscal year ending December 31, 2004.

Q: Can I abstain?

Yes, however, abstentions and broker non-votes (i.e., shares held by a broker or nominee which are represented at the meeting, but with respect to which the broker or nominee is not empowered to vote on a particular matter) will be counted for purposes of determining a quorum but will not have any effect on the election of directors or the ratification of the appointment of the Company's auditors. Abstentions and broker non-votes will not be counted as votes cast for or against any other matter which may properly come before and be voted upon at the meeting.

Q: Was there a change in the Independent Auditors of the Company during the Company's two most recent fiscal years?

On June 19, 2002, the Company's Audit Committee recommended to the Board to dismiss Arthur Andersen LLP (Andersen) as the Company's independent auditors and to engage Kesselman & Kesselman as the Company's independent auditors for 2002. As recommended by the Audit Committee, on June 19, 2002, the Board nominated and engaged Kesselman & Kesselman as the Company's independent auditors to replace Andersen. None of Andersen's reports on the Company's consolidated financial statements for the past two years contained an adverse opinion or a disclaimer of opinion, or was qualified or modified as to uncertainty, audit scope or accounting principles.

During the two most recent fiscal years ended December 31, 2001, and through June 19, 2002, there were no disagreements between the Company and Andersen on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to Andersen's satisfaction, would have caused Andersen to make reference to the subject matter in connection with its report on the Company's consolidated financial statements for such years; and there were no reportable events, as defined in Item 304(a)(1)(v) of Regulation S-K.

The Company provided Andersen with a copy of the foregoing statements and received a letter from Andersen stating its agreement with such statements. The Company filed this letter as an exhibit to its current report on Form 8-K filed with the SEC on June 20, 2002.

During the Company's two most recent fiscal years ended December 31, 2001, and through June 19, 2002, the Company did not consult Kesselman & Kesselman with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's consolidated financial statements, or any matters or events set forth in Items 304(a)(2)(i) and (ii) of Regulation S-K.

Q: Will any other matters be brought before the Annual Meeting?

The management does not presently know of any other matters which will be brought before the Annual Meeting. If, however, other matters requiring the vote of the shareholders, not now known or contemplated, do properly come before the meeting or any adjournment or postponement thereof, it is the intention of the persons named to vote the proxies held by them in accordance with their judgment in such matters.

THE FOLLOWING QUESTIONS AND ANSWERS RELATE TO THE NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS.

Q: How many directors does Ampal have?

The Company's By-Laws provide that the entire Board shall be constituted of not less than three and not more than twenty-nine persons, with the actual number serving set by the Board. In connection with the nomination of the persons listed below to the Board of Directors, the Board set the number of directors at eight. The Board recommends that the shareholders elect the eight persons nominated by the Board.

Q: Who recommended the Company's slate of nominees?

All of the nominees for directors were nominated by the Board and recommended by management.

Q: Who are the Board's nominees for directors?

The following is a description of each of the nominees for director setting forth their ages, their principal occupations and employment during the past five years and their tenure on the Board.

<u>Name</u>	<u>Age</u>	<u>Position with Ampal</u>	<u>Director Since</u>
Yosef A. Maiman	58	Chairman of the Board and Director	2002
Jack Bigio	38	President, Chief Executive Officer and Director	2002
Leo Malamud	52	Director	2002
Michael Arnon	78	Director	1986
Dr. Joseph Yerushalmi	66	Director	2002
Yehuda Karni	75	Director	2002
Eitan Haber	64	Director	2002
Menahem Morag	53	Director	2004

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YOSEF A. MAIMAN has been the Chairman of the Board of Ampal since April 25, 2002. Mr. Maiman has been President and Chief Executive Officer of Merhav M.N.F. Ltd. (Merhav), one of the largest international project development companies based in Israel, since its founding in 1975. Mr. Maiman is also the Chairman of the Board of Directors of Channel Ten, a commercial television station in Israel, the Chairman of the Board of Eltek Ltd. (Eltek), a developer and manufacturer of printed circuit boards, a member of the Board of Directors of the Middle East Task Force of the New York Council on Foreign Relations, Honorary Consul to Israel of Peru and Special Ambassador for the Government of Turkmenistan. Mr. Maiman is also member of the Board of Trustees of the Tel Aviv University, Chairman of the Israeli Board of the Jaffee Center for Strategic Studies at Tel Aviv University, a member of the Board of Governors of Ben Gurion University, and the Chairman of the Board of Trustees of the International Policy Institute for Counter Terrorism.

JACK BIGIO, has been the President and Chief Executive Officer of Ampal since April 25, 2002, and a director of Ampal since March 2002. From 1998 until April 2002, Mr. Bigio held various officer positions at Merhav, most recently as the Senior Vice President - Operations and Finance. Mr. Bigio is also a director of Eltek.

LEO MALAMUD has been a director of Ampal since March 2002. Since 1996, Mr. Malamud has served as the Senior Vice President of Merhav. Mr. Malamud is also a director of Eltek.

MICHAEL ARNON was Chairman of the Board of Directors of Ampal from November 1990 until July 1994, when he retired. Mr. Arnon has been a director of Ampal since 1986. From July 1986 until November 1990, Mr. Arnon was President and Chief Executive Officer of Ampal.

Dr. JOSEPH YERUSHALMI has been Senior Vice President - Head of Energy and Infrastructure Projects of Merhav since 1995. He has been a director of Ampal since August 16, 2002.

YEHUDA KARNI was a senior partner in the law firm of Firon Karni Sarov & Firon, from 1961 until his retirement in 2000. He has been a director of Ampal since August 16, 2002.

EITAN HABER was the Head of Bureau for the former Prime Minister of Israel, Yitzhak Rabin, from July 1993 until November 1995. Since 1996, Mr. Haber has been the President and Chief Executive Officer of Geopol Ltd., which represents the Korean conglomerate Samsung in Israel and the Middle East; Kavim Ltd., a production and project development company; and Adar Real Estate Ltd., a real estate company. Mr. Haber is also a member of various non-profit organizations. He has been a director of Ampal since August 16, 2002.

MENACHEM MORAG has been a director of Ampal since January 27, 2004. From 1996 to 1999, Mr. Morag was the Head of Finance and Budget at the Israeli Prime Minister's office in Tel Aviv. From 1999 to 2001, Mr. Morag was the Controller and Ombudsman at the Israeli Prime Minister's office in Tel Aviv. From 2001 to 2003, Mr. Morag was the Head of Human Resources Department at the Israeli Prime Minister's office in Tel Aviv. Since 2003, Mr. Morag has been the Head of the Council of the Pensioners Association of the Israeli Prime Minister's office in Tel Aviv.

Q: What happens if a nominee becomes unavailable for election?

In case any nominee should become unavailable for election to the Board for any reason, which is presently neither known nor contemplated, the persons named in the proxy will have discretionary authority in that instance to vote the proxies for a substitute.

Q: How long will each director serve?

Each director will serve for a term of one year and until his successor shall be elected and qualified.

Q: What type of compensation do directors receive?

During the fiscal year ended December 31, 2003, directors of Ampal (other than Mr. Bigio) received \$750 per meeting of the Board attended. Since January 1, 2004, Directors of Ampal (other than Mr. Bigio) receive \$1,500 per meeting of the Board attended. The Chairman of the Board receives \$2,000 per meeting of the Board attended. Such persons also receive the same amount for attendance at meetings of committees of the Board, provided that such committee meetings are on separate days and on a day other than the day of a regularly scheduled Board meeting.

On August 16, 2002, each of Yehuda Karni, Michael Arnon and Eitan Haber, each of whom is a non-employee director of the Company, were issued 15,000 options under the 2000 Plan to purchase shares of Class A Stock of the Company at an exercise price of \$3.12 per share, the closing price of the Class A Stock on The Nasdaq Stock Market, Inc. on the date of issuance. On August 16, 2002, Dr. Joseph Yerushalmi and Leo Malamud, each of whom is a non-employee director of the Company, were issued 100,000 and 150,000 options, respectively, under the 2000 Plan to purchase shares of Class A Stock of the Company at an exercise price of \$3.12 per share, the closing price of the Class A Stock on The Nasdaq Stock Market, Inc. on the date of issuance. On March 24, 2004, Menahem Morag, who is a non-employee director of the Company, was issued 15,000 options under the 2000 Plan to purchase shares of Class A Stock of the Company at an exercise price of \$3.13 per share, the closing price of the Class A Stock on The Nasdaq Stock Market, Inc. on the date of issuance.

Q: Does the Board of Directors have any committees?

Yes. The Board of Directors has the following standing committees: Audit Committee, Executive Committee and Stock Option and Compensation Committee. The Board will elect new members to the committees following the Annual Meeting. For the fiscal year ended December 31, 2003, the members, activities and functions of the various committees are set forth below. In addition, the reports of the Audit Committee and Stock Option and Compensation Committee are also set forth below.

Because Noy owns more than 50% of the voting power in the Company, the Company is deemed to be a controlled company under the rules of the Nasdaq National Market (Nasdaq). As a result, the Company is exempt from the Nasdaq rules that require listed companies to have (i) a majority of independent directors on the Board, (ii) a compensation committee and nominating committee composed solely of independent directors, (iii) the compensation of executive officers determined by a majority of independent directors or a compensation committee composed solely of independent directors and (iv) a majority of the independent directors or a nominating committee composed solely of independent directors elect or recommend director nominees for selection by the Board.

Code of Business Conduct and Ethics

The Company has adopted a (i) Code of Ethics for the Company's Senior Financial Officers and (ii) Code of Conduct applicable to all of the Company's employees and directors. These codes, which are both designed to insure that the Company's business is conducted in a consistently legal and ethical manner, address specific areas of professional conduct, including conflicts of interest, fair dealing and the strict adherence to all laws and regulations applicable to the conduct of the Company's business. Copies of the Company's Code of Ethics for Senior Financial Officers and Code of Conduct are available on the Company's website at www.ampal.com.

Communications Between Shareholders and the Board of Directors

Shareholders and other interested persons seeking to communicate with the Board should submit any communications in writing to the Company's Secretary, Ampal-American Israel Corporation, 111 Arlozorov Street, Tel Aviv, Israel 62098. Any such communication must state the number of shares beneficially owned by the shareholder making the communication. The Company's Secretary will forward such communication to the full Board or to any individual director or directors to whom the communication is directed.

Policy Governing Director Nominations

As stated above, because Noy owns more than 50% of the voting power in the Company, the Company is deemed to be a controlled company under the Nasdaq rules. Because the Company is a controlled company, the Board has elected not to establish a separate nominating committee or formal rules governing director nominations from shareholders. In the event of any vacancy on the Board, or in the event that the Board is to be expanded, the Board will determine at such time the appropriate procedures for filling the vacancy or additional position. The Board may decide at such time to authorize a committee of the Board of Directors to conduct the search for a director and to recommend nominations to the full Board of Directors.

Minimum Qualifications. The Company does not set specific criteria for directors except to the extent required to meet applicable legal, regulatory and stock exchange requirements, including, but not limited to, the independence requirements of the Nasdaq and the SEC, as applicable. Nominees for director will be selected on the basis of outstanding achievement in their personal careers; board experience; wisdom; integrity; ability to make independent, analytical inquiries; understanding of the business environment; and willingness to devote adequate time to the Board duties. While the selection of qualified directors is a complex and subjective process that requires consideration of many intangible factors, the Board believes that each director should have a basic understanding of (i) principal operational and financial objectives and plans and strategies of the Company, (ii) results of operations and financial condition of the Company and of any significant subsidiaries and investee companies, and (iii) the relative standing of the Company, its business segments and investee companies in relation to its competitors.

The Board also may consider (i) whether a candidate would be deemed to be independent under the applicable laws, rules and regulations, (ii) whether the candidate's existing business commitments would interfere with the candidate's ability to devote sufficient time to discharge his or her duties as a director and (iii) the input of Noy, the Company's majority shareholder.

Audit Committee

The Audit Committee currently consists of Messrs. Arnon, Karni, Haber and Morag, each of whom is an independent director as defined under the rules of the National Association of Securities Dealers, Inc. and the rules promulgated by the Securities and Exchange Commission. From January 1, 2003 through January 26, 2004, the Audit Committee was composed of Messrs. Arnon, Karni and Haber. Mr. Morag became a member of the Audit Committee on January 27, 2004. The Board has determined that Mr. Morag is an audit committee financial expert for purposes of the rules promulgated by the Securities and Exchange Commission. The Audit Committee held nine meetings and acted once by written consent during the fiscal year ended December 31, 2003.

The Audit Committee assists the Board in fulfilling its responsibility to oversee management's conduct of the Company's financial reporting process, including the review of the financial reports and other financial information provided by the Company to any governmental or regulatory body, the public or other users thereof, the Company's systems of internal accounting and financial controls, and the annual independent audit of the Company's financial statements. The Audit Committee also has the duty and responsibility of approving all transactions between the Company, on the one hand, and any officer, director, or affiliate thereof, on the other hand, or in which any officer, director or affiliate has a material interest. A full description of the Audit Committee's primary responsibilities is contained in the Audit Committee's written charter, a copy of which is included as Appendix A to this Proxy Statement.

Report of the Audit Committee

To the Board of Directors of Ampal-American Israel Corporation:

We have reviewed and discussed with management the Company's audited financial statements as of and for the year ended December 31, 2003.

We have discussed with Kesselman & Kesselman the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended.

We have received the written disclosures and the letter from Kesselman & Kesselman required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as amended, and have discussed with them their independence from the Company and management.

Based on the reviews and discussions referred to above, we recommended to the Board of Directors that the audited financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

AUDIT COMMITTEE

Michael Arnon, Chairman
Yehuda Karni
Eitan Haber
Menahem Morag

Audit Fees: The fees of Kesselman & Kesselman for professional services rendered for the audit of the Company's annual financial statements for the fiscal years ended December 31, 2003 and December 31, 2002 and reviewing the financial statements included in the Company's quarterly reports on Form 10-Q were \$223,000 and \$150,000, respectively. Fees billed to the Company by Andersen for reviewing the financial statements included in the Company's quarterly report for the fiscal quarter ended March 31, 2002 amounted to \$37,000.

Tax Fees: Kesselman & Kesselman's tax fees for the fiscal years ended December 31, 2003, were \$103,600. No tax fees were billed for services rendered by Andersen for the fiscal year ended December 31, 2002.

All Other Fees: Kesselman & Kesselman's fees for other services for the fiscal year ended December 31, 2003, were \$49,200 respectively. No other services fees were billed for services rendered by Andersen for the fiscal year ended December 31, 2002.

All of the services provided by our principal accounting firm described above under the captions Audit Fees, Tax Fees and All Other Fees were approved by our Audit Committee. The Audit Committee has determined that the rendering of professional services described above by Kesselman & Kesselman is compatible with maintaining the auditor's independence.

Audit Committee Pre-Approval Policies

The Company's Audit Committee Charter provides that the Audit Committee shall approve in advance all audit services and all non-audit services provided by the independent auditors based on policies and procedures developed by the Audit Committee from time to time. The Audit Committee will not approve any non-audit services prohibited by applicable SEC regulations or any services in connection with a transaction initially recommended by the independent auditor, the purpose of which may be tax avoidance and the tax treatment of which may not be supported by the Internal Revenue Code and related regulations.

Our Audit Committee requires that our independent auditor, in conjunction with our Chief Financial Officer, be responsible for seeking pre-approval for providing services to us and that any request for pre-approval must inform the Audit Committee about each service to be provided and must provide detail as to the particular service to be provided.

Executive Committee

The Executive Committee meets as necessary between regularly scheduled meetings of the Board and, consistent with certain statutory limitations, exercises all authority of the Board. During the fiscal year ended December 31, 2003, the Executive Committee of the Board was composed of the following individuals: Jack Bigio, Leo Malamud, Dr. Joseph Yerushalmi and Yehuda Karni.

The Executive Committee did not hold any meetings but acted three times by written consent during the fiscal year ended December 31, 2003.

Stock Option and Compensation Committee

The Stock Option and Compensation Committee administers the Company's stock option plans and other option grants and determines the Company's policies regarding executive compensation. Since August 16, 2002, the members of the Stock Option and Compensation Committee are Michael Arnon, Yehuda Karni and Eitan Haber. The Stock Option and Compensation Committee met one time and acted once by written consent during the fiscal year ended December 31, 2003.

Report of the Stock Option and Compensation Committee

The Stock Option and Compensation Committee's executive compensation policy strives to provide compensation rewards based upon both corporate and individual performance while maintaining a relatively simple compensation program in order to avoid the administrative costs which the Stock Option and Compensation Committee believes are inherent in multiple complex compensation plans and agreements.

