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

# FORM 10-Q

**(Mark One)**

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

**For the quarterly period ended June 30, 2016**
**OR**

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

**For the transition period from _____to _____**

**Commission file number: 1-12882**


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

| **Nevada** | **88-0242733** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |

**3883 Howard Hughes Parkway, Ninth Floor, Las Vegas, NV 89169**
**(Address of principal executive offices) (Zip Code)**

**(702) 792-7200**
**(Registrant's telephone number, including area code)**

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

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

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ (Do not check if a smaller reporting company) | Smaller reporting company | ☐ |

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

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

| Class | Outstanding as of August 3, 2016 |
|---|---|
| **Common stock, $0.01 par value** | **112,276,228** |

**BOYD GAMING CORPORATION**

**QUARTERLY REPORT ON FORM 10-Q**
**FOR THE PERIOD ENDED JUNE 30, 2016**
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**PART I. Financial Information**

**Item 1.** ***Financial Statements ( Unaudited )***

**BOYD GAMING CORPORATION AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)**

| *(In thousands, except share data)* | June 30, 2016 | December 31, 2015 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 628,278 | $ 158,821 |
| Restricted cash | 20,719 | 19,030 |
| Accounts receivable, net | 26,765 | 25,289 |
| Inventories | 15,361 | 15,462 |
| Prepaid expenses and other current assets | 43,139 | 37,250 |
| Income taxes receivable | 1,615 | 1,380 |
| **Total current assets** | 735,877 | 257,232 |
| Property and equipment, net | 2,206,216 | 2,225,342 |
| Other assets, net | 47,541 | 48,341 |
| Intangible assets, net | 882,084 | 890,054 |
| Goodwill, net | 685,310 | 685,310 |
| Investment in unconsolidated subsidiary held for sale | 272,292 | 244,621 |
| **Total assets** | $ 4,829,320 | $ 4,350,900 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **Current liabilities** | | |
| Current maturities of long-term debt | $ 29,750 | $ 29,750 |
| Accounts payable | 72,486 | 75,803 |
| Accrued liabilities | 257,908 | 249,518 |
| **Total current liabilities** | 360,144 | 355,071 |
| Long-term debt, net of current maturities and debt issuance costs | 3,628,112 | 3,239,799 |
| Deferred income taxes | 175,452 | 162,189 |
| Other long-term tax liabilities | 3,212 | 3,085 |
| Other liabilities | 85,361 | 82,745 |
| **Commitments and contingencies (Notes 3, 8 and 13)** | | |
| **Stockholders' equity** | | |
| Preferred stock, $0.01 par value, 5,000,000 shares authorized | — | — |
| Common stock, $0.01 par value, 200,000,000 shares authorized; 112,269,993 and 111,614,420 shares outstanding | 1,123 | 1,117 |
| Additional paid-in capital | 950,514 | 945,041 |
| Accumulated deficit | (374,669) | (437,881) |
| Accumulated other comprehensive income (loss) | 21 | (316) |
| **Total Boyd Gaming Corporation stockholders' equity** | 576,989 | 507,961 |
| Noncontrolling interest | 50 | 50 |
| **Total stockholders' equity** | 577,039 | 508,011 |
| **Total liabilities and stockholders' equity** | $ 4,829,320 | $ 4,350,900 |

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

**BOYD GAMING CORPORATION AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

| ( *In thousands, except per share data* ) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| **Revenues** | | | | |
| Gaming | $ 452,928 | $ 468,580 | $ 915,479 | $ 933,337 |
| Food and beverage | 75,898 | 77,909 | 152,698 | 154,205 |
| Room | 43,365 | 42,332 | 85,240 | 81,685 |
| Other | 29,693 | 30,642 | 61,159 | 60,327 |
| **Gross revenues** | 601,884 | 619,463 | 1,214,576 | 1,229,554 |
| Less promotional allowances | 57,010 | 59,596 | 117,324 | 119,109 |
| **Net revenues** | 544,874 | 559,867 | 1,097,252 | 1,110,445 |
| **Operating costs and expenses** | | | | |
| Gaming | 217,768 | 224,686 | 441,293 | 451,383 |
| Food and beverage | 42,116 | 42,913 | 83,919 | 84,480 |
| Room | 11,293 | 10,682 | 21,792 | 20,729 |
| Other | 18,827 | 19,744 | 38,159 | 39,390 |
| Selling, general and administrative | 79,002 | 81,013 | 160,853 | 162,702 |
| Maintenance and utilities | 25,009 | 26,616 | 48,857 | 51,935 |
| Depreciation and amortization | 48,250 | 51,964 | 95,903 | 103,906 |
| Corporate expense | 16,099 | 17,352 | 34,006 | 37,004 |
| Project development, preopening and writedowns | 5,897 | 1,749 | 7,738 | 2,704 |
| Impairments of assets | — | — | 1,440 | 1,065 |
| Other operating items, net | 123 | 54 | 552 | 170 |
| **Total operating costs and expenses** | 464,384 | 476,773 | 934,512 | 955,468 |
| **Operating income** | 80,490 | 83,094 | 162,740 | 154,977 |
| **Other expense (income)** | | | | |
| Interest income | (959) | (465) | (1,456) | (936) |
| Interest expense, net of amounts capitalized | 61,887 | 57,131 | 114,952 | 114,066 |
| Loss on early extinguishments of debt | 419 | 30,962 | 846 | 31,470 |
| Other, net | 65 | 1,270 | 142 | 1,888 |
| **Total other expense, net** | 61,412 | 88,898 | 114,484 | 146,488 |
| **Income before income taxes** | 19,078 | (5,804) | 48,256 | 8,489 |
| Income taxes benefit (provision) | (7,771) | (6,586) | (15,389) | 9,625 |
| **Income (loss) from continuing operations, net of tax** | 11,307 | (12,390) | 32,867 | 18,114 |
| **Income (loss) from discontinued operations, net of tax** | 18,715 | 5,965 | 30,345 | 10,564 |
| **Net income (loss)** | $ 30,022 | $ (6,425) | $ 63,212 | $ 28,678 |
| | | | | |
| **Basic net income (loss) per common share** | | | | |
| Continuing operations | $ 0.10 | $ (0.11) | $ 0.29 | $ 0.17 |
| Discontinued operations | 0.16 | 0.05 | 0.27 | 0.09 |
| Basic net income (loss) per common share | $ 0.26 | $ (0.06) | $ 0.56 | $ 0.26 |
| Weighted average basic shares outstanding | 114,328 | 112,232 | 114,218 | 111,841 |
| | | | | |
| **Diluted net income (loss) per common share** | | | | |
| Continuing operations | $ 0.10 | $ (0.11) | $ 0.29 | $ 0.16 |
| Discontinued operations | 0.16 | 0.05 | 0.26 | 0.09 |
| Diluted net income (loss) per common share | $ 0.26 | $ (0.06) | $ 0.55 | $ 0.25 |
| Weighted average diluted shares outstanding | 115,077 | 112,232 | 114,974 | 112,694 |

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

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In thousands)* | **2016** | **2015** | **2016** | **2015** |
| **Net income (loss)** | $ 30,022 | $ (6,425) | $ 63,212 | $ 28,678 |
| Other comprehensive income (loss), net of tax: | | | | |
| Fair value adjustments to available-for-sale securities, net of tax | (185) | (1,033) | 337 | (763) |
| **Comprehensive income (loss) attributable to Boyd Gaming Corporation** | $ 29,837 | $ (7,458) | $ 63,549 | $ 27,915 |

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

**BOYD GAMING CORPORATION AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)**

| | Boyd Gaming Corporation Stockholders' Equity | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss), Net | Noncontrolling Interest | Total |
| *(In thousands, except share data)* | Shares | Amount | | | | | |
| **Balances, January 1, 2016** | 111,614,420 | $ 1,117 | $ 945,041 | $ (437,881) | $ (316) | $ 50 | $ 508,011 |
| Net income | — | — | — | 63,212 | — | — | 63,212 |
| Comprehensive income attributable to Boyd | — | — | — | — | 337 | — | 337 |
| Stock options exercised | 241,546 | 2 | 1,437 | — | — | — | 1,439 |
| Release of restricted stock units, net of tax | 255,000 | 2 | (678) | — | — | — | (676) |
| Release of performance stock units, net of tax | 159,027 | 2 | (869) | — | — | — | (867) |
| Share-based compensation costs | — | — | 5,583 | — | — | — | 5,583 |
| **Balances, June 30, 2016** | 112,269,993 | $ 1,123 | $ 950,514 | $ (374,669) | $ 21 | $ 50 | $ 577,039 |
| | | | | | | | |
| **Balances, January 1, 2015** | 109,277,060 | $ 1,093 | $ 922,112 | $ (485,115) | $ (53) | $ 50 | $ 438,087 |
| Net income | — | — | — | 28,678 | — | — | 28,678 |
| Comprehensive income attributable to Boyd | — | — | — | — | (763) | — | (763) |
| Stock options exercised | 632,972 | 6 | 4,587 | — | — | — | 4,593 |
| Release of restricted stock units, net of tax | 81,058 | 1 | (48) | — | — | — | (47) |
| Release of performance stock units, net of tax | 481,749 | 5 | (2,451) | — | — | — | (2,446) |
| Share-based compensation costs | — | — | 6,367 | — | — | — | 6,367 |
| **Balances, June 30, 2015** | 110,472,839 | $ 1,105 | $ 930,567 | $ (456,437) | $ (816) | $ 50 | $ 474,469 |

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

**BOYD GAMING CORPORATION AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**

| *(In thousands)* | Six Months Ended June 30, 2016 | Six Months Ended June 30, 2015 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| **Net income (loss)** | $ 63,212 | $ 28,678 |
| **Net (income) loss from discontinued operations** | (30,345) | (10,564) |
| **Adjustments to reconcile net income (loss) to net cash provided by operating activities:** | | |
| Depreciation and amortization | 95,903 | 103,906 |
| Amortization of debt financing costs and discounts on debt | 9,077 | 11,175 |
| Share-based compensation expense | 5,583 | 6,367 |
| Deferred income taxes | 13,282 | 12,130 |
| Non-cash impairment of assets | 1,440 | 1,065 |
| Loss on early extinguishments of debt | 846 | 31,470 |
| Other operating activities | 858 | (792) |
| **Changes in operating assets and liabilities:** | | |
| Restricted cash | (1,690) | (3,379) |
| Accounts receivable, net | (1,297) | (1,391) |
| Inventories | 99 | 597 |
| Prepaid expenses and other current assets | (5,859) | (8,401) |
| Current other tax asset | — | 1,802 |
| Income taxes receivable | (235) | 1,243 |
| Other assets, net | (691) | 1,625 |
| Accounts payable and accrued liabilities | 7,334 | 279 |
| Other long-term tax liabilities | 127 | (23,067) |
| Other liabilities | 2,617 | 3,033 |
| **Net cash provided by operating activities** | 160,261 | 155,776 |
| **Cash Flows from Investing Activities** | | |
| Capital expenditures | (72,447) | (58,112) |
| Other investing activities | 704 | 2,975 |
| **Net cash used in investing activities** | (71,743) | (55,137) |
| **Cash Flows from Financing Activities** | | |
| Borrowings under Boyd Gaming bank credit facility | 223,900 | 396,100 |
| Payments under Boyd Gaming bank credit facility | (530,350) | (679,525) |
| Borrowings under Peninsula bank credit facility | 165,000 | 170,800 |
| Payments under Peninsula bank credit facility | (217,225) | (223,187) |
| Proceeds from issuance of senior notes | 750,000 | 750,000 |
| Debt financing costs, net | (12,936) | (13,496) |
| Payments on retirements of long-term debt | — | (500,000) |
| Premium and consent fees paid | — | (24,246) |
| Share-based compensation activities, net | (104) | 2,100 |
| Other financing activities | — | (3) |
| **Net cash provided by (used in) financing activities** | 378,285 | (121,457) |
| **Cash Flows from Discontinued Operations** | | |
| Cash flows from operating activities | 2,654 | — |
| Cash flows from investing activities | — | — |
| Cash flows from financing activities | — | — |
| **Net cash provided by discontinued operations** | 2,654 | — |
| **Change in cash and cash equivalents** | 469,457 | (20,818) |
| **Cash and cash equivalents, beginning of period** | 158,821 | 145,341 |
| **Cash and cash equivalents, end of period** | $ 628,278 | $ 124,523 |
| **Supplemental Disclosure of Cash Flow Information** | | |

| | | | | |
|---|---|---|---|---|
| Cash paid for interest, net of amounts capitalized | $ | 92,940 | $ | 100,699 |
| Cash paid (received) for income taxes, net of refunds | | 2,198 | | (2,408) |
| **Supplemental Schedule of Noncash Investing and Financing Activities** | | | | |
| Payables incurred for capital expenditures | $ | 7,140 | $ | 6,939 |

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

## NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

***Organization***

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

We are a diversified operator of 21 wholly owned gaming entertainment properties. Headquartered in Las Vegas, we have gaming operations in Nevada, Illinois, Indiana, Iowa, Kansas, Louisiana and Mississippi.

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the instructions to the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all information and footnote disclosures necessary for complete financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2015 , as filed with the U.S. Securities and Exchange Commission ("SEC") on February 25, 2016 .

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

The accompanying condensed consolidated financial statements include the accounts of Boyd Gaming and its wholly owned subsidiaries. Investments in unconsolidated affiliates, which do not meet the consolidation criteria of the authoritative accounting guidance for voting interest, controlling interest or variable interest entities, are accounted for under the equity method. All significant intercompany accounts and transactions have been eliminated in consolidation. On May 31, 2016, we announced that we had entered into an Equity Purchase Agreement (the “Purchase Agreement”) to sell our 50% equity interest in Marina District Development Holding Company, LLC ("MDDHC"), the parent company of Borgata Hotel Casino & Spa ("Borgata"), to MGM Resorts International ("MGM"), and the transaction closed on August 1, 2016. (See Note 3, *Acquisitions and Divestitures* .) We account for our investment in Borgata applying the equity method and report its results as discontinued operations for all periods presented in these condensed consolidated financial statements.

***Revisions and Reclassifications***

The financial information for the three and six months ended June 30, 2015 is derived from our condensed consolidated financial statements and footnotes included in the Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 and has been revised to reflect the results of operations and cash flows of our equity investment in Borgata as discontinued operations. (See Note 3, *Acquisitions and Divestitures* )

Asset transaction costs that were previously disaggregated in our condensed consolidated statement of operations for the three and six months ended June 30, 2015 were accumulated with preopening expenses. This reclassification had no effect on our retained earnings or net income as previously reported.

Amortization of debt financing costs and amortization of discounts on debt, which were previously disaggregated in our condensed consolidated statement of cash flows for the six months ended June 30, 2015 , were combined. This reclassification had no effect on our cash provided by operating activities as previously reported.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Cash and Cash Equivalents***

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

***Promotional Allowances***
The retail value of accommodations, food and beverage, and other services furnished to guests without charge is included in gross revenues and then deducted as a promotional allowance. Promotional allowances also include incentives earned in our slot bonus program such as cash and the estimated retail value of goods and services (such as complimentary rooms and food and beverages). We reward customers, through the use of bonus programs, with points based on amounts wagered that can be redeemed for a specified period of time for complimentary slot play, food and beverage, and to a lesser extent for other goods or services, depending upon the property.

The amounts included in promotional allowances are as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| ***(In thousands)*** | **2016** | **2015** | **2016** | **2015** |
| Rooms | $ 18,294 | $ 19,188 | $ 37,239 | $ 37,932 |
| Food and beverage | 35,660 | 37,131 | 73,112 | 74,845 |
| Other | 3,056 | 3,277 | 6,973 | 6,332 |
| **Total promotional allowances** | $ 57,010 | $ 59,596 | $ 117,324 | $ 119,109 |

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| ***(In thousands)*** | **2016** | **2015** | **2016** | **2015** |
| Rooms | $ 7,921 | $ 8,470 | $ 16,490 | $ 17,252 |
| Food and beverage | 30,842 | 32,397 | 64,113 | 65,949 |
| Other | 3,000 | 2,888 | 5,981 | 5,675 |
| **Total estimated cost of promotional allowances** | $ 41,763 | $ 43,755 | $ 86,584 | $ 88,876 |

***Gaming Taxes***
We are subject to taxes based on gross gaming revenues in the jurisdictions in which we operate. These gaming taxes are assessed based on our gaming revenues and are recorded as a gaming expense in the condensed consolidated statements of operations. These taxes totaled approximately $81.5 million and $85.5 million for the three months ended June 30, 2016 and 2015 , respectively, and $164.1 million and $168.9 million for the six months ended June 30, 2016 and 2015 , respectively.

***Income Taxes***
Income taxes are recorded under the asset and liability method, whereby deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. We reduce the carrying amounts of deferred tax assets by a valuation allowance, if based on the available evidence it is more likely than not that such assets will not be realized. Use of the term "more likely than not" indicates the likelihood of occurrence is greater than 50%. Accordingly, the need to establish valuation allowances for deferred tax assets is continually assessed based on a more likely than not realization threshold. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of profitability and taxable income, the duration of statutory carryforward periods, our experience with the utilization of operating loss and tax credit carryforwards before expiration and tax planning strategies.

As of June 30, 2016 , we concluded that it was not more likely than not that the benefit from our deferred tax assets would be realized. As a result of our analysis, a valuation allowance of $231.6 million has been recorded on our federal and state income tax net operating loss carryforwards and other deferred tax assets. Valuation allowances are evaluated periodically and subject to change in future reporting periods as a result of changes in the factors noted above. Based on recent earnings and the gain on the sale of our membership interest in Borgata, in the third quarter of 2016, it is likely that sufficient positive evidence will become available to reach a conclusion that all or a portion of the valuation allowance will no longer be needed. As such, the Company may release a significant portion of its valuation allowance against its deferred tax assets in the third quarter of 2016. However,

the exact timing will be dependent on the levels of income achieved and management's visibility into future period results. The release of our valuation allowance would result in the recognition of certain deferred tax assets and a non-cash income tax benefit in the period in which the release is recorded.

For the six months ended June 30, 2016 and 2015 , we have computed our provision for income taxes by applying the actual effective tax rate, under the discrete method, to year-to-date income. The discrete method was used to calculate income tax expense or benefit as the annual effective tax rate was not considered a reliable estimate of year-to-date income tax expense or benefit. We believe this method provides the most reliable estimate of year-to-date income tax expense.

Our tax rate is impacted by adjustments that are largely independent of our operating results before taxes. Such adjustments relate primarily to changes in our valuation allowance and the accrual of non-cash tax expense in connection with the tax amortization of indefinite-lived intangible assets that are not available to offset existing deferred tax assets. The deferred tax liabilities created by the tax amortization of these intangibles cannot be used to offset corresponding increases in the net operating loss deferred tax assets when determining our valuation allowance.

***Other Long Term Tax Liabilities***
The Company's income tax returns are subject to examination by the Internal Revenue Service ("IRS") and other tax authorities in the locations where it operates. The Company assesses potentially unfavorable outcomes of such examinations based on accounting standards for uncertain income taxes, which prescribe a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

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

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

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

***Recently Issued Accounting Pronouncements***
*Accounting Standards Update 2016-13, Financial Instruments-Credit Losses ("Update 2016-13")*
In June 2016, the Financial Accounting Standards Board ("FASB") issued Update 2016-13, which amends the guidance on the impairment of financial instruments. Update 2016-13 adds to GAAP an impairment model (known as the current expected credit loss ("CECL") model) that is based on expected losses rather than incurred losses. The standard is effective for financial statements issued for annual periods and interim periods within those annual periods beginning after December 15, 2019, and early adoption is permitted. The Company is evaluating the impact of the adoption of Update 2016-13 to the financial statements.

*Accounting Standards Update 2016-12, Revenue from Contracts with Customers - Narrow-Scope Improvements and Practical Expedients ("Update 2016-12"); Accounting Standards Update 2016-11, Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815) - Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting ("Update 2016-11"); Accounting Standards Update 2016-10, Revenue from Contracts with Customers - Identifying Performance Obligations and Licensing ("Update 2016-10"); and Accounting Standards Update 2016-08, Revenue from Contracts with Customers - Principal versus Agent Considerations (Reporting Revenue Gross versus Net) ("Update 2016-08")*

In March 2016 through May 2016, the FASB issued Update 2016-08, Update 2016-10, Update 2016-11 and Update 2016-12, which amend and further clarify the new revenue standard, Accounting Standards Update 2014-09, *Revenue from Contracts with Customers ("Update 2014-09"),* which was subsequently amended and deferred in Accounting Standards Update 2015-14, *Revenue from Contracts with Customers - Deferral of the Effective Date ("Update 2015-14",* and collectively with the original standard, Update 2014-09, and subsequent amendments, Update 2016-08, Update 2016-10, Update 2016-11 and Update 2016-12, the "Revenue Standard"). The Revenue Standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Earlier application is permitted only for fiscal years, and interim periods within those years, beginning after December 15, 2016. The Company is evaluating the impact of the Revenue Standard on its consolidated financial statements.

*Accounting Standards Update 2016-09, Compensation - Stock Compensation ("Update 2016-09")*
In March 2016, the FASB issued Update 2016-09 which simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The standard is effective for financial statements issued for annual periods and interim periods within those annual periods beginning after December 15, 2016, and early adoption is permitted. The Company is evaluating the impact of the adoption of Update 2016-09 to the financial statements.

*Accounting Standards Update 2016-07, Investments - Equity Method and Joint Ventures ("Update 2016-07")*
In March 2016, the FASB issued Update 2016-07 which simplifies the equity method of accounting by eliminating the requirement to retrospectively apply the equity method to an investment that subsequently qualifies for such accounting as a result of an increase in the level of ownership interest or degree of influence. The standard is effective for financial statements issued for annual periods and interim periods within those annual periods beginning after December 15, 2016, and early adoption is permitted. The Company determined that the impact of the new standard on its consolidated financial statements will not be material.

*Accounting Standards Update 2016-02, Leases ("Update 2016-02")*
In February 2016, the FASB issued Update 2016-02 which requires the recognition of lease assets and lease liabilities on the balance sheet and the disclosure of key information about leasing arrangements. The standard is effective for financial statements issued for annual periods and interim periods within those annual periods beginning after December 15, 2018, and early adoption is permitted. The Company is evaluating the impact of the adoption of Update 2016-02 to the financial statements.

*Accounting Standards Update 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities ("Update 2016-01")*
In January 2016, the FASB issued Update 2016-01, which addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, and early adoption is permitted only if explicit early adoption guidance is applied. The Company is evaluating the impact of the new standard on its consolidated financial statements.

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

## NOTE 3. ACQUISITIONS AND DIVESTITURES

***Acquisitions***

On April 21, 2016, Boyd Gaming announced it has entered into a definitive agreement to acquire ALST Casino Holdco, LLC (“ALST”), the holding company of Aliante Gaming, LLC (“Aliante”), the owner and operator of the Aliante Casino + Hotel + Spa, an upscale, resort-style casino and hotel situated in North Las Vegas and offering premium accommodations, gaming, dining, entertainment and retail for total net cash consideration of $380 million .

Boyd Gaming will acquire ALST pursuant to an Agreement and Plan of Merger (the “ALST Merger Agreement”) entered into on April 21, 2016, by and among, Boyd Gaming, Boyd TCII Acquisition, LLC, a wholly-owned subsidiary of Boyd Gaming (“TCII Acquisition”), and ALST. The ALST Merger Agreement provides that, pursuant to the terms and subject to the conditions set forth therein, TCII Acquisition will merge (the “ALST Merger”) with and into ALST, and ALST will be the surviving entity in the ALST Merger, such that following the ALST Merger, ALST and Aliante will be wholly-owned subsidiaries of Boyd Gaming.

The ALST Merger Agreement contains certain termination rights for both Boyd Gaming and ALST and further provides that, in connection with the termination of the ALST Merger Agreement under specified circumstances, Boyd Gaming may be required to pay ALST a termination fee of $30 million .

On April 25, 2016, Boyd Gaming announced it has entered into a definitive agreement to acquire The Cannery Hotel and Casino, LLC ("Cannery"), the owner and operator of Cannery Casino Hotel located in North Las Vegas, and Nevada Palace, LLC ("Eastside"), the owner and operator of Eastside Cannery Casino and Hotel located in the eastern part of the Las Vegas Valley, comprising the Las Vegas assets of Cannery Casino Resorts, LLC ("CCR"), for total cash consideration of $230 million , subject to adjustment based on the working capital, including cash and less indebtedness of the acquired assets and less any transaction expenses.

Boyd Gaming will acquire Cannery and Eastside pursuant to a Membership Interest Purchase Agreement (the "Cannery Purchase Agreement") entered into on April 25, 2016, by and among, Boyd Gaming, CCR, Cannery and Eastside. The Cannery Purchase Agreement provides that, pursuant to the terms and subject to the conditions set forth therein, Boyd Gaming will acquire from CCR all of the issued and outstanding membership interests of Cannery and Eastside (the "Cannery Purchase"), such that, following the Cannery Purchase, Cannery and Eastside will be wholly-owned subsidiaries of Boyd Gaming.

The Cannery Purchase Agreement contains customary representations, warranties, covenants and termination rights. In addition, $20 million of the cash consideration will be placed in escrow to satisfy the indemnification obligations of CCR.

The completion of the ALST Merger and the Cannery Purchase are each subject to customary conditions and the receipt of all required regulatory approvals, including, among others, approval by the Nevada Gaming Commission and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. Subject to the satisfaction or waiver of the respective conditions in each of the ALST Merger Agreement and the Cannery Purchase Agreement, we currently expect each of the transactions to close before the end of 2016.

***Investment in and Divestiture of Borgata***

Prior to the sale of our equity interest, which closed on August 1, 2016, the Company and MGM each held a 50% interest in MDDHC, which owns all the equity interests in Borgata. Until the closing of the sale, we were the managing member of MDDHC, and we were responsible for the day-to-day operations of Borgata.

Pursuant to the Purchase Agreement, on August 1, 2016, MGM acquired from Boyd Gaming 49% of its 50% membership interest in MDDHC and, immediately thereafter, MDDHC redeemed Boyd Gaming's remaining 1% membership interest in MDDHC (collectively, the "Transaction"). Following the Transaction, MDDHC became a wholly-owned subsidiary of MGM.

In consideration for the Transaction, MGM paid Boyd Gaming $900 million . The initial net cash proceeds were approximately $589 million , net of certain expenses and adjustments on the closing date in the form of outstanding indebtedness, cash and working capital. These initial proceeds do not include our 50% share of any future property tax settlement benefits, to which Boyd Gaming retains the right to receive upon payment. Borgata estimates that it is entitled to property tax refunds totaling $160 million , including amounts due under court decisions rendered in its favor and estimates for open tax appeals.

We reflect the results of operations and cash flows from our investment in Borgata as discontinued operations for all periods presented in these condensed consolidated financial statements.

Summarized income statement information for Borgata is as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| ***(In thousands)*** | **2016** | **2015** | **2016** | **2015** |
| Net revenues | $ 203,347 | $ 191,163 | $ 393,640 | $ 373,752 |
| Operating expenses | 150,195 | 160,986 | 302,815 | 320,225 |
| Operating income | 53,152 | 30,177 | 90,825 | 53,527 |
| Non-operating expenses | 15,764 | 18,224 | 30,176 | 33,546 |
| Net income (loss) | $ 37,388 | $ 11,953 | $ 60,649 | $ 19,981 |

**NOTE 4. PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consists of the following:

| ***(In thousands)*** | **June 30, 2016** | **December 31, 2015** |
|---|---|---|
| Land | $ 228,417 | $ 229,857 |
| Buildings and improvements | 2,560,891 | 2,539,578 |
| Furniture and equipment | 1,179,455 | 1,152,277 |
| Riverboats and barges | 238,826 | 238,743 |
| Construction in progress | 51,958 | 42,497 |
| Other | 7,404 | 7,404 |
| **Total property and equipment** | 4,266,951 | 4,210,356 |
| Less accumulated depreciation | 2,060,735 | 1,985,014 |
| **Property and equipment, net** | $ 2,206,216 | $ 2,225,342 |

Other property and equipment presented in the table above relates to the estimated net realizable value of construction materials inventory that was not disposed of with the 2013 sale of the Echelon development project. Such assets are not in service and are not currently being depreciated.

Depreciation expense is as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| ***(In thousands)*** | **2016** | **2015** | **2016** | **2015** |
| Depreciation expense | $ 44,266 | $ 45,159 | $ 87,821 | $ 90,261 |

## NOTE 5. INTANGIBLE ASSETS

Intangible assets consist of the following:

| | June 30, 2016 | | | | |
|---|---|---|---|---|---|
| *(In thousands)* | Weighted Average Life Remaining | Gross Carrying Value | Cumulative Amortization | Cumulative Impairment Losses | Intangible Assets, Net |
| ***Amortizing intangibles*** | | | | | |
| Customer relationships | 1.4 years | $ 136,300 | $ (117,429) | $ — | $ 18,871 |
| Favorable lease rates | 31.9 years | 45,370 | (12,532) | — | 32,838 |
| Development agreement | — | 21,373 | — | — | 21,373 |
| | | 203,043 | (129,961) | — | 73,082 |
| ***Indefinite lived intangible assets*** | | | | | |
| Trademarks and other | Indefinite | 129,501 | — | (3,500) | 126,001 |
| Gaming license rights | Indefinite | 873,335 | (33,960) | (156,374) | 683,001 |
| | | 1,002,836 | (33,960) | (159,874) | 809,002 |
| **Balance, June 30, 2016** | | $ 1,205,879 | $ (163,921) | $ (159,874) | $ 882,084 |

| | December 31, 2015 | | | | |
|---|---|---|---|---|---|
| *(In thousands)* | Weighted Average Life Remaining | Gross Carrying Value | Cumulative Amortization | Cumulative Impairment Losses | Intangible Assets, Net |
| ***Amortizing intangibles*** | | | | | |
| Customer relationships | 1.9 years | $ 136,300 | $ (109,994) | $ — | $ 26,306 |
| Favorable lease rates | 32.4 years | 45,370 | (11,997) | — | 33,373 |
| Development agreement | — | 21,373 | — | — | 21,373 |
| | | 203,043 | (121,991) | — | 81,052 |
| ***Indefinite lived intangible assets*** | | | | | |
| Trademarks | Indefinite | 129,501 | — | (3,500) | 126,001 |
| Gaming license rights | Indefinite | 873,335 | (33,960) | (156,374) | 683,001 |
| | | 1,002,836 | (33,960) | (159,874) | 809,002 |
| **Balance, December 31, 2015** | | $ 1,205,879 | $ (155,951) | $ (159,874) | $ 890,054 |

## NOTE 6. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

| *(In thousands)* | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Payroll and related expenses | $ 63,696 | $ 71,815 |
| Interest | 47,008 | 35,337 |
| Gaming liabilities | 34,702 | 37,496 |
| Player loyalty program liabilities | 18,003 | 18,491 |
| Other accrued liabilities | 94,499 | 86,379 |
| **Total accrued liabilities** | $ 257,908 | $ 249,518 |

## NOTE 7. LONG-TERM DEBT

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

| | | June 30, 2016 | | | |
|---|---|---|---|---|---|
| *(In thousands)* | Interest Rates at June 30, 2016 | Outstanding Principal | Unamortized Discount | Unamortized Origination Fees and Costs | Long-Term Debt, Net |
| ***Boyd Gaming Corporation Debt*** | | | | | |
| Bank credit facility | 3.89% | $ 903,275 | $ (2,152) | $ (8,134) | $ 892,989 |
| 9.00% senior notes due 2020 | 9.00% | 350,000 | — | (6,250) | 343,750 |
| 6.875% senior notes due 2023 | 6.88% | 750,000 | — | (12,087) | 737,913 |
| 6.375% senior notes due 2026 | 6.38% | 750,000 | — | (12,554) | 737,446 |
| | | 2,753,275 | (2,152) | (39,025) | 2,712,098 |
| | | | | | |
| ***Peninsula Segment Debt*** | | | | | |
| Bank credit facility | 4.25% | 610,525 | — | (9,788) | 600,737 |
| 8.375% senior notes due 2018 | 8.38% | 350,000 | — | (4,973) | 345,027 |
| | | 960,525 | — | (14,761) | 945,764 |
| **Total long-term debt** | | 3,713,800 | (2,152) | (53,786) | 3,657,862 |
| Less current maturities | | 29,750 | — | — | 29,750 |
| **Long-term debt, net** | | $ 3,684,050 | $ (2,152) | $ (53,786) | $ 3,628,112 |

| | | December 31, 2015 | | | |
|---|---|---|---|---|---|
| *(In thousands)* | Interest Rates at Dec. 31, 2015 | Outstanding Principal | Unamortized Discount | Unamortized Origination Fees and Costs | Long-Term Debt, Net |
| ***Boyd Gaming Corporation Debt*** | | | | | |
| Bank credit facility | 3.75% | $ 1,209,725 | $ (2,702) | $ (9,746) | $ 1,197,277 |
| 9.00% senior notes due 2020 | 9.00% | 350,000 | — | (7,044) | 342,956 |
| 6.875% senior notes due 2023 | 6.88% | 750,000 | — | (12,934) | 737,066 |
| | | 2,309,725 | (2,702) | (29,724) | 2,277,299 |
| | | | | | |
| ***Peninsula Segment Debt*** | | | | | |
| Bank credit facility | 4.25% | 662,750 | — | (14,143) | 648,607 |
| 8.375% senior notes due 2018 | 8.38% | 350,000 | — | (6,357) | 343,643 |
| | | 1,012,750 | — | (20,500) | 992,250 |
| **Total long-term debt** | | 3,322,475 | (2,702) | (50,224) | 3,269,549 |
| Less current maturities | | 29,750 | — | — | 29,750 |
| **Long-term debt, net** | | $ 3,292,725 | $ (2,702) | $ (50,224) | $ 3,239,799 |

**Boyd Gaming Debt**

***Boyd Bank Credit Facility***

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

| *(In thousands)* | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Revolving Credit Facility | $ — | $ 240,000 |
| Term A Loan | 177,025 | 183,275 |
| Term B Loan | 726,250 | 730,750 |
| Swing Loan | — | 55,700 |
| **Total outstanding principal amounts under the Boyd Gaming Credit Facility** | $ 903,275 | $ 1,209,725 |

At June 30, 2016 , approximately $0.9 billion was outstanding under the Boyd Gaming Credit Facility and $7.1 million was allocated to support various letters of credit, leaving remaining contractual availability of $592.9 million .

***Senior Notes***

***6.375% Senior Notes due April 2026***

*Significant Terms*

On March 28, 2016, we issued $750 million aggregate principal amount of 6.375% senior notes due April 2026 (the " 6.375% Notes"). The 6.375% Notes require semi-annual interest payments on April 1 and October 1 of each year, commencing on October 1, 2016. The 6.375% Notes will mature on April 1, 2026 and are fully and unconditionally guaranteed, on a joint and several basis, by certain of our current and future domestic restricted subsidiaries, all of which are 100% owned by us. Net proceeds from the 6.375% Notes were used to pay down the outstanding amount under the Boyd Gaming Revolving Credit Facility and the balance was deposited in money market funds and classified as cash equivalents on the condensed consolidated balance sheets.

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

The 6.375% Notes contain certain restrictive covenants that, subject to exceptions and qualifications, among other things, limit our ability and the ability of our restricted subsidiaries (as defined in the base and supplemental indentures governing the 6.375% Notes, together, the "Indenture") to incur additional indebtedness or liens, pay dividends or make distributions or repurchase our capital stock, make certain investments, and sell or merge with other companies. In addition, upon the occurrence of a change of control (as defined in the Indenture), we will be required, unless certain conditions are met, to offer to repurchase the 6.375% Notes at a price equal to 101% of the principal amount of the 6.375% Notes, plus accrued and unpaid interest and Additional Interest (as defined in the Indenture), if any, to, but not including, the date of purchase. If we sell assets or experience an event of loss, we will be required under certain circumstances to offer to purchase the 6.375% Notes.

At any time prior to April 1, 2021, we may redeem the 6.375% Notes, in whole or in part, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Interest, if any, up to, but excluding, the applicable redemption date, plus a make whole premium. After April 1, 2021, we may redeem all or a portion of the 6.375% Notes at redemption prices (expressed as percentages of the principal amount) ranging from 103.188% in 2021 to 100% in 2024 and thereafter, plus accrued and unpaid interest and Additional Interest.

In connection with the private placement of the 6.375% Notes, we entered into a registration rights agreement with the initial purchasers in which we agreed to file a registration statement with the SEC to permit the holders to exchange or resell the 6.375% Notes. We must use commercially reasonable efforts to file a registration statement and to consummate an exchange offer within 365 days after the issuance of the 6.375% Notes, subject to certain suspension and other rights set forth in the registration rights agreement. Under certain circumstances, including our determination that we cannot complete an exchange offer, we are required to file a shelf registration statement for the resale of the 6.375% Notes and to cause such shelf registration statement to be declared effective as soon as reasonably practicable (but in no event later than the 365th day following the issuance of the 6.375% Notes) after the occurrence of such circumstances. Subject to certain suspension and other rights, in the event that the registration statement is not filed or declared effective within the time periods specified in the registration rights agreement, the exchange offer is not consummated within 365 days after the issuance of the 6.375% Notes, or the registration statement is filed and declared effective

but thereafter ceases to be effective or is unusable for its intended purpose for a period in excess of 30 days without being succeeded immediately by a post-effective amendment that cures such failure, the agreement provides that additional interest will accrue on the principal amount of the 6.375% Notes at a rate of 0.25% per annum during the 90-day period immediately following any of these events and will increase by 0.25% per annum at the end of each subsequent 90-day period, but in no event will the penalty rate exceed 1.00% per annum, until the default is cured. There are no other alternative settlement methods and, other than the 1.00% per annum maximum penalty rate, the agreement contains no limit on the maximum potential amount of consideration that could be transferred in the event we do not meet the registration statement filing requirements. We currently intend to file a registration statement, have it declared effective and consummate any exchange offer within these time periods. Accordingly, we do not believe that payment of additional interest under the registration payment arrangement is probable and, therefore, no related liability has been recorded in the consolidated financial statements.

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

| ( *In thousands* ) | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Term Loan | $ 596,625 | $ 647,750 |
| Revolving Facility | 7,000 | 9,000 |
| Swing Loan | 6,900 | 6,000 |
| **Total outstanding principal amounts under the Peninsula Credit Facility** | $ 610,525 | $ 662,750 |

At June 30, 2016 , approximately $610.5 million was outstanding under the Peninsula Credit Facility and $5.0 million was allocated to support various letters of credit, leaving remaining contractual availability of $31.1 million .

**Early Extinguishments of Debt**
We incurred non-cash charges of $0.4 million and $1.0 million during the three months ended June 30, 2016 and 2015 , respectively, and $0.8 million and $1.5 million for the six months ended June 30, 2016 and 2015, respectively, for deferred debt financing costs written off related to the Peninsula Credit Facility, which represents the ratable reduction in borrowing capacity due to optional prepayments made during these periods.

Additionally, for both the three and six months ended June 30, 2015, we incurred $30.0 million of loss on early extinguishments of debt related to optional prepayments of the Term Loans under the Boyd Gaming Credit Facility and the redemption of all of our 9.125% Senior Notes due December 2018 during the second quarter of 2015.

**Covenant Compliance**
As of June 30, 2016 , we believe that Boyd Gaming and Peninsula were in compliance with the financial and other covenants of their respective debt instruments.

**NOTE 8. COMMITMENTS AND CONTINGENCIES**
**Commitments**
There have been no material changes to our commitments described under Note 10, *Commitments and Contingencies* , in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 25, 2016 , except for the pending acquisitions of ALST and the Las Vegas assets of CCR as discussed in Note 3, *Acquisitions and Divestitures* .

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

## NOTE 9. STOCKHOLDERS' EQUITY AND STOCK INCENTIVE PLANS

***Share-Based Compensation***

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

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In thousands)* | **2016** | **2015** | **2016** | **2015** |
| Gaming | $ 80 | $ 55 | $ 165 | $ 123 |
| Food and beverage | 15 | 11 | 31 | 24 |
| Room | 7 | 5 | 15 | 11 |
| Selling, general and administrative | 405 | 280 | 837 | 624 |
| Corporate expense | 1,813 | 2,575 | 4,535 | 5,585 |
| **Total share-based compensation expense** | $ 2,320 | $ 2,926 | $ 5,583 | $ 6,367 |

***Performance Shares Vesting***

The Performance Share Unit ("PSU") grants awarded in December 2012 and 2011 vested during first quarters of 2016 and 2015, respectively. Common shares were issued based on the determination by the Compensation Committee of the Board of Directors of our actual achievement of net revenue growth, Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") growth and customer service scores for the three-year performance period of the grant. As provided under the provisions of our stock incentive plan, certain of the participants elected to surrender a portion of the shares to be received to pay the withholding and other payroll taxes payable on the compensation resulting from the vesting of the PSUs.

The PSU grant awarded in December 2012 resulted in a total of 213,365 shares issued, representing approximately 0.59 shares per PSU. Of the 213,365 shares issued, a total of 54,338 were surrendered by the participants for payroll taxes, resulting a net issuance of 159,027 shares due to the vesting of the 2012 grant. The actual achievement level under the award metrics equaled the estimated performance as of year-end 2015; therefore, the vesting of the PSUs did not impact compensation costs in our 2016 condensed consolidated statement of operations.

The PSU grant awarded in December 2011 resulted in a total of 654,478 shares issued, representing approximately 1.67 shares per PSU. Of the 654,478 shares issued, a total of 177,274 were surrendered by the participants for payroll taxes, resulting a net issuance of 477,204 shares due to the vesting of the 2011 grant. The actual achievement level under the award metrics equaled the estimated performance as of year-end 2014; therefore, the vesting of the PSUs did not impact compensation costs in our 2015 condensed consolidated statement of operations.

## NOTE 10. FAIR VALUE MEASUREMENTS

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

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

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

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

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

***Balances Measured at Fair Value***
The following tables show the fair values of certain of our financial instruments:

| | June 30, 2016 | | | |
|---|---|---|---|---|
| ***(In thousands)*** | **Balance** | **Level 1** | **Level 2** | **Level 3** |
| **Assets** | | | | |
| Cash and cash equivalents | $ 628,278 | $ 628,278 | $ — | $ — |
| Restricted cash | 20,719 | 20,719 | — | — |
| Investment available for sale | 17,832 | — | — | 17,832 |
| | | | | |
| **Liabilities** | | | | |
| Contingent payments | $ 3,488 | $ — | $ — | $ 3,488 |

| | December 31, 2015 | | | |
|---|---|---|---|---|
| ***(In thousands)*** | **Balance** | **Level 1** | **Level 2** | **Level 3** |
| **Assets** | | | | |
| Cash and cash equivalents | $ 158,821 | $ 158,821 | $ — | $ — |
| Restricted cash | 19,030 | 19,030 | — | — |
| Investment available for sale | 17,839 | — | — | 17,839 |
| | | | | |
| **Liabilities** | | | | |
| Contingent payments | $ 3,632 | $ — | $ — | $ 3,632 |

*Cash and Cash Equivalents and Restricted Cash*
The fair value of our cash and cash equivalents and restricted cash, classified in the fair value hierarchy as Level 1, are based on statements received from our banks at June 30, 2016 and December 31, 2015 .

*Investment Available for Sale*
We have an investment in a single municipal bond issuance of $21.0 million aggregate principal amount of 7.5% Urban Renewal Tax Increment Revenue Bonds, Taxable Series 2007 that is classified as available for sale. We are the only holder of this instrument and there is no quoted market price for this instrument. As such, the fair value of this investment is classified as Level 3 in the fair value hierarchy. The estimate of the fair value of such investment was determined using a combination of current market rates and estimates of market conditions for instruments with similar terms, maturities, and degrees of risk and a discounted cash flows analysis as of June 30, 2016 and December 31, 2015 . Unrealized gains and losses on this instrument resulting from changes in the fair value of the instrument are not charged to earnings, but rather are recorded as other comprehensive income (loss) in the stockholders' equity section of the condensed consolidated balance sheets. At both June 30, 2016 and December 31, 2015 , $0.4 million of the carrying value of the investment available for sale is included as a current asset in prepaid expenses and other current assets, and at both June 30, 2016 and December 31, 2015 , $17.4 million is included in other assets on the condensed consolidated balance sheets. The discount associated with this investment of $3.2 million at both June 30, 2016 and December 31, 2015 , is netted with the investment balance and is being accreted over the life of the investment using the effective interest method. The accretion of such discount is included in interest income on the condensed consolidated statements of operations.

*Contingent Payments*
In connection with the development of the Kansas Star Casino ("KSC"), KSC agreed to pay a former casino project developer and option holder 1% of KSC's EBITDA each month for a period of ten years commencing on December 20, 2011. The liability is

recorded at the estimated fair value of the contingent payments using a discounted cash flows approach and the significant unobservable input used in the valuation at both June 30, 2016 and December 31, 2015, is a discount rate of 18.5%. At both June 30, 2016 and December 31, 2015 , there was a current liability of $0.9 million related to this agreement, which is recorded in accrued liabilities on the respective condensed consolidated balance sheets, and long-term obligation at June 30, 2016 and December 31, 2015 , of $2.6 million and $2.7 million , respectively, which is included in other liabilities on the respective condensed consolidated balance sheets.

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

| | Three Months Ended | | | |
|---|---|---|---|---|
| | June 30, 2016 | | June 30, 2015 | |
| | Assets | Liability | Assets | Liability |
| *(In thousands)* | Investment Available for Sale | Contingent Payments | Investment Available for Sale | Contingent Payments |
| **Balance at beginning of reporting period** | $ 18,394 | $ (3,560) | $ 18,658 | $ (3,721) |
| Total gains (losses) (realized or unrealized): | | | | |
| Included in earnings | 33 | (150) | 31 | (161) |
| Included in other comprehensive income (loss) | (185) | — | (1,033) | — |
| Transfers in or out of Level 3 | — | — | — | — |
| Purchases, sales, issuances and settlements: | | | | |
| Settlements | (410) | 222 | (380) | 240 |
| **Balance at end of reporting period** | $ 17,832 | $ (3,488) | $ 17,276 | $ (3,642) |
| | | | | |
| Gains (losses) included in earnings attributable to the change in unrealized gains relating to assets and liabilities still held at the reporting date: | | | | |
| Included in interest income | $ 33 | $ — | $ 31 | $ — |
| Included in interest expense | — | (150) | — | (161) |

| | Six Months Ended | | | | |
|---|---|---|---|---|---|
| | June 30, 2016 | | June 30, 2015 | | |
| | Assets | Liability | Assets | Liability | |
| *(In thousands)* | Investment Available for Sale | Contingent Payments | Investment Available for Sale | Merger Earnout | Contingent Payments |
| **Balance at beginning of reporting period** | $ 17,839 | $ (3,632) | $ 18,357 | $ (75) | $ (3,792) |
| Total gains (losses) (realized or unrealized): | | | | | |
| Included in earnings | 66 | (305) | 62 | 75 | (320) |
| Included in other comprehensive income (loss) | 337 | — | (763) | — | — |
| Transfers in or out of Level 3 | — | — | — | — | — |
| Purchases, sales, issuances and settlements: | | | | | |
| Settlements | (410) | 449 | (380) | — | 470 |
| **Balance at end of reporting period** | $ 17,832 | $ (3,488) | $ 17,276 | $ — | $ (3,642) |
| | | | | | |
| Gains (losses) included in earnings attributable to the change in unrealized gains relating to assets and liabilities still held at the reporting date: | | | | | |
| Included in interest income | $ 66 | $ — | $ 62 | $ — | $ — |
| Included in interest expense | — | (305) | — | — | (320) |

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

| | Valuation Technique | Unobservable Input | Rate |
|---|---|---|---|
| Investment available for sale | Discounted cash flow | Discount rate | 9.7% |
| Contingent payments | Discounted cash flow | Discount rate | 18.5% |

***Balances Disclosed at Fair Value***

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

| | June 30, 2016 | | | |
|---|---|---|---|---|
| *(In thousands)* | Outstanding Face Amount | Carrying Value | Estimated Fair Value | Fair Value Hierarchy |
| **Liabilities** | | | | |
| Obligation under assessment arrangements | $ 34,301 | $ 27,168 | $ 28,371 | Level 3 |
| Other financial instruments | 100 | 93 | 93 | Level 3 |

| | December 31, 2015 | | | |
|---|---|---|---|---|
| *(In thousands)* | Outstanding Face Amount | Carrying Value | Estimated Fair Value | Fair Value Hierarchy |
| **Liabilities** | | | | |
| Obligation under assessment arrangements | $ 35,126 | $ 27,660 | $ 28,381 | Level 3 |
| Other financial instruments | 200 | 186 | 186 | Level 3 |

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

| | June 30, 2016 | | | |
|---|---|---|---|---|
| *(In thousands)* | Outstanding Face Amount | Carrying Value | Estimated Fair Value | Fair Value Hierarchy |
| ***Boyd Gaming Corporation Debt*** | | | | |
| Bank credit facility | $ 903,275 | $ 892,989 | $ 902,907 | Level 2 |
| 9.00% senior notes due 2020 | 350,000 | 343,750 | 367,500 | Level 1 |
| 6.875% senior notes due 2023 | 750,000 | 737,913 | 798,750 | Level 1 |
| 6.375% senior notes due 2026 | 750,000 | 737,446 | 785,625 | Level 1 |
| | 2,753,275 | 2,712,098 | 2,854,782 | |
| | | | | |
| ***Peninsula Segment Debt*** | | | | |
| Bank credit facility | 610,525 | 600,737 | 611,301 | Level 2 |
| 8.375% Senior Notes due 2018 | 350,000 | 345,027 | 352,188 | Level 2 |
| | 960,525 | 945,764 | 963,489 | |
| **Total debt** | $ 3,713,800 | $ 3,657,862 | $ 3,818,271 | |

| | December 31, 2015 | | | |
|---|---|---|---|---|
| *(In thousands)* | Outstanding Face Amount | Carrying Value | Estimated Fair Value | Fair Value Hierarchy |
| ***Boyd Gaming Corporation Debt*** | | | | |
| Bank credit facility | $ 1,209,725 | $ 1,197,277 | $ 1,202,870 | Level 2 |
| 9.00% senior notes due 2020 | 350,000 | 342,956 | 372,750 | Level 1 |
| 6.875% senior notes due 2023 | 750,000 | 737,066 | 772,500 | Level 1 |
| | 2,309,725 | 2,277,299 | 2,348,120 | |
| ***Peninsula Segment Debt*** | | | | |
| Bank credit facility | 662,750 | 648,607 | 661,131 | Level 2 |
| 8.375% senior notes due 2018 | 350,000 | 343,643 | 357,000 | Level 2 |
| | 1,012,750 | 992,250 | 1,018,131 | |
| **Total debt** | $ 3,322,475 | $ 3,269,549 | $ 3,366,251 | |

The estimated fair values of the Boyd Gaming Credit Facility and the Peninsula Credit Facility are based on a relative value analysis performed on or about June 30, 2016 and December 31, 2015 . The estimated fair values of Boyd Gaming's senior notes and Peninsula's senior notes are based on quoted market prices as of June 30, 2016 and December 31, 2015 . Debt included in the "Other" category is fixed-rate debt that is not traded and does not have an observable market input; therefore, we have estimated its fair value based on a discounted cash flow approach, after giving consideration to the changes in market rates of interest, creditworthiness of both parties, and credit spreads.

There were no transfers between Level 1, Level 2 and Level 3 measurements during the six months ended June 30, 2016 or 2015 .

**NOTE 11. SEGMENT INFORMATION**

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

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

As a result of the agreement to sell our equity interest in Borgata (see Note 3, *Acquisitions and Divestitures* ), we no longer report our interest in Borgata as a Reportable Segment.

***Results of Operations - Total Reportable Segment Net Revenues and Adjusted EBITDA***

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

We reclassify the reporting of corporate expense on the accompanying table in order to exclude it from our subtotal for Total Reportable Segment Adjusted EBITDA and include it as part of total other operating costs and expenses. Furthermore, corporate expense excludes its portion of share-based compensation expense. Corporate expense represents unallocated payroll, professional fees, aircraft expenses and various other expenses not directly related to our casino and hotel operations.