The determination of compensation ranges for executive officers reflect a review of salaries and bonuses for executive officers holding similar positions in companies of relatively comparable size and orientation. However, in making compensation decisions, the Stock Option and Compensation Committee remains cognizant of the Board of Directors' responsibility to enhance shareholder value. The Stock Option and Compensation Committee utilizes cash bonuses, when it feels a bonus is merited, based on factors such as an executive's individual performance. The Company has available a long-term incentive for executives to both remain in the employ of the Company and to strive to maximize shareholder value through the 1998 Plan and 2000 Plan, which aligns the interests of executives with those of shareholders.

Determination of Jack Bigio's compensation as the Company's Chief Executive Officer for the fiscal year ended December 31, 2003 reflects a comparison with chief executive officer compensation of companies of relatively comparable size and orientation, but also reflects recognition of Mr. Bigio's ongoing contribution to the growth, success and profitability of the Company. On August 16, 2002, Mr. Bigio was granted 150,000 options pursuant to the 2000 Plan to purchase shares of Class A Stock of the Company at an exercise price of \$3.12 per share, the closing price of the Class A Stock on The Nasdaq Stock Market, Inc. on the date of issuance. These options vest in equal installments of 9,375 shares beginning on November 16, 2002 and each three month anniversary thereafter, except that a portion of the options may vest on an accelerated basis upon the achievement of certain performance criteria. In negotiating the number of shares subject to the option grant, the Stock Option and Compensation Committee took into account the past option grants made to other executive officers, Mr. Bigio's rank and responsibilities and Mr. Bigio's expected contributions to the Company. In addition, the Stock Option and Compensation Committee sought to provide a significant incentive for Mr. Bigio to enhance stockholder value. Mr. Bigio did not receive an additional option grant during 2003.

STOCK OPTION AND COMPENSATION
COMMITTEE

Michael Arnon, Chairman
Yehuda Karni
Eitan Haber

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The current members of the Stock Option and Compensation Committee are Mr. Michael Arnon, Mr. Yehuda Karni and Mr. Eitan Haber, none of whom is an officer or employee or former officer or employee of the Company (other than Mr. Arnon who previously served as Chairman of the Board of Directors of the Company from November 1990 until July 1994 and President and Chief Executive Officer of the Company from July 1986 until November 1990). During 2003, no executive officer of the Company served on the Stock Option and Compensation Committee, or the Board of Directors of another entity whose executive officer(s) served on the Company's Stock Option and Compensation Committee of the Board of Directors.

Q: Did all directors attend all of the Board and Committee meetings in 2003?

All directors attended more than 75% of the aggregate of (1) the total number of meetings of the Board held during the fiscal year ended December 31, 2003 for which such individual was a director and (2) the total number of meetings held by all committees of the Board on which such individual served in the fiscal year ended December 31, 2003 (during the period of such service). In total, the Board held eight regularly scheduled meetings during the fiscal year ended December 31, 2003 and acted once by written consent during fiscal 2003.

Although the Company has no formal policy requiring director attendance at the Company's annual meeting of shareholders, the Chief Executive Officer, who is currently a member of the Board of Directors, and the Chairman of the Board, are both encouraged to attend the annual meeting of shareholders. The other members of the Board of Directors are welcome to attend the annual meeting of shareholders. Last year, five directors attended the Company's 2003 annual meeting of shareholders.

Q: Who are the Company's executive officers?

Executive officers are elected annually by the Board of Directors. The persons appointed by the Board of Directors to serve as executive officers are described below. The descriptions of Mr. Maiman, Chairman of the Board of Directors of Ampal, and Mr. Bigio, Chief Executive Officer and President of Ampal, can be found above with the descriptions of the nominees for the Board. The following is a description of the executive officers, other than Messrs. Maiman and Bigio, their ages, their positions and offices with Ampal or its subsidiaries and their principal occupations and employment during the past five years.

SHLOMO SHALEV, 42, has been Senior Vice President - Investments since May 2002. From August 1997 through April 2002, Mr. Shalev was Vice President of Ampal Industries (Israel) Ltd, a wholly owned subsidiary of the Company. From August 1994 through July 1997, Mr. Shalev was the Israeli Consul for Economic Affairs in the northwest region of the United States.

DAFNA SHARIR, 35, has been Senior Vice President - Investments since May 2002. From March 1999 through April 2002, Ms. Sharir was a Director of Mergers and Acquisitions of Amdocs Limited. From July 1998 through February 1999, Ms. Sharir was an international tax consultant at Kost Forer & Gabay, a member of Ernst & Young International.

IRIT ELUZ, 37, has been the Chief Financial Officer, Vice President - Finance and Treasurer since May 2002. From January 2000 through April 2002, Ms. Eluz was the Associate Chief Financial Officer of Merhav. From June 1995 through December 1999, Ms. Eluz was the Chief Financial Officer of Kamor Group.

YORAM FIRON, 35, has been Secretary and Vice President - Investments and Corporate Affairs since May 2002. During the preceding five years, Mr. Firon was a Vice President of Merhav and a partner in the law firm of Firon Karni Sarov & Firon.

AMIT MANTSUR, 34, has been Vice President - Investments since March 2003. From September 2000 through December 2002, Mr. Mantsur served at Alrov Group as Strategy & Business Development Manager. From February 1997 through September 2000, Mr. Mantsur was a projects manager at the Financial Advisory Services of KPMG Somekh Chaikin.

GIORA BAR-NIR, 47, has been the Controller since March 2002. During the preceding five years, Mr. Bar-Nir was the Controller of the Israeli subsidiaries of Ampal.

Q: How are the Company's executives compensated?

The table below presents information regarding remuneration paid for services to Ampal and its subsidiaries by the executive officers named below during the three fiscal years ended December 31, 2003, 2002 and 2001.

Name and Principal Position	Year	Annual Compensation	Bonus	Long-Term Compensation	Number of Securities Underlying Options ⁽⁷⁾	All Other Compensation ⁽⁸⁾
		Salaries		Other Annual Compensation ⁽⁶⁾		
		\$	\$	\$		\$
Yosef A. Maiman ⁽¹⁾⁽⁹⁾ Chairman of the Board	2003	506,849	155,953	25,570		2,002
	2002	324,376		15,765	250,000	410
Jack Bigio ⁽²⁾⁽⁹⁾ President and CEO	2003	257,547	106,189	71,777		88,389
	2002	280,130 ⁽¹⁰⁾	43,498	150,000	40,740	
Dafna Sharir ⁽⁴⁾⁽⁹⁾ Senior Vice President Investments	2003	211,557	64,052	45,031		48,041
	2002	116,192	25,726	90,000	25,069	
Irit Eluz ⁽⁴⁾⁽⁹⁾ CFO Vice President Finance and Treasurer	2003	183,959	55,698	39,631		42,000
	2002	100,993	21,959	78,500	21,735	
Shlomo Shalev ⁽³⁾ Senior Vice President Investment	2003	167,093	34,254	33,048		41,712
	2002	149,225	63,240	27,815	90,000	37,279
	2001	143,093	61,406	17,408	20,000 ⁽⁵⁾	36,137

- (1) Mr. Maiman has been employed by Ampal since April 25, 2002 as Chairman of the Board. Mr. Maiman is entitled to receive a base salary of \$483,000 (payable in NIS) per annum (plus benefits)
- (2) Mr. Bigio has been employed by Ampal since April 25, 2002 as President and CEO. Mr. Bigio is entitled to receive a base salary of \$250,000 (payable in NIS) per annum (plus benefits).
- (3) Mr. Shalev was appointed Senior Vice President of Investment since May 21, 2002.
- (4) Employed by Ampal since April 25, 2002.
- (5) Expired on February 20, 2003.
- (6) Consists of amounts reimbursed for the payment of taxes.
- (7) Represents the number of shares of Class A Stock underlying options granted to the named executive officers.
- (8) Comprised of Ampal (Israel's) contribution pursuant to: (i.) Ampal (Israel's) pension plan and (ii.) Ampal (Israel's) education fund and (iii.) use of car and (iv.) use of mobile phone.
- (9) Entitled to six months of annual base salary upon a change of control of Ampal.

(10) Includes \$86,481 payment advance that has been returned on February 1, 2003.

Q: How many options do the executive officers own?

Fiscal Year-End Option Values

<u>Name</u>	<u>Number of Securities Underlying Unexercised Options at Fiscal Year Ended December 31, 2003</u>		<u>Unrealized Value of In-the-Money Options</u>	
	<u>Exercisable</u>	<u>Unexercisable</u>	<u>Exercisable</u>	<u>Unexercisable</u>
Yosef A. Maiman	78,125	171,875	\$ 243,750	\$ 536,250
Jack Bigio	46,875	103,125	\$ 146,250	\$ 321,750
Dafna Sharir	28,125	61,875	\$ 87,750	\$ 193,050
Irit Eluz	24,531	53,969	\$ 76,537	\$ 168,383
Shlomo Shalev	28,125	61,875	\$ 87,750	\$ 193,050

Option Grants In Last Fiscal Year

No stock options to purchase our Class A Stock were granted to our named executive officers during fiscal year ended December 31, 2003.

Q: What other benefits does the Company provide for its employees?

Ampal maintains a money purchase pension plan (Pension Plan) for its eligible employees. Eligible employees are all full-time employees of Ampal except non-resident aliens outside the United States, night-shift employees and employees represented by a collective bargaining unit. Ampal's contribution is equal to 7% of each employee's compensation plus 5.7% of the compensation in excess of the Social Security taxable wage base for that year. As of the Record Date, Ampal has no employees entitled to any benefits under the Pension Plan.

Employees become vested in amounts contributed by Ampal depending on the number of years of service, as provided in the following table:

<u>Years of Service</u>	<u>Vested Percentage</u>
less than 2 years	a director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the Company's or any of its subsidiaries present executives

serve on that
company's
compensation
committee is
not
independent
until three
years after the
end of such
service or the
employment
relationship;

5. a director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company (which does not include charitable entities) that makes payments to, or receives payments from, the Company or any of its subsidiaries for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1.0 million or 2% of such other company's consolidated gross revenues, is not independent until three years after falling below such threshold; and
6. any director that has a material relationship with the Company shall not be independent. Any relationship not required to be disclosed pursuant to Item 404 of Regulation S-K of the Securities Exchange Act of 1934, as amended (Exchange Act), shall be presumptively not material. For relationships not covered by the preceding sentence, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by the board of directors. We would explain in the next proxy statement the basis for any board determination that a relationship is immaterial despite the fact that it does not meet the categorical standards of immateriality set forth above.

In making its independence determination regarding Mr. Thomas, the board of directors considered, among other things, the transactions between the Company and Switch, Ltd. (Switch), a company in which Mr. Thomas has a passive interest. The Switch transactions involve the purchase by the Company of colocation and communications-related products and services from Switch. Mr. Thomas owns, either directly or indirectly, less than a 6.0% economic equity interest as a passive investor in Switch. Mr. Thomas' family members own collectively, either directly or indirectly, less than a 20.0% economic equity interest in Switch. We paid Switch, in the aggregate, a total of approximately \$2,325,000 in fiscal year 2018, and expect to pay Switch approximately \$2,500,000 in fiscal year 2019. Our transactions with Switch represented less than 0.6% of Switch's consolidated revenue for 2018 and are expected to represent less than 0.6% of Switch's consolidated revenue in 2019. Mr. Thomas does not actively engage in the management of Switch. Mr. Thomas' sibling is a member of the board of directors of Switch, Inc., the manager of Switch. Mr. Thomas' sibling is not and has never been an employee of Switch and none of the employees or contractors of Switch report to him.

In determining that Mr. Thomas is independent, our board of directors considered the following facts and circumstances (without giving one factor any more significance than another), among others: (i) the transactions with Switch were negotiated on an arm's-length basis, and are ordinary course, commercial transactions; (ii) Mr. Thomas' limited ownership interest in Switch; (iii) the passive nature of Mr. Thomas' ownership and involvement in Switch, including that he is neither an officer nor an employee of Switch; he is a non-managing member of Switch and he does not have an active role in providing services to Switch; (iv) the immaterial dollar amounts that we, or our subsidiaries paid (or are expected to pay in fiscal year 2019) to Switch and the competitive rates at which such amounts were paid; (v) Mr. Thomas' personal net worth; and (vi) the nature and scope of the relationship of Mr. Thomas' sibling with Switch.

Selection of Directors

Stockholder Nominations

Our stockholders may nominate director candidates pursuant to proxy access or advance notice provisions of our Amended and Restated Bylaws, as discussed below in the section entitled ***Stockholder Proposals; Other Matters***. For any director candidates nominated pursuant to the advance notice provision in our Amended and Restated Bylaws, following verification of the stockholder status of persons proposing candidates, the policy of our Corporate Governance and Nominating Committee is to consider properly submitted stockholder nominations for candidates for membership on the board of directors as described below under ***Identifying and Evaluating Nominees for Directors***. In evaluating such nominations, the Corporate Governance and Nominating Committee will address the membership criteria set forth under ***Director Qualifications***. Any director candidates nominated pursuant to our proxy access provision must meet the eligibility, procedural, disclosure and other requirements set forth in the Amended and Restated Bylaws.

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Director Qualifications

Our Corporate Governance Guidelines contain membership criteria that apply to nominees for a position on our board of directors (with the exception of director candidates nominated pursuant to our proxy access provision, who must meet the requirements set forth in the Amended and Restated Bylaws). Under these criteria, members of our board of directors should possess certain core competencies, some of which may include broad experience in business, finance or administration, familiarity with national and international business matters, and familiarity with the gaming industry. In addition to having one or more of these core competencies, members of our board of directors are identified and considered on the basis of knowledge, experience, integrity, diversity, leadership, reputation, and ability to understand our business.

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

(i) the significant career-long contributions and leadership of Mr. William S. Boyd, our Executive Chairman, with respect to the Company and the gaming industry, which spans more than 45 years, in addition to his background in the legal profession; (ii) the in depth and strategic operations, management and financial knowledge of the gaming industry that Mr. Smith, our President and Chief Executive Officer, possesses from his over 30 years in the gaming industry, including over 25 years with the Company, as well as his service as a member of the board of directors of a publicly traded company and his past service on the board of the Los Angeles Branch of the Federal Reserve Bank of San Francisco; (iii) the over 30 years of gaming, operations and complex development related experience that Mr. Boughner has with the Company as well as his service as a member of the board of directors of a publicly traded company; (iv) the significant ground up operations and management experience with the Company, including more than 25 years as a member of our board of directors, which Ms. Johnson contributes coupled with her service on other boards and community organizations; (v) the nearly 40 years of experience in the gaming industry with the Company, including various administrative and operational roles, as well as over 25 years of service on our board of directors, that Mr. William R. Boyd provides; (vi) the broad business and management experiences, including a sound foundation for understanding and applying strategic approaches to operational issues, both domestically and internationally, of Ms. Spadafor; (vii) the extensive senior operations management and financial accounting and controllership expertise within the gaming industry of Ms. Wilson; (viii) the extensive experience in the banking and finance industry of Mr. Thomas, including his past service on the board of the Los Angeles Branch of the Federal Reserve Bank of San Francisco, and his service on other public company boards; (ix) the distinguished career in financial accounting academia from Dr. Flaherty's more than 30 years of service as a university faculty member, including his 10 years of administrative leadership experience from serving as dean of two different business schools; (x) the professional experiences of Mr. Bailey from his more than 30 years in the practice of law, including his past service on regulatory boards and his prior service within the gaming industry on the board of directors of a publicly traded company; and (xi) the significant and strategic expertise of Mr. Whetsell from more than 35 years of senior management responsibilities within the hospitality industry, his active involvement in lodging and hospitality associations and his service on other public company boards.

Identifying and Evaluating Nominees for Directors

Our Corporate Governance and Nominating Committee utilizes a variety of methods for identifying and evaluating nominees for director. Our Corporate Governance and Nominating Committee has the duty of regularly assessing the composition of our board of directors, including size of our board of directors, diversity, age, skills and experience in the context of the needs of our board of directors. In addition, our Corporate Governance and Nominating Committee also has the duty of identifying individuals qualified to become members of the board of directors. Candidates may

come to the attention of the Corporate Governance and Nominating Committee through current members of our board of directors, professional search firms, stockholders or other persons. These candidates will be evaluated by our Corporate Governance and Nominating Committee and may be considered at any point during the year. As discussed below in the section entitled ***Stockholder Proposals; Other Matters***, our stockholders may nominate director candidates pursuant to proxy access or advance notice provisions of our Amended and Restated Bylaws. For any director candidates nominated pursuant to the advance notice provision in our Amended and Restated Bylaws, following verification of the stockholder status of persons proposing candidates, recommendations will be aggregated and considered by our Corporate Governance and Nominating Committee. If

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any materials are provided by a stockholder in connection with the nomination of a director candidate, such materials will be forwarded to our Corporate Governance and Nominating Committee. Stockholder nominees that comply with our nomination procedures will receive the same consideration that our Corporate Governance and Nominating Committee nominees receive. Any director candidates nominated pursuant to our proxy access provision must meet the eligibility, procedural, disclosure and other requirements set forth in the Amended and Restated Bylaws.