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

| *(In thousands)* | Three Months Ended June 30, 2016 | Three Months Ended June 30, 2015 | Six Months Ended June 30, 2016 | Six Months Ended June 30, 2015 |
|---|---|---|---|---|
| **Net Revenues** | | | | |
| Las Vegas Locals | $ 154,936 | $ 153,032 | $ 313,334 | $ 303,332 |
| Downtown Las Vegas | 59,212 | 58,434 | 117,817 | 115,038 |
| Midwest and South | 207,837 | 217,777 | 417,022 | 435,542 |
| Peninsula | 122,889 | 130,624 | 249,079 | 256,533 |
| **Total Reportable Segment Net Revenues** | $ 544,874 | $ 559,867 | $ 1,097,252 | $ 1,110,445 |
| | | | | |
| **Adjusted EBITDA** | | | | |
| Las Vegas Locals | $ 43,173 | $ 42,175 | $ 87,444 | $ 81,052 |
| Downtown Las Vegas | 14,263 | 12,307 | 26,944 | 22,984 |
| Midwest and South | 50,056 | 51,777 | 98,869 | 102,761 |
| Peninsula | 44,691 | 49,164 | 91,803 | 95,527 |
| **Total Reportable Segment Adjusted EBITDA** | 152,183 | 155,423 | 305,060 | 302,324 |
| Corporate expense | (14,286) | (14,777) | (29,471) | (31,419) |
| **Adjusted EBITDA** | 137,897 | 140,646 | 275,589 | 270,905 |
| | | | | |
| **Other operating costs and expenses** | | | | |
| Deferred rent | 817 | 859 | 1,633 | 1,716 |
| Depreciation and amortization | 48,250 | 51,964 | 95,903 | 103,906 |
| Share-based compensation expense | 2,320 | 2,926 | 5,583 | 6,367 |
| Project development, preopening and writedowns | 5,897 | 1,749 | 7,738 | 2,704 |
| Impairments of assets | — | — | 1,440 | 1,065 |
| Other operating items, net | 123 | 54 | 552 | 170 |
| **Total other operating costs and expenses** | 57,407 | 57,552 | 112,849 | 115,928 |
| **Operating income** | $ 80,490 | $ 83,094 | $ 162,740 | $ 154,977 |

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

| *(In thousands)* | June 30, 2016 | December 31, 2015 |
|---|---|---|
| **Assets** | | |
| Las Vegas Locals | $ 1,132,768 | $ 1,155,224 |
| Downtown Las Vegas | 136,770 | 138,159 |
| Midwest and South | 1,247,196 | 1,263,751 |
| Peninsula | 1,349,269 | 1,370,991 |
| **Total Reportable Segment Assets** | 3,866,003 | 3,928,125 |
| Corporate | 963,317 | 422,775 |
| **Total Assets** | $ 4,829,320 | $ 4,350,900 |

## NOTE 12. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

Separate condensed consolidating financial information for our subsidiary guarantors and non-guarantors of our 9.00% Senior Notes due July 2020, our 6.875% Senior Notes due May 2023 and our 6.375% Senior Notes due April 2026 is presented below. Each of these notes is fully and unconditionally guaranteed, on a joint and several basis, by certain of our current and future domestic restricted subsidiaries, all of which are 100% owned by us. The non-guarantors primarily represent those entities comprising our Peninsula segment, special purpose entities, tax holding companies, our less significant operating subsidiaries and our less than wholly owned subsidiaries.

***Condensed Consolidating Balance Sheets***

| | June 30, 2016 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands)* | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries (100% Owned) | Non-Guarantor Subsidiaries (Not 100% Owned) | Eliminations | Consolidated |
| **Assets** | | | | | | |
| Cash and cash equivalents | $ 512,602 | $ 89,891 | $ 25,564 | $ 221 | $ — | $ 628,278 |
| Other current assets | 13,142 | 69,598 | 30,366 | — | (5,507) | 107,599 |
| Property and equipment, net | 68,245 | 1,739,097 | 398,874 | — | — | 2,206,216 |
| Investments in subsidiaries | 3,690,160 | — | — | — | (3,690,160) | — |
| Intercompany receivable | — | 2,018,443 | — | — | (2,018,443) | — |
| Other assets, net | 13,065 | 9,003 | 25,473 | — | — | 47,541 |
| Intangible assets, net | — | 406,005 | 476,079 | — | — | 882,084 |
| Goodwill, net | — | 212,794 | 472,516 | — | — | 685,310 |
| Investment in unconsolidated subsidiary held for sale | — | 272,292 | — | — | — | 272,292 |
| **Total assets** | $ 4,297,214 | $ 4,817,123 | $ 1,428,872 | $ 221 | $ (5,714,110) | $ 4,829,320 |
| **Liabilities and Stockholders' Equity** | | | | | | |
| Current maturities of long-term debt | $ 21,500 | $ — | $ 8,250 | $ — | $ — | $ 29,750 |
| Other current liabilities | 89,281 | 144,896 | 96,366 | — | (149) | 330,394 |
| Accumulated losses of subsidiaries in excess of investment | — | 76,774 | 315 | — | (77,089) | — |
| Intercompany payable | 881,924 | — | 1,140,596 | 475 | (2,022,995) | — |
| Long-term debt, net of current maturities and debt issuance costs | 2,690,598 | — | 937,514 | — | — | 3,628,112 |
| Other long-term liabilities | 36,922 | 157,990 | 69,113 | — | — | 264,025 |
| Boyd Gaming Corporation stockholders' equity (deficit) | 576,989 | 4,437,463 | (823,282) | (254) | (3,613,927) | 576,989 |
| Noncontrolling interest | — | — | — | — | 50 | 50 |
| **Total stockholders' equity (deficit)** | 576,989 | 4,437,463 | (823,282) | (254) | (3,613,877) | 577,039 |
| **Total liabilities and stockholders' equity** | $ 4,297,214 | $ 4,817,123 | $ 1,428,872 | $ 221 | $ (5,714,110) | $ 4,829,320 |

***Condensed Consolidating Balance Sheets - continued***

| | December 31, 2015 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands)* | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries (100% Owned) | Non-Guarantor Subsidiaries (Not 100% Owned) | Eliminations | Consolidated |
| **Assets** | | | | | | |
| Cash and cash equivalents | $ 2 | $ 124,426 | $ 34,172 | $ 221 | $ — | $ 158,821 |
| Other current assets | 14,602 | 61,157 | 23,660 | — | (1,008) | 98,411 |
| Property and equipment, net | 68,515 | 1,745,203 | 411,624 | — | — | 2,225,342 |
| Investments in subsidiaries | 3,547,690 | — | — | — | (3,547,690) | — |
| Intercompany receivable | — | 1,867,783 | — | — | (1,867,783) | — |
| Other assets, net | 12,521 | 8,982 | 26,838 | — | — | 48,341 |
| Intangible assets, net | — | 406,540 | 483,514 | — | — | 890,054 |
| Goodwill, net | — | 212,794 | 472,516 | — | — | 685,310 |
| Investment in unconsolidated subsidiary held for sale | — | 244,621 | — | — | — | 244,621 |
| **Total assets** | $ 3,643,330 | $ 4,671,506 | $ 1,452,324 | $ 221 | $ (5,416,481) | $ 4,350,900 |
| **Liabilities and Stockholders' Equity** | | | | | | |
| Current maturities of long-term debt | $ 21,500 | $ — | $ 8,250 | $ — | $ — | $ 29,750 |
| Other current liabilities | 102,946 | 146,178 | 76,482 | — | (285) | 325,321 |
| Accumulated losses of subsidiaries in excess of investment | — | 106,505 | 3,192 | — | (109,697) | — |
| Intercompany payable | 720,400 | — | 1,147,082 | 475 | (1,867,957) | — |
| Long-term debt, net of current maturities and debt issuance costs | 2,255,800 | — | 983,999 | — | — | 3,239,799 |
| Other long-term liabilities | 34,723 | 154,633 | 58,663 | — | — | 248,019 |
| Boyd Gaming Corporation stockholders' equity (deficit) | 507,961 | 4,264,190 | (825,344) | (254) | (3,438,592) | 507,961 |
| Noncontrolling interest | — | — | — | — | 50 | 50 |
| **Total stockholders' equity (deficit)** | 507,961 | 4,264,190 | (825,344) | (254) | (3,438,542) | 508,011 |
| **Total liabilities and stockholders' equity** | $ 3,643,330 | $ 4,671,506 | $ 1,452,324 | $ 221 | $ (5,416,481) | $ 4,350,900 |

***Condensed Consolidating Statements of Operations***

| | Three Months Ended June 30, 2016 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands)* | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries (100% Owned) | Non-Guarantor Subsidiaries (Not 100% Owned) | Eliminations | Consolidated |
| **Net revenues** | $ 30,992 | $ 415,096 | $ 135,156 | $ — | $ (36,370) | $ 544,874 |
| **Operating costs and expenses** | | | | | | |
| Operating | 450 | 216,261 | 73,293 | — | — | 290,004 |
| Selling, general and administrative | 12,326 | 52,604 | 14,072 | — | — | 79,002 |
| Maintenance and utilities | — | 21,480 | 3,529 | — | — | 25,009 |
| Depreciation and amortization | 2,242 | 31,452 | 14,556 | — | — | 48,250 |
| Corporate expense | 14,565 | 53 | 1,481 | — | — | 16,099 |
| Project development, preopening and writedowns | 3,236 | 584 | 2,077 | — | — | 5,897 |
| Other operating items, net | — | 71 | 52 | — | — | 123 |
| Intercompany expenses | 301 | 31,012 | 5,057 | — | (36,370) | — |
| **Total operating costs and expenses** | 33,120 | 353,517 | 114,117 | — | (36,370) | 464,384 |
| Equity in earnings of subsidiaries | 73,765 | 2,172 | — | — | (75,937) | — |
| **Operating income (loss)** | 71,637 | 63,751 | 21,039 | — | (75,937) | 80,490 |
| **Other expense (income)** | | | | | | |
| Interest expense, net | 41,539 | 2,348 | 17,041 | — | — | 60,928 |
| Loss on early extinguishments of debt | — | — | 419 | — | — | 419 |
| Other, net | — | — | 65 | — | — | 65 |
| **Total other expense, net** | 41,539 | 2,348 | 17,525 | — | — | 61,412 |
| **Income (loss) before income taxes** | 30,098 | 61,403 | 3,514 | — | (75,937) | 19,078 |
| Income taxes provision | (76) | (2,070) | (5,625) | — | — | (7,771) |
| **Income (loss) from continuing operations, net of tax** | 30,022 | 59,333 | (2,111) | — | (75,937) | 11,307 |
| **Income from discontinued operations, net of tax** | — | 18,715 | — | — | — | 18,715 |
| **Net income (loss)** | $ 30,022 | $ 78,048 | $ (2,111) | $ — | $ (75,937) | $ 30,022 |
| **Comprehensive income (loss)** | $ 29,837 | $ 77,862 | $ (2,296) | $ — | $ (75,566) | $ 29,837 |

***Condensed Consolidating Statements of Operations - continued***

| | Three Months Ended June 30, 2015 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands)* | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries (100% Owned) | Non-Guarantor Subsidiaries (Not 100% Owned) | Eliminations | Consolidated |
| **Net revenues** | $ 31,306 | $ 423,103 | $ 142,527 | $ — | $ (37,069) | $ 559,867 |
| **Operating costs and expenses** | | | | | | |
| Operating | 450 | 221,305 | 76,270 | — | — | 298,025 |
| Selling, general and administrative | 12,342 | 54,042 | 14,629 | — | — | 81,013 |
| Maintenance and utilities | — | 22,955 | 3,661 | — | — | 26,616 |
| Depreciation and amortization | 1,502 | 32,367 | 18,095 | — | — | 51,964 |
| Corporate expense | 16,062 | 70 | 1,220 | — | — | 17,352 |
| Project development, preopening and writedowns | 11 | 300 | 1,409 | 29 | — | 1,749 |
| Other operating items, net | — | — | 54 | — | — | 54 |
| Intercompany expenses | 301 | 31,349 | 5,419 | — | (37,069) | — |
| **Total operating costs and expenses** | 30,668 | 362,388 | 120,757 | 29 | (37,069) | 476,773 |
| Equity in earnings of subsidiaries | 57,024 | (2,219) | (29) | — | (54,776) | — |
| **Operating income (loss)** | 57,662 | 58,496 | 21,741 | (29) | (54,776) | 83,094 |
| **Other expense (income)** | | | | | | |
| Interest expense, net | 34,023 | 419 | 22,224 | — | — | 56,666 |
| Loss on early extinguishments of debt | 30,008 | — | 954 | — | — | 30,962 |
| Other, net | 1 | 1,000 | 269 | — | — | 1,270 |
| **Total other expense, net** | 64,032 | 1,419 | 23,447 | — | — | 88,898 |
| **Income (loss) before income taxes** | (6,370) | 57,077 | (1,706) | (29) | (54,776) | (5,804) |
| Income taxes provision | (55) | (2,014) | (4,517) | — | — | (6,586) |
| **Income (loss) from continuing operations, net of tax** | (6,425) | 55,063 | (6,223) | (29) | (54,776) | (12,390) |
| **Income from discontinued operations, net of tax** | — | 5,965 | — | — | — | 5,965 |
| **Net income (loss)** | $ (6,425) | $ 61,028 | $ (6,223) | $ (29) | $ (54,776) | $ (6,425) |
| **Comprehensive income (loss)** | $ (7,459) | $ 59,994 | $ (7,257) | $ (29) | $ (52,707) | $ (7,458) |

***Condensed Consolidating Statements of Operations - continued***

| | Six Months Ended June 30, 2016 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands)* | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries (100% Owned) | Non-Guarantor Subsidiaries (Not 100% Owned) | Eliminations | Consolidated |
| **Net revenues** | $ 62,193 | $ 834,737 | $ 273,472 | $ — | $ (73,150) | $ 1,097,252 |
| **Operating costs and expenses** | | | | | | |
| Operating | 900 | 437,970 | 146,293 | — | — | 585,163 |
| Selling, general and administrative | 24,712 | 106,777 | 29,362 | — | 2 | 160,853 |
| Maintenance and utilities | — | 41,927 | 6,930 | — | — | 48,857 |
| Depreciation and amortization | 4,020 | 62,627 | 29,256 | — | — | 95,903 |
| Corporate expense | 30,874 | 106 | 3,026 | — | — | 34,006 |
| Project development, preopening and writedowns | 3,992 | 960 | 2,786 | — | — | 7,738 |
| Impairments of assets | 1,440 | — | — | — | — | 1,440 |
| Other operating items, net | 106 | 394 | 52 | — | — | 552 |
| Intercompany expenses | 602 | 62,250 | 10,300 | — | (73,152) | — |
| **Total operating costs and expenses** | 66,646 | 713,011 | 228,005 | — | (73,150) | 934,512 |
| Equity in earnings of subsidiaries | 142,284 | 6,430 | — | — | (148,714) | — |
| **Operating income (loss)** | 137,831 | 128,156 | 45,467 | — | (148,714) | 162,740 |
| **Other expense (income)** | | | | | | |
| Interest expense, net | 74,467 | 4,634 | 34,395 | — | — | 113,496 |
| Loss on early extinguishments of debt | — | — | 846 | — | — | 846 |
| Other, net | 1 | — | 141 | — | — | 142 |
| **Total other expense, net** | 74,468 | 4,634 | 35,382 | — | — | 114,484 |
| **Income (loss) before income taxes** | 63,363 | 123,522 | 10,085 | — | (148,714) | 48,256 |
| Income taxes provision | (151) | (3,988) | (11,250) | — | — | (15,389) |
| **Income (loss) from continuing operations, net of tax** | 63,212 | 119,534 | (1,165) | — | (148,714) | 32,867 |
| **Income from discontinued operations, net of tax** | — | 30,345 | — | — | — | 30,345 |
| **Net income (loss)** | $ 63,212 | $ 149,879 | $ (1,165) | $ — | $ (148,714) | $ 63,212 |
| **Comprehensive income (loss)** | $ 63,549 | $ 150,216 | $ (828) | $ — | $ (149,388) | $ 63,549 |

***Condensed Consolidating Statements of Operations - continued***

| | Six Months Ended June 30, 2015 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands)* | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries (100% Owned) | Non-Guarantor Subsidiaries (Not 100% Owned) | Eliminations | Consolidated |
| **Net revenues** | $ 62,102 | $ 841,695 | $ 280,052 | $ — | $ (73,404) | $ 1,110,445 |
| **Operating costs and expenses** | | | | | | |
| Operating | 900 | 444,892 | 150,190 | — | — | 595,982 |
| Selling, general and administrative | 24,745 | 108,384 | 29,573 | — | — | 162,702 |
| Maintenance and utilities | — | 44,666 | 7,269 | — | — | 51,935 |
| Depreciation and amortization | 2,789 | 65,054 | 36,063 | — | — | 103,906 |
| Corporate expense | 34,529 | 124 | 2,351 | — | — | 37,004 |
| Project development, preopening and writedowns | (41) | 283 | 2,392 | 70 | — | 2,704 |
| Impairments of assets | — | — | 1,065 | — | — | 1,065 |
| Other operating items, net | — | 70 | 100 | — | — | 170 |
| Intercompany expenses | 602 | 62,190 | 10,612 | — | (73,404) | — |
| **Total operating costs and expenses** | 63,524 | 725,663 | 239,615 | 70 | (73,404) | 955,468 |
| Equity in earnings of subsidiaries | 105,382 | (6,242) | (70) | — | (99,070) | — |
| **Operating income (loss)** | 103,960 | 109,790 | 40,367 | (70) | (99,070) | 154,977 |
| **Other expense (income)** | | | | | | |
| Interest expense, net | 67,419 | 1,121 | 44,590 | — | — | 113,130 |
| Loss on early extinguishments of debt | 30,008 | — | 1,462 | — | — | 31,470 |
| Other, net | 417 | 1,000 | 471 | — | — | 1,888 |
| **Total other expense, net** | 97,844 | 2,121 | 46,523 | — | — | 146,488 |
| **Income (loss) before income taxes** | 6,116 | 107,669 | (6,156) | (70) | (99,070) | 8,489 |
| Income taxes benefit (provision) | 22,562 | (3,937) | (9,000) | — | — | 9,625 |
| **Income (loss) from continuing operations, net of tax** | 28,678 | 103,732 | (15,156) | (70) | (99,070) | 18,114 |
| **Income from discontinued operations, net of tax** | — | 10,564 | — | — | — | 10,564 |
| **Net income (loss)** | $ 28,678 | $ 114,296 | $ (15,156) | $ (70) | $ (99,070) | $ 28,678 |
| **Comprehensive income (loss)** | $ 27,915 | $ 113,533 | $ (15,919) | $ (70) | $ (97,544) | $ 27,915 |

***Condensed Consolidating Statements of Cash Flows***

| | Six Months Ended June 30, 2016 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands)* | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries (100% Owned) | Non-Guarantor Subsidiaries (Not 100% Owned) | Eliminations | Consolidated |
| **Cash flows from operating activities** | | | | | | |
| **Net cash from operating activities** | $ (59,978) | $ 158,742 | $ 57,119 | $ — | $ 4,378 | $ 160,261 |
| **Cash flows from investing activities** | | | | | | |
| Capital expenditures | (19,456) | (45,271) | (7,720) | — | — | (72,447) |
| Net activity with affiliates | — | (150,660) | — | — | 150,660 | — |
| Other investing activities | — | — | 704 | — | — | 704 |
| **Net cash from investing activities** | (19,456) | (195,931) | (7,016) | — | 150,660 | (71,743) |
| **Cash flows from financing activities** | | | | | | |
| Borrowings under bank credit facility | 223,900 | — | 165,000 | — | — | 388,900 |
| Payments under bank credit facility | (530,350) | — | (217,225) | — | — | (747,575) |
| Proceeds from issuance of senior notes | 750,000 | — | — | — | — | 750,000 |
| Debt financing costs, net | (12,936) | — | — | — | — | (12,936) |
| Net activity with affiliates | 161,524 | — | (6,486) | — | (155,038) | — |
| Share-based compensation activities, net | (104) | — | — | — | — | (104) |
| **Net cash from financing activities** | 592,034 | — | (58,711) | — | (155,038) | 378,285 |
| **Cash flows from discontinued operations** | | | | | | |
| Cash flows from operating activities | — | 2,654 | — | — | — | 2,654 |
| Cash flows from investing activities | — | — | — | — | — | — |
| Cash flows from financing activities | — | — | — | — | — | — |
| **Net cash from discontinued operations** | — | 2,654 | — | — | — | 2,654 |
| **Net change in cash and cash equivalents** | 512,600 | (34,535) | (8,608) | — | — | 469,457 |
| **Cash and cash equivalents, beginning of period** | 2 | 124,426 | 34,172 | 221 | — | 158,821 |
| **Cash and cash equivalents, end of period** | $ 512,602 | $ 89,891 | $ 25,564 | $ 221 | $ — | $ 628,278 |

***Condensed Consolidating Statements of Cash Flows - continued***

| | Six Months Ended June 30, 2015 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands)* | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries (100% Owned) | Non-Guarantor Subsidiaries (Not 100% Owned) | Eliminations | Consolidated |
| **Cash flows from operating activities** | | | | | | |
| **Net cash from operating activities** | $ (40,933) | $ 150,591 | $ 36,811 | $ (70) | $ 9,377 | $ 155,776 |
| **Cash flows from investing activities** | | | | | | |
| Capital expenditures | (24,876) | (21,366) | (11,870) | — | — | (58,112) |
| Net activity with affiliates | — | (147,126) | — | — | 147,126 | — |
| Other investing activities | — | — | 2,975 | — | — | 2,975 |
| **Net cash from investing activities** | (24,876) | (168,492) | (8,895) | — | 147,126 | (55,137) |
| **Cash flows from financing activities** | | | | | | |
| Borrowings under bank credit facility | 396,100 | — | 170,800 | — | — | 566,900 |
| Payments under bank credit facility | (679,525) | — | (223,187) | — | — | (902,712) |
| Proceeds from issuance of senior notes, net | 750,000 | — | — | — | — | 750,000 |
| Debt financing costs, net | (13,496) | — | — | — | — | (13,496) |
| Payments on long-term debt | (500,000) | — | — | — | — | (500,000) |
| Premium and consent fees paid | (24,246) | — | — | — | — | (24,246) |
| Net activity with affiliates | 134,874 | — | 21,559 | 70 | (156,503) | — |
| Share-based compensation activities, net | 2,100 | — | — | — | — | 2,100 |
| Other financing activities | — | — | (3) | — | — | (3) |
| **Net cash from financing activities** | 65,807 | — | (30,831) | 70 | (156,503) | (121,457) |
| **Cash flows from discontinued operations** | | | | | | |
| Cash flows from operating activities | — | — | — | — | — | — |
| Cash flows from investing activities | — | — | — | — | — | — |
| Cash flows from financing activities | — | — | — | — | — | — |
| **Net cash from discontinued operations** | — | — | — | — | — | — |
| **Net change in cash and cash equivalents** | (2) | (17,901) | (2,915) | — | — | (20,818) |
| **Cash and cash equivalents, beginning of period** | 2 | 111,452 | 33,668 | 219 | — | 145,341 |
| **Cash and cash equivalents, end of period** | $ — | $ 93,551 | $ 30,753 | $ 219 | $ — | $ 124,523 |

## NOTE 13. SUBSEQUENT EVENTS

***Redemption of Peninsula Gaming 2018 Notes***

On August 3, 2016, a conditional notice of redemption was delivered to the trustee for the Peninsula Gaming 8.375% Senior Notes due 2018 (the "2018 Notes"). We have elected to redeem all of the outstanding 2018 Notes on September 2, 2016, at a redemption price of 100.00% of the principal amount of $350.0 million, plus accrued and unpaid interest through the redemption date. Redemption of the 2018 Notes is conditioned upon receipt by the trustee of the 2018 Notes of sufficient funds to pay the redemption price. The redemption will be funded using cash on hand. As a result of this early extinguishment of debt, the Company will recognize an estimated charge of $4.5 million during third quarter to write-off the remaining unamortized debt issuance costs at the time of redemption.

***Redemption of Boyd Gaming 2020 Notes***

On August 5, 2016, a conditional notice of redemption was delivered to the trustee for the Boyd Gaming 9.0% Senior Notes due 2020 (the "2020 Notes"). The Company has elected to redeem all of the outstanding 2020 Notes on September 3, 2016, at a redemption price of 104.500% of the principal amount of $350.0 million, plus accrued and unpaid interest, if any, to the redemption date. Redemption of the 2020 Notes is conditioned upon receipt by the trustee of the 2020 Notes of sufficient funds to pay the redemption price. The redemption will be funded using cash on hand. As a result of this early extinguishment of debt, the Company will recognize an estimated charge of $21.7 million during third quarter for the premium to be paid and to write-off the remaining unamortized debt issuance costs at the time of redemption.

***Other***

We have evaluated all events or transactions that occurred after June 30, 2016 . During this period, up to the filing date, we did not identify any additional subsequent events, other than those disclosed above and in Note 3, *Acquisitions and Divestitures* , the effects of which would require disclosure or adjustment to our financial position or results of operations.

**Item 2.** ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

**Executive Overview**

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

We are a diversified operator of 21 wholly-owned gaming entertainment properties. Headquartered in Las Vegas, Nevada, we have gaming operations in Nevada, Illinois, Indiana, Iowa, Kansas, Louisiana and Mississippi. We view each operating property as an operating segment. For financial reporting purposes, we aggregate our wholly-owned properties into the following four reportable segments:

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

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

On May 31, 2016, we announced that we had entered into an Equity Purchase Agreement to sell our 50% equity interest in the parent company of Borgata Hotel Casino and Spa ("Borgata") to MGM Resorts International ("MGM"), and this transaction closed on August 1, 2016. We account for our investment in Borgata applying the equity method and report its results as discontinued operations for all periods presented in this Quarterly Report on Form 10-Q.

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

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

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

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

***Strengthening our Balance Sheet***
We are committed to finding opportunities to strengthen our balance sheet through diversifying and increasing cash flow to reduce our debt.

***Operating Efficiently***
We are committed to operating more efficiently and endeavor to prevent unneeded expense in our business. As we continue to experience revenue growth in both our gaming and non-gaming operations, the efficiencies of our business model position us to flow a substantial portion of the revenue growth directly to the bottom line.

***Evaluating Acquisition Opportunities***
Our evaluations of potential transactions and acquisitions are strategic, deliberate, and disciplined. Our goal is to identify and pursue opportunities that are a good fit for our business, deliver a solid return for shareholders, and are available at the right price, such as the recently announced acquisitions of Aliante Casino + Hotel + Spa, Cannery Casino and Hotel and Eastside Cannery Casino and Hotel.

***Maintaining our Brand***
The ability of our employees to deliver great customer service helps distinguish our Company and our brands from our competitors. Our employees are an important reason that our customers continue to choose our properties over the competition across the country.

**Our Key Performance Indicators**
We use several key performance measures to evaluate the operations of our properties. These key performance measures include the following:

- *Gaming revenue measures* :
  - Slot handle, which means the dollar amount wagered in slot machines, and table game drop, which means the total amount of cash deposited in table games drop boxes, plus the sum of markers issued at all table games. Slot handle and table game drop are measures of volume and/or market share.
  - Slot win and table game hold, which mean the difference between customer wagers and customer winnings on slot machines and table games, respectively. Slot win and table game hold percentages represent the relationship between slot handle and table game drop to gaming wins and losses.

- *Food and beverage revenue measures* : average guest check, which means the average amount spent per customer visit and is a measure of volume and product offerings; number of guests served ("food covers") is an indicator of volume; and the cost per guest served is a measure of operating margin.

- *Room revenue measures* : hotel occupancy rate, which measures the utilization of our available rooms; and average daily rate ("ADR") is a price measure.