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

The Corporate Governance and Nominating Committee considers diversity as one of many factors in the identification and evaluation of potential director nominees. The overriding principle guiding our director nomination process is a desire to ensure that our board of directors as a whole collectively serves the interests of our stockholders. We believe that having diverse skills, experiences and perspectives represented on the board provides the most value to the Company and its stockholders. When the Corporate Governance and Nominating Committee evaluates diversity of director nominees, it may consider the following elements, among others, without assigning specific weights to any particular element:

Gender and ethnicity;

Financial and accounting acumen;

Personal and professional integrity;

Business or management experience; and

Leadership and strategic planning experience.

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

Board Leadership and Presiding Director

We have a separate Chief Executive Officer and Chairman of the Board of Directors. William S. Boyd serves as our Executive Chairman of the Board of Directors, and Keith E. Smith serves as our President and Chief Executive Officer. Mr. Smith also serves as a director, an arrangement that the Company believes is effective to ensure that relevant information is made available directly from management to the board of directors. We believe that this separation of responsibilities provides an appropriate delegation of duties and responsibilities. Our Executive Chairman concentrates on strategy and direction of the board of directors and the Company, as well as engaging in

customer and team member relations. Mr. Boyd's long history with the Company and the critical role that he has played in the development of the Company's business make him particularly well suited to act as a link between the board of directors and the rest of management. While in the role of our President and Chief Executive Officer, Mr. Smith focuses on the management and coordination of the operational performance and efforts of the Company in alignment with the strategic guidance and direction offered from the board of directors.

Another important component of the board of directors' leadership structure is the role of our Presiding Director. The Presiding Director is a non-management director designated by the independent directors to chair the board of directors' non-management director sessions, which are expected to occur at least three times per year. The Presiding Director's other responsibilities include advising the Executive Chairman and the chairmen of the committees with respect to agendas and informational needs and to advise with respect to the selection of chairmen of committees. The Presiding Director serves for a one-year term. Our independent directors have designated Peter Thomas as our current Presiding Director.

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Stockholder Communication with Directors

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

Boyd Gaming Corporation

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

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

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

Board Committees

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

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

Compensation and Stock Option Committee. The functions of the Compensation and Stock Option Committee (Compensation Committee) include reviewing with management cash and other compensation policies for employees, making recommendations to the board of directors regarding compensation matters, determining compensation for the Chief Executive Officer and providing oversight of our compensation philosophy as described under *Executive Officer and Director Compensation Compensation Discussion and Analysis*. In addition, the Compensation Committee administers the Company's stock plans and, within the terms of the respective stock plan, determines the terms and conditions of issuances thereunder. Each of the members of the Compensation Committee, Mr. Thomas, Mr. Whetsell and Ms. Wilson, is considered independent as defined in Section 303A of the NYSE Listed Company Manual and Rule 10C-1(b)(1) of the Exchange Act.

Our Compensation Committee, independent of management, determines the compensation of Keith E. Smith, our Chief Executive Officer. Mr. Smith is a Named Executive Officer and a member of our eight (8) member management committee (Management Committee), which plays an active and critical role in the leadership and strategy for the development, operations and growth of our Company. For the other Named Executive Officers and members of our Management Committee, the Chief Executive Officer makes compensation recommendations to our Compensation Committee for its consideration and approval as described under *Executive Officer and Director Compensation Compensation Discussion and Analysis*. The Compensation Committee believes that input from both our Chief Executive Officer and from independent compensation consultants retained from time to time provides

useful information and points of view to assist it in making decisions on compensation. Additionally, pursuant to its charter, the Compensation Committee may, from time to time, form and delegate authority to subcommittees when appropriate, although no such subcommittees were formed or utilized during 2018.

The Compensation Committee has the sole authority, in its discretion, to retain and terminate any consultant that it uses to assist it in evaluating various elements of our compensation programs and making compensation determinations, including for our Chief Executive Officer, Named Executive Officers or any other compensation matters. The Compensation Committee has the sole authority to approve that consultant's fees and other retention terms, but only after taking into consideration all factors relevant to the consultant's independence from management, including those specified in Section 303A of the NYSE Listed Company Manual. The Compensation Committee also

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has the authority to obtain advice and assistance from such other advisors that it deems necessary or appropriate. The Compensation Committee continued its engagement of Exequity, LLP (Exequity) in fiscal year 2018 to provide compensation related analysis and consulting services. Pursuant to our request, Exequity provided analysis in fiscal year 2018 on certain of our executive compensation related programs and policies as a part of an executive compensation review, all as further discussed below in our Compensation Discussion and Analysis. A representative of Exequity has participated in past meetings of the Compensation Committee, including during 2018, and may do so again in the future, from time to time, as requested by the Compensation Committee. Additionally, for 2018, the Compensation Committee reviewed whether the work of Exequity as a compensation consultant raised any conflict of interest or independence issues, taking into consideration all relevant factors, including those set forth in Rule 10C-1(b)(4)(i) through (vi) under the Exchange Act. The Compensation Committee ultimately determined, based on its review of such factors, that the work of Exequity has not created any conflict of interest.

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

Risk Management

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

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

implementing and monitoring compliance with, a code of business conduct for directors, officers and employees and a set of corporate governance principals.

Various management-led committees, such as the Management Committee, are responsible for coordinating with the committees of the board of directors with respect to oversight and management of specific risks. For example, our Corporate Compliance Committee, which is responsible for overseeing risk associated with the Company's gaming and regulatory requirements, updates and reports on its significant deliberations and findings to the Corporate

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Governance and Nominating Committee. In turn, each board committee is responsible for providing reports and updates to the entire board of directors on any significant risks reviewed within the scope of its responsibility.

Risk Considerations in Our Compensation Programs

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

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

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

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

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

we have stock ownership guidelines for our directors and senior officers, including the Named Executive Officers and other members of our Management Committee, which we believe focuses our leadership on long-term stock price appreciation and sustainability; and

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

Compensation Recoupment Policy

Effective January 1, 2014, we adopted a Compensation Recoupment Policy pursuant to which we may, under certain circumstances, clawback the value of cash, equity or equity-linked incentive compensation tied to performance metrics and paid to our Named Executive Officers and other key executives of the Company. If it is determined that a

covered executive officer's misconduct led to or contributed to financial reporting that requires restatement, we may require such executive officer to reimburse us for incentive compensation received by the executive officer to the extent such compensation is in excess of that which would have been paid to the executive officer had it been based upon the financial statements as restated. Recoupment applies to payments made in periods following the January 1, 2014 effectiveness of the policy and within three years of the date when the applicable restatement is disclosed.

The Compensation Recoupment Policy permits the Compensation Committee to determine, in its discretion, if it will seek to recover applicable compensation. We believe that our Compensation Recoupment Policy is sufficiently broad to reduce the potential risk that an executive officer would intentionally misstate results in order to benefit under an incentive program and provides a right of recovery in the event that an executive officer took actions that, in hindsight, should not have been rewarded.

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Compensation and Stock Option Committee Interlocks and Insider Participation

During 2018, the members of our Compensation and Stock Option Committee included Mr. Thomas, Ms. Wilson and Mr. Whetsell. None of the Company's executive officers serves as a director or member of the compensation committee (or other board committee performing equivalent functions) of another entity that has one or more executive officers serving as a director of the Company or on the Company's Compensation and Stock Option Committee.

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EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

Overview

We compensate our Named Executive Officers primarily through base salary and short and long-term incentive compensation. Our executive compensation practices are designed generally to (i) be competitive with comparable employers in our industry, (ii) closely align compensation with shareholder interests and our achievement of clear corporate performance expectations, including annual objectives and long-term goals, (iii) recognize individual initiative and achievements, and (iv) assist us in attracting and retaining qualified executives.

Our Named Executive Officers for fiscal year 2018 are as follows:

William S. Boyd, our Executive Chairman of the Board of Directors;

Keith E. Smith, our President and Chief Executive Officer;

Josh Hirsberg, our Executive Vice President, Treasurer and Chief Financial Officer;

Brian A. Larson, our Executive Vice President, Secretary and General Counsel; and

Stephen S. Thompson, our Executive Vice President, Operations.

Executive Summary

The Compensation Committee generally continued its philosophy of taking a measured, conservative approach to our compensation programs in fiscal year 2018. Highlighted below are some of the key actions and decisions with respect to our executive compensation programs for fiscal year 2018, as approved by our Compensation Committee following input, analyses and recommendations from management and our independent compensation consultant, Exequity.

2017 Executive Compensation Review. In 2017, Exequity was engaged to perform a comprehensive compensation study to assist the Compensation Committee in its evaluation of our executive compensation program and relative competitive pay practice profile (the 2017 Executive Compensation Review). During the fourth quarter of 2017, in consultation with Exequity, the Compensation Committee evaluated each of the elements of our executive compensation program, as well as the 2017 Executive Compensation Review. In an effort to remain competitive in our executive compensation program, and to recognize the achievements and leadership by our executive team during recent years (including the integration of acquired resort casino properties and the significant progress and continued execution on our strategic plan and key initiatives), the Compensation Committee updated portions of our executive compensation program. These changes for 2018 included increases in base salary and short-term target bonus award opportunities for Messrs. Hirsberg,

Larson and Thompson, overall adjustments to the potential performance and payout scales of our short-term bonus program, updated target parameters for our long-term equity incentive award opportunities for all of our Named Executive Officers and modifications to the composition of our grant of equity awards in our long-term incentive program, all as discussed further below.

Base Salary. The Compensation Committee determined it was appropriate to increase the base salaries for Mr. Hirsberg, in the amount of \$20,000, bringing his 2018 base salary to \$620,000; for Mr. Larson, in the amount of \$15,000, bringing his base salary to \$565,000; and for Mr. Thompson, in the amount of \$20,000, bringing his base salary to \$560,000. Messrs. Boyd and Smith's base salaries remain unchanged from their 2016 levels.

Short-Term Bonus Plan. For 2018, the Compensation Committee approved short-term cash bonus awards payable based on the achievement of specific, objective performance criteria measured relative to the Company's operating budget, as approved by the board of directors. In 2018, our actual corporate performance achieved 108.7% of our target operating budget, in part due to the successful completion of several strategic acquisitions, as discussed further below. Accordingly, the Compensation Committee approved the payment of short-term bonuses to our Named Executive Officers in accordance with the plan, resulting in short-term bonus payments to our Named Executive Officers at 158.7% of each of their respective target award amounts, a portion of which was awarded in the form of a grant of restricted stock units (RSUs) instead of cash to better align our executives' compensation with the continued positive performance of our recently acquired assets.

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Equity Compensation. In the fourth quarter of 2018, the Compensation Committee approved long-term incentive equity compensation for our Named Executive Officers. The Compensation Committee granted our Named Executive Officers equity awards that allocated roughly forty percent (40%) of the intended value in the form of RSUs and sixty percent (60%) as performance-based restricted stock units (Performance Shares). In addition, for Performance Share awards granted in 2018, the Compensation Committee began utilizing two performance metrics (Net Revenue and EBITDAR) for measuring and determining the long-term incentive compensation payout, whereas in prior years the Compensation Committee utilized a three performance metric structure. The Compensation Committee also approved the following target valuations for the equity compensation awards: for Mr. Smith \$4,500,000; for Mr. Boyd \$1,400,000; for Mr. Hirsberg \$1,200,000; for Mr. Larson \$900,000; and for Mr. Thompson \$900,000. The Compensation Committee believes these target award values are consistent with its ongoing philosophical goal of having our Named Executive Officers' total compensation approach the 50th percentile of our selected peer group of companies, as assessed in the 2018 Executive Compensation Review.

Risk Considerations. As a part of its review of our compensation practices and policies in 2018, the Compensation Committee evaluated risks associated with our compensation programs. As described above under the section *Risk Considerations in Our Compensation Programs*, the Compensation Committee undertook an annual evaluation of our compensation-related risks and concluded that our compensation policies and practices do not incentivize excessive risk-taking that could have a material adverse effect on the Company.

2018 Executive Compensation Review. In 2018, Exequity was again retained to perform a comprehensive compensation study to assist the Compensation Committee in its evaluation of our executive compensation program and relative competitive pay practice profile (the 2018 Executive Compensation Review). As in 2017, the Compensation Committee evaluated each of the elements of our executive compensation program during the fourth quarter of 2018, as well as the 2018 Executive Compensation Review, in consultation with Exequity. In an effort to remain competitive in our executive compensation program, and to recognize the achievements and leadership by our executive team (including the successful completion of three strategic acquisitions and the on-going advancement on our strategic plan and key initiatives), the Compensation Committee updated portions of our executive compensation program. These changes for 2019 included an increase in base salary for Mr. Larson, increases in base salary and short-term target bonus award opportunities for Messrs. Smith, Hirsberg, and Thompson and updated target award valuations for our long-term equity incentive award opportunities for Messrs. Hirsberg and Thompson, all as discussed further below.

Objectives of Our Compensation Program

Our compensation program is designed to reward an executive officer's current contribution to the Company, the executive officer's impact and involvement in our future performance, as well as align the interests of our executive officers with those of our stockholders by offering equity incentive awards that reflect our future performance and the achievement of strategic objectives.

The compensation of our Named Executive Officers is set at levels that are intended to be competitive with other leading companies in the gaming and hospitality industries, which generally fall into three categories: (i) core gaming companies; (ii) gaming technology/equipment companies; and (iii) resort/hotel operators. In connection with the 2017 Executive Compensation Review, for 2018, the Compensation Committee generally compared the compensation levels of our Named Executive Officers with the compensation levels of executives at the following entities in these

industries, among which our revenue and market capitalization was slightly below the median: Caesars Entertainment Corp.; Churchill Downs, Inc.; Eldorado Resorts, Inc.; Las Vegas Sands Corp.; MGM Resorts International; Penn National Gaming, Inc.; Pinnacle Entertainment, Inc.; Wynn Resorts, Ltd.; Extended Stay America, Inc.; Hilton Grand Vacations, Inc.; Hyatt Hotels Corp.; Marriott Vacations Worldwide; Scientific Games Corporation; Six Flags Entertainment Corp.; Vail Resorts, Inc.; and Wyndham Worldwide Corp. This same peer group was utilized in the 2018 Executive Compensation Review described below, except that Red Rock Resorts, Inc. was added to our core gaming companies category. Among the entities used for comparative purposes as part of the 2018 Executive Compensation Review, our revenue and market capitalization roughly approximates the median.

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The Compensation Committee has sought to ensure that each of our Named Executive Officer's compensation is generally competitive with similarly situated executives at other companies within the applicable comparative group (other than for our Executive Chairman and founder, Mr. Boyd, whose unique position with our Company we do not believe is readily comparable within a peer group context). From time to time, as appropriate the Compensation Committee also considers market surveys and trends, internal pay equity considerations, other external market data and specific company and individual accomplishments during the year as part of the various factors it reviews in setting executive compensation. This practice allows for comparison both to direct gaming companies as well as to the broader leisure and hospitality sectors, and offers the Compensation Committee multiple vantage points from which to evaluate compensation. The Compensation Committee reviews the compensation levels of executives at comparable companies and its compensation philosophy has historically been, and continues to be, to generally target our executive management's total compensation toward the 50th percentile of the Company's peer group.

Process

Our compensation process generally consists of establishing a total compensation target for each Named Executive Officer and then allocating that compensation among base salary and short-term cash and long-term equity incentive compensation. For our Named Executive Officers, we designed incentive compensation to primarily reward enterprise-wide performance. In establishing compensation, our Compensation Committee, among other things:

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

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

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

administers our stock incentive and bonus plans and, within the terms of the respective plan, determines the terms and conditions of the award grants made thereunder.

In addition, our Compensation Committee annually reviews and approves our corporate goals and objectives relative to our Chief Executive Officer's compensation, evaluates his compensation in light of such goals and objectives, and has the sole authority to set the Chief Executive Officer's compensation based on this evaluation. For 2018, the Compensation Committee, independent of management, determined the compensation arrangements for our Chief Executive Officer, Keith E. Smith. The Compensation Committee also approved the compensation arrangements of the other Named Executive Officers after reviewing the recommendations of our Chief Executive Officer. In addition to its annual review of our compensation levels, our Compensation Committee may, from time to time, review our compensation practices and programs, and generally has the authority, subject to any existing contractual or other rights of participants, to modify or terminate those practices and programs.

We have historically engaged independent compensation consultants to assist the Compensation Committee in its review and evaluation of our executive compensation programs, including by providing analysis on competitive compensation practices for each component of our executive compensation program. In 2018, consistent with prior years, Exequity was engaged to provide the 2018 Executive Compensation Review, and to assist the Compensation Committee in its review and evaluation of our executive compensation programs generally.

Consideration of Say-on-Pay

The Company's most recent advisory vote on executive compensation was held at our 2017 Annual Meeting. Approximately 98.5% of the votes cast on the advisory vote on executive compensation proposal were in favor of our Named Executive Officer compensation as disclosed in the proxy statement for our 2017 Annual Meeting. As a result, our Named Executive Officer compensation was approved by our stockholders on an advisory basis. The board of directors and the Compensation Committee reviewed these final vote results and determined that, given the level of support, no changes to our executive compensation philosophy, policies and decisions were necessary based solely on the vote results. Nevertheless, as discussed in this Compensation Discussion and Analysis, the Compensation Committee has made important changes to various components of our executive compensation since 2017 that demonstrate our ongoing commitment to ensure our executive compensation remains aligned with the interests of our stockholders and generally competitive with current market practices. The Company's next advisory vote on executive compensation will be held at our 2020 Annual Meeting of Stockholders.

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Primary Components of Our Executive Compensation Program

There are three primary components of our executive compensation program:

base salary;

short-term (annual) cash bonus; and

long-term equity incentive compensation.

Base Salary. We provide our Named Executive Officers with a base salary that we believe is competitive and that corresponds to their status and accomplishments. Salaries are reviewed annually and are adjusted when appropriate to recognize individual performance, promotions, scope of responsibilities, competitive compensation levels and other subjective factors.

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

the Named Executive Officer's qualifications, experience, scope of responsibilities, tenure and anticipated future performance;

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

the overall performance of the Named Executive Officer;

the overall performance of the Company;

competitive pay practices at other select companies within the gaming and hospitality industries, as identified by our peer group discussed above; and

compensation analyses performed for us by our independent compensation consultant.

For 2018, following its consideration of the 2017 Executive Compensation Review, the Compensation Committee determined that increases in base salaries were appropriate for Messrs. Hirsberg, Larson and Thompson. As such, the Compensation Committee approved the following salary increases: for Mr. Hirsberg, in the amount of \$20,000, bringing his 2018 base salary to \$620,000; for Mr. Larson, in the amount of \$15,000, bringing his base salary to \$565,000; and for Mr. Thompson, in the amount of \$20,000, bringing his base salary to \$560,000. The 2018 base salaries of Messrs. Boyd and Smith remained unchanged for a third consecutive year at \$1,065,000 and \$1,325,000, respectively.

For 2019, the Compensation Committee determined, based on input from Exequity and the 2018 Executive Compensation Review, that base salary adjustments were appropriate for our Named Executive Officers, other than our Executive Chairman. As such, the Compensation Committee approved the following increases to their 2018 base salaries: for Mr. Smith, in the amount of \$100,000, bringing his 2019 base salary to \$1,425,000; for Mr. Hirsberg, in the amount of \$50,000, bringing his 2019 base salary to \$670,000; for Mr. Larson, in the amount of \$25,000, bringing his base salary to \$590,000; and for Mr. Thompson, in the amount of \$40,000, bringing his base salary to \$600,000. Mr. Boyd's 2019 base salary will remain unchanged at \$1,065,000. The 2018 and 2019 base salary adjustments reflect the Compensation Committee's recognition of the achievements and leadership of our Named Executive Officers and the accomplishments of the Company during recent years, and illustrate our efforts to remain competitive in our compensation packages.

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

Actual 2018 Short-Term Bonuses

For 2018, the Compensation Committee continued the compensation practice of awarding annual bonuses based upon the achievement of a specific, predetermined objective performance target. Consistent with its past practice, the performance target was our 2018 operating budget, measured based on adjusted consolidated EBITDA (earnings before interest, taxes, depreciation and amortization), as approved by the board of directors. For 2018, the approved operating budget was adjusted consolidated company EBITDA of \$624,300,000.¹

For 2018, the Compensation Committee approved increases to the short-term bonus target award opportunities for Messrs. Hirsberg, Larson and Thompson in the amount of 15%, 15% and 20% of their base salaries, respectively, in order to position their targeted compensation such that it approaches the peer group median. Messrs. Boyd and Smith s target bonus award opportunities remained unchanged. As such, for each of our Named Executive Officers, the short-term bonus potential awarded for 2018, as a percentage of base salary, was as follows:

Executive	2018 Threshold Bonus	2018 Target Bonus	2018 Maximum Bonus
William S. Boyd	47.50%	95%	190%
Keith E. Smith	75.00%	150%	300%
Josh Hirsberg	45.00%	90%	180%
Brian A. Larson	45.00%	90%	180%
Stephen S. Thompson	40.00%	80%	160%

The actual award payout levels are determined based on the actual achievement relative to our 2018 approved operating budget. No short-term bonus awards are earned for a performance level of less than 85% of the approved operating budget. Minimum (or threshold) award payouts are earned at a performance level of 85% of the approved budget, resulting in a payout award potential of 50% of the Named Executive Officer s target bonus amount. Target award payouts are earned at a performance level equal to 100% of our approved 2018 operating budget. Maximum payouts are earned at a performance level of at least 115% of budget, resulting in a payout award potential of 200% of the Named Executive Officer s target bonus amount.

Our actual 2018 performance resulted in the achievement of 108.7% of the approved operating budget, and accordingly, the Compensation Committee approved an earned award for our Named Executive Officers of 158.7% of their respective target bonus award amounts. These results are reflective of the performance of our mid-year strategic acquisitions of Latner Entertainment Group, Valley Forge Casino Resort and Ameristar Casino Hotel Kansas City, Ameristar Casino Resort Spa St. Charles, Belterra Casino Resort and Belterra Park, which closed on June 1, 2018, September 17, 2018 and October 15, 2018, respectively. The successful completion of these three transactions represents a significant accomplishment for us that provides important and immediate growth opportunities for the Company, and represents our expanding presence into five new gaming markets, as well as one new line of business.

- ¹ Note: EBITDA is a non-GAAP financial measure. For supplemental financial data and corresponding reconciliation of EBITDA to U.S. generally accepted accounting principles (GAAP), please see Note 13 to our financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. Adjusted consolidated company EBITDA for the 2018 approved operating budget included 100% of EBITDA, after corporate expense, with respect to our wholly owned operations.

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In order to reflect the long-term importance of these acquisitions, the Compensation Committee, in its discretion, approved a bifurcated payout approach to our 2018 short-term bonus payouts, in which a portion of the award amount was paid in cash as is customary for our short-term bonuses and the remainder in the form of a grant of RSUs, subject to three-year cliff vesting. The precise amount of each Named Executive Officer's cash bonus is set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. The number of RSUs awarded to each of our Named Executive Officers as part of their 2018 short-term incentive compensation² is set forth in the following table:

Executive	Equity Bonus RSU (#)
William S. Boyd	18,911
Keith E. Smith	37,150
Josh Hirsberg	10,430
Brian A. Larson	9,505
Stephen S. Thompson	8,374

Approved 2019 Short-Term Bonuses

For 2019, the Compensation Committee set the target for short-term cash incentive compensation as actual performance against our 2019 operating budget, as approved by our board of directors, measured based on an adjusted consolidated EBITDAR (earnings before interest, taxes, depreciation, amortization and rent)³. See 2018 Long-Term Incentive RSU and Performance Share Awards for a discussion of substituting EBITDAR for EBITDA as a performance metric. For 2019, the Compensation Committee will maintain the same short-term bonus plan design and award payout ranges that were utilized in 2018.

Following its consideration of the analyses and findings of the 2018 Executive Compensation Review, including the competitive practices of our peer group, the Compensation Committee found that adjustments to the target bonus award opportunity for Messrs. Smith, Hirsberg and Thompson were appropriate. Specifically, the Compensation Committee approved for 2019, a 10% increase, stated as a percentage of base salary, to the short-term bonus target award opportunity for Messrs. Smith, Hirsberg and Thompson in order to continue managing their targeted compensation towards the 50th percentile of the current peer group. As a result of these modifications, the approved short-term bonus payout parameters for our Named Executive Officers for 2019, as a percentage of their base salaries, are as follows:

Executive	2019 Threshold Bonus	2019 Target Bonus	2019 Maximum Bonus
William S. Boyd	47.50%	95%	190%
Keith E. Smith	80.00%	160%	320%
Josh Hirsberg	50.00%	100%	200%
Brian A. Larson	45.00%	90%	180%
Stephen S. Thompson	45.00%	90%	180%

The actual award payout levels will be determined based on the actual achievement relative to our 2019 approved operating budget. No short-term bonus awards will be earned for a performance level of less than 85% of the approved operating budget. Minimum (or threshold) award payouts are earned at a performance level of 85% of the approved budget, resulting in a payout award potential of 50% of the Named Executive Officer's target bonus amount. Target

award payouts are earned at a performance level equal to 100% of our approved 2019 operating budget. Maximum payouts are earned at a performance level of at least 115% of budget, resulting in a payout award potential of 200% of the Named Executive Officer's target bonus amount.

- ² In accordance with applicable SEC rules, the RSUs awarded to our Named Executive Officers as part of their 2018 short-term incentive compensation will be deemed compensation for 2019, the year of grant, for the purposes of the Summary Compensation Table.
- ³ Note: EBITDAR is a non-GAAP financial measure. For supplemental financial data and corresponding reconciliation of EBITDAR to GAAP, please see Note 13 to our financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

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Long-Term Equity Compensation. We believe that the long-term compensation component should serve both as an incentive for achieving longer term company performance goals and as a retention tool for our executives. We also believe that stock price appreciation and stock ownership in the Company are valuable incentives to our executives and that the grant of equity awards to them serve to align their interests with the interests of our stockholders by encouraging them to manage the Company in its best long-term interests. Accordingly, in 2018, as we have done each year since 2008, all of the long-term compensation awards granted to our Named Executive Officers were in the form of equity awards.

The Compensation Committee has the authority to determine, on a discretionary basis, whether to grant equity awards to our Named Executive Officers, as well as the amount, the type and the terms of such awards, based on the Named Executive Officer's position within the Company. These equity awards consist of grants under our stock incentive plans in the form of RSUs and Performance Shares. RSUs, other than those granted under the Career Shares Program, which is described below, promote the retention of our executives with a multi-year vesting schedule. Performance Shares provide reward opportunities for achieving sustained, multi-year performance goals as set by our Compensation Committee, and are also intended to promote retention and incentivize long-term strategic performance by balancing some of the risks of stock price volatility with long-term internal drivers of value. Each of these awards is ultimately denominated in shares of our common stock and, other than Career Shares, is earned over three years, thus providing a strong incentive to grow stockholder value. In 2018, the Compensation Committee approved long-term incentive equity awards to our Named Executive Officers comprised of grants of RSUs and Performance Shares, with the equity compensation award structure comprised of 40% RSUs and 60% Performance Shares.

2018 Long-Term Incentive RSU and Performance Share Awards

All equity awards granted as long-term compensation to our Named Executive Officers in 2018 were granted pursuant to the Company's 2012 Stock Incentive Plan ("Stock Incentive Plan").

The RSUs granted in 2018, other than those granted under the Career Shares Program, feature three-year cliff vesting. The Performance Shares granted in 2018 provide for three-year cliff vesting and are subject to achievement of performance metrics during a three-year measurement period. Through 2017, the Company utilized three performance metrics for measuring and determining the final payout of shares earned on Performance Share grants: (i) Net Revenue; (ii) EBITDA; and (iii) Customer Service score. Each of these metrics were weighted to represent one-third (1/3) of the shares potentially payable on settlement of the award. Based on analysis in the 2018 Executive Compensation Review and from consultation with Exequity, the Compensation Committee approved certain changes to the performance metrics in the 2018 grant of Performance Shares. For the 2018 grant of Performance Shares to our Named Executive Officers, the Committee approved a two (2) performance metric structure: (i) Net Revenue; and (ii) EBITDAR. The Compensation Committee included EBITDAR as a performance metric to enable more direct comparisons in performance between some of our newly-acquired properties that are involved in REIT structures and our legacy properties, and the Compensation Committee removed customer service as a metric to better align our performance metrics with those utilized by our peer group and other companies in our industry. The Net Revenue metric will continue to represent one-third (1/3) of the total shares potentially payable on settlement of the Performance Share award, and the new EBITDAR metric will represent the remaining two-thirds (2/3) of the total shares potentially payable on settlement of the Performance Share award.

For 2018, each performance metric works and is measured independently of the other and includes a minimum (or threshold) performance level, a target performance level and a maximum performance level opportunity. The scale to be applied to each metric is a sliding scale and generally works as follows:

Metric Performance Achievement	Performance Shares Payout (as Percentage of Target Award)
Below Minimum	-0-
Minimum	50%
Target	100%
Maximum (and above)	200%

Measured achievement is calculated based on performance during the three full fiscal years following the date of grant. The achievement level of each Performance Share metric will determine the final payout of shares under the

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award at the end of the measurement period. For the maximum payout of 200% to be earned, both metrics must be satisfied at a maximum performance level. If neither of the two performance metrics achieves the minimum performance level, then no shares will be earned. Achievement between the payout points shown in the table above will be interpolated on a linear basis.

The Compensation Committee set specific minimum, target, and maximum payout levels for each of the two Performance Share metrics after considering comparable historical and current budgeted revenue and operating income. The Compensation Committee has determined that the two performance metrics were sufficiently challenging to incentivize performance. The minimum performance levels generally require average performance and are expected to be achieved. The target performance levels are intended to be reasonably achievable and require a higher or above average performance, and the maximum performance levels require extraordinary performance.

Following the Compensation Committee's review of our executive compensation in the fourth quarter of 2018, including consideration of the competitive pay practices data analyzed in the 2018 Executive Compensation Review, the Compensation Committee determined that increases to the annual equity incentive target valuation were appropriate for Messrs. Hirsberg and Thompson in the amount of \$180,000 and \$300,000, respectively. Taking into account these adjustments, the Compensation Committee approved the following long term incentive valuation targets for the equity compensation awards to our Named Executive Officers for 2018: for Mr. Smith \$4,500,000; for Mr. Boyd \$1,400,000; for Mr. Hirsberg \$1,200,000; for Mr. Larson \$900,000; and for Mr. Thompson \$900,000. The number of shares of common stock underlying each component of the award was based on a share price of \$26.89 per share, which price was derived from the 20-day moving average of the Company's stock price.

The number of RSUs and Performance Shares awarded to each Named Executive Officer in 2018 is set forth below in the Grants of Plan-Based Awards Table. The figures in the last column of the Grants of Plan-Based Awards Table represent grant date values calculated in accordance with SEC requirements, which likely differ from the ultimate value upon vesting, if and when it occurs, as a result of fluctuations in our stock price and, in the case of Performance Shares, the extent we achieve, if at all, our multi-year performance goals.

Our Compensation Committee grants equity awards pursuant to its policy of making such grants, if at all, on the fifth business day following our release of earnings for the third quarter of each year, except in the case of our non-employee directors, new hires or other special situations. In addition, our Compensation Committee adopted a policy in 2006 regarding our Career Shares Program, which is discussed below, that provides for the annual grant of RSUs under our Stock Incentive Plan on January 2 of each year or, if January 2 is not a business day, then the next business day. During 2018, the Compensation Committee approved a delay in the 2018 annual equity award grant until its next scheduled committee meeting on December 5, 2018, rather than routinely following our third quarter earnings release, in order to better represent and reflect our completion of three strategic acquisitions.

Our Compensation Committee continues to review our long-term compensation policy, in connection with the assessment of our overall compensation program, to determine whether other modifications to the policy are warranted.

2015 Performance Shares Vesting

In 2015, the Compensation Committee approved the award of Performance Shares to each of our Named Executive Officers. The three performance metrics associated with the Performance Shares granted in 2015 were (i) net revenue growth, (ii) EBITDA growth and (iii) customer service score, with each metric representing one-third of the total Performance Share award. Performance under these awards was measured over a three-year period commencing on January 1, 2016 and continuing through December 31, 2018. As detailed below, the Compensation Committee

determined that the Performance Shares were earned at approximately 167% of the target award level, in the aggregate, based on the achievement of the performance levels for each of the three metrics detailed below.

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Net Revenue Growth: The first metric, net revenue growth, is generally defined as the compound annual growth rate (or CAGR) of total revenue for all of the Company's wholly-owned properties excluding (i) promotional expenses and (ii) certain non-operations derived income or losses. Net revenue growth utilizes the final audited results for 2015 as the applicable baseline. For purposes of the 2015 Performance Shares, the applicable performance and payout scale were as follows:

	3 Year CAGR	Payout
Threshold	0.75%	50%
Target	1.50%	100%
Maximum	2.25%	200%

Note: Performance achievement between minimum (or threshold) and target and between target and maximum is prorated on a straight line basis. Performance below threshold will result in no payout. Performance above maximum will payout at maximum payout.