**RESULTS OF OPERATIONS**
**Overview**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In millions)* | 2016 | 2015 | 2016 | 2015 |
| Net revenues | $ 544.9 | $ 559.9 | $ 1,097.3 | $ 1,110.4 |
| Operating income | 80.5 | 83.1 | 162.7 | 155.0 |
| Income (loss) from continuing operations, net of tax | 11.3 | (12.4) | 32.9 | 18.1 |
| Income from discontinued operations, net of tax | 18.7 | 6.0 | 30.3 | 10.6 |
| Net income (loss) | 30.0 | (6.4) | 63.2 | 28.7 |

***Net Revenues***
Net revenues decreased $15.0 million , or 2.7% , for the three months ended June 30, 2016 , compared to the prior year period due to $10.0 million and $7.7 million decreases in net revenues in the Midwest and South and Peninsula segments, respectively. The decrease in net revenues in the Midwest and South segment was concentrated at IP and Par-A-Dice, both of which continue to contend with increased gaming capacity in their markets. The Peninsula segment experienced decreased revenues due primarily to soft markets in all three states in which the segment operates. Partially offsetting these decreases were a combined increase of $2.7million in the Las Vegas Locals and Downtown Las Vegas segments net revenues.

Net revenues decreased $13.2 million , or 1.2% , for the six months ended June 30, 2016 , compared to the prior year period due to $18.5 million and $7.5 million decreases in net revenues in the Midwest and South and Peninsula segments, respectively. In the Midwest and South segment, net revenue declines were primarily the result of revenue decreases at Par-A-Dice and IP, both of which continue to contend with increased gaming capacity in their markets. For the Peninsula segment, net revenue declines year over year were primarily driven by the Louisiana operations and to a lesser extent by the Kansas operations. These decreases were partially offset by increases of $10.0 million and $2.8 million in Las Vegas Locals segment and Downtown Las Vegas segment, respectively.

***Operating Income***
The $2.6 million , or 3.1% , decrease in operating income during the three months ended June 30, 2016 , compared to the corresponding period of the prior year reflects a $4.1 million increase in project development, preopening and writedowns costs over the prior year period, related primarily to costs surrounding our pending acquisitions, as well as the impact of decreased net revenues in our Midwest and South and Peninsula segments.

Operating income increased $7.8 million , or 5.0% , during the six months ended June 30, 2016 , compared to the corresponding period of the prior year. Operating margins in gaming, food and beverage and rooms did not change significantly. The increase is primarily a result of a decrease in depreciation and amortization expense and corporate expense, partially offset by a $5.0 million increase in project development, preopening and writedowns costs over the prior year period.

***Income (loss) from continuing operations, net of tax***
Income from continuing operations for the three months ended June 30, 2016 was $11.3 million , as compared to a loss from continuing operations of $12.4 million in the comparable prior year period. The three months ended June 30, 2015 included $30.5 million of additional loss on early extinguishment of debt compared to the current year period. Interest expense, net of amounts capitalized, for the three months ended June 30, 2016, increased $4.8 million compared to the corresponding period of the prior year due to an increase in outstanding debt as a result of the issuance of the 6.375% Senior Notes in March 2016.

Income from continuing operations increased $14.8 million , or 81.4% during the six months ended June 30, 2016 , compared to the corresponding period of the prior year. The change is due to increased operating income, as well as the inclusion in the prior year period of an additional $30.6 million of loss on early extinguishment of debt compared to the current year, partially offset by a $23.2 million increase in our income tax provision as compared to the prior year due to settlements of previous years' income tax appeals.

***Income from discontinued operations, net of tax***
Income from discontinued operation, net of tax, reflects the results of our equity method investment in Borgata. The increase in both the three and six months ended June 30, 2016 compared to the corresponding periods of the prior year is a result of an increase in Borgata's net income driven by increased revenues and decreased operating expenses and interest expense.

***Net Income (Loss)***

Net income for the three months ended June 30, 2016 was $30.0 million , compared with net loss of $6.4 million for the corresponding period of the prior year. The $36.4 million change is primarily due to an additional $30.5 million of loss on early extinguishments of debt in the three months ended June 30, 2015 compared to the current year period, combined with a $12.8 million increase in Boyd Gaming's share of Borgata's net income classified as income from discontinued operations, net of tax. These increases were partially offset by a $4.8 million increase in interest expense and a $2.6 million decrease in operating income compared the prior year period.

Net income for the six months ended June 30, 2016 was $63.2 million , compared with net income of $28.7 million for the corresponding period of the prior year. The $34.5 million increase is primarily due to a $19.8 million increase in Boyd Gaming's share of Borgata's operating income classified as income from discontinued operations, net of tax, in the six months ended June 30, 2016 over the prior year period, combined with inclusion of an additional $30.6 million loss on early extinguishments of debt in the prior year period. These increases in net income were partially offset by a $23.2 million increase in our income tax provision due to settlements of previous years' income tax appeals.

**Operating Revenues**

We derive the majority of our gross revenues from our gaming operations, which produced approximately 75% and 76% of gross revenues for the three months ended June 30, 2016 and 2015 , respectively, and 75% and 76% of gross revenues for the six months ended June 30, 2016 and 2015 , respectively. Food and beverage gross revenues represent our next most significant revenue source, generating approximately 13% of gross revenues for each of the three months ended June 30, 2016 and 2015 and the six months ended June 30, 2016 and 2015 . Room revenues and other revenues separately contributed less than 10% of gross revenues during these periods.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| ***(In millions)*** | **2016** | **2015** | **2016** | **2015** |
| **REVENUES** | | | | |
| Gaming | $ 452.9 | $ 468.6 | $ 915.5 | $ 933.3 |
| Food and beverage | 75.9 | 77.9 | 152.7 | 154.2 |
| Room | 43.4 | 42.3 | 85.2 | 81.7 |
| Other | 29.7 | 30.7 | 61.2 | 60.3 |
| Gross revenues | 601.9 | 619.5 | 1,214.6 | 1,229.5 |
| Less promotional allowances | 57.0 | 59.6 | 117.3 | 119.1 |
| **Net revenues** | $ 544.9 | $ 559.9 | $ 1,097.3 | $ 1,110.4 |
| | | | | |
| **COSTS AND EXPENSES** | | | | |
| Gaming | $ 217.8 | $ 224.7 | $ 441.3 | $ 451.4 |
| Food and beverage | 42.1 | 42.9 | 83.9 | 84.5 |
| Room | 11.3 | 10.7 | 21.8 | 20.7 |
| Other | 18.8 | 19.7 | 38.2 | 39.4 |
| **Total costs and expenses** | $ 290.0 | $ 298.0 | $ 585.2 | $ 596.0 |
| | | | | |
| **MARGINS** | | | | |
| Gaming | 51.9% | 52.0% | 51.8% | 51.6% |
| Food and beverage | 44.5% | 44.9% | 45.0% | 45.2% |
| Room | 74.0% | 74.8% | 74.4% | 74.8% |
| Other | 36.6% | 36.0% | 37.6% | 34.8% |

***Gaming***

Gaming revenues are comprised primarily of the net win from our slot machine operations and table games. The $15.7 million , or 3.3% , decrease in gaming revenues during the three months ended June 30, 2016 as compared to the corresponding period of the prior year, was due to decreases of $11.4 million and $6.8 million in the Midwest and South and Peninsula segments, respectively. In the Midwest and South segment, the decrease in gaming revenues was concentrated at IP and Par-A-Dice, both of which continue to contend with increased gaming capacity in their markets. The Midwest and South segment experienced a 6.0% decrease in slot

handle and a 5.1% decrease in table game drop. The Peninsula segment experienced primarily soft markets in all three states in which we operate, resulting in a 4.9% decrease in slot handle, a 1.0 percentage point decrease in table game hold, and a 5.9% decrease in table game drop. These declines were partially offset by increases in gaming revenue of $1.7 million and $0.8 million in the Las Vegas Locals and Downtown Las Vegas segments, respectively, attributable primarily to increased table game hold and slot win. Gaming expenses decreased by $6.9 million, or 3.1%, reflective of the overall reduction in gaming revenues.

The $17.9 million , or 1.9% , decrease in gaming revenues during the six months ended June 30, 2016 as compared to the corresponding period of the prior year, was due to decreases of $20.4 million and $6.6 million in the Midwest and South and Peninsula segments, respectively. In the Midwest and South segment, the decrease in gaming revenues was attributable to a 5.1% decrease in slot handle and a 4.6% decrease in table game drop, and was concentrated at Par-A-Dice and IP, both of which continue to contend with increased gaming capacity in their markets. Gaming revenues decreased 14.0% and 9.3% at Par-A-Dice and IP, respectively, partially offset by a 5.6% increase in Blue Chip's gaming revenue related to their continued increase in market share. The Peninsula segment gaming revenue decline was driven by decreases in both slot handle and table game drop of 3.1% and 4.7%, respectively, and offset by an increase in hold. Slot hold increased 0.1% while table game hold increased 0.5%. Consistent with the net revenue decline, the gaming revenue decline was driven primarily by the Louisiana operations and to a lesser extent by the Kansas operations. The Iowa properties had a combined 2.8% gaming revenue growth through the first half of 2016 due to year over year growth during the first quarter in Iowa. These declines in gaming revenue were partially offset by increases in gaming revenue of $6.5 million and $2.6 million in the Las Vegas Locals and Downtown Las Vegas segments, respectively, attributable primarily to increased table game hold and slot win. Gaming expenses decreased by $10.1 million, or 2.2%, reflective of the overall reduction in gaming revenues.

***Food and Beverage***

Food and beverage revenues decreased $2.0 million , or 2.6% , during the three months ended June 30, 2016 , as compared to the corresponding period of the prior year. The decrease in revenues was due to a decrease in food covers and an increase in cost per cover across all segments. The effect of these changes was partially offset by increases in average guest check of 2.0% and 2.9% in the Downtown Las Vegas and Midwest and South segments, respectively. Food and beverage expenses and margin remained consistent as compared to last year.

Food and beverage revenues decreased $1.5 million , or 1.0% , during the six months ended June 30, 2016 , as compared to the corresponding period of the prior year. The decrease in revenues was due to a decrease in food covers in every segment except Las Vegas Locals and an increase in cost per cover across all segments. The effect of these changes was partially offset by increases in average guest check of 2.7%, 2.6% and 2.2% in the Downtown Las Vegas, Midwest and South and Las Vegas Locals segments, respectively. Food and beverage expenses and margin remained consistent as compared to last year.

***Room***

Room revenues increased by $1.0 million , or 2.4% , during the three months ended June 30, 2016 , as compared to the corresponding period of the prior year due to increases in average daily rate of 3.8%, 2.8% and 1.7% in the Las Vegas Locals, Midwest and South and Downtown Las Vegas segments, respectively. The increase in average daily rate was offset by 2.5% and 2.3% decreases in hotel occupancy over the prior year period in the Las Vegas Locals and the Midwest and South segments, respectively. Room expenses and margin remained consistent as compared to last year.

Room revenues increased by $3.6 million , or 4.4% , during the six months ended June 30, 2016 , as compared to the corresponding period of the prior year due to increases in average daily rate of 3.3%, 1.7% and 0.9% in the Las Vegas Locals, Midwest and South and Downtown Las Vegas segments, respectively. Additionally, Las Vegas Locals and Downtown Las Vegas segments experienced increases in hotel occupancy of 1.7% and 1.3%, respectively. Room expenses and margin remained consistent as compared to last year.

***Other***

Other revenues relate to patronage visits at the amenities at our properties, including entertainment and nightclub revenues, retail sales, theater tickets and other venues. Other revenues decreased $0.9 million , or 3.1% , during the three months ended June 30, 2016 , as compared to the prior year as a result of lower consumption of property amenities and decreased visitor spending.

Other revenues increased $0.8 million , or 1.4% , during the six months ended June 30, 2016 , as compared to the prior year as a result of investment in property amenities and increased visitor spending during the year.

**Revenues and Adjusted EBITDA by Reportable Segment**

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

EBITDA is a commonly used measure of performance in our industry that we believe, when considered with measures calculated in accordance with GAAP, provides our investors a more complete understanding of our operating results before the impact of investing and financing transactions and income taxes and facilitates comparisons between us and our competitors. Management has historically adjusted EBITDA when evaluating operating performance because we believe that the inclusion or exclusion of certain recurring and non-recurring items is necessary to provide the most accurate measure of our core operating results and as a means to evaluate period-to-period results.

The following table presents our net revenues and Adjusted EBITDA by Reportable Segment:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In millions)* | **2016** | **2015** | **2016** | **2015** |
| **Net revenues** | | | | |
| Las Vegas Locals | $ 154.9 | $ 153.0 | $ 313.3 | $ 303.3 |
| Downtown Las Vegas | 59.2 | 58.4 | 117.8 | 115.0 |
| Midwest and South | 207.9 | 217.9 | 417.1 | 435.6 |
| Peninsula | 122.9 | 130.6 | 249.1 | 256.5 |
| **Net revenues** | $ 544.9 | $ 559.9 | $ 1,097.3 | $ 1,110.4 |
| | | | | |
| **Adjusted EBITDA** (1) | | | | |
| Las Vegas Locals | $ 43.2 | $ 42.2 | $ 87.4 | $ 81.1 |
| Downtown Las Vegas | 14.3 | 12.3 | 26.9 | 23.0 |
| Midwest and South | 50.0 | 51.7 | 99.0 | 102.7 |
| Peninsula | 44.7 | 49.2 | 91.8 | 95.5 |
| Total Reportable Segment Adjusted EBITDA | 152.2 | 155.4 | 305.1 | 302.3 |
| Corporate expense | (14.3) | (14.8) | (29.5) | (31.4) |
| Adjusted EBITDA | $ 137.9 | $ 140.6 | $ 275.6 | $ 270.9 |

(1) Refer to Note 11, *Segment Information,* in the notes to the condensed consolidated financial statements (unaudited) for a reconciliation of Total Reportable Segment Adjusted EBITDA to operating income, as reported in accordance with GAAP in our accompanying condensed consolidated statements of operations.

***Las Vegas Locals***

Net revenues increased $1.9 million, or 1.2%, during the three months ended June 30, 2016 , as compared to the corresponding period of the prior year, due primarily to a $1.7 million increase in gaming revenue resulting from a 0.3 percentage point increase in table game hold percentage and a 0.1 percentage point increase in slot hold. Average guest check increased only 1.4%, while the number of food covers decreased 4.5%, resulting in relatively unchanged food and beverage revenues of prior year period. ADR increased 3.8%, while hotel occupancy decreased 2.5%, resulting in a $0.7 million increase in room revenues over the prior year period.

Net revenues increased $10.0 million, or 3.3%, during the six months ended June 30, 2016 , as compared to the corresponding period of the prior year, due primarily to a $6.5 million increase in gaming revenue resulting from a 3.3% increase in table game drop and a 0.4 percentage point increase in table game hold percentage. Average guest check increased 2.2%, the number of food covers increased 1.1%, hotel occupancy increased 1.7% and ADR increased 3.3%, resulting in an increase in food and beverage revenues and room revenues of 3.9% and 8.7%, respectively, over the prior year period.

Adjusted EBITDA increased by 2.4% and 7.9% for the three and six months ended June 30, 2016 , respectively, over the comparable prior year period due to the flow-through effects of higher revenues and our on-going cost control efforts.

***Downtown Las Vegas***

Net revenues increased $0.8 million, or 1.3%, during the three months ended June 30, 2016 , as compared to the corresponding period of the prior year, due primarily to a $0.8 million increase in gaming revenues resulting from a 1.6% increase in slot handle, and a 1.2 percentage point increase in table game hold percentage. Additionally, food and beverage revenue and room revenues had modest increases related to a 2.0% increase in average guest check, a 1.7% increase hotel occupancy and a 1.7% increase in average daily rate. We continue to tailor our marketing programs in the Downtown segment to cater to our Hawaiian market. During both of the three month periods ended June 30, 2016 and 2015 , our Hawaiian market represented approximately 53% of our occupied rooms in this segment.

Net revenues increased $2.8 million, or 2.4%, during the six months ended June 30, 2016 , as compared to the corresponding period of the prior year, due primarily to a $2.6 million increase in gaming revenues resulting from a 1.8% increase in slot handle, and a 0.9 percentage point increase in table game hold percentage. Additionally, food and beverage revenue and room revenues had modest increases related to a 2.7% increase in average guest check and a 1.3% increase hotel occupancy. During both of the six month periods ended June 30, 2016 and 2015 , our Hawaiian market represented approximately 52% of our occupied rooms in this segment.

Adjusted EBITDA increased by $2.0 million and $4.0 million for the three and six months ended June 30, 2016 , respectively, over the comparable prior year period due to revenue gains coupled with our cost control efforts.

***Midwest and South***

Net revenues decreased $9.9 million, or 4.6%, during the three months ended June 30, 2016 , as compared to the corresponding period of the prior year, primarily due to a $11.4 million decrease in gaming revenues resulting from a 6.0% decrease in slot handle and a 5.1% decrease in table game drop. Food and beverage revenues decreased 5.1% from prior year due despite a 2.9% increase in average guest check due to a 7.8% decrease in food covers. Room revenues remained consistent with the prior year. The results for the segment were impacted by the short-term impact of the recent opening of a new competitor in the Biloxi market and increased gaming capacity in Illinois, as reflected by IP and Par-A-Dice's decreases in net revenues of 6.3% and 13.9%, respectively.

Net revenues decreased $18.5 million, or 4.3%, during the six months ended June 30, 2016 , as compared to the corresponding period of the prior year, primarily due to a $20.4 million decrease in gaming revenues resulting from a 5.1% decrease in slot handle and a 4.6% decrease in table game drop. Food and beverage revenues decreased 4.6% from prior year despite a 2.6% increase in average guest check due to a 6.5% decrease in food covers. Room revenues remained consistent with the prior year. The results for the segment were impacted by severe flooding that affected operations in portions of Louisiana and Mississippi in the early months of the year, the short-term impact of the recent opening of a new competitor in the Biloxi market and increased gaming capacity in Illinois, as reflected by IP and Par-A-Dice's decreases in net revenues of 6.0% and 13.1%, respectively. Overall net revenues for the Midwest and South segment were positively impacted by increased market share achieved by both Treasure Chest and Blue Chip.

The segment reported a $1.7 million decrease and a $3.9 decrease in Adjusted EBITDA for the three and six months ended June 30, 2016 , respectively, as compared to the corresponding prior year period due to the decrease in revenues.

***Peninsula***

Net revenues in our Peninsula segment decreased $7.7 million, or 5.9%, for the three months ended June 30, 2016 , as compared to the prior year period due primarily to soft markets in each of the three states where we operate. Gaming revenues decreased $6.8 million, or 5.6%, during the period, primarily due to a 5.9% decrease in table game drop and a 4.9% decrease in slot handle, a result of the soft markets in each of the three states where Peninsula segment operates. Food and beverage revenue decreased 8.2% during the three months ended June 30, 2016 as compared to the prior year period due primarily to a 10.1% decrease in food covers.

Net revenues in our Peninsula segment decreased $7.5 million, or 2.9%, for the six months ended June 30, 2016 , as compared to the prior year period due primarily to the soft markets we experienced in all three states during the second quarter. Net revenue declines year over year were primarily driven by our Louisiana operations and to a lesser extent by our Kansas operations. The stronger performance by our Iowa properties in the first quarter of the current year offset second quarter declines in Iowa and resulted in a combined net revenue growth through the first half of the year in Iowa of 2.2%. Gaming revenues decreased $6.6 million, or 2.8%, during the period primarily due to a 4.7% decrease in table game drop and a 3.1% decrease in slot handle, a result of the soft markets experienced in each of the three states where Peninsula segment operates. Food and beverage revenues

decreased by 6.4% during the six months ended June 30, 2016 as compared to the prior year period due primarily to an 8.7% decrease in food covers.

The segment reported a $4.5 million decrease and a $3.7 decrease in Adjusted EBITDA for the three and six months ended June 30, 2016 , respectively, as compared to the corresponding prior year period.

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In millions)* | 2016 | 2015 | 2016 | 2015 |
| Selling, general and administrative | $ 79.0 | $ 81.0 | $ 160.9 | $ 162.7 |
| Maintenance and utilities | 25.0 | 26.6 | 48.9 | 51.9 |
| Depreciation and amortization | 48.3 | 52.0 | 95.9 | 103.9 |
| Corporate expense | 16.1 | 17.4 | 34.0 | 37.0 |
| Project development, preopening and writedowns | 5.9 | 1.7 | 7.7 | 2.7 |
| Impairments of assets | — | — | 1.4 | 1.1 |
| Other operating items, net | 0.1 | 0.1 | 0.6 | 0.2 |

***Selling, General and Administrative***
Selling, general and administrative expenses, as a percentage of gross revenues, were 13.1% during both of the three months ended June 30, 2016 and 2015 , and 13.2% during both of the six months ended June 30, 2016 and 2015 . We continue to focus on disciplined and targeted marketing spend, and our ongoing cost containment efforts.

***Maintenance and Utilities***
Maintenance and utilities expenses, as a percentage of gross revenues, were 4.2% and 4.3% during the three months ended June 30, 2016 and 2015 , respectively, and 4.0% and 4.2% during the six months ended June 30, 2016 and 2015 , respectively. The decrease between the periods is primarily due to the fact that no major maintenance projects were undertaken in the current year period, coupled with cost reductions associated with the Company's energy savings initiatives.

***Depreciation and Amortization***
Depreciation and amortization expenses, as a percentage of gross revenues, were 8.0% and 8.4% during the three months ended June 30, 2016 and 2015 , respectively. Depreciation and amortization expense decreased $3.7 million for the three months ended June 30, 2016 , compared to the prior year period. The overall decrease is primarily due to the decrease in intangible asset amortization for the Peninsula segment as its customer relationships are amortized using an accelerated method over their approximate useful life of five years.

Depreciation and amortization expenses, as a percentage of gross revenues, were 7.9% and 8.5% during the six months ended June 30, 2016 and 2015 , respectively. Depreciation and amortization expense decreased $8.0 million for the six months ended June 30, 2016 , compared to the prior year period. The overall decrease is primarily due to the decrease in intangible asset amortization for the Peninsula segment as its customer relationships are amortized using an accelerated method over their approximate useful life of five years.

***Corporate Expense***
Corporate expense represents unallocated payroll, professional fees, rent and various other administrative expenses that are not directly related to our casino and/or hotel operations, in addition to the corporate portion of share-based compensation expense. Corporate expense represented 2.7% and 2.8% of gross revenues during each of the three months ended June 30, 2016 and 2015 , respectively, and 2.8% and 3.0% of gross revenues during each of the six months ended June 30, 2016 and 2015 , respectively.

***Project Development, Preopening and Writedowns***
Project development, preopening and writedowns represent: (i) certain costs incurred and recoveries realized related to the activities associated with various acquisition opportunities, strategic initiatives, dispositions and other business development activities in the ordinary course of business; (ii) certain costs of start-up activities that are expensed as incurred in our ongoing efforts to develop gaming activities in new jurisdictions and expenses related to other new business development activities that do not qualify as

capital costs; and (iii) asset write-downs. The increase in such costs in the current year periods as compared to the prior year is primarily due to the costs incurred related to the recently announced acquisitions and the Borgata disposition.

***Impairments of Assets***
Impairments of assets for the three and six months ended June 30, 2016 and 2015 , included non-cash impairment charges related to non-operating assets.

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

**Other Expenses**
***Interest Expense, net***
The following table summarizes information with respect to our interest expense on outstanding indebtedness:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In millions)* | **2016** | **2015** | **2016** | **2015** |
| **Interest Expense, net** | | | | |
| Boyd Gaming Corporation | $ 43.9 | $ 38.7 | $ 79.1 | $ 76.9 |
| Peninsula | 17.0 | 18.0 | 34.4 | 36.2 |
| | $ 60.9 | $ 56.7 | $ 113.5 | $ 113.1 |
| | | | | |
| **Loss on Early Extinguishment of Debt** | | | | |
| Boyd Gaming Corporation | $ — | $ 30.0 | $ — | $ 30.0 |
| Peninsula | 0.4 | 1.0 | 0.8 | 1.5 |
| | $ 0.4 | $ 31.0 | $ 0.8 | $ 31.5 |
| | | | | |
| **Average Long-Term Debt Balance (1)** | | | | |
| Boyd Gaming Corporation | $ 2,753.3 | $ 2,363.0 | $ 2,547.9 | $ 2,387.2 |
| Peninsula | 977.3 | 1,055.7 | 990.3 | 1,069.5 |
| | | | | |
| **Weighted Average Interest Rates** | | | | |
| Boyd Gaming Corporation | 6.0% | 5.1% | 5.4% | 5.3% |
| Peninsula | 5.7% | 5.6% | 5.7% | 5.6% |

(1) Average debt balance calculation does not include the related discounts or deferred finance charges.

Interest expense, net of capitalized interest and interest income, for the three months ended June 30, 2016 , increased $4.3 million, or 7.5%, over the prior year. For Boyd Gaming, interest expense increased compared to the corresponding period in the prior year due primarily to $750 million of senior notes at 6.375% due 2026, which we issued on March 28, 2016. While the proceeds were partially used to pay down the outstanding amount under the Boyd Gaming Revolving Credit Facility, the newly issued debt increased Boyd Gaming's average long-term debt balance for the three months ended June 30, 2016 compared to the prior year period. Interest expense, net, for Peninsula for the three months ended June 30, 2016 , reflects a $0.9 million, or 5.1%, decrease compared to the same period in 2015 primarily due to a reduction in average long-term borrowings outstanding of $78.4 million during the three months ended June 30, 2016 as compared to the prior year period.

Interest expense, net of capitalized interest and interest income, for the six months ended June 30, 2016 , increased $0.4 million, or 0.3%, over the prior year. For Boyd Gaming, interest expense increased compared to the corresponding period in the prior year due primarily to $750 million of senior notes at 6.375% due 2026 which we issued on March 28, 2016. While the proceeds were partially used to pay down the outstanding amount under the Boyd Gaming Revolving Credit Facility, the newly issued debt increased Boyd Gaming's average long-term debt balance for the six months ended June 30, 2016 compared to the prior year period. Interest expense, net, for Peninsula for the six months ended June 30, 2016 , reflects a $1.8 million, or 4.9%, decrease compared to the same period in 2015 primarily due to a reduction in average long-term borrowings outstanding of $79.2 million during the six months ended June 30, 2016 as compared to the prior year period.

During the second quarter of 2015, Boyd Gaming redeemed all of our 9.125% Senior Notes due December 2018. The Company incurred $24.0 million in premium and consent fees and a write-off of unamortized debt financing costs of $4.9 million, all of which were recognized as loss on early extinguishments of debt in the second quarter of 2015 financial results. Additionally, due to optional prepayments of the Term Loans under the Boyd Gaming Credit Facility and Peninsula Credit Facility, the Company recorded a $2.1 million and a $2.6 million non-cash loss for the write-off of an unamortized discount and deferred financing costs representing the ratable reduction in borrowing capacity in the three and six months ended June 30, 2015, respectively.