Our actual performance over the measurement period was a CAGR of 3.95% which exceeded the maximum performance level. As a result, the Compensation Committee approved a payout of 200% of each of our Named Executive Officers' target award opportunity attributable to this criterion.

EBITDA Growth: The second performance metric EBITDA growth is defined as the CAGR of EBITDA for all of the Company's wholly-owned properties less certain corporate expenses. EBITDA growth utilizes the final audited results for 2015 as the applicable baseline. For purposes of the 2015 Performance Shares, the applicable performance and payout scale were as follows:

	3 Year CAGR	Payout
Threshold	1.50%	50%
Target	3.00%	100%
Maximum	6.00%	200%

Note: Performance achievement between minimum (or threshold) and target and between target and maximum is prorated on a straight line basis. Performance below threshold will result in no payout. Performance above maximum will payout at maximum payout (200%).

For our EBITDA Growth metric, our actual performance over the measurement period was a CAGR of EBITDA of 6.69%, which exceeded the maximum performance level. As a result, the Compensation Committee approved a payout of 200% of each of our Named Executive Officers' target award opportunity attributable to this criterion.

Customer Service Score: The third performance metric Customer Service Score is determined based on the simple blended three-year average score across the following customer categories: (i) overall satisfaction; (ii) intent to return; and (iii) intent to recommend. The customer survey was conducted by an independent third-party, utilizing a 6-point scale. For purposes of the 2015 Performance Shares, the performance and payout scale were as follows:

	3 Year	
	Avg. Score	Payout
Threshold	5.33	50%
Target	5.35	100%
Maximum	5.42	200%

Note: Performance achievement between minimum (or threshold) and target and between target and maximum is prorated on a straight line basis. Performance below threshold will result in no payout. Performance above maximum will payout at maximum payout.

For our Customer Service Score metric, our actual performance over the measurement period was 5.35, which equaled our target performance level. As a result, the Compensation Committee approved a payout of 100% of each of our Named Executive Officers' target award opportunity attributable to this criterion.

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Performance Share vesting for each of our Named Executive Officers, based on the Compensation Committee's determination of the Company's achievement of the specific performance metrics for the three-year period ended December 31, 2018, is reflected below in the Option Exercises and Stock Vested Table.

Career Shares Program

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

Under the Career Shares Program, a fixed percentage of each participant's base salary is credited to his or her career shares account annually. Each January 2, or, if January 2 is not a business day, then the next business day, Career RSUs are awarded to members of our Management Committee in an amount that equals 15% of such individual's base salary, and to certain other members of our senior management in an amount that equals 10% of their individual base salaries, in each case, subject to adjustment by the Compensation Committee. Career RSUs granted pursuant to our Career Shares Program are awarded for service provided for the immediately preceding calendar year. The basis for the value of the awards is the base salary of the participant in effect on December 31 of the immediately preceding year and the closing stock price of our common stock on January 2 or, if January 2 is not a business day, then the next business day. Consistent with this policy and the Career Shares Program, on January 2, 2018 Career RSUs were granted to all of our currently serving Named Executive Officers, as well as to the other members of the Management Committee and our senior management team.

Payouts are made at retirement, at which time participants receive one share of our common stock for each vested Career RSU held in their respective career share account, less any applicable taxes. To receive any payout under the Career Shares Program, participants must be at least 55 years old and must have been continually employed by the Company for a minimum of 10 years. Retirement after 10 years of service will entitle a participant to fifty percent (50%) of his or her career shares account. This increases to seventy-five percent (75%) after 15 years and one hundred percent (100%) following 20 years of employment. The Compensation Committee may credit participants with additional years of service in its discretion. During 2018, the Compensation Committee did not utilize this discretion. Additionally, with respect to specified employees as defined in Internal Revenue Code section 409A, any payment of a Career RSU generally must be delayed for at least six months following the date of retirement.

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

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

Other Bonus Payments

In 2018, a special bonus in the amount of \$250,000 was approved by the Compensation Committee and paid to Mr. Boyd in recognition of the loss of a benefit that Mr. Boyd previously received under certain split-dollar life insurance arrangements, which were terminated by us in 2003. Mr. Boyd has received this special bonus payment each year since 2003.

Our Policy on Perquisites

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

Certain executive officers, as designated by the Chief Executive Officer and pursuant to our internal policies, may use our corporate aircraft for personal travel on a limited basis. Such executive officers are imputed with income

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in an amount equivalent to the Standard Industry Fare Level rate, as defined in the Internal Revenue Code of 1986, as amended (Internal Revenue Code), for such use and are required to advance to us an amount sufficient to cover certain out-of-pocket costs directly attributed to such use. These out-of-pocket costs include crew lodging expenses, on-board catering, landing fees, trip-related hangar/parking costs and other variable costs.

The aggregate incremental cost for use of our corporate aircraft during 2018 that is attributable to any Named Executive Officer, net of amounts advanced to us by the applicable executive as discussed above, is reflected in the Summary Compensation Table. We determine the aggregate incremental cost based on estimated fuel expenses and maintenance expenses per flight hour. Since our aircraft are used primarily for business travel, we do not include the fixed costs that do not change based on usage, such as pilots' salaries and the purchase costs of the corporate aircraft.

We provide Mr. Boyd with use of a corporate car that is owned by the Company, and reflect the aggregate incremental cost attributable to such use during 2018 in the Summary Compensation Table (2018). We determine the aggregate incremental cost for use of the corporate car by calculating the assumed annual lease value of the car, consistent with applicable Treasury Regulations, multiplied by the percentage of use that is estimated to be attributable to Mr. Boyd's personal use.

In addition, we provide a country club membership for Mr. Boyd, which is used for both business and personal purposes. The amount of all unreimbursed costs related to this membership for 2018 is reported as other compensation for Mr. Boyd in the Summary Compensation Table.

Our employee and non-employee directors, along with certain members of our Management Committee, are eligible to participate in the Medical Expense Reimbursement Plan, which covers medical expenses incurred by plan participants and their spouses that are not covered by other medical plans. We also provide our Named Executive Officers with more life insurance coverage than is generally made available to our other employees. See the Summary Compensation Table for the amount of medical premiums or related reimbursements paid on behalf of participating Named Executive Officers during 2018 and for the amount of the applicable premiums paid for such additional life insurance coverage during 2018.

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

Stock Ownership Guidelines

As we noted above, we believe that ownership in the Company by our executive management team, including our Named Executive Officers, is an important incentivizing tool that fosters the management of the Company in its long-term best interests for the benefit of all of our stockholders. Our Compensation Committee initially adopted stock ownership guidelines in 2006 for certain key executives, which were amended in October 2010, to now reflect our current stock ownership guidelines. The Compensation Committee believes that the guidelines, as they may be updated and revised from time to time, will continue to further the alignment between our executive team and stockholders. Pursuant to the current stock ownership guidelines, certain key executive officers, including our Named Executive Officers, are required to pursue ownership of an amount of our common stock based on a multiple of the participant's base salary, as set forth in the following table:

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

A participant's stock ownership level can include shares of our common stock represented by RSUs, including Career RSUs and Performance Shares (which are included at an assumed target performance level). The stock

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

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

As of the record date for our Annual Meeting, each of our Named Executive Officers and each member of the board of directors is in compliance with the applicable stock ownership guideline requirements.

Post-Termination Compensation

2000 MIP. Our 2000 MIP contains a continuous employment requirement. In addition, certain provisions of our 2000 MIP are triggered in the event of a change in control or if a long service employee retires. Generally, if a participant, other than a long service employee, terminates employment for any reason other than death or disability prior to the award payment date, he or she is not entitled to the payment of any award under the 2000 MIP for any outstanding plan period (regardless of whether it is a short-term or long-term incentive award). If the participant's termination is due to disability or death, he or she is entitled to the payment of an award for each plan period in which he or she is participating on the date of separation of service from the Company; provided, however, that the Compensation Committee may proportionately reduce or eliminate his or her actual award based on the date of separation of service from the Company and such other considerations as the Compensation Committee deems appropriate. For 2018, the only outstanding plan period under the 2000 MIP was for the short-term, annual incentive awards for 2018. There were no long-term cash incentive awards or award periods outstanding under the 2000 MIP during 2018.

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

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

CIC Plan. In 2006, our Compensation Committee adopted our Change-in-Control Severance Plan (*CIC Plan*). We believe that it is important to protect key executives who helped build our Company and who will be important in continuing the Company's success through a change in control or similar event. Further, we believe that

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the interests of stockholders will be best served if the interests of our most senior management are aligned with them. Providing change in control benefits is intended to reduce the reluctance of senior management to pursue potential change of control transactions that may be in the overall best interests of our stockholders.

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

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

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

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

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

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

an amount equal to the greater of:

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

the participant's target bonus opportunity in effect prior to the occurrence of the change in control, in each case, adjusted on a pro rata basis based on the number of days the participant was actually employed during such plan year; and

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

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

If the sum of the amounts to be received by the participant under the CIC Plan, plus all other payments or benefits that the participant has received or has the right to receive from the Company, would constitute a parachute payment under Section 280G of the Internal Revenue Code, that combined amount will be decreased by the smallest amount that will eliminate any such parachute payment. However, for Tier One Executives and Tier Two Executives only, if the decrease referred to in the preceding sentence is 10% or more of the combined amount, the combined

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amount will not be decreased, but rather will be increased by an amount sufficient to provide the participant, after taking into account all applicable federal, state and local taxes, a net amount equal to the excise tax imposed on the combined amount (as increased by any applicable tax gross-up) by Section 4999 of the Internal Revenue Code.

We do not have individual written severance agreements with Named Executive Officers; however, we retain the discretion to negotiate individual arrangements as deemed appropriate.

Deferred Compensation Plan. Our Named Executive Officers are eligible to participate in the Boyd Gaming Corporation Deferred Compensation Plan, effective as of January 1, 2005 (Deferred Compensation Plan). We amended the Deferred Compensation Plan in 2018 to increase the percentages of certain compensation elements that participants, including any participating Named Executive Officer, may defer in accordance with the plan. Named Executive Officers may defer up to 80% of their base salary (previously 25% of their base salary prior to the 2018 amendment to the Deferred Compensation Plan) and up to 100% of their incentive compensation (previously 75% of their incentive compensation prior to the 2018 amendment to the Deferred Compensation Plan). We may make discretionary matching contributions or discretionary additions to a participant's account; however, during 2018, we did not exercise such discretion. Upon a change in control (as defined in the Deferred Compensation Plan), the benefits under the Deferred Compensation Plan are immediately payable in a lump sum, subject to certain conditions and limitations set forth in Internal Revenue Code Section 409A and its related Treasury Regulations. In addition, upon termination of employment prior to the age of 55 or upon the participant's death, benefits under the Deferred Compensation Plan are payable in a lump sum. Otherwise, upon termination of employment (including upon retirement), the participant may elect to have benefits paid in a lump sum or in periodic payments over a period of 5, 10 or 15 years; however, with respect to specified employees as defined in Internal Revenue Code Section 409A, any payment that is triggered by termination of employment must be delayed for at least six months following the date of termination. Prior to the Deferred Compensation Plan, we maintained a separate, prior deferred compensation plan, but that plan has been closed to new contributions from participants since the effective date of the Deferred Compensation Plan.

Equity Incentive Plans. During 2018, the only equity incentive plan in which our Named Executive Officers participated was our Stock Incentive Plan. Generally, except as our Compensation Committee may otherwise determine or in connection with a long service employee as discussed below, stock options granted under our equity incentive plans provide that, in the event of termination, the grantee may exercise the portion of the option award that was vested at the date of termination for a period of three months following termination, provided that if the termination is due to disability or death, the exercise period is twelve months.

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

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

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

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

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

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

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

the complete liquidation or dissolution of the Company;

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

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

Pursuant to the form of our restricted stock unit agreement ("RSU Agreement") for the Stock Incentive Plan, vesting ceases upon termination of continuous service (defined as employment) for any reason, including death or disability, except as described below. Any unvested RSUs held by the grantee following such termination will be deemed reconveyed to us. Also under our RSU Agreement, in the event of a change in control or corporate transaction (each as defined in the Stock Incentive Agreement), any outstanding award will automatically become fully vested. Notwithstanding the foregoing, in the event of a grantee's Retirement (defined below), the grantee may be entitled to additional vesting with respect to RSUs. With respect to specified employees as defined in Internal Revenue Code Section 409A, any payout of an RSU that is considered deferred compensation and that is triggered by termination of employment generally must be delayed for at least six months following the date of termination. Retirement means separation from service (including as a result of death or disability), other than for Cause (as defined in the RSU Agreement), after reaching age 55 and having at least 10 years of service to the Company. All of our Named Executive Officers currently qualify as long service employees. However, these enhanced retirement provisions will not apply to RSUs that are granted within the six months preceding such employee's date of separation of service from the Company. In the event of a Retirement, the grantee will be entitled to accelerated vesting as follows:

Age of Employee and Length of Service at Time of Retirement	Acceleration of Vesting for Unvested RSUs
55 years of age and 10-14 years of service	RSUs otherwise scheduled to vest within the 12 months following the date of Retirement shall fully accelerate
55 years of age and 15-19 years of service	RSUs otherwise scheduled to vest within the 24 months following the date of Retirement shall fully accelerate
55 years of age and 20 or more years of service	RSUs otherwise scheduled to vest within the 36 months following the date of Retirement shall fully accelerate

Pursuant to the form of our performance share unit agreement ("Performance Share Agreement") under the Stock Incentive Plan, vesting ceases upon termination of continuous service (defined as employment) for any reason, except as described below. Any unvested units held by the grantee following such termination will be deemed reconveyed to us. Also under our Performance Share Agreement, in the event of a change in control or corporate transaction (as defined in the Stock Incentive Agreement), any outstanding award will automatically become fully vested assuming

achievement of the applicable performance metrics at target, provided that such change in control or corporate transaction effective date occurs prior to the applicable award determination date. Notwithstanding the foregoing, in the event of a grantee's Retirement, a portion or all of the aggregate outstanding Performance Share awards will automatically become fully vested assuming achievement of the applicable performance metrics at target, which will be determined in accordance with the following: the grantee shall be deemed to have provided service for the number of days within the performance period for which the grantee actually provided service, plus a credited number of days equal to 365 (after 10 years of service), 730 (after 15 years of service), and 1095 (after 20 years of service). The resulting number of days will be divided by the number of days in the performance period (with the resulting ratio never exceeding one), and the ratio will be multiplied by the number of shares that would be issued based on target performance. All of our Named Executive Officers currently qualify as long service employees. However, these enhanced Retirement provisions will not apply to Performance Shares that are granted within the six months preceding such employee's date of separation of service from the Company.

In 2006, the Compensation Committee initially adopted provisions that provided certain long service employees with automatic vesting acceleration and an extended exercise period with respect to stock options upon termination (other than for cause). In February 2013, the Compensation Committee approved an update to our long

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service employee vesting acceleration and extended exercise period schedule for stock option grants upon termination (other than for cause), the effect of which will be to update the length of service thresholds for accelerated vesting of stock options to match the schedule currently utilized with our RSU grants (as discussed above). As a result, options granted after February 2013, including certain partially vested options held by our Named Executive Officers, are subject to the long service employee vesting acceleration and extended exercise period schedule set forth in the table below.

Age of Employee and Length of Service at Time of Termination	Acceleration of Vesting for Unvested Stock Options	Extended Exercise Period
55 years of age and 10-14 years of service	Options otherwise scheduled to vest within the 12 months following the date of termination shall fully accelerate	Up to 12 months following termination
55 years of age and 15-19 years of service	Options otherwise scheduled to vest within the 24 months following the date of termination shall fully accelerate	Up to 24 months following termination
55 years of age and 20 or more years of service	Options otherwise scheduled to vest within the 36 months following the date of termination shall fully accelerate	Up to 36 months following termination

Other Benefits. From time to time, in recognition of the contribution of services provided to us, we may in our discretion offer additional compensation and benefits to our executive officers in connection with their retirement from the Company. During 2018, no such discretion was exercised with respect to our Named Executive Officers.

Succession Planning

Pursuant to the Company's Corporate Governance Guidelines, all of the independent members of our board of directors are involved in the succession planning of the Company. Our independent directors participate annually in a review of the Company's current succession plan. Historically, the Company has engaged, and we may engage in the future, independent consulting firms to assist and advise during this annual review, as well as on other matters related to succession planning.

Accounting and Tax Treatment

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for annual compensation over \$1 million paid to certain executive officers. Prior to December 22, 2017, when the Tax Cuts and Jobs Act of 2017 (TCJA) was signed into law, an exception to this deduction limitation applied to compensation that qualified as performance-based compensation under Section 162(m) and otherwise satisfied the requirements of the

exemption under Section 162(m). Under the TCJA, the performance-based exception under Section 162(m) has been repealed.