***Income Taxes***

The effective tax rates during the six months ended June 30, 2016 and 2015 were 19.56% and (55.2%), respectively. We have computed our provision or benefit for income taxes by applying the actual effective tax rate, under the discrete method, to year-to-date income. The discrete method was used to calculate income tax expense or benefit as the annual effective tax rate was not considered a reliable estimate of year-to-date income tax expense or benefit. Our effective tax rate is impacted by adjustments that are largely independent of our operating results before taxes. The tax provision or benefit was impacted by changes in the valuation allowance applied to our federal and state income tax net operating losses and other deferred tax assets. Additionally, the tax provision or benefit was adversely impacted by an accrual of non-cash tax expense in connection with the tax amortization of indefinite lived intangible assets that was not available to offset existing deferred tax assets. The deferred tax liabilities created by the tax amortization of these intangibles cannot be used to offset corresponding increases in the net operating loss deferred tax assets when determining our valuation allowance. The tax benefit for the six months ended June 30, 2015 was favorably impacted, as a result of an effective settlement in connection with our 2005 - 2009 IRS audit, by the realization of unrecognized tax benefits and reversal of related accrued interest.

A valuation allowance of $231.6 million has been recorded against our deferred tax assets as of June 30, 2016 due to uncertainties related to our ability to recognize these assets. In assessing the need to establish a valuation allowance, we consider, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of profitability and taxable income, the duration of statutory carryforward periods, our experience with the utilization of operating loss and tax credit carryforwards before expiration and tax planning strategies. Valuation allowances are evaluated periodically and subject to change in future reporting periods as a result of changes in the factors noted above. Based on recent earnings and the gain on the sale of our membership interest in Borgata in the third quarter of 2016, it is likely that sufficient positive evidence will become available to reach a conclusion that all or a portion of the valuation allowance will no longer be needed. As such, the Company may release a significant portion of its valuation allowance against its deferred tax assets in the third quarter of 2016. However, the exact timing will be dependent on the successful close of the Borgata membership interest divestiture, levels of income achieved and management's visibility into future period results. The release of our valuation allowance would result in the recognition of certain deferred tax assets and a non-cash income tax benefit in the period in which the release is recorded.

**Income from Discontinued Operations, Net of tax**

Income from discontinued operations reflects the Company's share of the results of Borgata. The Company applied the equity method of accounting to its 50% investment in Borgata, which was sold on August 1, 2016.

**LIQUIDITY AND CAPITAL RESOURCES**

**Financial Position**

Due to our organization and debt structures, we separately manage the working capital positions of Boyd Gaming Corporation and Peninsula, including their levels of cash and indebtedness. For purposes of this discussion, we will refer to each of the subdivisions of our Company as a "Business" and collectively as the "Businesses." Each of the Businesses operates with minimal or negative levels of working capital in order to minimize borrowings and related interest costs. The cash balances and working capital deficits of the Businesses were as follows:

| *(In millions)* | June 30, 2016 | December 31, 2015 |
|---|---|---|
| ***Cash balance*** | | |
| Boyd Gaming Corporation | $ 604.7 | $ 129.3 |
| Peninsula | 23.6 | 29.6 |
| | | |
| ***Working capital surplus (deficit)*** | | |
| Boyd Gaming Corporation | $ 396.4 | $ (79.5) |
| Peninsula | (20.6) | (17.9) |

Boyd Gaming Corporation's cash balance includes a portion of the proceeds from the issuance in March 2016 of the $750 million aggregate principal amount of 6.375% senior notes due April 2026, which are invested in short-term bank deposits. Such funds are intended to be used for the announced acquisitions of Aliante Casino + Hotel + Spa, Cannery Casino and Hotel and Eastside Cannery Casino and Hotel, as well as to service potential debt refinancing activities. The Businesses' respective bank credit facilities generally provide all necessary funds for the day-to-day operations, interest and tax payments, as well as capital expenditures. On a daily basis, we evaluate each Business's cash position and adjust the balance under its respective bank credit facility as necessary, by either borrowing or paying down debt with excess cash. We also plan the timing and the amounts of each Business's capital expenditures. We believe that the borrowing capacity under each Business's bank credit facility, subject to restrictive covenants, and cash flows from operating activities will be sufficient to meet the Business's projected operating and maintenance capital expenditures for at least the next twelve months. The source of funds available to each Business for repayment of its debt or to fund development projects is derived primarily from its respective cash flows from operations and availability under its bank credit facility, to the extent availability exists after it meets its respective working capital needs, and subject to restrictive covenants. See " *Indebtedness* ", below, for further detail regarding funds available through our credit facilities.

Each of the Businesses could also seek to secure additional working capital, repay respective current debt maturities, or fund respective development projects, in whole or in part, through incremental bank financing and additional debt or equity offerings.

**Cash Flows Summary**

| | Six Months Ended June 30, | |
|---|---|---|
| ***(In millions)*** | **2016** | **2015** |
| **Net cash provided by operating activities** | $ 160.3 | $ 155.8 |
| | | |
| **Cash flows from investing activities** | | |
| Capital expenditures | (72.4) | (58.1) |
| Other investing activities | 0.7 | 3.0 |
| **Net cash used in investing activities** | (71.7) | (55.1) |
| | | |
| **Cash flows from financing activities** | | |
| Net payments under Boyd Gaming Corporation bank credit facility | (306.5) | (283.4) |
| Net payments under Peninsula bank credit facility | (52.2) | (52.4) |
| Payments on retirements of long-term debt | — | (500.0) |
| Proceeds from issuance of senior notes | 750.0 | 750.0 |
| Other financing activities | (13.0) | (35.7) |
| **Net cash provided by (used in) financing activities** | 378.3 | (121.5) |
| **Net cash provided by discontinued operations** | 2.7 | — |
| **Increase (decrease) in cash and cash equivalents** | $ 469.6 | $ (20.8) |

***Cash Flows from Operating Activities***
During the six months ended June 30, 2016 and 2015 , we generated net operating cash flow of $160.3 million and $155.8 million , respectively. Generally, operating cash flows increased during 2016 as compared to the prior year period due to the flow through effect of higher revenues and the timing of working capital spending.

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

During the six months ended June 30, 2016 and 2015 , we incurred net cash outflows for investing activities of $71.7 million and $55.1 million , respectively, due to our capital expenditures during the respective periods of $72.4 million and $58.1 million . Increases in capital spending as compared to the prior year are due to our ongoing non-gaming amenities initiative and the hotel expansion project at our Delta Downs property.

***Cash Flows from Financing Activities***
We rely upon our financing cash flows to provide funding for investment opportunities, repayments of obligations and ongoing operations.

The net cash inflows for financing activities in the six months ended June 30, 2016 reflect primarily the net proceeds from the issuance of the 6.375% Notes, as discussed further below.

***Cash Flows from Discontinued Operations***

On May 31, 2016, we announced that we had entered into an Equity Purchase Agreement (the "Purchase Agreement") to sell our 50% equity interest in the parent company of Borgata to MGM. During the six months ended June 30, 2016 , net cash from discontinued operations activities, representing distributions received from Borgata during the period, was $2.7 million.

**Indebtedness**

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

| *(In millions)* | June 30, 2016 | December 31, 2015 | Increase/ (Decrease) |
|---|---|---|---|
| ***Boyd Gaming Corporation Debt*** | | | |
| Bank credit facility | $ 903.3 | $ 1,209.7 | $ (306.4) |
| 9.00% senior notes due 2020 | 350.0 | 350.0 | — |
| 6.875% senior notes due 2023 | 750.0 | 750.0 | — |
| 6.375% senior notes due 2026 | 750.0 | — | 750.0 |
| | 2,753.3 | 2,309.7 | 443.6 |
| | | | |
| ***Peninsula Segment Debt*** | | | |
| Bank credit facility | 610.5 | 662.8 | (52.3) |
| 8.375% senior notes due 2018 | 350.0 | 350.0 | — |
| | 960.5 | 1,012.8 | (52.3) |
| **Total long-term debt** | 3,713.8 | 3,322.5 | 391.3 |
| Less current maturities | 29.8 | 29.8 | — |
| **Long-term debt, net** | $ 3,684.0 | $ 3,292.7 | $ 391.3 |

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

**Boyd Gaming Corporation Debt**

***Bank Credit Facility***

On August 14, 2013, we entered into the Third Amended and Restated Credit Agreement (the "Boyd Gaming Credit Facility"), among the Company, certain financial institutions, Bank of America, N.A., as administrative agent and letter of credit issuer, and Wells Fargo Bank, National Association, as swing line lender.

The Boyd Gaming Credit Facility provides for (i) a $600.0 million senior secured revolving credit facility (the "Revolving Credit Facility"), (ii) a $250.0 million senior secured term A loan (the "Term A Loan"), and (iii) a $900.0 million senior secured term B loan (the "Term B Loan"). The Revolving Credit Facility and Term A Loan mature in August 2018 (or earlier upon the occurrence or non-occurrence of certain events) and the Term B Loan matures in August 2020 (or earlier upon occurrence or non-occurrence of certain events).

The interest rate on the outstanding balance from time to time of the Revolving Credit Facility and the Term A Loan is based upon, at the Company's option, either: (i) the Eurodollar rate or (ii) the base rate, in each case, plus an applicable margin. Such applicable margin is a percentage per annum determined in accordance with a specified pricing grid based on the total leverage ratio and ranges from 2.00% to 3.00% (if using LIBOR) and from 1.00% to 2.00% (if using the base rate). A fee of a percentage per annum (which ranges from 0.25% to 0.50% determined in accordance with a specified pricing grid based on the total leverage ratio) will be payable on the unused portions of the Revolving Credit Facility.

The interest rate on the outstanding balance from time to time of the Term B Loan is based upon, at the Company's option, either: (i) the Eurodollar rate (subject to a 1.00% minimum) plus 3.00%, or (ii) the base rate plus 2.00%.

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

The blended interest rate for outstanding borrowings under the Boyd Gaming Credit Facility was 3.9% at June 30, 2016 and 3.8% at December 31, 2015 .

The Boyd Gaming Credit Facility contains certain financial and other covenants, including, without limitation, various covenants (i) requiring the maintenance of a minimum consolidated interest coverage ratio, (ii) establishing a maximum permitted consolidated total leverage ratio, (iii) establishing a maximum permitted secured leverage ratio, (iv) imposing limitations on the incurrence of indebtedness, (v) imposing limitations on transfers, sales and other dispositions, and (vi) imposing restrictions on investments, dividends and certain other payments. Subject to certain exceptions, the Company may be required to repay the amounts outstanding under the Boyd Gaming Credit Facility in connection with certain asset sales and issuances of certain additional secured indebtedness.

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

***Amounts Outstanding***

The principal amounts outstanding under the Boyd Gaming Credit Facility were:

| *(In millions)* | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Revolving Credit Facility | $ — | $ 240.0 |
| Term A Loan | 177.0 | 183.3 |
| Term B Loan | 726.3 | 730.8 |
| Swing Loan | — | 55.6 |
| **Total outstanding principal amounts under the Boyd Gaming Credit Facility** | $ 903.3 | $ 1,209.7 |

At June 30, 2016 , approximately $0.9 billion was outstanding under the Boyd Gaming Credit Facility and $7.1 million was allocated to support various letters of credit, leaving remaining contractual availability of $592.9 million .

***Senior Notes***

***6.375% Senior Notes due April 2026***

*Significant Terms*

On March 28, 2016, we issued $750 million aggregate principal amount of 6.375% senior notes due April 2026 (the " 6.375% Notes"). The 6.375% Notes require semi-annual interest payments on April 1 and October 1 of each year, commencing on October 1, 2016. The 6.375% Notes will mature on April 1, 2026 and are fully and unconditionally guaranteed, on a joint and several basis, by certain of our current and future domestic restricted subsidiaries, all of which are 100% owned by us. Net proceeds from the *6.375%* Notes were used to pay down the outstanding amount under the Boyd Gaming Revolving Credit Facility and the balance was deposited in money market funds and classified as cash equivalents on the condensed consolidated balance sheet.

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

The 6.375% Notes contain certain restrictive covenants that, subject to exceptions and qualifications, among other things, limit our ability and the ability of our restricted subsidiaries (as defined in the base and supplemental indentures governing the 6.375% Notes, together, the "Indenture") to incur additional indebtedness or liens, pay dividends or make distributions or repurchase our capital stock, make certain investments, and sell or merge with other companies. In addition, upon the occurrence of a change of control (as defined in the Indenture), we will be required, unless certain conditions are met, to offer to repurchase the 6.375% Notes at a price equal to 101% of the principal amount of the 6.375% Notes, plus accrued and unpaid interest and Additional Interest (as defined in the Indenture), if any, to, but not including, the date of purchase. If we sell assets or experience an event of loss, we will be required under certain circumstances to offer to purchase the 6.375% Notes.

At any time prior to April 1, 2021, we may redeem the 6.375% Notes, in whole or in part, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Interest, if any, up to, but excluding, the applicable redemption date, plus a make whole premium. Subsequent to April 1, 2021, we may redeem all or a portion of the 6.375% Notes

at redemption prices (expressed as percentages of the principal amount) ranging from 103.188% in 2021 to 100% in 2024 and thereafter, plus accrued and unpaid interest and Additional Interest.

In connection with the private placement of the 6.375% Notes, we entered into a registration rights agreement with the initial purchasers in which we agreed to file a registration statement with the SEC to permit the holders to exchange or resell the 6.375% Notes. We must use commercially reasonable efforts to file a registration statement and to consummate an exchange offer within 365 days after the issuance of the 6.375% Notes, subject to certain suspension and other rights set forth in the registration rights agreement. Under certain circumstances, including our determination that we cannot complete an exchange offer, we are required to file a shelf registration statement for the resale of the 6.375% Notes and to cause such shelf registration statement to be declared effective as soon as reasonably practicable (but in no event later than the 365th day following the issuance of the 6.375% Notes) after the occurrence of such circumstances. Subject to certain suspension and other rights, in the event that the registration statement is not filed or declared effective within the time periods specified in the registration rights agreement, the exchange offer is not consummated within 365 days after the issuance of the 6.375% Notes, or the registration statement is filed and declared effective but thereafter ceases to be effective or is unusable for its intended purpose for a period in excess of 30 days without being succeeded immediately by a post-effective amendment that cures such failure, the agreement provides that additional interest will accrue on the principal amount of the 6.375% Notes at a rate of 0.25% per annum during the 90-day period immediately following any of these events and will increase by 0.25% per annum at the end of each subsequent 90-day period, but in no event will the penalty rate exceed 1.00% per annum, until the default is cured. There are no other alternative settlement methods and, other than the 1.00% per annum maximum penalty rate, the agreement contains no limit on the maximum potential amount of consideration that could be transferred in the event we do not meet the registration statement filing requirements. We currently intend to file a registration statement, have it declared effective and consummate any exchange offer within these time periods. Accordingly, we do not believe that payment of additional interest under the registration payment arrangement is probable and, therefore, no related liability has been recorded in the consolidated financial statements.

***Debt Service Requirements***

Debt service requirements under our current outstanding senior notes consist of semi-annual interest payments (based upon fixed annual interest rates ranging from 6.375% to 9.00%) and principal repayments of our 9.00% senior notes due on July 1, 2020, our 6.875% senior notes due May 21, 2023, and our 6.375% senior notes due April 1, 2026.

**Peninsula Segment Debt**

***Bank Credit Facility***

The Peninsula bank credit facility provides for a $875.0 million senior secured credit facility (the "Peninsula Credit Facility"), which consists of (a) a term loan facility of $825.0 million (the "Term Loan") and (b) a revolving credit facility of $50.0 million (the "Revolver"). The Revolver consists of up to $15.0 million in swing line loans ("Swing Loan") and a revolving credit facility ("Revolving Loan") of $50.0 million less Swing Loans outstanding and any amounts allocated to letters of credit. The maturity date for obligations under the Peninsula Credit Facility is November 17, 2017.

The interest rate on the outstanding balance from time to time of the Term Loan is based upon, at Peninsula's option, either: (i) the Eurodollar rate plus 3.25%, or (ii) the base rate plus 2.25%. The interest rate on the outstanding balance from time to time of the Revolver is based upon, at Peninsula's option, either: (i) the Eurodollar rate plus 4.00%, or (ii) the base rate plus 3.00%. The base rate under the Peninsula Credit Facility will be the highest of (x) Bank of America's publicly-announced prime rate, (y) the federal funds rate plus 0.50%, or (z) the Eurodollar Rate plus 1.00%. The Peninsula Credit Facility also establishes, with respect to outstanding balances under the Term Loan, a minimum Eurodollar rate for any interest period of 1.00%. In addition, Peninsula will incur a commitment fee on the unused portion of the Peninsula Credit Facility at a per annum rate of 0.50%.

The blended interest rate for outstanding borrowings under the Peninsula Credit Facility was 4.3% at both June 30, 2016 and December 31, 2015 .

At June 30, 2016 , approximately $610.5 million was outstanding under the Peninsula Credit Facility and $5.0 million was allocated to support various letters of credit, leaving remaining contractual availability of $31.1 million .

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

The Revolver contains certain financial and other covenants, including, without limitation, various covenants requiring the maintenance of (i) a maximum consolidated leverage ratio over each 12-month period ending on the last fiscal day of each quarter; (ii) a minimum consolidated interest coverage ratio of 2.0 to 1.0 as of the end of each calendar quarter; and (iii) a maximum amount of capital expenditures for each fiscal year. Under the provisions of its debt agreements, substantially all of Peninsula Gaming's net assets were restricted from distribution subject to specific amounts allowed for certain investments and other restricted payments as well as payments under a management services agreement between Peninsula Gaming and Boyd Acquisition, LLC.

**Debt Redemption Notices**
On August 3, 2016, a conditional notice of redemption was delivered to the trustee for the Peninsula Gaming 8.375% Senior Notes due 2018 (the "2018 Notes"). We have elected to redeem all of the outstanding 2018 Notes on September 2, 2016, at a redemption price of 100.00% of the principal amount of $350.0 million, plus accrued and unpaid interest through the redemption date. Redemption of the 2018 Notes is conditioned upon receipt by the trustee of the 2018 Notes of sufficient funds to pay the redemption price.

On August 5, 2016, a conditional notice of redemption was delivered to the trustee for the Boyd Gaming 9.0% Senior Notes due 2020 (the "2020 Notes"). The Company has elected to redeem all of the outstanding 2020 Notes on September 3, 2016, at a redemption price of 104.500% of the principal amount of $350.0 million, plus accrued and unpaid interest, if any, to the redemption date. Redemption of the 2020 Notes is conditioned upon receipt by the trustee of the 2020 Notes of sufficient funds to pay the redemption price.

The redemptions will be funded using cash on hand. (See Note 13, *Subsequent Events* .)

**Covenant Compliance**
As of June 30, 2016 , we believe that Boyd Gaming Corporation and Peninsula were in compliance with the financial and other covenants of their respective debt instruments.

The indentures governing the notes issued by each of the Businesses contain provisions that allow for the incurrence of additional indebtedness, if after giving effect to such incurrence, the coverage ratio (as defined in the respective indentures, essentially a ratio of the Business's consolidated EBITDA to fixed charges, including interest) for the Business's trailing four quarter period on a pro forma basis would be at least 2.0 to 1.0. Should this provision prohibit the incurrence of additional debt, each Business may still borrow under its existing credit facility. At June 30, 2016 , the available borrowing capacity under these credit facilities was $592.9 million at Boyd Gaming Corporation and $31.1 million at Peninsula.

**Share Repurchase Program**
Subject to applicable corporate securities laws, repurchases under our stock repurchase program may be made at such times and in such amounts as we deem appropriate. We are subject to certain limitations regarding the repurchase of common stock, such as restricted payment limitations related to our outstanding notes and Boyd Gaming Credit Facility. Purchases under our stock repurchase program can be discontinued at any time that we feel additional purchases are not warranted. We intend to fund the repurchases under the stock repurchase program with existing cash resources and availability under the Boyd Gaming Credit Facility. In July 2008, our Board of Directors authorized an amendment to our existing share repurchase program to increase the amount of common stock available to be repurchased to $100 million. We are not obligated to purchase any shares under our stock repurchase program. During the six months ended June 30, 2016 and 2015 , we did not repurchase any shares of our common stock. We are currently authorized to repurchase up to an additional $92.1 million in shares of our common stock under the share repurchase program.

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

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

***Commitments***
*Capital Spending and Development*
Our estimated total capital expenditures for 2016 , excluding the pending acquisitions discussed below, are expected to be approximately $184 million, primarily comprised of projects to reposition non-gaming amenities, the hotel expansion project at

our Delta Downs property, and various maintenance capital expenditures across our properties. We intend to fund such capital expenditures through our credit facilities and operating cash flows.

In addition to the capital spending discussed above, we also continue to pursue other potential development projects that may require us to invest significant amounts of capital. We continue to work with Wilton Rancheria, a federally-recognized tribe located about 30 miles southeast of Sacramento, California, to develop and manage a gaming entertainment complex.

*Pending Acquisitions*
In April 2016, we announced two agreements to acquire three casino properties in southern Nevada.

On April 21, 2016, we announced that we had entered into a definitive agreement (the "ALST Merger Agreement") to acquire ALST Casino Holdco, LLC ("ALST"), the holding company of Aliante Gaming, LLC ("Aliante"), the owner and operator of the Aliante Casino + Hotel + Spa, an upscale, resort-style casino and hotel situated in North Las Vegas and offering premium accommodations, gaming, dining, entertainment and retail for total net cash consideration of $380 million (the "ALST Merger").

On April 25, 2016, we announced that we had entered into a definitive agreement (the "Cannery Purchase Agreement") to acquire The Cannery Hotel and Casino, LLC ("Cannery"), the owner and operator of Cannery Casino Hotel, located in North Las Vegas, and Nevada Palace, LLC ("Eastside"), the owner and operator of Eastside Cannery Casino and Hotel, located in the eastern part of the Las Vegas Valley, comprising the Las Vegas assets of Cannery Casino Resorts, LLC ("CCR"), for total cash consideration of $230 million, subject to adjustment based on the working capital, including cash and less indebtedness of the acquired assets and less any transaction expenses (the "Cannery Purchase").

The completion of the ALST Merger and the Cannery Purchase are each subject to customary conditions and the receipt of all required regulatory approvals, including, among others, approval by the Nevada Gaming Commission and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. Subject to the satisfaction or waiver of the respective conditions in each of the ALST Merger Agreement and the Cannery Purchase Agreement, we currently expect each of the transactions to close by the end of 2016. The acquisitions will be funded with cash on hand and available revolver capacity under the Boyd Gaming Bank Credit Facility.

*Divestiture of Borgata*
Prior to the sale of our equity interest, which closed on August 1, 2016, the Company and MGM each held a 50% interest in Marina District Development Holding Company, LLC ("MDDHC"), which owns all the equity interests in Borgata. Until the closing of the sale, we were the managing member of MDDHC, and we were responsible for the day-to-day operations of Borgata.

Pursuant to the Purchase Agreement, on August 1, 2016, MGM acquired from Boyd Gaming 49% of its 50% membership interest in MDDHC and, immediately thereafter, MDDHC redeemed Boyd Gaming's remaining 1% membership interest in MDDHC (collectively, the "Transaction"). Following the Transaction, MDDHC became a wholly-owned subsidiary of MGM.

In consideration for the Transaction, MGM paid Boyd Gaming $900 million. The initial net cash proceeds were approximately $589 million, net of certain expenses and adjustments on the closing date in the form of outstanding indebtedness, cash and working capital. These initial proceeds do not include our 50% share of any future property tax settlement benefits, to which we retain the right to receive upon payment. Borgata estimates that it is entitled to property tax refunds totaling $160 million, including amounts due under court decisions rendered in its favor and estimates for open tax appeals.

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

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

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

Additional projects may require us to make substantial investments or may cause us to incur substantial costs related to the investigation and pursuit of such opportunities, which investments and costs we may fund through cash flow from operations or availability under the Boyd Gaming Credit Facility. To the extent such sources of funds are not sufficient, we may also seek to raise such additional funds through public or private equity or debt financings or from other sources.

**Off Balance Sheet Arrangements**

There have been no material changes to our off balance sheet arrangements as defined in Item 303(a)(4)(ii) and described under Part II. Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 25, 2016 .

**Critical Accounting Policies**

There have been no material changes to our critical accounting policies described under Part II. Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K for the period ended December 31, 2015 , as filed with the SEC on February 25, 2016 .

***Recently Issued Accounting Pronouncements***

For information with respect to recent accounting pronouncements and the impact of these pronouncements on our condensed consolidated financial statements, see Note 2, *Summary of Significant Accounting Policies - Recently Issued Accounting Pronouncements,* in the notes to the condensed consolidated financial statements (unaudited).

***Important Information Regarding Forward-Looking Statements***

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such statements contain words such as "may," "will," "might," "expect," "believe," "anticipate," "could," "would," "estimate," "pursue," "target," "project," "intend," "plan," "seek," "should," "assume," and "continue," or the negative thereof or comparable terminology. Forward-looking statements involve certain risks and uncertainties, and actual results may differ materially from those discussed in any such statement. Factors that could cause actual results to differ materially from such forward-looking statements include:

- The effects of intense competition that exists in the gaming industry.
- The risk that our acquisitions and other expansion opportunities divert management’s attention or incur substantial costs, or that we are otherwise unable to develop, profitably manage or successfully integrate the businesses we acquire.
- The risk that we fail to receive all required governmental approvals regarding pending acquisitions, including clearance from the Federal Trade Commission (“FTC”) regarding our acquisition of the Cannery properties, and approval of the Nevada Gaming Commission regarding our acquisition of the Aliante and the Cannery properties.
- The fact that our expansion, development and renovation projects (including enhancements to improve property performance) are subject to many risks inherent in expansion, development or construction of a new or existing project.
- The risk that any of our projects may not be completed, if at all, on time or within established budgets, or that any project will result in increased earnings to us.
- The risk that significant delays, cost overruns, or failures of any of our projects to achieve market acceptance could have a material adverse effect on our business, financial condition and results of operations.
- The risk that new gaming licenses or jurisdictions become available (or offer different gaming regulations or taxes) that results in increased competition to us.
- The risk that negative industry or economic trends, reduced estimates of future cash flows, disruptions to our business, slower growth rates or lack of growth in our business, may result in significant write-downs or impairments in future periods.
- The risk that regulatory authorities may revoke, suspend, condition or limit our gaming or other licenses, impose substantial fines and take other adverse actions against any of our casino operations.
- The risk that we or Peninsula may be unable to refinance our respective outstanding indebtedness as it comes due, or that if we or Peninsula do refinance, the terms are not favorable to us or them.
- The effects of the extensive governmental gaming regulation and taxation policies that we are subject to, as well as any changes in laws and regulations, including increased taxes and imposition of smoking bans, which could harm our business.
- The effects of federal, state and local laws affecting our business such as the regulation of smoking, the regulation of directors, officers, key employees and partners and regulations affecting business in general.
- The effects of extreme weather conditions or natural disasters on our facilities and the geographic areas from which we draw our customers, and our ability to recover insurance proceeds (if any).