Given our changing industry and business, as well as the competitive market for outstanding executives, the Compensation Committee believes that it is important to retain the flexibility to design compensation programs consistent with our overall executive compensation program, even if some executive compensation is not fully deductible. Accordingly, the Compensation Committee has from time to time approved elements of compensation for certain officers that are not fully deductible and reserves the right to do so in the future, when appropriate.

Table of Contents**Summary Compensation Table**

The following table sets forth the compensation earned for services performed for us, or our subsidiaries, during the fiscal years ended December 31, 2016, 2017, and 2018 by each of our Named Executive Officers.

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)(1)	Stock Awards (\$)(2)(3)	Non-Equity			Total (\$)
					Option Awards (\$)(2)	Incentive Plan Compensation (\$)(1)(4)	All Other Compensation (\$)(5)	
William S. Boyd Executive Chairman of the Board of Directors	2018	1,065,000	250,000(6)	1,431,149		1,099,418	213,580	4,059,147
	2017	1,065,000	250,000(6)	1,722,857		1,011,750	197,489	4,247,096
	2016	1,065,000	250,000(6)	894,822	183,504	1,011,750	120,254	3,525,330
Keith E. Smith President and Chief Executive Officer	2018	1,325,000		4,285,381		2,159,717	36,500	7,806,598
	2017	1,325,000		5,223,055		1,987,500	55,902	8,591,457
	2016	1,325,000		3,321,951	779,878	1,987,500	30,539	7,444,868
Josh Hirsberg Executive Vice President, Treasurer and Chief Financial Officer	2018	620,000		1,179,784		606,351	23,322	2,429,456
	2017	600,000		1,226,590		450,000	22,839	2,299,429
	2016	585,000		1,063,129	183,504	438,750	18,673	2,289,056
Brian A. Larson Executive Vice President, Secretary and General Counsel	2018	565,000		899,848		552,562	23,322	2,040,731
	2017	550,000		1,085,194		412,500	22,839	2,070,533
	2016	535,000		967,394	155,976	401,250	21,649	2,081,269
Stephen S. Thompson Executive Vice President, Operations	2018	560,000		898,331		486,819	4,727	1,949,877
	2017	540,000		748,703		324,000	4,652	1,617,355
	2016	525,000		417,909	91,752	315,000	4,417	1,354,078

- (1) Includes amounts deferred, to the extent of such individual's participation, pursuant to our 401(k) Profit Sharing Plan and Trust and our Deferred Compensation Plan.
- (2) Reflects the grant date fair value as determined in accordance with Accounting Standards Codification 718 (ASC 718) for the fiscal years ended December 31, 2016, 2017, and 2018, of awards to each of the Named Executive Officers granted in such years pursuant to our Stock Incentive Plan. The grant date fair value for awards is measured based on the fair market value of our common stock on the date of grant, calculated as the closing price for our common stock. Assumptions used in the calculation of these amounts are included in Note 10 to our audited financial statements under the caption *Stockholders' Equity and Stock Incentive Plans*, for the fiscal years ended December 31, 2016, 2017, and 2018 included in our Annual Reports on Form 10-K filed with the SEC on, February 23, 2017, February 26, 2018, and March 1, 2019 respectively.
- (3) Includes RSUs (including Career RSUs) and Performance Shares. Each Performance Share represents a contingent right to receive up to a maximum of two (2) shares of our common stock, subject to three-year cliff vesting and satisfaction of certain performance metrics. With respect to the Performance Shares, the amounts reported in the table assume that the performance metrics were all achieved at the target performance levels. If the performance metrics were all achieved at maximum performance, the Grant Date Fair Value of the Performance Shares awarded to each of our Named Executive Officers in 2018 would be: to Mr. Boyd \$1,525,664; to Mr. Smith,

\$4,903,976; to Mr. Hirsberg, \$1,307,740; to Mr. Larson, \$980,805; and to Mr. Thompson \$980,805.

Notwithstanding the foregoing, the RSUs and the Performance Shares are subject to forfeiture and other terms and conditions contained in the award agreement and the Stock Incentive Plan. See **Compensation Discussion and Analysis Equity Compensation**.

- (4) Reflects the short-term cash bonus approved by the Compensation Committee under the 2000 MIP for the year ended December 31, 2018. Consistent with SEC rules, the short-term equity bonus awarded under the 2000 MIP for the year ended December 31, 2018 will be included in the Summary Compensation Table reporting compensation for the year of the grant (i.e., 2019). For a discussion regarding the 2018 bonus payments, see **Compensation Discussion and Analysis Primary Components of our Compensation Program Short-Term Bonus**.
- (5) The amounts shown as All Other Compensation include the following perquisites and personal benefits:

Name	401(k) Contributions(A)	Life Insurance Premiums	Medical Reimbursements(B)	Use of		Other Benefits(D)
				Corporate Car(C)	Aircraft and Other	
William S. Boyd	\$ 4,125	\$ 602	\$ 32,202	\$ 169,337		\$ 7,214
Keith E. Smith	4,125	602	17,851	13,923		
Josh Hirsberg	4,125	602	18,595			
Brian A. Larson	4,125	602	18,595			
Stephen S. Thompson	4,125	602				

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

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

(C) Represents the aggregate incremental cost to the Company for use of our corporate aircraft and, solely as it relates to Mr. Boyd, use of a corporate car. Of the total amounts reported for Mr. Boyd for 2018, \$5,449 is attributable to the use of a corporate car.

(D) Represents country club membership fees for Mr. Boyd.

- (6) Amounts represent a special bonus that was approved by our Compensation Committee and paid to Mr. Boyd in recognition of the loss of a benefit that Mr. Boyd previously received under certain split-dollar life insurance arrangements that we terminated in December 2003.

Table of Contents**Grants of Plan-Based Awards Table**

The following table sets forth information regarding each grant of an award made under our incentive plans to our Named Executive Officers during the fiscal year ended December 31, 2018.

Award Type	Date of Compensation		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards Number of Shares or Units			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Underlying Options	Ex or Pr Op Av (\$
	Grant Date	Committee Action(5)	Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	(#)	(#)	(#)
Short-term bonus(1)			505,875	1,011,750	2,023,500						
RSUs(2)	01/02/18	12/07/06							4,633		
(3)	12/05/18								20,826		
Performance Shares(4)	12/05/18					15,619	31,238	62,476			
Short-term bonus(1)			993,750	1,987,500	3,975,000						
RSUs(2)	01/02/18	12/07/06							5,764		
(3)	12/05/18								66,939		
Performance Shares(4)	12/05/18					50,205	100,409	200,818			
Short-term bonus(1)			279,000	558,000	1,116,000						
RSUs(2)	01/02/18	12/07/06							2,610		
(3)	12/05/18								17,851		
Performance Shares(4)	12/05/18					13,388	26,776	53,552			
Short-term bonus(1)			254,250	508,500	1,017,000						
RSUs(2)	01/02/18	12/07/06							2,393		
(3)	12/05/18								13,388		
Performance Shares(4)	12/05/18					10,041	20,082	40,164			
Short-term bonus(1)			224,000	448,000	896,000						
RSUs(2)	01/02/18	12/07/06							2,349		
(3)	12/05/18								13,388		
Performance Shares(4)	12/05/18					10,041	20,082	40,164			

(1) Represents short-term (or annual) cash bonus for fiscal year 2018 under the 2000 MIP. The award amount is based upon our performance relative to the operating budget measured by our EBITDA, as approved by the board of

directors. **Threshold** represents achieving a performance level that is 85% of the target operating budget amount; **Target** represents achieving 100% of the target operating budget amount; and **Maximum** represents achieving 115% or more of the of the target operating budget amount. Additionally, consistent with SEC rules, the short-term equity bonus awarded under the 2000 MIP for the year ended December 31, 2018 will be included in this table and the Summary Compensation Table reporting compensation for the year of the grant (i.e., 2019). See

Compensation Discussion and Analysis Primary Components of our Compensation Program Short-Term Bonus.

- (2) Represents Career RSUs granted to the Named Executive Officers pursuant to our Career Shares Program under our Stock Incentive Plan. Each Career RSU represents a contingent right to receive one share of our common stock. The vested Career RSUs will be paid out in shares of our common stock at the time of retirement based upon the grantee's attained age and years of continuous service at the time of retirement. To receive any payout under the Career Shares Program, grantees must be at least 55 years old and must have been continually employed by us for a minimum of 10 years. Retirement after 10 years of service will entitle a grantee to fifty percent (50%) of his or her Career RSUs. This increases to seventy-five percent (75%) after 15 years and one hundred percent (100%) following 20 years of employment. In the event of a grantee's death or permanent disability, or following a change in control of the Company, the grantee will be deemed to have attained age 55 and the Career RSUs will immediately vest and convert into shares of our common stock based on the grantee's years of continuous service through the date of death, termination resulting from permanent disability or the change in control, as applicable. See ***Compensation Discussion and Analysis Career Shares Program.***
- (3) Represents RSUs granted under our Stock Incentive Plan. Each RSU represents a contingent right to receive one share of our common stock. The RSUs granted to the Named Executive Officers in 2018 vest in full upon the third anniversary of the grant date. The RSUs are subject to forfeiture and other terms and conditions contained in the award agreement and the Stock Incentive Plan. See ***Compensation Discussion and Analysis Equity Incentive Plans.***
- (4) Represents Performance Shares granted under our Stock Incentive Plan. Each Performance Share represents a contingent right to receive up to a maximum of two (2) shares of our common stock, subject to three-year cliff vesting and satisfaction of certain performance metrics. Notwithstanding the foregoing, these Performance Shares are subject to forfeiture and other terms and conditions contained in the award agreement and the Stock Incentive Plan. See ***Compensation Discussion and Analysis Equity Compensation.***
- (5) Our Compensation Committee has adopted a policy of providing for the automatic grant of Career RSUs on January 2 of each calendar year (or, if January 2 is not a business day, then the next business day) based on the base salary of the participant in effect on December 31 of the immediately preceding year and the closing stock price of our common stock on January 2 or, if January 2 is not a business day, then the next business day. For more information, see ***Compensation Discussion and Analysis Career Shares Program.***
- (6) Represents the aggregate ASC 718 value of awards made in 2018. With respect to the Performances Shares, the amounts reported in the table assume that the performance metrics were all achieved at the target performance level.

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

The following table sets forth information regarding unexercised stock options and unvested stock awards for each of our Named Executive Officers outstanding as of December 31, 2018.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares, Units or Other Rights That Have Not Vested (#)	Market or Payout Value of Shares, Units or Other Rights That Have Not Vested (\$)(2)
William S. Boyd	15,950	7,974(1)	17.75	11/08/2026	20,812(4)	432,473
					10,406(5)	216,237
					21,605(6)	448,952
					16,204(7)	336,709
					20,826(8)	432,764
				15,619(9)	324,563	
Keith E. Smith	231,265		8.34	11/01/2020	88,189(4)	1,832,567
	84,353		6.70	12/07/2021	44,095(5)	916,284
	170,068		9.86	11/07/2023	69,444(6)	1,443,046
	100,418		11.57	12/10/2024	52,084(7)	1,082,295
	94,276		19.98	10/29/2025	66,939(8)	1,390,992
	67,784	33,891(1)	17.75	11/08/2026	50,205(9)	1,043,250
Josh Hirsberg	10,000		8.34	11/01/2020	28,833(3)	599,150
	25,510		6.70	12/07/2021	35,187(4)	731,186
	25,510		5.22	11/08/2022	10,094(5)	209,743
	32,000		9.86	11/07/2023	15,741(6)	327,098
	23,431		11.57	12/10/2024	11,806(7)	245,318
	21,549		19.98	10/29/2025	17,851(8)	370,944
	15,950	7,974(1)	17.75	11/08/2026	13,388(9)	278,203
Brian A. Larson	6,285		19.98	10/29/2025	32,638(4)	678,218
	6,778	6,778(1)	17.75	11/08/2026	8,819(5)	183,259
					13,890(6)	288,634
					10,418(7)	216,476
					13,388(8)	278,203
				10,041(9)	208,652	
Stephen S. Thompson	10,000		8.34	11/01/2020	10,406(4)	216,237
	7,975	3,987(1)	17.75	11/08/2026	5,203(5)	108,118
					9,260(6)	192,423
					6,945(7)	144,317
					13,388(8)	278,203
				10,041(9)	208,652	

- () See also ***Option Exercises and Stock Vested Table*** for a discussion of certain Performance Shares that vested based on performance for the three-year period ended December 31, 2018.
- (1) These stock options were granted on November 8, 2016, and will vest and become exercisable as to 33 1/3% of the shares of our common stock underlying the option grant on the first day of each successive 12-month period, with the first installment vesting on November 8, 2017. Notwithstanding the foregoing, these stock options are subject to enhanced vesting and exercise period provisions for certain long service employees as discussed above in ***Compensation Discussion and Analysis Post-Termination Compensation Equity Incentive Plans***.
- (2) Pursuant to applicable SEC rules, represents the closing market price of our common stock on December 31, 2018, \$20.78, multiplied by the aggregate number of Career RSUs, RSUs or Performance Shares, as applicable, held by the Named Executive Officer on such date.
- (3) Represents unvested Career RSUs granted to the Named Executive Officers pursuant to our Career Shares Program under our Stock Incentive Plan. Each Career RSU represents a contingent right to receive one share of our common stock. The vested Career RSUs will be paid in shares of our common stock at the time of retirement based upon the grantee's attained age and years of continuous service at the time of retirement. The Named Executive Officers whose Career RSUs were fully vested as of December 31, 2018 were Mr. Boyd, Mr. Smith, Mr. Larson, and Mr. Thompson. Additionally, as of December 31, 2018, Mr. Hirsberg was 50% vested in his Career RSUs in accordance with the provisions of our Career Shares Program. The actual market value of our common stock, if any, ultimately received upon the grantee's termination of service in connection with such Career RSUs can only be determined upon the occurrence of such termination. See ***Compensation Discussion and Analysis Career Shares Program***.
- (4) Represents RSUs granted under our Stock Incentive Plan on November 8, 2016. Each RSU represents a contingent right to receive one share of our common stock. The RSUs granted to the Named Executive Officers vest in full upon the third anniversary of the grant date. Notwithstanding the foregoing, these RSUs are subject to forfeiture and other terms and conditions contained in the award agreement and the Stock Incentive Plan. See ***Compensation Discussion and Analysis Equity Incentive Plans***.
- (5) Represents Performance Shares granted under our Stock Incentive Plan on November 8, 2016. Each Performance Share represents a contingent right to receive up to a maximum of two (2) shares of our common stock, subject to three-year cliff vesting and satisfaction of certain performance metrics. The amount reported is the threshold number of shares that may be issued pursuant to the award. Notwithstanding

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the foregoing, these Performance Shares are subject to forfeiture and other terms and conditions contained in the award agreement and the Stock Incentive Plan. See *Compensation Discussion and Analysis Equity Compensation*.

- (6) Represents RSUs granted under our Stock Incentive Plan on November 2, 2017. Each RSU represents a contingent right to receive one share of our common stock. The RSUs granted to the Named Executive Officers vest in full upon the third anniversary of the grant date. Notwithstanding the foregoing, these RSUs are subject to forfeiture and other terms and conditions contained in the award agreement and the Stock Incentive Plan. See

Compensation Discussion and Analysis Equity Incentive Plans.

- (7) Represents Performance Shares granted under our Stock Incentive Plan on November 2, 2017. Each Performance Share represents a contingent right to receive up to a maximum of two (2) shares of our common stock, subject to three-year cliff vesting and satisfaction of certain performance metrics. The amount reported is the threshold number of shares that may be issued pursuant to the award. Notwithstanding the foregoing, these Performance Shares are subject to forfeiture and other terms and conditions contained in the award agreement and the Stock Incentive Plan. See *Compensation Discussion and Analysis Equity Compensation*.

- (8) Represents RSUs granted under our Stock Incentive Plan on December 5, 2018. Each RSU represents a contingent right to receive one share of our common stock. The RSUs granted to the Named Executive Officers vest in full upon the third anniversary of the grant date. Notwithstanding the foregoing, these RSUs are subject to forfeiture and other terms and conditions contained in the award agreement and the Stock Incentive Plan. See

Compensation Discussion and Analysis Equity Incentive Plans.

- (9) Represents Performance Shares granted under our Stock Incentive Plan on December 5, 2018. Each Performance Share represents a contingent right to receive up to a maximum of two (2) shares of our common stock, subject to three-year cliff vesting and satisfaction of certain performance metrics. The amount reported is the threshold number of shares that may be issued pursuant to the award. Notwithstanding the foregoing, these Performance Shares are subject to forfeiture and other terms and conditions contained in the award agreement and the Stock Incentive Plan. See *Compensation Discussion and Analysis Equity Compensation*.

Option Exercises and Stock Vested Table

The following table sets forth information regarding the exercise of stock options and the vesting of stock awards for each of our Named Executive Officers during the fiscal year ended December 31, 2018.