- The effects of events adversely impacting the economy or the regions from which we draw a significant percentage of our customers, including the effects of the recent economic recession, war, terrorist or similar activity or disasters in, at, or around our properties.
- The risk that we fail to adapt our business and amenities to changing customer preferences.
- Financial community and rating agency perceptions of us, and the effect of economic, credit and capital market conditions on the economy and the gaming and hotel industry.
- The effect of the expansion of legalized gaming in the regions in which we operate.
- The risk of failing to maintain the integrity of our information technology infrastructure and our business and customer data.
- Our estimated effective income tax rates, estimated tax benefits, and merits of our tax positions.
- Risks relating to our realization and estimates of our 50% share of any future property tax settlement benefits from Borgata.
- Our ability to utilize our net operating loss carryforwards and certain other tax attributes.
- The risks relating to owning our equity, including price and volume fluctuations of the stock market that may harm the market price of our common stock and the potential of certain of our stockholders owning large interest in our capital stock to significantly influence our affairs.
- Other statements regarding our future operations, financial condition and prospects, and business strategies.

Additional factors that could cause actual results to differ are discussed in Part I. Item 1A. *Risk Factors* of our Annual Report on Form 10-K for the period ended December 31, 2015 , and in other current and periodic reports filed from time to time with the SEC. All forward-looking statements in this document are made as of the date hereof, based on information available to us as of the date hereof, and we assume no obligation to update any forward-looking statement.

**Item 3.** ***Quantitative and Qualitative Disclosures about Market Risk***

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

As of June 30, 2016 , Boyd Gaming Corporation long-term variable-rate borrowings represented approximately 32.8% of total long-term debt. Based on June 30, 2016 debt levels, a 100 basis point change in the Eurodollar rate or the base rate would cause the annual interest costs to change by approximately $9.0 million.

As of June 30, 2016 , Peninsula long-term variable-rate borrowings represented approximately 63.6% of total long-term debt. Based on June 30, 2016 debt levels, a 100 basis point increase in the Eurodollar rate or the base rate would cause the annual interest costs on the Revolving Credit Facility and Term Loan to increase by approximately $0.1 million and $2.7 million, respectively, and a 100 basis point decrease in the Eurodollar rate or the base rate would cause the annual interest costs on the Revolving Credit Facility to decrease by $0.1 million. There would be no decrease to interest costs on the Term Loan as the interest rate at June 30, 2016 was at the floor. The impact of a 100 basis point increase in the Eurodollar rate or the base rate on the Term Loan is lessened as the current Eurodollar rate at June 30, 2016 is below the established minimum 1.0% rate. The impact of a 100 basis point decrease in the Eurodollar rate or the base rate on the Revolving Credit Facility is capped as the current rate at June 30, 2016 is less than 1.0% above the lowest possible rate of 4.0%.

See also "Liquidity and Capital Resources" above.

**Item 4.** ***Controls and Procedures***

As of the end of the period covered by this Report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Our disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Based on the evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Report.

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during our most recent fiscal quarter that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

## PART II. Other Information

**Item 1 .** ***Legal Proceedings***

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

**Item 1A** . ***Risk Factors***

Set forth below are certain risk factors related to our business that include material changes to, or discuss risks in addition to, the risks previously disclosed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015 .

We encourage investors to review the risks and uncertainties relating to our business disclosed in that Annual Report on Form 10-K, as well as those contained in Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Important Information Regarding Forward-Looking Statements.

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

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

**Risks Related to our Business**

***We face risks associated with growth and acquisitions.***

As part of our business strategy, we regularly evaluate opportunities for growth through development of gaming operations in existing or new markets, through acquiring other gaming entertainment facilities or through redeveloping our existing gaming facilities. For example, on April 21, 2016 we announced that we had entered into a definitive agreement to acquire the Aliante Casino, Hotel and Spa ("Aliante"), and on April 25, 2016 we announce that we had entered into a definitive agreement to acquire the Cannery Casino Hotel and Eastside Cannery Hotel (the "Cannery Properties," and together with Aliante, the "Acquisitions"). The Acquisitions are discussed in detail in Note 3 to the financial statements, *Acquisitions and Divestitures*.

In the future, we may also pursue expansion opportunities, including joint ventures, in jurisdictions where casino gaming is not currently permitted in order to be prepared to develop projects upon approval of casino gaming. The expansion of our operations, including as a result of the pending Acquisitions, development or internal growth, could divert management's attention and could also cause us to incur substantial costs, including legal, professional and consulting fees. There can be no assurance that we will be able to identify, acquire, develop or profitably manage additional companies or operations or successfully integrate such companies or operations into our existing operations without substantial costs, delays or other problems. Additionally, there can be no assurance that we will receive gaming or other necessary licenses or approvals for new projects that we pursue or that gaming will be approved in jurisdictions where it is not currently approved.

***We may face integration difficulties and may be unable to integrate Aliante and the Cannery Properties into Boyd Gaming's business successfully or realize the anticipated benefits of the pending Acquisitions.*** The consummation of the Acquisitions will require the successful integration of three additional properties into Boyd Gaming's operating structure in order to realize the anticipated benefits of the Acquisitions. We will be required to devote significant management attention and resources to ensure that such integration is successfully completed. Potential difficulties we may encounter as part of the integration process include the following:

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

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

- diversion of the attention of Boyd Gaming's management; and
- the disruption of, or the loss of momentum in, each property's ongoing businesses or inconsistencies in standards, controls, procedures and policies,

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

***Our ability to consummate the Acquisitions is contingent upon the receipt of governmental approvals and satisfaction of certain closing conditions.***
The consummation of each Acquisition is subject to customary conditions and the receipt of all required regulatory approvals, including, among others, approval by the Nevada Gaming Commission and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR"), as amended. While the applicable HSR waiting period regarding our acquisition of the Aliante has expired, we have received a request from the FTC for additional information regarding our Acquisition of the Cannery properties and the FTC's review is ongoing with respect to that Acquisition. Further, the review of the Acquisitions by the Nevada Gaming Control Board is currently ongoing, and we have not yet received approval for either of the Acquisitions from the Nevada Gaming Commission. If we fail to receive all such required regulatory approvals, or otherwise fail to satisfy a required closing condition, resulting in the failure to consummate either of the Acquisitions, our business will be materially adversely affected. Such effects could include, but are not limited to, the failure to recognize the anticipated benefits of such Acquisitions, the loss of management's time and the expense expended with respect to investigating, entering into, and attempting to consummate such Acquisition, as well as other related costs to Boyd Gaming's business. For example, Boyd Gaming may be required to pay ALST Casino Holdco, LLC, the owner of the Aliante, a termination fee of $30 million if the Aliante acquisition fails to close.

**Item 6.** ***Exhibits***

| Exhibit Number | Document of Exhibit | Method of Filing |
|---|---|---|
| 2.1 | Agreement and Plan of Merger entered into as of April 21, 2016, by and among Boyd Gaming Corporation, Boyd TCII Acquisition, LLC, and ALST Casino Holdco, LLC. † | Filed electronically herewith |
| 2.2 | Membership Interest Purchase Agreement entered into as of April 25, 2016, by and among Boyd Gaming Corporation, The Cannery Hotel and Casino, LLC, Nevada Palace, LLC, and Cannery Casino Resorts, LLC. † | Filed electronically herewith |
| 2.3 | Equity Purchase Agreement entered into as of May 31, 2016, by and among MGM Resorts International, Boyd Atlantic City, Inc., and Boyd Gaming Corporation. † | Incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K filed with the SEC on June 2, 2016. |
| 2.4 | First amendment to Equity Purchase Agreement entered into as of July 19, 2016, by and among MGM Resorts International, Boyd Atlantic City, Inc., and Boyd Gaming Corporation. | Incorporated by reference to Exhibit 2.2 of the Registrant's Current Report on Form 8-K filed with the SEC on August 5, 2016. |
| 4.1 | Indenture governing the Company's 6.375% Senior Notes due 2026, dated March 28, 2016, by and among the Company, the guarantors named therein and Wilmington Trust, National Association, as trustee. | Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the SEC on March 29, 2016. |
| 4.2 | Form of 6.375% Senior Note. | Incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed with the SEC on March 29, 2016. |
| 4.3 | Registration Rights Agreement, dated March 28, 2016, by and among the Company, the guarantors named therein and Deutsche Bank Securities Inc., on behalf of itself and as representative of the several initial purchasers. | Incorporated by reference to Exhibit 4.3 of the Registrant's Current Report on Form 8-K filed with the SEC on March 29, 2016. |
| 31.1 | Certification of the Chief Executive Officer of the Registrant pursuant to Exchange Act rule 13a-14(a). | Filed electronically herewith |
| 31.2 | Certification of the Chief Financial Officer of the Registrant pursuant to Exchange Act rule 13a-14(a). | Filed electronically herewith |
| 32.1 | Certification of the Chief Executive Officer of the Registrant pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. § 1350. | Filed electronically herewith |
| 32.2 | Certification of the Chief Financial Officer of the Registrant pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. § 1350. | Filed electronically herewith |
| 101 | The following materials from Boyd Gaming Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of June 30, 2016 and December 31, 2015, (ii) Condensed Consolidated Statements of Operations for the six months ended June 30, 2016 and 2015, (iii) Condensed Consolidated Statements of Changes in Stockholders' Equity for the six months ended June 30, 2016 and 2015, (iv) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2016 and 2015, and (vi) Notes to Condensed Consolidated Financial Statements. | Filed electronically herewith |

† Exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the SEC.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 8, 2016 .

**BOYD GAMING CORPORATION**

By: /s/ Anthony D. McDuffie

**Anthony D. McDuffie**

**Vice President and Chief Accounting Officer**

**Exhibit 2.1**

**Execution Version**

# AGREEMENT AND PLAN OF MERGER

**dated as of**

**April 21, 2016**

**by and among**

**BOYD GAMING CORPORATION,**

**BOYD TCII ACQUISITION, LLC**

**and**

**ALST CASINO HOLDCO, LLC**

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**Exhibits**

# AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this " Agreement "), dated as of April 21, 2016, is entered into by and among Boyd Gaming Corporation, a Nevada corporation (" Acquiror "), Boyd TCII Acquisition, LLC, a Delaware limited liability company and a wholly owned subsidiary of Acquiror (" Merger Sub "), and ALST Casino Holdco, LLC, a Delaware limited liability company (the " Company ").

## RECITALS

WHEREAS, the respective Boards of Directors or Boards of Managers, as applicable, of Acquiror, Merger Sub and the Company have approved and declared advisable (i) the Merger (defined below) upon the terms and subject to the conditions of this Agreement and (ii) the execution and delivery of this Agreement and the performance of the transactions contemplated hereby, and evidence of such approval has been delivered to the Acquiror prior to or concurrently with the execution of this Agreement;

WHEREAS, the respective Boards of Directors of Acquiror, Merger Sub and the Company have determined that the Merger is in furtherance of and consistent with their respective business strategies and is in the best interest of their respective companies;

WHEREAS, prior to or concurrently with the execution of this Agreement, the Company has delivered to Acquiror the written consent of Holders (defined below) holding not less than two-thirds (2/3) of the issued and outstanding Units (defined below) (other than Incentive Units (defined below)) approving and consenting to (i) the Merger, upon the terms and subject to the conditions of this Agreement and (ii) the execution and delivery of this Agreement and the performance of the transactions contemplated hereby (the " Holder Approval "); and

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement, and intending to be legally bound hereby, Acquiror, Merger Sub and the Company agree as follows:

## ARTICLE 1
## CERTAIN DEFINITIONS

1.1 Definitions .

As used herein, the following terms shall have the following meanings:

" Acquisition Proposal " means (i) any merger, consolidation, joint venture, business combination, reorganization, recapitalization, share exchange, liquidation, dissolution or other similar transaction with the Company or AG LLC; (ii) any direct or indirect (including by any license or lease) sale, lease, exchange, transfer or other disposition of all or a substantial portion of the assets of the Company or AG LLC; (iii) any sale, issuance or exchange of any equity securities (including securities or instruments involving, settled by reference to, convertible into, or exchangeable or exercisable for equity securities) of either the Company or AG LLC; or (iv) any other transaction which could reasonably be expected to (a) materially conflict with, materially impede, materially interfere with, prevent or materially delay the consummation of the transactions contemplated by this Agreement and the Transaction Documents, or (b) have an adverse effect on the prospects for antitrust clearance or regulatory approval of the transactions contemplated by this Agreement and the Transaction Documents in any jurisdiction.

" Action " means any claim, action, suit, audit, assessment, arbitration, or any proceeding, in each case, that is by or before any Governmental Authority.

" Affiliate " means, with respect to any specified Person, any Person that, directly or indirectly, controls, is controlled by, or is under common control with, such specified Person, through one or more intermediaries or otherwise.

" Base Amount " means $400,000,000.

" Business Day " means a day other than a Saturday, Sunday or other day on which commercial banks in New York, New York or Las Vegas, Nevada are authorized or required by Law to close.

" Closing Date Indebtedness " means the Indebtedness of the Company and AG LLC that remains unpaid as of immediately prior to Closing, including Indebtedness outstanding pursuant to that certain Credit Agreement, dated as of November 1, 2011, by and among the Company, AG LLC, the lenders named therein and Wilmington Trust, National Association or any refinancing thereof not prohibited hereunder.

" Code " means the Internal Revenue Code of 1986, as amended.

" Company Group " means the Company and AG LLC.

" Company IP " means Intellectual Property owned, used, held for use or practiced by the Company and/or AG LLC, including any Intellectual Property incorporated into or otherwise used, held for use or practiced in connection with any Company Offering.

" Company IT Systems " means the hardware, data communication lines, network and telecommunications equipment, Internet-related information technology infrastructure, wide area network and other information technology equipment, and software, data bases, and data used with, or included or incorporated into any of the foregoing, owned, leased or licensed by the Company.

" Company Offerings " means any and all products or services offered, licensed, provided, sold or distributed by or for the Company and/or AG LLC.

" Company SEC Documents " means, collectively, all documents and reports filed or furnished by the Company with the SEC since November 11, 2011 through the date immediately prior to the date of this Agreement, but excluding any "risk factors" or similar statements in any such filings that are cautionary, predictive or forward-looking in nature.

" Company Software " means all Software owned by or developed by or for the Company and/or AG LLC.

" Contracts " means any legally binding written contract, agreement, indenture, note, bond, mortgage, loan, instrument, lease, license, commitment or other enforceable arrangement, understanding, undertaking or obligation.

" Copyleft License " means any license of Intellectual Property that provides that, as a condition to the use, modification, or distribution of such licensed Intellectual Property, that such licensed Intellectual Property, or any other Intellectual Property that is incorporated into, derived from, based on, linked to, or used or distributed with such licensed Intellectual Property, be licensed, distributed, or otherwise made

available: (i) in a form other than binary or object code (e.g., in source code form); (ii) under terms that permit redistribution, reverse engineering, or creation of derivative works or other modification; or (iii) without a license fee. "Copyleft Licenses" include the GNU General Public License, the GNU Library General Public License, the GNU Lesser General Public License, the Affero General Public License, the Mozilla Public License, the Common Development and Distribution License, the Eclipse Public License, and all Creative Commons "sharealike" licenses.

" Corrupt Practices Laws " means the Foreign Corrupt Practices Act of 1977 of the United States of America (Pub. L. No. 95-213 §§ 101-104 *et seq.* ).

" Disbursement Schedule " has the meaning specified in Section 2.6(b) . The form of the Disbursement Schedule is attached hereto as Exhibit A , with such changes thereto as may be reasonably agreed by the parties.

" Environmental Laws " means any and all foreign, U.S. federal, provincial, state or local laws, statutes, ordinances, rules, or regulations relating to pollution, or the protection of the environment, and the use, handling, storage, emission, disposal, transport or release of Hazardous Materials as in effect on and as interpreted as of the date hereof.

" Equity Incentive Plan " means the Company's 2011 Equity Plan.

" ERISA Affiliate " means any trade or business, whether or not incorporated, under common control with the Company and that, together with the Company, is treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code.

" Exchange Act " means the Securities Exchange Act of 1934, as amended.

" Foreign Official " means (a) any officer or employee of (i) any foreign government, (ii) any department, agency, ministry or instrumentality (including wholly- or majority-state-owned or controlled enterprises), of any foreign government, (iii) any public international organization, or (iv) any foreign political party, (b) any candidate for foreign political office, or (c) any person acting in an official capacity for or on behalf of any other Foreign Official.

" GAAP " means U.S. generally accepted accounting principles in effect from time to time.

" Gaming Approvals " means (i) an approval by the Gaming Authorities of the change in control of the Company and AG LLC, and (ii) a finding by the Gaming Authorities that Acquiror is suitable to own the outstanding equity interests of the Surviving Company following the Merger as contemplated and upon the terms set forth in this Agreement.

" Gaming Authorities " means, collectively, (i) the Nevada Gaming Commission and (ii) the Nevada State Gaming Control Board.

" Gaming Laws " means any federal, state, local or foreign statute, ordinance, rule or regulation governing or relating to the ownership of a Person and the current gambling, gaming or casino activities and operations of such Person or any such Person's Affiliates, in each case, as amended from time to time.

" Gaming Licenses " means all Permits, including any condition or limitation placed thereon, that are necessary for a Person or its Affiliates to own and operate its gaming facilities and related amenities under the applicable Gaming Laws.

" Governmental Authority " means any applicable federal, state, provincial, territorial, municipal, local or foreign government, governmental authority, regulatory or administrative agency, governmental commission, department, board, bureau, ministry, agency or instrumentality, court or tribunal, in each case having jurisdiction with respect to a particular matter.

" Governmental Order " means any order, judgment, injunction, decree, writ, stipulation, determination or award, in each case, entered by or with any Governmental Authority.

" Hazardous Material " means material, substance, mixture, or waste that is listed, regulated, designated or otherwise defined as "hazardous," "dangerous," "toxic," or "radioactive," (or words of similar intent or meaning) under applicable Environmental Law, including but not limited to petroleum, petroleum by-products, asbestos or asbestos-containing material, polychlorinated biphenyls, flammable or explosive substances, or pesticides.

" Holders " mean all Persons who hold one or more Units immediately prior to the Effective Time.

" Holder Parties " means the Holders, their respective Affiliates, and each of their respective members, partners, equity holders, officers, directors, managers, employees, agents, attorneys, Affiliates, accountants, investment bankers, advisors, financing sources, and other representatives.

" HSR Act " means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

" HSR Approval " has the meaning set forth in clause 1 of Schedule 8.1(a) .

" HSR Authorities " means the U.S. Federal Trade Commission and the U.S. Department of Justice.

" Incentive Units " means the non-voting Incentive Units granted pursuant to the Equity Incentive Plan.

" Indebtedness " means, with respect to any Person, without duplication, (a) the principal, accrued and unpaid interest, unpaid fees or expenses and other monetary obligations in respect of (i) indebtedness of such Person for borrowed money and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is liable, (b) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding any accounts payable or any indebtedness or other monetary obligations to trade creditors of such Person and all other accrued current liabilities of such Person), (c) all obligations under leases which must be, in accordance with GAAP as in effect on the date of this Agreement, recorded as capital leases in respect of which such Person is liable as lessee (it being understood, for the avoidance of doubt, that obligations under operating leases shall not constitute Indebtedness), (d) all net obligations of such Person in respect of swaps or other hedging agreements, (e) all obligations of such Person, contingent or otherwise, as an account party or applicant under acceptance, letter of credit or similar facilities, (f) all obligations of the type referred to in clauses (a) through (e) of any other Person the payment of which such Person is liable as obligor, guarantor, or surety (but only to the extent such Person is found to be liable as an obligor, guarantor, or surety), and (g) all

obligations of the type referred to in clauses (a) through (f) of other Persons secured by any Lien on any property or asset of such Person, whether or not such obligation is assumed by such Person (but only to the extent of the value of the property or asset that is subject to the Lien).

" Information or Document Request " means any request or demand for the production, delivery or disclosure of documents or other evidence, or any request or demand for the production of witnesses for interviews or depositions or other oral or written testimony, by any Regulatory Consent Authority relating to the transactions contemplated hereby or by any third party challenging the transactions contemplated hereby, including any so called "second request" for additional information or documentary material or any civil investigative demand made or issued by the Antitrust Division of the U.S. Department of Justice or the U.S. Federal Trade Commission or any subpoena, interrogatory or deposition.

" Intellectual Property " means all rights in or to the following worldwide: (a) patents and patent applications, utility models and applications for utility models, and all continuations, continuations-in-part, divisionals, provisionals, reissues, reexaminations, substitutes, renewals, and extensions of any of the foregoing, and inventions (whether or not patentable), processes, discoveries, and know-how; (b) trademarks, service marks, trade names, trade dress, logos, corporate names, whether registered or unregistered, together with applications and registrations for any of the foregoing, and all goodwill associated therewith; (c) Internet domain names and uniform resource locators, together with any and all registrations and applications for registrations thereof; (d) copyrights, moral rights and all other corresponding rights, including in and to databases, Software and other original works of authorship in copyrightable works, whether registered or unregistered, and any and all applications and registrations for the foregoing; and (e) Proprietary Information material to the conduct of the business of the Company and AG LLC.

" Intellectual Property License " means any license, sublicense, right, covenant, non-assertion, permission, immunity, consent, release or waiver under or with respect to any Intellectual Property.

" Law " means any statute, law (including common law), ordinance, rule, by-law, regulation or Governmental Order, in each case, of any applicable Governmental Authority.

" Liability " and " Liabilities " mean any and all debts and liabilities, whether known or unknown, accrued or fixed, absolute, contingent or otherwise, matured or unmatured, due or to become due, determined or determinable, including without limitation, (a) those arising under any applicable Law, and (b) those arising under any Contract.

" Licensed IP " means Company IP that is not Owned IP.

" Lien " means any mortgage, deed of trust, pledge, encumbrance, exclusive Intellectual Property License or security interest.

" Material Adverse Effect " means any state of facts, event, change, occurrence or effect (each an " Effect "), that is or is reasonably expected to be materially adverse in relation to the business, condition (financial or otherwise), liabilities, assets, properties or results of operations of the Company and AG LLC, taken as a whole; provided , that the following (or the effect of any of the following), alone or in combination, shall not be taken into account in determining whether a Material Adverse Effect shall have occurred (i) any national, international or any foreign or domestic regional economic, financial, social, military or political conditions (including changes therein) or events in general, including the results of any primary or general elections; (ii) changes in any financial, debt, credit, capital or banking markets or conditions (including any disruption thereof); (iii) changes in interest, currency or exchange rates or the price of any commodity,

security or market index; (iv) changes in legal or regulatory conditions, including changes or proposed changes in Law, GAAP or other accounting principles or requirements, or standards, interpretations or enforcement thereof; (v) changes in the industries in which the Company and AG LLC operate; (vi) any change in, or failure of the Company and/or AG LLC to meet, or the publication of any report regarding, any internal or public projections, forecasts, budgets or estimates of or relating to the Company and/or AG LLC for any period, including with respect to revenue, earnings, cash flow or cash position (but not the underlying causes thereof); (vii) the occurrence, escalation, outbreak or worsening of any hostilities, war, police action, acts of terrorism or military conflicts, whether or not pursuant to the declaration of an emergency or war; (viii) the existence, occurrence or continuation of any force majeure events, including earthquakes, floods, hurricanes, tropical storms, fires or other natural disasters or any national, international or regional calamity or any man-made disaster; (ix) any changes in the public perception of the gaming industry or gaming in general; (x) any increase in competition in the gaming industry, including the issuances of new gaming licenses or new gaming activities, such as internet gaming, (xii) the public announcement of the transactions contemplated by this Agreement, including, the identity of the parties hereto or any of their respective Affiliates (including their ability to obtain the Gaming Approvals), representatives or financing sources; (xi) the taking of any action expressly required by this Agreement; (xii) any actions taken at the express request of Acquiror or Merger Sub; (xiii) any actions taken by Acquiror, Merger Sub or any of their respective Affiliates or any of their respective representatives or financing sources after the date hereof, other than any actions (x) required by or permitted under this Agreement or taken to enforce any rights or exercise any remedies under this Agreement, or (y) taken in connection with the operation of the business of Acquiror in the ordinary course (without material breach of this Agreement); (xiv) any casualty loss to the assets of the Company Group, to the extent such Loss is remedied in full and any assets that have been damaged shall have been restored to the same condition as such assets existed prior to such damage at the sole cost and expense of the Holders without any adverse cost or effect to or on the Company, its business or operations, or financial condition; (xv) any matters to the sole extent disclosed in the Schedules as of the date of this Agreement (without regard to any updating of the Schedules); provided , that any Effect described in clauses (i), (ii), (iii), (iv) and (v) may be taken into account to the extent that the Company and AG LLC are disproportionately affected thereby relative to other peers of the Company and AG LLC in the same industries in which the Company and AG LLC operate (but only the disproportionate effect shall be considered). For the avoidance of doubt, clause (xiv) above shall not create any affirmative obligation on the Holders to remedy any such casualty loss.

" Nevada Gaming Approvals " means the approvals set forth in clause 2(a) and (b) of Schedule 8.1(a) .

" Nevada Gaming Authorities " means, collectively, (i) the Nevada Gaming Commission, and (ii) the Nevada State Gaming Control Board.

" Non-Negotiated Vendor Contract " means a Contract that meets all of the following conditions: (i) such Contract grants to the Company and/or AG LLC a non-exclusive license to download or use generally commercially available, Software or a non-exclusive right to access and use the functionality of such Software on a hosted or "software-as-a-service" basis; and (ii) the Contract does not require the Company and AG LLC to pay any license fee, subscription fee, service fee or other amount except for a one-time license fee of no more than $75,000 or ongoing subscription or service fees of no more than $75,000 per year; and (iii) the Contract is not a license for Open Source Software.

" Open Source Software " means any Software that is licensed, provided or distributed under any Copyleft License.

" Owned IP " means (i) all Registered Intellectual Property and (ii) all other Company IP that are owned or purported to be owned by, or subject to an obligation to be assigned to, the Company and/or AG LLC.

" Owned Real Property " means all right, title and interest of the Company and AG LLC in the real property set forth on Schedule 1.1(a) , together with all buildings, structures, fixtures and improvements erected thereon, and all rights, privileges, easements, licenses and other appurtenances relating thereto.

" PCI Standards " means the security standards for the protection of payment card data with which payment card companies require merchants to comply, including, but not limited to, the Payment Card Industry Data Security Standards currently in effect and as may be updated from time to time.

" Permits " means all permits, licenses, certificates of authority, authorizations, and registrations issued by or obtained from a Governmental Authority.

" Permitted Liens " means (i) all statutory or other Liens for Taxes which are not yet delinquent or the validity or amount of which are being diligently contested in good faith by appropriate proceedings and for which, in each case, adequate reserves have been maintained in accordance with GAAP, (ii) all cashiers', landlords', workmens', repairmens', mechanics', warehousemens' and carriers' Liens and other similar Liens imposed by Law, incurred in the ordinary course of business for amounts not yet due and payable or the validity or amount of which is being diligently contested in good faith by appropriate proceedings, (iii) other than with respect to Owned Real Property, all pledges, deposits or other Liens securing the performance of bids, trade contracts, leases or statutory obligations (including workers' compensation, unemployment insurance or other social security legislation), (iv) other than with respect to Owned Real Property, all purchase money Liens set forth on Schedule 1.1 , (v) all leases, subleases, licenses or sublicenses set forth in the Disclosure Schedules (without regard to any updating) as of the date of this Agreement, (vi) all zoning, entitlement, conservation restriction and other land use and environmental regulations by Governmental Authorities affecting real property as of the date of this Agreement, (vii) all covenants, conditions, restrictions, easements, charges, rights-of-way, defects or imperfections of title and other similar encumbrances affecting real property which do not materially interfere with the present use of any of the properties or assets of the Company or AG LLC, (viii) all matters shown in any title reports or title policies made available to Acquiror on or prior to the date of this Agreement and all facts shown on any surveys made available to Acquiror on or prior to the date of this Agreement, (ix) encumbrances in favor of a bank or other financial institution encumbering deposits or other funds maintained with a bank or other financial institution, (x) encumbrances pursuant to the various declarations of covenants, conditions, and restrictions and reservations of easements or similar documents applicable to the Company, AG LLC or the Owned Real Property as of the date of this Agreement, (xi) encumbrances that will be terminated at or prior to the Closing, (xii) encumbrances arising out of, under or in connection with applicable securities Laws or custodial arrangements with custodians of securities, and (xiv) those items set forth on Schedule 1.1(b) .

" Person " means any individual, firm, company, corporation, partnership, limited liability company, incorporated or unincorporated association, joint venture, joint stock company, Governmental Authority or other entity of any kind.

" Personal Data " means information that can be used to identify an individual or a device, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual, including, but not limited to, name, address, telephone number, email address, username and password, photograph, or government-issued identifier, in each case, that is collected by or

on behalf of the Company or AG LLC and that the Company or AG LLC is required to keep confidential under applicable Law.

" Pre-Closing Tax Liability " means all liabilities for Taxes of the Company and AG LLC attributable to taxable periods (or portions thereof) ending the end of the day immediately preceding Closing Date (for the avoidance of doubt, Pre-Closing Tax Liability shall not include liability for any Transfer Taxes, which Transfer Taxes shall be borne solely by Acquiror).

" Proprietary Information " means information and materials not generally known to the public, including trade secrets, knowhow, confidential marketing and other confidential and proprietary information, excluding any Personal Data.

" Proscribed Act " means, in respect of any Person, any of the following: (a) the making, offering or authorization (including acquiescence) for the making or offering of any gift, payment, revenue, promise, profit participation or other advantage, whether directly or indirectly (through any other Person), to or for the use or benefit of any Proscribed Person in violation of any Corrupt Practices Laws; (b) either knowingly, or without conducting reasonable due diligence, entering into any contract with a Proscribed Person in connection with or related to this Agreement or the transactions contemplated hereby; (c) defrauding, or attempting or conspiring to defraud, the applicable U.S. Governmental Authority in connection with or related to this Agreement or the transactions contemplated hereby; or (d) failing to notify the applicable U.S. Governmental Authority reasonably promptly when a Proscribed Person solicits any direct or indirect contract or other benefit from such Person in connection with this Contract or the transactions contemplated hereby.

" Proscribed Person " means (a) any public official of any public authority in the United States, (b) any political party or political party official or candidate for office, and (c) any Person acting on behalf of or for the benefit any of the foregoing.

" Regulatory Consent Authorities " means the Antitrust Division of the U.S. Department of Justice, the U.S. Federal Trade Commission, the Gaming Authorities, the City of North Las Vegas, and each other similar Governmental Authority whose consent or clearance is required in order to consummate the Merger.

" Representatives " means, with respect to a party, its Affiliates, members, directors, officers, employees, advisors, agents or other representatives.

" Schedules " means the schedules setting forth certain disclosures of the Company, or qualifications or exceptions to the Company's representations or warranties set forth in Article 3 , which schedules are delivered simultaneously with the execution and delivery of this Agreement and may be supplemented in accordance with Section 7.3 hereof.

" SEC " means the U.S. Securities and Exchange Commission.

" Software " means all (i) computer programs, including all software implementations of algorithms, models and methodologies, whether in source code or object code, (ii) databases (excluding data contained therein), (iii) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons and (iv) documentation, including user manuals and other training documentation, related to any of the foregoing.

" Subsidiary " means, with respect to a specified Person, a non-natural Person of which 50% or more of the voting power of the equity securities or equity interests is owned, directly or indirectly, by such specified Person.

" Tax " means any and all taxes, fees, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Authority, including taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation, or net worth; taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added, or gains taxes; license, registration and documentation fees; and customs' duties, tariffs, and similar charges, in each case, whether disputed or not.

" Tax Matters Member " shall have the meaning set forth in the Amended and Restated Operating Agreement of the Company, effective as of November 1, 2011, among the Company and its Members.

" Tax Returns " means any return, declaration, report, election, claim for refund or information return or other statement, document or form filed or required to be filed with any Taxing Authority relating to Taxes, including any schedule or attachment thereto or any amendment thereof.

" Taxing Authority " means any legislature, agency, bureau, branch, department, division, regulatory authority, commission, court, tribunal, magistrate, justice, multi-national organization, quasi-governmental body, or other similar recognized organization or body of any federal, state, county, municipal, local, or foreign government or other similar recognized organization or body exercising similar powers authorized to impose any Tax.

" Title Insurer " means Fidelity National Title Insurance Company.

" Transaction Bonus Payments " means, collectively, any payments payable by the Company or AG LLC, whether before, on, or after the Closing Date, pursuant to each of the Contracts set forth on Schedule 1.1(c) (as they may be amended from time to time as permitted hereunder) upon a "Change of Control" (as such term is defined therein), including, any "Salary Termination Payment" (as such term is defined therein) and any "LTI Payment" (as such term is defined therein).

" Transaction Documents " means, collectively, this Agreement and the certificates to be delivered at the Closing pursuant to Section 8.2(c) and Section 8.3(e) .

" Transaction Expenses " means any and all fees, expenses and amounts payable by the Company and AG LLC in connection with the transactions contemplated by this Agreement and the other Transaction Documents, including any fees, expenses and amount payable to its accountants, brokers, investment banks, financial advisors, legal counsel or any other advisors, agents, outside advisors or representatives in connection with this Agreement, the Transaction Documents or any of the transactions contemplated hereby and thereby, and any and all amounts payable to any employee as a result of any "change of control," severance, termination or similar payment that is triggered as a result of the transactions contemplated by this Agreement, including any Transaction Bonus Payment and any amounts payable by the Company or AG LLC, as a result of the termination of any employment agreement of the Company or AG LLC or to the extent resulting from their respective actions taken to satisfy the condition to Closing set forth in Section 8.2(d) .

" Transfer Taxes " means any and all transfer, documentary, sales, use, gross receipts, stamp, registration, value added, recording, escrow and other similar Taxes and fees, including any real property or leasehold interest transfer or gains tax and any similar Tax.

" Treasury Regulations " means the regulations promulgated under the Code, including Temporary Regulations.

" Units " shall have the meaning set forth in the Amended and Restated Operating Agreement of the Company, effective as of November 1, 2011, among the Company and its Members.

" Willful Breach " means, in respect of a party, a deliberate act (or failure to act) taken with the intention or knowledge of such party that such act (or failure to act) constitutes, or would reasonably be expected to constitute, or result in, a breach of this Agreement.

Each capitalized term listed below is defined in the corresponding page of this Agreement:

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1.2 Construction .

(a) Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms “hereof,” “herein,” “hereby,” “hereto” and derivative or similar words refer to this entire Agreement; (iv) the terms “Article” or “Section” refer to the specified Article or Section of this Agreement; (v) the word “including” shall mean “including, without limitation,” (vi) the word “or” shall be disjunctive but not exclusive, and (vii) the term “dollar” or “$” means lawful currency of the United States.

(b) Unless the context of this Agreement otherwise requires, references to agreements and other documents shall be deemed to include all subsequent amendments and other modifications thereto.

(c) Unless the context of this Agreement otherwise requires, references to statutes shall include all regulations promulgated thereunder and references to statutes or regulations shall be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation; provided , however , that, for the purposes of determining a breach or inaccuracy in the representations and warranties set forth herein with respect to any violation or alleged violation of any Laws, rules and regulations, a breach thereof or inaccuracy therein shall only be determined to exist if a breach or inaccuracy existed both under such Laws, rules and regulations, as amended or replaced and under such Laws, rules and regulations as in effect at the time of such violation or alleged violation and, in each case, only such Laws, rules and regulations as to which the Governmental Authority that enacted or promulgated such Laws, rules and regulations has jurisdiction over such Person, thing or matter as determined under the Laws, rules and regulations of the United States as required to be applied thereunder by a state or federal court sitting in New York, New York.

(d) The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent and no rule of strict construction shall be applied against any party.

(e) Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. If any action is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action may be deferred until the next Business Day.

(f) All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP.

1.3 Knowledge . As used herein, the phrase "knowledge" of any Person shall mean (a) in the case of the Company or AG LLC, the actual knowledge of Terry Downey, Robert Schaffhauser, Neil Friedman, Michelle Huntzinger, Richard Danzak, and Timothy Williams without any duty of investigation or inquiry, (b) in the case of Acquiror and Merger Sub, the actual knowledge of Keith Smith, Josh Hirsberg and Brian Larson without any duty of investigation or inquiry, and (c) in the case of all other Persons who are not natural persons, such Person's executive officers.

## ARTICLE 2
## THE MERGER; CLOSING

2.1 The Merger .

(a) Upon the terms and subject to the conditions set forth in this Agreement, Acquiror, Merger Sub and the Company (Merger Sub and the Company sometimes being referred to herein as the " Constituent Entities ") shall cause Merger Sub to be merged with and into the Company, with the Company being the surviving entity (the " Merger "). The Merger shall be consummated (i) in accordance with the terms and subject to the conditions in this Agreement, and in accordance with the Limited Liability Company Act of the State of Delaware (as amended) (the " DLLCA ") and (ii) as of the Effective Time.

(b) Upon consummation of the Merger, the separate existence of Merger Sub shall cease and the Company, as the surviving entity of the Merger (hereinafter referred to for the periods at and after the Effective Time as the " Surviving Entity "), shall continue its existence under the DLLCA as a wholly owned direct subsidiary of Acquiror. The Merger shall have the effects set forth in this Agreement and in the applicable provisions of the DLLCA.

2.2 Effects of the Merger . At and after the Effective Time: (a) the Surviving Entity shall thereupon and thereafter possess all of the rights, privileges and powers of the Constituent Entities; (b) all rights, privileges and powers of each Constituent Entity, and all property, real, personal and mixed, and all debts due to each such Constituent Entity, on whatever account, and all causes of action belonging to each such company, shall become vested in the Surviving Entity; (c) all property, rights, privileges, powers and franchises, and all and every other interest shall become thereafter the property of the Surviving Entity as they are of the Constituent Entities; and (d) the title to any real property vested by deed or otherwise or any other interest in real estate vested by any instrument or otherwise in either of such Constituent Entities shall not revert or become in any way impaired by reason of the Merger; but all Liens upon any property of either Constituent Entity shall be preserved unimpaired and shall thereafter attach to the Surviving Entity and shall be enforceable against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it; all of the foregoing in accordance with the applicable provisions of the DLLCA.

2.3 Closing; Effective Time . Subject to the terms and conditions of this Agreement, the closing of the Merger (the " Closing ") shall take place at the offices of Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036 commencing at 10:00 a.m. (prevailing Eastern Time) on the date which is three (3) Business Days after the date on which all conditions set forth in Article 8 of this Agreement shall have been satisfied or waived (to the extent legally permissible) by the appropriate party (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver (to the extent legally permissible) of those conditions) or such other time and place as Acquiror and the Company may mutually agree. The date on which the Closing actually occurs is referred to in this Agreement as the " Closing Date ." Subject to the satisfaction or waiver (to the extent legally permissible) by the appropriate party of all of the conditions set forth in Article 8 of this Agreement, and provided this Agreement has not theretofore been terminated pursuant to its terms, Acquiror, Merger Sub and the Company shall file a certificate of merger (the " Certificate of Merger ") with the Secretary of State of the State of Delaware (the " Delaware Secretary of State "), executed in accordance with the relevant provisions of the DLLCA. The Merger shall become effective at such time as the Certificate of Merger is duly filed with the Delaware Secretary of State or at such other date or time as Parent and the Company shall agree in writing and shall specify in the Certificate of Merger (the time the Merger becomes effective being referred to as the " Effective Time "); provided , that, notwithstanding the Effective Time set forth in the Certificate of Merger or the time the Closing occurs on the Closing Date, for tax and accounting purposes relating to business operations (but not the items described in Section 7.2(e) ), the Closing shall be deemed to have occurred at 12:01 a.m. (prevailing Eastern Time) on the Closing Date. All proceedings to be taken and all documents to be executed and delivered by the parties at the Closing shall be deemed to have been taken and executed simultaneously and no proceedings shall be deemed to have been taken nor documents executed or delivered until all have been taken, executed and delivered.

2.4 Certificate of Formation and Operating Agreement; Officers and Managers .

(a) *Certificate of Formation* . As of the Effective Time, the certificate of formation of the Company, as amended by the Certificate of Merger, in form and substance reasonably agreed by the parties, shall be the certificate of formation of the Surviving Entity (the " Certificate of Formation ") until thereafter changed or amended as provided therein or by applicable Law. The name of the Surviving Entity as of the Effective Time shall be determined by Acquiror, and Acquiror shall notify the Company of the same no less than two (2) Business Days prior to the Closing.

(b) *Operating Agreement* . The operating agreement of the Company, as amended and restated in form and substance reasonably agreed by the parties, shall be the operating agreement of the

Surviving Entity after the Effective Time until thereafter changed or amended as provided therein or by applicable Law.

(c) *Managers and Officers* . The managers of Merger Sub immediately prior to the Effective Time shall be the initial managers of the Surviving Entity and the officers of Merger Sub immediately prior to the Effective Time shall be the initial officers of the Surviving Entity, each to hold office in accordance with the operating agreement of the Surviving Entity and the DLLCA.

2.5 Effect on Units . As of the Effective Time, by virtue of the Merger and without any action on the part of the Company, Acquiror or Merger Sub, or any holder of Units in the capital of, Acquiror or Merger Sub, each of the following shall occur:

(a) *Units* . At the Effective Time, (i) each Unit issued and outstanding immediately prior to the Effective Time that is not an Incentive Unit shall be cancelled and shall be converted automatically into the right to receive the Unit Distribution Amount, without any interest thereon and (ii) each Incentive Unit issued and outstanding immediately prior to the Effective Time shall be cancelled and shall be converted automatically into the right to receive the Incentive Unit Distribution Amount, without any interest thereon. As of the Effective Time, all Units issued and outstanding immediately prior to the Effective Time shall no longer be outstanding and shall automatically be cancelled and shall cease to exist, the register of members of the Company will be amended accordingly, and the Holders of such Units shall cease to have any rights with respect to such Units, except for the right to receive, with respect to each such Units, the applicable Unit Distribution Amount or Incentive Unit Distribution Amount, without interest.

(b) *Merger Sub Membership Units.* At the Effective Time, by virtue of the Merger and without any action on the part of Acquiror or Merger Sub, each membership unit of Merger Sub shall be converted into one validly issued, fully paid and nonassessable membership unit in the Surviving Entity with the same rights, powers and privileges as the membership unit so converted, and the register of members of the Surviving Entity will be amended accordingly. Any certificate of Merger Sub evidencing ownership of any such membership unit will from and after the Effective Time evidence ownership of membership units of the Surviving Entity.

2.6 Merger Consideration .

(a) The aggregate consideration to be paid by Acquiror and Merger Sub in connection with the Merger for the benefit of Holders shall be an amount equal to (i) the Base Amount minus (ii) the Closing Date Indebtedness (as set forth on the Disbursement Schedule) minus (iii) any Transaction Expenses (such amount, the " Merger Consideration ") and such consideration shall be paid on the Closing Date in accordance with Section 2.7 .

(b) At least five (5) Business Days, but not more than ten (10) Business Days, prior to the anticipated Closing Date, the Company shall prepare and deliver to Acquiror a written statement certified by the chief financial officer of the Company setting forth a schedule (the " Disbursement Schedule "), which shall set forth the Company's good faith determination of each of the following (any such amounts that are estimates to be updated and adjusted, if necessary, in accordance with the last sentence of this Section 2.6(b) ): (i) the Closing Date Indebtedness (as of the anticipated Closing Date) and wire transfer instructions for the account or accounts into which repayment of such Indebtedness shall be made, in accordance with one or more pay-off letters in customary form delivered therewith (such pay-off letters shall include a release of all Liens and guarantees in connection with such repaid Indebtedness), (ii) any Transaction Expenses, (iii) the resulting calculation of the Merger Consideration and the Paying Agent's wire transfer instructions for the

account into which payment of such amount shall be made, and (iv) the portion of the Merger Consideration payable to each Holder. The Disbursement Schedule shall, to the extent necessary, be updated by the Company from time to time prior to the Closing to reflect any changes therein of which the Company becomes aware.

(c) After delivery of the Disbursement Schedule, the Company shall, and shall cause AG LLC to, (i) reasonably assist Acquiror and its Representatives in Acquiror's review of the Disbursement Schedule, and (ii) give Acquiror reasonable access to and copies of the books and records of the Company and AG LLC and reasonable access to relevant personnel thereof (including any auditors or accountants) for the purpose of reviewing the Disbursement Schedule. Such access rights shall be exercised during normal business hours, upon reasonable prior notice and in a manner that does not unreasonably interfere with the operations of the Company and AG LLC. The Company shall consider in good faith any comments on the Disbursement Schedule submitted by Acquiror; provided , however , that to the extent the Company does not reflect any of Acquiror's comments on the Disbursement Schedule, the Company shall provide a good faith response of its rationale for not including such comments, which response shall be delivered to the Acquiror at least one (1) Business Day prior to the Closing. To the extent the Company updates the Disbursement Schedule in response thereto, such updated version shall be delivered to Acquiror at least one (1) Business Day Date prior to the Closing, and the most recently updated Disbursement Schedule shall constitute the Disbursement Schedule for all purposes of this Agreement and the other Transaction Documents.

2.7 Payment of Closing Date Merger Consideration . At the Closing, Acquiror shall (a) pay the Merger Consideration by wire transfer of immediately available funds, in accordance with the instructions set forth on the Disbursement Schedule and without any further withholding or deductions, in trust to such bank or trust company mutually agreed between Acquiror and the Company prior to the Closing (the " Paying Agent ") as agent for the Holders for distribution to the Holders, including Specified Holders, in each case pursuant to Section 2.8 (any portion of such amount, while held in trust by the Paying Agent, the " Merger Fund ") and (b) repay the Closing Date Indebtedness in accordance with the pay-off letters delivered pursuant to Section 2.6 .

2.8 Merger Fund; Letters of Transmittal .

(a) To the extent not distributed to the Holders by the Company prior to the Effective Time, as soon as reasonably practicable after the Effective Time, the Surviving Entity shall cause the Paying Agent to mail to each Holder a letter of transmittal (in form reasonably satisfactory to the parties, and in substance in accordance with Exhibit B , including the acknowledgements, representations and release of claims set forth therein), with such changes therein as may be reasonably required by the Paying Agent, the " Letter of Transmittal "), to be completed, executed and delivered by such Holder to receive such Holder's portion of the Merger Fund. Upon proper completion, execution and delivery by a record Holder to the Paying Agent of a Letter of Transmittal and all other documentation required by the Letter of Transmittal, such Holder shall be entitled to receive, in exchange for each of its Units, its respective portion of the Merger Consideration in accordance with the distribution mechanics set forth in the Company's Amended and Restated Operating Agreement as described in Section 2.8(b) below.

(b) On or as promptly as practicable after the Closing, the Paying Agent shall distribute their respective portions of the Merger Consideration to the Holders that have properly completed, executed and delivered to Acquiror, with a copy to the Paying Agent, a Letter of Transmittal and all other documentation required by the Letter of Transmittal (i) first to Holders of Units other than Incentive Units (each such Holder, a " Specified Holder ") in accordance with the distribution mechanics set forth in Section 6.1(b)(i) of Company's Amended and Restated Operating Agreement, and then (ii) to all Holders of Units (including Incentive Units) in accordance with the distribution mechanics set forth in Section 6.1(b)(ii) of Company's

Amended and Restated Operating Agreement; provided that in the event any Specified Holder has not delivered a Letter of Transmittal in accordance with Section 2.8(a) , the Paying Agent shall retain any amount that would be payable to such Specified Holder until such time as it has received a Letter of Transmittal in accordance with Section 2.8(a) , and such amount shall not be available for distribution pursuant to Section 2.8(b)(ii) . Pending distribution of the Merger Consideration, the Merger Fund shall be held by the Paying Agent in trust, uninvested in cash, for the benefit of the Holders and shall not be used for any other purposes. Nothing contained herein shall diminish the rights of any Holder to receive its portion of the Merger Consideration as provided herein. The amount payable in respect of each Incentive Unit pursuant to this Section 2.8 is sometimes referred to herein as the " Incentive Unit Distribution Amount ", and the amount payable in respect of each Unit that is not an Incentive Unit pursuant to this Section 2.8 is sometimes referred to herein as the " Unit Distribution Amount ."

(c) If payment is to be made to a Person other than the record Holder, it shall be a condition to such payment that the Person requesting such payment shall pay to the Paying Agent any transfer or other Taxes required as a result of such payment being made to a Person other than the record Holder or establish to the satisfaction of the Paying Agent that such Tax has been paid or is not payable.

(d) After the Effective Time, there shall be no further transfers recorded in the register of members of the Surviving Entity of Units that were outstanding immediately prior to the Effective Time.

(e) If any cash deposited with the Paying Agent for purposes of payment of the consideration in exchange for Units in accordance with this Section 2.8 remains unclaimed for two (2) years after the Effective Time, such cash shall be returned to Acquiror or its designee automatically, and any Holder of Units who has not complied with the procedures set forth herein and in the Letter of Transmittal shall thereafter look only to the Surviving Entity for payment of such amount, without interest. Any amounts remaining unclaimed by Holders after five (5) years after the Effective Time (or such earlier date prior to such time as such amounts would otherwise escheat to or become property of any Governmental Authority) shall, to the extent permitted by Law, become the property of the Surviving Entity, free and clear of any claims or interests of any Person previously entitled thereto.

(f) No dividends or other distributions with respect to shares in the capital of the Surviving Entity with a record date after the Effective Time shall be paid with respect to Units.

2.9 Withholding . Notwithstanding anything in this Agreement to the contrary, any payment to a Holder in respect of Units shall be reduced by the applicable amount of withholding for Tax purposes that is required by Law (the " Withholding Amount "), which Withholding Amount shall be remitted by the applicable withholding agent to the IRS or other appropriate Taxing Authority; provided , however , that absent a change in Law, no withholding on account of Taxes shall be performed by Acquiror, Merger Sub, the Surviving Entity or the Paying Agent in respect of any payment to a Holder in respect of such Holders Units that are not Incentive Units if Acquiror receives such Holders Letter of Transmittal containing both (x) (i) a duly completed and validly executed Non-Foreign Affidavit in the form attached as Schedule 2.9 and (ii) a duly completed and validly executed IRS Form W-9, in each case, with respect to such Holder. Any such Withholding Amount shall be treated for all purposes hereunder as having been paid to the Holder with respect to whom such Withholding Amount was deducted and withheld if it is timely paid to the appropriate Governmental Authority.

2.10 Allocation of Purchase Price . Within ninety (90) days after the Closing Date, Acquiror shall prepare and cause to be delivered to the Tax Matters Member an allocation (the " Purchase Price Allocation ") of the consideration delivered pursuant to this Agreement (and all other capitalized costs) among the assets

of the Company in accordance with Section 1060 of the Code and the Treasury Regulations issued thereunder (and any similar provision of state, local, or other applicable Law, as appropriate). Acquiror will give the Tax Matters Member reasonable opportunity to review and comment on the Purchase Price Allocation and Acquiror will consider in good faith any comments that the Tax Matters Member has with respect to the Purchase Price Allocation. Acquiror, the Holders and their respective Affiliates shall report, act and file any Tax Returns (including, but not limited to IRS Form 8594) in all respects and for all purposes consistent with such Purchase Price Allocation prepared by Acquiror. The Tax Matters Member shall reasonably discuss and consult with Acquiror on the timely and proper preparation, execution, filing and delivery of all such documents, forms and other information as Acquiror shall reasonably request to prepare such Purchase Price Allocation. Neither Acquiror, the Holders nor their Affiliates shall take any position (whether on any Tax Returns, in any Action relating to Taxes, or otherwise) that is inconsistent with such Purchase Price Allocation, unless required to do so by applicable Law.

## ARTICLE 3
## REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as disclosed in the Company SEC Documents (other than any disclosures contained under the captions "Risk Factors" or "Forward Looking Statements") or the Schedules to this Agreement, the Company represents and warrants to Acquiror and Merger Sub as of the date of this Agreement and as of the Closing Date as follows:

3.1 Organization of the Company . The Company has been duly formed and is validly existing and in good standing under the Laws of the State of Delaware and has the requisite power and authority to own or lease its properties and assets and to conduct its business as it is now being conducted. The copies of the Company's amended and restated certificate of formation and amended and restated operating agreement (collectively, the " Company Organizational Documents ") previously delivered or made available by the Company to Acquiror or its agents or representatives are true, correct and complete, in each case, as amended to the date of this Agreement. The Company is duly licensed or qualified and in good standing as a foreign limited liability company in each jurisdiction in which the ownership of its property or the character of its activities is such as to require it to be so licensed or qualified, except where the failure to be so licensed or qualified would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

3.2 Subsidiaries . Aliante Gaming LLC (" AG LLC ") is the Company's sole Subsidiary. AG LLC has been duly formed and is validly existing under the laws of the State of Nevada and has the power and authority to own or lease its properties and to conduct its business as it is now being conducted. The Company has made available to Acquiror, or its agents or representatives, true, correct and complete copies of AG LLC's certificate of formation and operating agreement, in each case, as amended to the date of this Agreement. AG LLC is duly licensed or qualified and in good standing as a foreign limited liability company in each jurisdiction in which the ownership of its property or the character of its activities is such as to require it to be so licensed or qualified or in good standing, except where the failure to be so licensed or qualified or in good standing would not reasonably be expected to have a Material Adverse Effect.