Name	OPTION AWARDS		STOCK AWARDS		
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)	(1)(2)(3)
William S. Boyd	60,409	931,923	69,360	1,970,496	(4)
Keith E. Smith	70,000	2,042,789	232,310	6,536,403	(4)
Josh Hirsberg	40,000	857,600	80,616	2,442,802	(4)(5)
Brian A. Larson	26,601	501,281	47,701	1,350,011	(4)
Stephen S. Thompson			23,597	642,966	(4)

- (1) For Career RSUs and/or RSUs, amounts in this column represent the number of Career RSUs and/or RSUs that vested during 2018 for the applicable Named Executive Officer, multiplied by the market price of the underlying shares of our common stock on the vesting date.

- (2) With respect to Performance Shares, on October 29, 2015, our Named Executive Officers were granted Performance Shares under our Stock Incentive Plan, with vesting based on the Compensation Committee's

determination of the Company's achievement of specific performance metrics for the three-year period ended December 31, 2018. On March 1, 2019, the Compensation Committee determined that performance metrics for this period had been achieved at a level resulting in payout of approximately 167% of the target award. The value realized is calculated by multiplying \$30.11, the closing market price on March 1, 2019, the determination date, by the total number of shares that vested for each Named Executive Officer. See *Compensation Discussion and Analysis Equity Compensation, Performance Shares Vesting*.

- (3) On October 29, 2018, RSUs granted to the Named Executive Officers under our Stock Incentive Plan on October 29, 2015 vested in full in accordance with the terms of their award agreements. Each RSU represents a contingent right to receive one share of our common stock. The value realized is calculated by multiplying the closing market price of our common stock on October 29, 2018, \$24.41, the vesting date, by the total number of shares that vested.
- (4) Includes Career RSUs that were granted to the Named Executive Officers on January 2, 2018 pursuant to our Career Shares Program under our Stock Incentive Plan. Each Career RSU represents a contingent right to receive one share of our common stock. The vested Career RSUs will be paid out in shares of our common stock at the time of retirement based upon the grantee's attained age and years of continuous service at the time. Because Mr. Boyd, Mr. Smith, Mr. Larson, and Mr. Thompson were at least 55 years old and had been employed by us for at least 20 years as of the January 2, 2018 grant date, they were each immediately 100% vested in the Career RSUs granted. As a result, the value realized is the closing market price on January 2, 2018, \$34.48, the grant (and vesting) date, multiplied by the number of units. However, consistent with the terms of the Career Shares Program as described above, the Career RSUs of Mr. Boyd, Mr. Smith, Mr. Larson, and Mr. Thompson will not convert into our common stock until the termination of each of their respective services with us. The value Mr. Boyd, Mr. Smith, Mr. Larson, and Mr. Thompson receive, if any, upon such conversion can only be determined at the time that each of their respective service with us terminates.
- (5) During 2018, Mr. Hirsberg became 50% vested in his Career RSUs in accordance with the provisions of our Career Shares Program, with his completion of his tenth year of service with the Company. As a result, as of December 31, 2018, Mr. Hirsberg had been granted an aggregate of 57,666 Career RSUs, which assuming 50% partial vesting would represent an estimated market value \$994,162 (at our closing stock price of \$34.48 on the date of his partial vesting event). Consistent with the terms of the Career Shares Program, however, the Career RSUs of Mr. Hirsberg will not convert into our common stock until his termination of service with the Company. The value Mr. Hirsberg may receive, if any, upon such conversion can only be determined at the time that his service with us terminates. See *Compensation Discussion and Analysis Career Shares Program*.

Table of Contents**Non-Qualified Deferred Compensation Table**

Our Deferred Compensation Plan provides for the deferral of compensation on a basis that is not tax-qualified. Under our Deferred Compensation Plan, our Named Executive Officers may defer up to 25% of their base salary and up to 75% of their incentive compensation. In late 2018, we amended our Deferred Compensation Plan to provide, amongst other plan modifications, for an increase in the maximum permitted deferral under the Deferred Compensation Plan to 80% of their base salary and up to 100% of their incentive compensation. These new maximum permitted deferral limits will become effective beginning with a participant's proposed 2019 deferral elections. We may make discretionary matching contributions or discretionary additions to a participant's account; however, during 2018, we did not exercise such discretion. For an explanation on a participant's potential distributions, see *Compensation Discussion and Analysis - Deferred Compensation Plan*. Our Deferred Compensation Plan is a self-directed investment program containing investment features and funds that are substantially similar to the Company's 401(k) program. The following table sets forth amounts deferred under our Deferred Compensation Plan, including our predecessor plan, for the year ended December 31, 2018:

Name	Executive Contributions in Last Fiscal Year (\$)	Aggregate Earnings (Losses) in Last Fiscal Year (\$)	Aggregate Balance at Last Fiscal Year End (\$)
William S. Boyd			
Keith E. Smith		(46,590)	555,944
Josh Hirsberg			
Brian A. Larson		6,151	414,738
Stephen S. Thompson		(31,511)	1,318,842

Potential Payments upon Termination or Change in Control

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

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

The termination event occurred on December 31, 2018 (the last business day of our last completed fiscal year);

The price per share of our common stock on the date of termination is \$20.78 per share (the closing market price of our common stock on December 31, 2018, the last trading day in 2018);

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

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

The vesting of all unvested stock options, RSUs, Performance Shares and Career RSUs held by the executives (treating as unvested those Performance Shares that vested and settled based on the Compensation Committee's subsequent determination of 2018 performance) is immediately accelerated in full upon a change of control pursuant to discretionary authority of the plan administrator granted pursuant to the particular plan (if not otherwise accelerated pursuant to the terms of the applicable award agreements, terms of the CIC Plan or pursuant to long service benefits);

The portion of in-the-money stock options and other equity awards that are subject to accelerated vesting in connection with the termination are immediately exercised and the shares received upon exercise (or upon

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settlement in the case of RSUs, Performance Shares and Career RSUs) are immediately resold at the assumed price per share of our common stock on the date of termination; and

Any vested Career RSUs held by the executives are immediately resold at the assumed price per share of our common stock on the date of termination.

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

Name	Voluntary	Involuntary Termination		Death or Permanent	
	Termination	Not For Cause	For Cause	Change in Control	Disability
	(\$)	(\$)	(\$)	(\$)	(\$)
William S. Boyd					
CIC Plan				6,716,134	
Short-term/Annual Bonus (2000 MIP)	1,011,750	1,011,750	1,011,750	1,011,750(1)	1,011,750
Unvested and Accelerated Awards Under Equity Incentive Plans	5,863,694	5,863,694	3,348,448	6,945,584	5,863,694
Total	6,875,444	6,875,444	4,360,198	14,673,468	6,875,444
Keith E. Smith					
CIC Plan				10,700,637	
Short-term/Annual Bonus (2000 MIP)	1,987,500	1,987,500	1,987,500	1,987,500(1)	1,987,500
Unvested and Accelerated Awards Under Equity Incentive Plans	12,763,300	12,763,300	3,624,697	16,240,791	12,763,300
Total	14,750,800	14,750,800	5,612,197	28,928,928	14,750,800
Josh Hirsberg					
CIC Plan				4,264,431	
Short-term/Annual Bonus (2000 MIP)				558,000(2)	558,000
Unvested and Accelerated Awards Under Equity Incentive Plans	2,176,990	2,176,990	599,150	4,521,223	2,176,990
Total	2,176,990	2,176,990	599,150	9,343,655	2,734,990
Brian A. Larson					
CIC Plan				2,243,858	
Short-term/Annual Bonus (2000 MIP)	508,500	508,500	508,500	508,500(1)	508,500
Unvested and Accelerated Awards Under Equity Incentive Plans	3,583,372	3,583,372	1,443,898	4,278,879	3,583,372

Total	4,091,872	4,091,872	1,952,398	7,031,237	4,091,872
Stephen S. Thompson					
CIC Plan				2,055,165	
Short-term/Annual Bonus (2000 MIP)	448,000	448,000	448,000	448,000(1)	448,000
Unvested and Accelerated Awards Under Equity Incentive Plans	2,062,339	2,062,339	1,042,179	2,757,846	2,062,339
Total	2,510,339	2,510,339	1,490,179	5,261,011	2,510,339

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

Chief Executive Officer Pay Ratio

In 2018, the annual total compensation of Mr. Smith, our President and Chief Executive Officer, was \$7,806,598, as reported in the Summary Compensation Table. Based on the methodology described below, we determined that the median employee in terms of total 2018 compensation of all Company employees (other than Mr. Smith) received an estimated \$24,746 in annual total compensation for 2018. Therefore, the estimated ratio of

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2018 total compensation of Mr. Smith to the median employee was 315 to 1. The pay ratio provided is a reasonable estimate calculated in a manner consistent with SEC rules.

To determine median employee compensation, we took the following steps:

We identified our employee population as of December 31, 2018, which consisted of approximately 19,500 full-time and part-time employees.

Note: Per SEC allowance, approximately 5,000 employees were omitted from the population who were acquired as part of business transactions that became effective during the 2018 fiscal year. The businesses acquired, and approximate number of employees omitted, were Ameristar Casino Hotel Kansas City (1,000), Ameristar Casino Resort Spa St. Charles (1,500), Belterra Casino Resort (950), Belterra Park (550), and Valley Forge Casino Resort (1,000).

With respect to employees other than Mr. Smith, we used a base salary for 2018, which consisted of base cash salary for salaried employees and cash compensation paid at the applicable hourly rate for non-salaried employees. Certain of our non-salaried employees also may receive tip income, which we excluded for purposes of determining the median employee. We then identified the median employee whose compensation we believe best reflects the Company's employees' median 2018 compensation.

Note: The median employee identified for the 2017 fiscal year changed positions during 2018 and their total compensation was no longer representative of the median employee of the population. Therefore, the Company determined to run the median employee analysis anew for 2018.

In accordance with SEC rules, we then determined the median employee's 2018 total compensation (\$24,746) using the approach required by the SEC when calculating our named executive officers' compensation, as reported in the Summary Compensation Table. The median employee's 2018 total compensation included all cash compensation and Company matching contributions to the employee's 401(k) account.

Director Compensation

Our director compensation program, which is applicable to our directors other than directors who are also our employees, has historically consisted of cash retainers, equity grants and eligibility for certain medical and health benefits. The cash retainer component of director compensation is established by the independent members of our board of directors, and includes an annual retainer applicable to all non-employee directors for service on our board of directors, in addition to retainers specifically established based on based on committee memberships, anticipated meeting frequency and committee chair or lead director positions held during the year, as summarized in the table below for 2018:

Annual retainer fees for service on the board of directors	\$ 75,000
Additional annual retainer fees for service as Presiding Director	\$ 25,000
Additional annual retainer fees for service as a member or chair of	

(with chair fees inclusive of fees for service as a member):

	Member	Chair
Audit Committee	\$ 14,000	\$ 29,000
Compensation Committee	\$ 10,000	\$ 20,000
Corporate Governance and Nominating Committee	\$ 10,000	\$ 15,000

The equity compensation component of non-employee director compensation consists of an annual award of RSUs valued at approximately \$175,000, which are granted on the date of each annual meeting of our shareholders, are fully vested on grant, and are to be paid in shares of our common stock upon cessation of service on the board of directors. RSUs granted under this program do not contain voting rights and are not entitled to dividends.

Table of Contents*Director Compensation Table*

The following table sets forth the compensation earned for services performed for us as a director by each member of our board of directors, other than any directors who are also our employees, during the fiscal year ended December 31, 2018.

Name(1)	Fees Earned or Paid in Cash \$(2)	Stock Awards \$(3)(4)	All Other Compensation \$(5)	Total (\$)
Peter M. Thomas	144,000	174,991	13,219	332,210
Richard E. Flaherty	114,000	174,991	23,582	312,573
Christine J. Spadafor	104,000	174,991	6,609	285,600
Veronica J. Wilson	99,000	174,991		273,991
John R. Bailey	85,000	174,991	13,219	273,210
Paul W. Whetsell	85,000	174,991	13,219	273,210
Robert L. Boughner	75,000	174,991	13,219	263,210

- (1) Excluded from this table are Marianne Boyd Johnson and William R. Boyd, each of whom serves as a member of our board of directors and also as our executive officers. Neither Ms. Johnson nor Mr. Boyd receives any compensation (including board or committee fees, equity awards or otherwise) for serving as a member of our board of directors, but they are compensated for serving as executive officers. For more information, see *Transactions with Related Persons*.
- (2) Represents the amount of cash compensation earned in 2018 for service on our board of directors and committees of our board of directors, as applicable.
- (3) These amounts reflect the grant date fair value, as determined in accordance with ASC 718 of awards pursuant to our Stock Incentive Plan. The grant date fair value for awards is measured based on the fair market value of our common stock on the date of grant, calculated as the closing price for our common stock. Assumptions used in the calculation of these amounts are included in Note 10, *Stockholders Equity and Stock Incentive Plans*, to our audited financial statements for the fiscal year ended December 31, 2018 included in our Annual Report on Form 10-K filed with the SEC on March 1, 2019.
- (4) On April 12, 2018, the date of our 2018 Annual Meeting, in accordance with our director compensation program, we awarded each then serving non-employee director RSUs in the amount of 5,274 shares. As of December 31, 2018, our current non-employee directors had outstanding RSUs entitling them to the following number of shares of our common stock upon retirement from the board:

Name	Aggregate Number of Shares Underlying RSUs (#)
Peter M. Thomas	109,427
Richard E. Flaherty	65,600
Christine J. Spadafor	98,146
Veronica J. Wilson	109,427
John R. Bailey	29,717
Paul W. Whetsell	29,717
Robert L. Boughner	12,056

- (5) Each of our non-employee directors is eligible to participate in our Medical Expense Reimbursement Plan, which covers medical expenses incurred by plan participants and their spouses that are not covered by other medical plans. The amounts represent amounts paid in the form of plan premiums and/or received as reimbursement under this plan for the fiscal year ended December 31, 2018. Ms. Wilson did not participate in the Medical Expense Reimbursement Plan in fiscal year 2018.

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BOARD COMMITTEE REPORTS

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

Compensation and Stock Option Committee Report

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

Peter M. Thomas, *Chairman*
Veronica J. Wilson
Paul W. Whetsell
Members, Compensation and Stock Option Committee

Report of the Audit Committee

To the Board of Directors:

We have reviewed and discussed with management the Company's audited financial statements as of and for the fiscal year ended December 31, 2018.

We have discussed with Deloitte & Touche LLP (*Deloitte*), the Company's independent registered public accounting firm, the matters required to be discussed by Auditing Standard No. 1301, as amended (*Communications with Audit Committees*), as adopted by the Public Company Accounting Oversight Board.

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

Based on the reviews and discussions referred to above, we recommended to the board of directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Richard E. Flaherty, *Chairman*
Christine J. Spadafor
Peter M. Thomas
Veronica J. Wilson
Members, Audit Committee

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PROPOSALS REQUIRING YOUR VOTE

PROPOSAL 1 Election of Directors

General

The authorized number of directors is currently fixed at eleven, as set by the board of directors pursuant to our Amended and Restated Bylaws. Each of our directors is being nominated for re-election, to hold office until the next annual meeting of stockholders or until their respective successors are duly elected and qualified. Following the recommendation of our Corporate Governance and Nominating Committee, the board of directors has nominated the eleven persons listed below to serve as directors for a one-year term beginning at the Annual Meeting.

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

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

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

Director Nominees

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

Name	Age	Position	Director Since	Board Committee Membership		
				Audit Committee	Nominating Committee	Corporate Governance and Compensation and Stock Option Committee
John R. Bailey	58	Director	2015			
Robert L. Boughner	66	Director and Retired Executive Vice President and Chief Business Development Officer	1996			
William R. Boyd	59	Vice President and Director	1992			
William S. Boyd	87	Executive Chairman of the Board of Directors	1988			
Richard E. Flaherty	74	Director	2011	<i>Chair</i>		
Marianne Boyd Johnson	60	Vice Chairman of the Board of Directors and Executive Vice President	1990			
Keith E. Smith	58	President, Chief Executive Officer and Director	2005			
Christine J. Spadafor	63	Director	2009		<i>Chair</i>	
Peter M. Thomas	69	Director	2004			<i>Chair</i>
Paul W. Whetsell	68	Director	2015			
Veronica J. Wilson	67	Director	2003			

John R. Bailey has served as a director of the Company since January 2015. Mr. Bailey is managing partner of Bailey Kennedy, a Las Vegas law firm which he founded in 2001. Mr. Bailey has more than 30 years of legal experience, with a particular focus on business practices, commercial corporate litigation, healthcare law and gaming law. Mr. Bailey has served in board positions with a wide range of regulatory and community organizations over the last 15 years, including as Chairman of the Nevada State Athletic Commission, Chairman of the Nevada State Bar Moral Character and Fitness Committee, Chairman of the Governing Board of the Andre Agassi College Preparatory Academy, and a Director of the Council for a Better Nevada, the Las Vegas Global Economic Alliance, and The Public Education Foundation. He previously served on the board of directors of SHFL Entertainment, Inc., at the time a publicly traded company.

Robert L. Boughner has served as a director of the Company since April 1996. Mr. Boughner has served as a Senior Partner with Global Market Advisors, a leading international consulting firm serving the hospitality and gaming industries, since September 2016. Mr. Boughner has more than 25 years of senior management experience within the Company, serving most recently as Executive Vice President and Chief Business Development Officer from December 2009 until his retirement in August 2016. In that role, he oversaw the Company's business development initiatives, as well as the acquisition and integration of various hotel and casino assets. Mr. Boughner serves on the board of directors of Southwest Gas Holdings, Inc., a publicly traded company, and is a member of its audit

committee and its nominating and corporate governance committee. He previously served on the board of directors of Bank of Nevada for 20 years. Mr. Boughner is involved in various educational, philanthropic and civic organizations.

William R. Boyd has been a Vice President of the Company since December 1990 and a director since September 1992. He also serves as chairman of the Company's corporate compliance committee and is a member of the Company's diversity council. Prior to his current position, Mr. Boyd also held various administrative and operations positions within the Company since 1978. Mr. Boyd serves on the board of directors of the Better Business Bureau of Southern Nevada. Mr. Boyd is the son of William S. Boyd and the brother of Marianne Boyd Johnson, both of whom are directors and officers of the Company.

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William S. Boyd has served as a director of the Company since its inception in June 1988 and as Chairman of the Board of Directors since August 1988. Mr. Boyd has served as the Executive Chairman of the Board of Directors of the Company since January 2008, and he previously held the position of Chief Executive Officer of the Company from August 1988 through December 2007. A co-founder of California Hotel and Casino, the predecessor of the Company and now one of its subsidiaries, Mr. Boyd has been a director of that company since its inception in 1973, and he has held several offices with that company, including having served as its President. Prior to joining California Hotel and Casino, Mr. Boyd practiced law in Las Vegas. Mr. Boyd has served as Vice Chairman of the board of directors of the American Gaming Association and the President Emeritus of the National Center for Responsible Gaming. Mr. Boyd is also a member of the board of directors of Western Alliance Bancorporation. Mr. Boyd is the father of Marianne Boyd Johnson and William R. Boyd, both of whom are directors and officers of the Company.

Richard E. Flaherty has served as a director of the Company since October 2011. From September 2008 until his retirement in July 2010, Dr. Flaherty served as the Dean of the Eberhardt School of Business at the University of the Pacific in Stockton, California, a position which followed more than 30 years of service on the faculties of various universities, including his serving as Dean of the College of Business and Professor of Accounting at the University of Nevada, Las Vegas for eight years. He has published articles on financial accounting theory and practice in several journals and co-authored an intermediate accounting textbook through six editions.

Marianne Boyd Johnson has served as Vice Chairman of the Board of Directors since February 2001 and has been a director since September 1990. Ms. Johnson has served as Executive Vice President of the Company since January 2008, a position which followed more than 10 years of service in the Company's senior management and 15 years of service in various operations positions within the Company. She also serves as chief diversity officer of the Company. Ms. Johnson also serves on the board of directors of Western Alliance Bancorporation. Ms. Johnson is the daughter of William S. Boyd and the sister of William R. Boyd, both of whom are directors and officers of the Company.

Keith E. Smith has been President and a director of the Company since April 2005, and he has served as Chief Executive Officer since January 2008. Prior to his current responsibilities, Mr. Smith held several positions in senior management since his joining the Company in September 1990, including serving as Chief Operating Officer. Mr. Smith served as a board member of the Los Angeles Branch of the Federal Reserve Bank of San Francisco from 2009 through 2014, and was appointed its Chairman from January 2012 through December 2014. Mr. Smith has served on the board of the Nevada Resort Association since 2005, including service as its Chairman from December 2008 until December 2012. Mr. Smith previously served on the board of directors of the American Gaming Association, including having served as its Chairman in 2010 and 2011, and on the board of directors of the Las Vegas Convention and Visitors Authority, including having served as its Vice Chairman from 2006 to 2011. Mr. Smith is currently a member of the board of directors of SkyWest, Inc., a publicly traded company, and serves on its audit committee and as chair of its compensation and stock option committee.

Christine J. Spadafor has served as a member of our board of directors since May 2009. Ms. Spadafor has served as Chief Executive Officer of SpadaforClay Group, Inc., a Harvard Square management consulting firm specializing in strategy, operations, leadership, and governance initiatives, which she founded in 2004. She is also Managing Director of Coltala Holdings, a diversified holding company. She has served several non-profit organizations in board and executive leadership capacities, including serving as Chief Executive Officer of St. Jude's Ranch for Children for nearly 10 years. Ms. Spadafor is a lecturer in the Visiting Executive Program at Tuck School of Business at Dartmouth, a lecturer at Harvard Kennedy School and is a frequent speaker at seminars and meetings addressing Women in Leadership topics, including conferences sponsored by Harvard Medical School and Harvard Business School. In addition, she is a Distinguished Professor of Practice in the Master's degree program at the Greenspun College of Urban Affairs in the School of Public Policy and Leadership at the University of Nevada, Las Vegas. In 2008, the American Bar Association recognized her as one of the nation's top 20 female attorneys with business

expertise.

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Peter M. Thomas has served as a director of the Company since April 2004. Prior to his joining the Company, Mr. Thomas held other directorships within the gaming industry. Mr. Thomas is the Managing Director of Thomas & Mack Co. LLC, a commercial real estate development and management company. He also served as President and Chief Operating Officer of Bank of America, Nevada and its predecessor, Valley Bank of Nevada, for nearly 13 years. Mr. Thomas has been a member of the board of directors of City National Bank since April 2003, which prior to its acquisition in November 2015 was publicly held. Mr. Thomas was a board member of the Los Angeles Branch of the Federal Reserve Bank of San Francisco from January 2003 to December 2008.

Paul W. Whetsell has served as a director of the Company since January 2015. From April 2015 until July 2017, Mr. Whetsell served as the Vice Chairman of Loews Hotels Holding Corporation, and for which Mr. Whetsell has also served as President and CEO since January 2012. From 2006 through the present, Mr. Whetsell has been the President and Chief Executive Officer of Capstar Hotel Company. He currently serves on the board of Hilton Grand Vacations, Inc., a publicly traded company, and the Cystic Fibrosis Foundation. Mr. Whetsell had also served on the board of NVR, Inc., a publicly traded company, from 2007 until his retirement from that board in 2018. Mr. Whetsell was a member of the American Hotel & Lodging Association's Industry Real Estate and Financing Advisory Council, and previously served on the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT).

Veronica J. Wilson has served as a director of the Company since October 2003. From October 2015 until October 2017, Ms. Wilson served in the role of Executive Director of Hero School Initiatives, a non-profit organization that serves the homeless. From September 2000 until June 2014, Ms. Wilson served in leadership roles with the Blind Center of Nevada, an organization that assists people with visual impairments, including serving as President and Chief Executive Officer and later as its Executive Director. Prior to her service with the Blind Center of Nevada, Ms. Wilson had served for nearly 10 years as the Chief Executive Officer of JMJ Inc., the former operator of the Aladdin Hotel & Casino, where she had also served in the position of Chief Financial Officer. Ms. Wilson has served as a committee member on the Nevada State Rehabilitation Council, Chairman of the Aging and Disability Resource Center Advisory Board and a member of the Nevada Strategic Plan Accountability Committee. Ms. Wilson has held various senior management, controllership and financial accounting-related positions during her more than 30 years of experience in the gaming industry.

Meetings of the Board of Directors

The board of directors held a total of 8 meetings during 2018. The Audit Committee, Corporate Governance and Nominating Committee, and Compensation Committee held 13, 5 and 4 meetings during 2018, respectively. Each of our current directors attended at least 75% of the meetings of the board of directors and the committees of the board of directors on which the director served that were held during the applicable period of service. We encourage, but do not require, our directors to attend our annual stockholders meetings. Last year, all of the current members of the board of directors attended the 2018 Annual Meeting of Stockholders, other than Ms. Spadafor who was unable to attend due to medical reasons.

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

Deloitte and Touche, LLP (Deloitte) has served as the independent registered public accounting firm for the Company and California Hotel and Casino, our predecessor, since 1981, and has been appointed by the Audit Committee to continue as our independent registered public accounting firm for the year ending December 31, 2019.

In the event that the stockholders do not ratify the selection of Deloitte as our independent registered public accounting firm, the Audit Committee will review its selection of auditors and a change in its selection may or may not occur. Even if the appointment is ratified, the Audit Committee reserves the right, in its sole discretion, to select a different independent registered public accounting firm at any time during the fiscal year without resubmitting the matter to stockholders for ratification.

A Deloitte representative is expected to be present at the Annual Meeting and will have an opportunity to make a statement and respond to appropriate questions.

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

Audit and Non-Audit Fees

The following table sets forth the aggregate fees billed by Deloitte for the audits and other services provided to the Company for fiscal years 2018 and 2017.

	2018	2017
Audit Fees(1)	\$ 3,348,000	\$ 2,735,000
Audit-Related Fees(2)	549,000	265,000
Tax Fees(3)	82,000	345,000
All Other Fees		
Total	\$ 3,979,000	\$ 3,345,000

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

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

The Audit Committee has adopted a policy for the pre-approval of all audit and permissible non-audit services provided by our independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Under the policy, pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. In addition, the Audit Committee may also pre-approve particular services on a case-by-case basis. The Audit Committee has delegated its pre-approval authority to the Chairman of the Audit Committee. The Chairman is required to report any decisions to the Audit Committee at the next scheduled committee meeting. All services provided by Deloitte in fiscal year 2018 were in compliance with our policy relating to the pre-approval of services.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF DELOITTE AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2019.

Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

The following table provides additional information regarding our equity compensation plans in effect at December 31, 2018.

Plan Category	(a)	(b)	(c)
	Number of Shares to be Issued upon Exercise of Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Shares Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Shares Reflected in Column(a))
Equity compensation plans approved by stockholders	4,951,598(1)	\$ 11.98(2)	3,750,007(3)
Equity compensation plans not approved by stockholders			
Total	4,951,598(1)	\$ 11.98(2)	3,750,007(3)

- (1) Includes options to purchase shares outstanding under our Stock Incentive Plan. Also includes RSUs and Performance Shares outstanding under our Stock Incentive Plan.
- (2) Weighted Average Exercise Price does not include RSUs or Performance Shares outstanding under our Stock Incentive Plan, which are exercisable for zero consideration.
- (3) Consists of shares available for future issuance under our Stock Incentive Plan, which may also be issued as RSUs and Performance Shares under our 2000 MIP. Each Performance Share represents a contingent right to receive up to a maximum of two (2) shares of our common stock, subject to three-year cliff vesting and satisfaction of certain performance metrics. With respect to our outstanding grants of Performance Shares, the amounts reported in the table above assume that the performance metrics will all be achieved at the target performance level, or one (1) share of our common stock for each Performance Share. If the performance metrics were all achieved at maximum performance, the Performance Shares awarded would be the maximum of two (2) shares of our common stock. Notwithstanding the foregoing, the RSUs and the Performance Shares are subject to forfeiture and other terms and conditions contained in the award agreement and the Stock Incentive Plan. Additionally, certain Performance Shares have vested as of the record date based on Company performance during the year ended December 31, 2018. See *Compensation Discussion and Analysis Equity Compensation, Performance Share Vesting*.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE;

TRANSACTIONS WITH RELATED PERSONS; POLICIES AND PROCEDURES REGARDING

TRANSACTIONS WITH RELATED PERSONS

Section 16(a) Beneficial Ownership Reporting Compliance

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

Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons that no Forms 5 were required for such persons, the Company believes that during 2018 all Section 16(a) filing requirements applicable to such officers, directors and 10% stockholders were satisfied, except that one Form 4 was filed late, for Robert L. Boughner, reporting the grant of restricted stock units made annually to our continuing non-employee members of the board of directors following our 2018 Annual Meeting.

Transactions with Related Persons

Marianne Boyd Johnson and William R. Boyd are children of William S. Boyd, the Executive Chairman of our Board of Directors. Samuel J. Johnson, III is the step-son of Marianne Boyd Johnson, our Executive Vice President and Vice Chairman of the Company's Board of Directors. Marianne Boyd Johnson received a base salary and cash bonus in the amount of \$508,197 for fiscal year 2018 and is receiving a base salary in the amount of \$286,000 for fiscal year 2019. William R. Boyd, a Vice President and member of the Company's board of directors, received a base salary and cash bonus in the amount of \$390,461 for fiscal year 2018 and is receiving a base salary in the amount of \$258,000 for fiscal year 2019. Samuel J. Johnson, III, Director of Business Improvement with the Company, received a base salary and cash bonus in the amount of \$211,174 for fiscal year 2018 and is receiving a base salary in the amount of \$178,000 for fiscal year 2019. Marianne Boyd Johnson, William R. Boyd and Samuel J. Johnson, III are also eligible to earn cash bonuses in fiscal year 2019.

Policies and Procedures Regarding Transactions with Related Persons

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

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

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

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

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STOCKHOLDER PROPOSALS; OTHER MATTERS

Stockholder Proposals

Our stockholders may submit proposals on matters appropriate for stockholder action at subsequent annual stockholder meetings consistent with Rule 14a-8 promulgated under the Exchange Act. Proposals of stockholders intended to be presented at our 2020 Annual Meeting of Stockholders and included in the board of directors proxy statement and form of proxy for that meeting must be received no later than November 13, 2019 at the following address:

Boyd Gaming Corporation

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

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

Consistent with the Company's bylaws, notice of any proposal that a stockholder intends to present at the 2020 Annual Meeting of Stockholders, but does not intend to have included in the board of directors proxy statement and form of proxy for that meeting, must be given to our Corporate Secretary in writing not less than 45 days and not more than 75 days prior to the anniversary of the date on which we first mailed our proxy materials for this year's Annual Meeting of Stockholders (*i.e.*, not earlier than December 28, 2019 and not later than January 27, 2020), after which the notice is untimely. A stockholder's notice to our Corporate Secretary must set forth for each matter proposed to be brought before the annual meeting (a) a brief description of the matter the stockholder proposes to bring before the meeting and the reasons for conducting such business at the meeting, (b) the name and address of the stockholder proposing such business, (c) the number of shares of our common stock which are beneficially owned by the stockholder, and (d) any material interest of the stockholder in such business. If the date of the 2020 Annual Meeting of Stockholders is moved by more than 30 days from the anniversary of this year's annual meeting, the aforementioned deadlines for stockholder proposals will be adjusted consistent with Rule 14a-8 promulgated under the Exchange Act and the Company's bylaws.

Our Amended and Restated Bylaws allow stockholders to nominate director candidates pursuant to proxy access and advance notice provisions. Our Amended and Restated Bylaws provide a proxy access right to permit a stockholder, or a group of up to 20 stockholders, owning continuously for at least three years shares of our stock representing an aggregate of at least 3% of the voting power entitled to vote in the election of directors, to nominate and include in our proxy materials director nominees constituting up to 20% of the board of directors, provided that the stockholder(s) and the nominee(s) satisfy the requirements in our Amended and Restated Bylaws. In addition, any stockholder may make director nominations pursuant to the advance notice provisions of the Amended and Restated Bylaws that the stockholder intends to present at the 2020 Annual Meeting of Stockholders, but does not intend to have included in the board of directors proxy statement and form of proxy for that meeting.

Regardless of the method chosen by a stockholder to nominate a candidate for election to the board of directors, under our Amended and Restated Bylaws, compliant notice of director nominations must be received by us, Attention: Brian A. Larson, Executive Vice President, Secretary and General Counsel, at our principal offices, no later than 60 days prior to the date of the 2020 Annual Meeting of Stockholders, and such notice must meet the eligibility, procedural, disclosure and other requirements set forth in the Amended and Restated Bylaws.

Other Matters

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

Important Notice Regarding the Availability of Proxy Materials

for the Annual Meeting of Stockholders to be held on April 11, 2019.

This proxy statement, the accompanying form of proxy card and our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC, are available at <http://www.boydgaming.com/proxymaterials>. A copy of our Annual Report on Form 10-K for the year ended December 31, 2018 as filed with the SEC has been provided to our stockholders together with this proxy statement and will be provided to a stockholder, with exhibits, without charge upon written request to Boyd Gaming Corporation, 3883 Howard Hughes Parkway, Ninth Floor, Las Vegas, Nevada 89169, (702) 792-7200, Attn: David Strow, Vice President Corporate Communications.

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