3.3 Due Authorization . The Company has all requisite power and authority to execute and deliver this Agreement and (subject to the approvals described in Section 3.5 ) to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized and approved by (i) the board of managers of the Company and (ii) the Holders holding not less than two-thirds (2/3) of the issued and outstanding Units (other than Incentive Units). This Agreement has been duly and validly executed and delivered by the

Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar Laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

3.4 No Conflict. Except as set forth on Schedule 3.4, subject to the receipt of the consents, approvals, authorizations and other requirements set forth in Section 3.5 or on Schedule 4.5, the execution and delivery of this Agreement by the Company and the consummation of the transactions contemplated hereby do not and will not (i) violate any material provision of, or result in the material breach of, any applicable Law or any Material Contract, (ii) violate any provision of, or result in the breach of, the Company Organizational Documents or the organizational documents of AG LLC, (iii) terminate or result in the termination of any Material Contract, (iv) result in the creation of any Lien (other than a Permitted Lien) upon any of the material properties or material assets of the Company or AG LLC, or (v) constitute an event which, after notice or lapse of time or both, would result in any such violation, breach, termination or creation of a Lien (other than a Permitted Lien) or result in a violation or revocation of any required Permit from any Governmental Authority or other Person.

3.5 Governmental Authorities; Consents. No consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority or other Person is required on the part of the Company with respect to the Company's execution or delivery of this Agreement or the consummation of the transactions contemplated hereby, except for (a) applicable requirements of the HSR Act as described on Schedule 3.5; (b) the Gaming Approvals described on Schedule 3.5; (c) any consents, approvals, authorizations, designations, declarations or filings, the absence of which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the Company Group; (d) as otherwise disclosed on Schedule 3.5; (e) the applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder, including the filing of the Information Statement; and (f) the filing of the Certificate of Merger on the Closing Date in accordance with the DLLCA.

3.6 Capitalization.

(a) There are 432,213 Units (other than Incentive Units) issued and outstanding and 1,000 Incentive Units issued and outstanding, which together represent all of the issued and outstanding membership interests of the Company. All of the issued and outstanding Units and Incentive Units are duly authorized, validly issued, fully-paid, non-assessable and free of preemptive rights. There are no outstanding (i) securities convertible into or exchangeable for membership interests of the Company, (ii) options, warrants, calls or other rights to purchase or subscribe for membership interests of the Company or (iii) Contracts of any kind to which the Company or AG LLC is party to requiring the issuance after the date hereof of (A) any membership interests of the Company, (B) any convertible or exchangeable security of the type referred to in clause (i), or (C) any options, warrants, calls or rights of the type referred to in clause (ii).

(b) There are no outstanding contractual obligations of the Company or AG LLC to repurchase, redeem or otherwise acquire any securities or equity interests of the Company or AG LLC. Except as set forth on Schedule 3.6(b), neither the Company nor AG LLC is a party to any operating agreement, voting agreement, limited liability company agreement or registration rights agreement relating to the Units or any other equity interests of the Company or AG LLC.

(c) The Company owns of record and beneficially all of the issued and outstanding membership interests of AG LLC free and clear of any Liens other than Permitted Liens.

3.7 Financial Statements ; SEC Filings.

(a) The consolidated financial statements (including all related notes and schedules) of the Company as of and for the year ended December 31, 2015 included in the Company SEC Documents (the " Financial Statements ") present fairly, in all material respects, the consolidated financial position and results of operations of the Company and AG LLC as of the date and for the period indicated in the Financial Statements in conformity with GAAP applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto).

(b) The books and accounts and other financial records of the Company and AG LLC have been kept accurately in all material respects in the ordinary course of business, the transactions entered therein represent bona fide transactions, and the revenues, expenses, assets and liabilities of the Company and AG LLC have been properly recorded therein in all respects. The Company and AG LLC maintain a system of internal controls over financial reporting and accounting sufficient to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes, including to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets that could have a material effect on the Company's financial statements is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Neither the Company nor AG LLC has received from its independent auditors any oral or written notification of a (x) "significant deficiency" or (y) "material weakness" in its internal controls.

(c) Schedule 3.7(c) sets forth, as of the date of this Agreement, all Indebtedness of the Company and AG LLC. There is no indebtedness between the Company and AG LLC.

(d) The Company has filed all material forms, reports and other documents required to be filed by it with the SEC since November 11, 2011. Each Company SEC Document (together with those forms, reports and other documents filed by the Company with the SEC subsequent to the date of this Agreement, if any, including any amendments, collectively the " Company Required SEC Reports ") (i) complied as to form in all material respects with the applicable requirements of the Securities Act of 1933, as amended (the " Securities Act "), or the Exchange Act, as the case may be, and the Sarbanes-Oxley Act of 2002 (" SOX ") and the applicable rules and regulations promulgated thereunder, and (ii) did not, at the time it was filed (or, if amended prior to the date hereof, as of the date of such amendment), contain any untrue statement of a material fact, or omit to state a material fact, required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) Each of the principal executive officer of the Company and the principal financial officer of the Company (and each former principal executive officer of the Company and each former principal financial officer of the Company, as applicable) has made all certifications required by Rule 13a-14 or 15d-14 under the Exchange Act or Sections 302 and 906 of SOX and the rules and regulations of the SEC promulgated thereunder with respect to the Company Required SEC Reports, and prior to the date of this Agreement, neither the Company nor any of its executive officers has received written notice from any Governmental Authority challenging or questioning the accuracy, completeness, form or manner of filing such certifications. For purposes of this Section 3.7(e) , "principal executive officer" and "principal financial officer" have the meanings given to such terms in SOX. Neither the Company nor any of the Company Subsidiaries has

outstanding, or has arranged any outstanding, "extensions of credit" to directors or executive officers within the meaning of Section 402 of SOX. The Company is in compliance in all material respects with SOX.

(f) The Company maintains a system of internal controls over financial reporting designed to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes, including to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, (iii) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(g) The Company has in place "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) that are designed to ensure that material information that is required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and made known to its principal executive officer and principal financial officer as appropriate to allow timely decisions regarding required disclosure.

(h) As of the date hereof, there are no outstanding unresolved comments with respect to the Company or the Company Required SEC Reports noted in comment letters or, to the knowledge of the Company, other correspondence received by the Company or its attorneys from the SEC, and to the knowledge of the Company, there are no pending (i) formal or informal investigations of the Company by the SEC or (ii) inspections or audits of the Company's financial statements by the Public Company Accounting Oversight Board.

3.8 Undisclosed Liabilities. Except as set forth on Schedule 3.8, neither the Company nor AG LLC has any Liabilities, except for liabilities and obligations (a) reflected or reserved for on the Financial Statements or disclosed in the notes thereto, (b) that have arisen since the date of the most recent balance sheet included in the Financial Statements in the ordinary course of the operation of business of the Company and AG LLC, (c) disclosed in the Schedules, or (d) incurred in connection with the transactions contemplated hereby.

3.9 Litigation and Proceedings. Except as set forth on Schedule 3.9, since January 1, 2013, there have been no Actions, or, to the knowledge of the Company, threatened Actions or investigations before or by any Governmental Authority against the Company or AG LLC, in each case, the outcome of which, if adversely decided, would reasonably be expected to be materially adverse to the Company and AG LLC, taken as a whole, nor are there any material judgments, orders or decrees outstanding against the Company or AG LLC. Neither the Company nor AG LLC nor any property or asset of the Company or AG LLC is subject to any Governmental Order except as would not reasonably be expected to be materially adverse to the Company and AG LLC, taken as a whole. The Company has no claim or cause of action of any kind whatsoever against any Holder.

3.10 Compliance with Laws; Permits.

(a) The Company and AG LLC are, and have been since January 1, 2013, in compliance in all material respects with all applicable material Laws, including all Gaming Laws. During the period beginning on January 1, 2013 and ending on the date hereof, neither the Company nor AG LLC have received written notice of any default or violation of any Gaming Laws applicable to the Company or AG LLC or by which any property or asset of the Company or AG LLC is bound. As of the date hereof, to the knowledge

of the Company, no investigation by any Gaming Authority with respect to the Company or AG LLC is pending or threatened, except for routine post-licensing audits or reviews by Gaming Authorities in connection with renewals.

(b) Except as set forth on Schedule 3.10(b) , each of the Company and AG LLC , and, to the knowledge of the Company, each director, officer and key employee of the Company and AG LLC, has all Permits, including Gaming Licenses, (the " Material Permits ") that are required to own, lease or operate the properties, assets and business of the Company and AG LLC; provided , however , that this Section 3.10(b) shall not apply to Environmental Permits, which are addressed exclusively in Section 3.21 . Except as set forth on Schedule 3.10(b) , as of the date hereof (i) each Material Permit is in full force and effect in accordance with its terms, (ii) no outstanding written notice of revocation, cancellation or termination of any Material Permit has been received by the Company or AG LLC, (iii) there are no Actions pending or, to the knowledge of the Company, threatened that seek the revocation, cancellation or termination of any Material Permit, and (iv) each of the Company and AG LLC is in material compliance with all Material Permits applicable to the Company or AG LLC.

(c) To the knowledge of the Company, there are no facts which if known to any Gaming Authority which permits, or upon the giving of notice or passage of time or both would permit, revocation, non-renewal, modification, suspension, limitation or termination of any of the Company's or AG LLC's Gaming Licenses. Neither the Company nor AG LLC has suffered a suspension, denial, non-renewal, material limitation or revocation of any Gaming License since January 1, 2013. The Company has made available to Acquiror true and correct copies of all Material Permits.

(d) Schedule 3.10(d) sets forth a true, correct and complete list, as of the date hereof, of all of the Company's and AG LLC's Gaming Licenses.

This Section 3.10 contains the sole representations and warranties of the Company and AG LLC with respect to gaming matters, including with respect to Gaming Laws and Gaming Licenses.

3.11 Contracts; No Defaults.

(a) Schedule 3.11 contains a listing of all Contracts described in clauses (i) through (viii) below to which, as of the date of this Agreement, the Company or AG LLC is a party (each, a " Material Contract "):

(i) each Contract which is reasonably expected to require aggregate payments by or to the Company or AG LLC of more than $250,000 in any one (1) year period after the date hereof;

(ii) each Contract which may not be terminated by the Company or AG LLC within twelve (12) months from the date of this Agreement without the Company or AG LLC being obligated to pay any penalty, premium or additional payments in amounts greater than $250,000 in respect of such Contact;

(iii) each Contract relating to the acquisition, sale or other disposition of any of the assets of the Company valued in excess of $250,000, other than in the ordinary course of business, entered into at any time on or after November 11, 2011;

(iv) each Contract that imposes a Lien (other than Permitted Liens) on any of the assets of the Company or AG LLC;

(v) each Affiliate Agreement;

(vi) each Contract that grants to any Person the right to occupy (except pursuant to reservations made in the ordinary course of business) any portion of the Owned Real Property, except as addressed in Section 3.17(b) ;

(vii) each Contract pursuant to which the Company or AG LLC has borrowed any money or incurred any Indebtedness from, or issued any note, bond, debenture or other evidence of Indebtedness to, any Person (other than the Company or AG LLC) in principal amount in excess of $250,000;

(viii) each Contract which (x) provides for the assignment or other transfer to or by the Company or AG LLC from or to any other Person, of any ownership interest in any material Company IP; (y) the Company or AG LLC grants to any Person a license to use any material Company IP (excluding non-exclusive licenses granted in ordinary course of business); and (z) any Person grants to the Company or AG LLC any Intellectual Property License that is material to the conduct of their respective businesses (excluding, in each foregoing case, Non-Negotiated Vendor Contracts);

(ix) each Contract which provides for any, severance, retention, or change in control payments, or fees in connection with a change in control or termination of service in excess of $100,000, payable by the Company or AG LLC to any director, officer, employee or consultant of the Company or AG LLC;

(x) each Contract restricting the conduct or operations of the business of the Company or AG LLC, by limiting the right of the Company or AG LLC to engage in or compete with any Person in any business, market, or geographical area;

(xi) any Contract that relates to a partnership, joint venture, joint marketing, joint development or similar arrangement with any other Person; and

(xii) any Contract related to the sale, lease, or use of gaming equipment which is reasonably expected to require aggregate payments by or to the Company or AG LLC of more than $20,000 in any one (1) year period after the date hereof (excluding purchase orders).

(b) True, correct and complete copies of the Contracts listed on Schedule 3.11 of the date hereof have been delivered to or made available to Acquiror or its agents or representatives. Except as set forth on Schedule 3.11 , (i) as of the date of this Agreement, all of the Material Contracts are in full force and effect and represent the legal, valid and binding obligations of the Company or AG LLC, as applicable, and, to the knowledge of the Company, represent the legal, valid and binding obligations of the other parties thereto, (ii) neither the Company, AG LLC, nor, as of the date of this Agreement, to the knowledge of the Company, any other party thereto is in material breach of or material default under any such Contract, (iii) as of the date of this Agreement, neither the Company nor AG LLC has received any written claim or notice of material breach of or material default under any such Contract, and (iv) as of the date of this Agreement, to the knowledge of the Company, no event has occurred which individually or together with other events, would reasonably be expected to result in a material breach of or a material default under any such Contract by the Company or AG LLC party thereto (in each case, with or without notice or lapse of time or both).

3.12 Company Benefit Plans .

(a) Schedule 3.12(a) sets forth a complete list of each material "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, (" ERISA ") (whether or not subject to ERISA) and any other material plan, policy or program providing compensation or other benefits to any current or former director, officer, employee or other service provider, which are maintained, sponsored or contributed to by the Company or AG LLC, and under which the Company or AG LLC has any material obligation or liability (each a " Company Benefit Plan ").

(b) With respect to each Company Benefit Plan, the Company has delivered or made available to Acquiror or its agents or representatives true, correct and complete copies of (i) each Company Benefit Plan and any trust agreement relating to such plan or with respect to any Company Benefit Plan that is not in writing, a written description of the material terms thereof, (ii) the most recent summary plan description for each Company Benefit Plan for which such summary plan description is required, (iii) the most recent annual report on Form 5500 and all attachments thereto filed with the Internal Revenue Service with respect to such Company Benefit Plan (if applicable), (iv) the most recent actuarial valuation (if applicable) relating to such Company Benefit Plan, and (v) the most recent determination or opinion letter, if any, issued by the Internal Revenue Service with respect to such Company Benefit Plan.

(c) There is no Company Benefit Plan that is a "welfare benefit plan" within the meaning of Section 3(1) of ERISA that provides retiree or post-employment benefits to a current or former director, officer, employee or other service provider, other than (i) pursuant to Section 4980B of the Code or any similar state Law (" COBRA "), (ii) coverage through the end of the calendar month in which a termination of employment occurs or (iii) pursuant to an applicable employment agreement or severance agreement, plan or policy requiring the Company or AG LLC to pay or subsidize COBRA premiums for a terminated employee, (iv) coverage through the end of the calendar month in which a termination of employment occurs or (v) pursuant to an applicable employment agreement or severance agreement, plan or policy requiring the Company or AG LLC to pay or subsidize COBRA premiums for a terminated employee.

(d) Each Company Benefit Plan has been administered in accordance with its terms and materially complies in form and in operation in all respects with applicable Laws (including ERISA and the Code). Except as would not reasonably be expected to result in a material liability, all contributions required to be made with respect to any Company Benefit Plan on or before the date hereof have been made and all obligations in respect of each Company Benefit Plan as of the date hereof have been accrued and reflected in the Company's financial statements to the extent required by GAAP.

(e) Each Company Benefit Plan which is intended to be qualified within the meaning of Section 401(a) of the Code (i) has received a favorable determination or opinion letter as to its qualification, (ii) has been established under a standardized master and prototype or volume submitter plan for which a current favorable Internal Revenue Service advisory letter or opinion letter has been obtained by the plan sponsor and is valid as to the adopting employer, or (iii) has time remaining under applicable Laws to apply for a determination or opinion letter or to make any amendments necessary to obtain a favorable determination or opinion letter.

(f) At no time has the Company or any ERISA Affiliate contributed to, been obligated to contribute to, or otherwise sponsored or participated in (i) any multiemployer pension plan (as defined in Section 3(37) of ERISA and Section 414(f) of the Code); (ii) any multiple employer plan (within the meaning of Sections 4063 and 4064 of ERISA and Section 413(c) of the Code); (iii) a plan subject to Title IV or Section 302 of ERISA or Section 412 of the Code or other pension plan, in each case, that is subject to Title IV of ERISA; or (iv) a Company Benefit Plan for the benefit of service providers who perform services outside of the United States.

(g) There are no pending or, to the knowledge of the Company, threatened, material claims (other than routine claims for benefits) relating to any Company Benefit Plan. Except as would not reasonably be expected to result in material liability to the Company or AG LLC, with respect to the Company Benefit Plans, no Actions (other than routine claims for benefits in the ordinary course) are pending or, to the knowledge of the Company, threatened.

(h) Section 280G of the Code does not apply to the Merger. There is no written or unwritten agreement, plan, arrangement or other contractual obligation to which the Company or AG LLC is a party or by which the Company or AG LLC is bound to compensate any Person for excise Taxes paid pursuant to Section 4999 of the Code.

(i) Each Company Benefit Plan has been maintained and operated in documentary and operational compliance with Section 409A of the Code or an available exemption therefrom, except as would not reasonably be expected to result in material liability to the Company or AG LLC. There is no written or unwritten agreement, plan, arrangement or other contractual obligation to which the Company or AG LLC is a party or by which the Company or AG LLC is bound to compensate any Person for additional Taxes payable pursuant to Section 409A of the Code.

(j) Except as set forth on Schedule 3.12(j), neither the execution and delivery of this Agreement by the Company nor the consummation of the transactions contemplated by this Agreement will result in the acceleration or creation of any rights of any person to payments or benefits or increases in any payments or benefits or any loan forgiveness.

3.13 Labor Matters.

(a) Since April 1, 2013, neither the Company nor AG LLC is a party to any collective bargaining agreements, works council agreements, labor union contracts, trade union agreements or other written agreements or understandings with any union, works council, trade union or other labor organization.

(b) Except as set forth in Schedule 3.13(b), there has not been any material strike, lockout, picketing, sit-in, boycott, work stoppage or similar form of organized labor disruption at the Company or AG LLC, and no such activity is currently ongoing or, to the knowledge of the Company or AG LLC, threatened. In addition, to the Company and AG LLC's knowledge, as of the date hereof, no material organizational effort is presently being made or threatened by or on behalf of any labor union with respect to employees of the Company or AG LLC, and there are no material grievances currently pending against the Company or AG LLC nor are there any material unfair labor practice complaints pending, or, to the knowledge of the Company or AG LLC, threatened, against the Company or AG LLC before the National Labor Relations Board or any court, tribunal or other Governmental Authority.

(c) Since April 1, 2013, except as set forth in Schedule 3.13(c), except where it would not, individually or in the aggregate, reasonably be expected to be materially adverse to the Company Group, (i) the Company and AG LLC have been in compliance with all applicable Laws relating to labor or employment including, but not limited to, all applicable Laws relating to the payment of wages, reductions in force, equal employment opportunities, working conditions, employment discrimination, harassment, safety and health, overtime exemption designations, independent contractor designations, collective bargaining, leaves of absence, workers' compensation, employment taxes and immigration, and (ii) neither the Company nor AG LLC has incurred any liability under the Worker Adjustment and Retraining Notification Act or any similar foreign, state or local Law.

(d) The Company and AG LLC have provided to Acquiror accurate and complete copies of all employee handbooks and manuals, and employment policy statements applicable to Company and AG LLC employees as of the date hereof.

(e) Except as set forth on Schedule 3.13(e), the employment of all employees of the Company and AG LLC is terminable at will without cost or liability to the Company and AG LLC and none of the employment agreements of any of the employees of the Company and AG LLC contain payments upon and as a result of termination of such agreements, except for amounts earned prior to the time of termination, and none of the contracts between the Company and AG LLC and any independent contractor and non-employee service provider contain required payments upon and as a result of the termination of such agreements, except for amounts earned prior to the time of termination of the contract. To the Company and AG LLC's knowledge, no employee of the Company or AG LLC intends to terminate his or her employment.

(f) The Company and AG LLC are in compliance with all applicable employee licensing requirements and have taken commercially reasonable measures to ensure that each Property Employee, independent contractor or other non-employee service provider who is required to have a gaming or other license under any Gaming Law or other Law maintains such license in current and valid form.

(g) In the 90 days prior to the date hereof and through the Closing Date, neither the Company nor AG LLC has implemented any plant closing or layoff of employees that would reasonably be expected to require notification under the Worker Adjustment and Retraining Notification Act (the " WARN Act ") or any similar state, local or foreign law or regulation.

3.14 Taxes .

(a) All Tax Returns relating to income Taxes and all other material Tax Returns required to be filed by or with respect to the Company or AG LLC have been properly prepared in accordance with applicable Law and timely filed (after giving effect to any valid extensions of time in which to make such filings), and all such Tax Returns are true, correct and complete in all material respects. At all times since formation, the Company has been validly treated as a partnership for U.S. federal income tax purposes and no election has been filed with the Internal Revenue Service or any other Taxing Authority with respect to the Company to treat the Company as an association for U.S. federal income tax purposes. At all times since formation, AG LLC has been treated as an entity disregarded from its owner for U.S. federal income tax purposes.

(b) For all periods for which the statute of limitations period remains open, the Company and AG LLC have fully and timely paid all Taxes required to be shown as due and payable on any Tax Return that has been filed by or with respect to either of them, as well as all other material Taxes required to be paid by them (including where no Tax Return is required to be filed).

(c) All Taxes required to be withheld by the Company and AG LLC have been timely withheld and, to the extent required, timely paid over to the appropriate Taxing Authority, and the Company is in material compliance with all reporting requirements with respect to such payments.

(d) No deficiency for any material amount of Tax has been asserted or assessed by any Taxing Authority in writing against the Company, AG LLC or any of the assets of either (or, to the knowledge of the Company after reasonable inquiry, has any such deficiency been threatened or proposed), except for

deficiencies which have been satisfied by payment, settled or been withdrawn or which are being contested in good faith and by appropriate proceedings and which are Taxes for which the Company or AG LLC has set aside adequate reserves in accordance with GAAP and (ii) the knowledge of the Company after reasonable inquiry, no Taxing Authority has asserted that either the Company or AG LLC is subject to tax or required to file Tax returns in a jurisdiction in which it currently is not so subject or does not so file.

(e) No member of the Company has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to any Tax assessment or deficiency, and there are no extensions of the applicable statutes of limitations in effect for any Tax or any Tax period with respect to either the Company or AG LLC.

(f) There are no Tax indemnification or Tax sharing agreements in effect under which the Company or AG LLC could be liable for Taxes of a Person that is neither the Company nor AG LLC, other than any such agreements included pursuant to customary provisions of commercial Contracts the primary subject of which is not Taxes.

(g) Neither the Company nor AG LLC has entered into a "reportable transaction", as defined in Treasury Regulations Section 1.6011-4, that has given rise to a disclosure obligation under Section 6011 of the Code and the Treasury Regulations promulgated thereunder and that has not been disclosed in the relevant Tax Return of the Company or AG LLC.

(h) There are no Liens for Taxes on any of the assets of the Company or AG LLC, other than Permitted Liens.

(i) The unpaid Taxes of the Company and AG LLC, whether or not currently due and owing, did not as of the month covered by the most recent balance sheet (included as part of the Financial Statements), exceed the reserve for current Tax liabilities (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) as set forth on the face of such balance sheet (and not in the notes thereto), and do not exceed the reserve as adjusted for the passage of time through the Closing Date.

Nothing in this Section 3.14 or otherwise in this Agreement shall be construed as a representation or warranty with respect to (i) the amount or availability of any Tax asset or (ii) any Tax positions that Acquiror and its Affiliates (including the Company and AG LLC) may take in or in respect of a Tax period (or portion thereof) beginning on the Closing Date.

3.15 Brokers' Fees . Except as set forth on Schedule 3.15 , no broker, finder, investment banker or other Person is entitled to any brokerage fee, finders' fee or other commission in connection with the transactions contemplated by this Agreement based upon arrangements made by the Company, AG LLC or any of their Affiliates.

3.16 Insurance . Schedule 3.16 contains a list of all policies of property, fire and casualty, product liability, workers' compensation, and other forms of insurance held by the Company or AG LLC as of the date of this Agreement. True, correct and complete copies of such insurance policies have been delivered to or made available to Acquiror or its agents or representatives. With respect to each such insurance policy listed on Schedule 3.16 : (i) the policy is legal, valid, binding and enforceable in accordance with its terms and, except for policies that have expired under their terms in the ordinary course, is in full force and effect; (ii) neither the Company nor AG LLC is in material breach or material default (including any such breach or default with respect to the payment of premiums or the giving of notice), and, to the Company's knowledge,

no event has occurred which, with notice or the lapse of time, will constitute such a material breach or material default, or permit termination or modification, under the policy; (iii) to the knowledge of the Company, as of the date hereof, no insurer on the policy has been declared insolvent or placed in receivership, conservatorship or liquidation; and (iv) as of the date hereof, no written notice of cancellation or termination has been received other than in connection with ordinary renewals.

3.17 Real Property; Assets .

(a) With respect to the Owned Real Property:

(i) The Company or AG LLC has good and marketable fee simple title, free and clear of all Liens other than Permitted Liens and is in lawful possession of the Owned Real Property.

(ii) There are no outstanding options, rights of first refusal, rights of first offer, rights of reverter or other third party rights to purchase the Owned Real Property or any portion thereof or interest therein.

(iii) Other than Company Leases, neither the Company nor AG LLC is a party to any Contract for the purchase, sale, exchange or transfer of any interest in the Owned Real Property.

(iv) Neither the Company nor AG LLC has received any written notice of any condemnation proceedings or eminent domain proceedings pending or, to the knowledge of the Company, threatened against any Owned Real Property.

(v) Neither the Company nor AG LLC has received any written notice of any material default under any covenant, easement or restriction affecting or encumbering any Owned Real Property or any portion thereof that remains outstanding and uncured as of the date hereof.

(vi) The use of all buildings, structures, fixtures, fences, walls, paving, parking areas, driveways, walkways, plazas, landscaping, permanently affixed utility systems and other improvements existing, located on or attached to the Owned Real Property (collectively, the " Improvements ") is, and the Improvements themselves are, in substantial conformity with or excused from conformity with, all applicable zoning laws, and neither the Company nor AG LLC has received written notice of a violation thereof.

(vii) Except for the assessment for the special improvement district, neither the Company nor AG LLC has received written notice of any currently proposed or pending assessment on the Owned Real Property for public improvements or otherwise.

(viii) The Owned Real Property constitutes all of the real property owned by the Company or AG LLC or used in connection with the business of the Company or AG LLC.

(b) The Company has delivered to or made available to Acquiror or its agents or representatives true and complete copies of all leases and other Contracts which affect the use or occupancy of any portion of the Owned Real Property, including all material amendments and modifications thereto (collectively, the " Company Leases ") and a current rent roll for the Company Leases (the " Rent Roll "). The Rent Roll sets forth the scheduled expiration date of each Company Lease, the amounts of all security deposits held by the Company or AG LLC in connection with the Company Leases and any arrearages in the payment of rent under the Company Leases, in each case as of the date of the Rent Roll.

(c) With respect to the Company Leases:

(i) Each Company Lease is in full force and effect and represents legal, valid and binding obligations of the Company or AG LLC, as applicable, and, to the knowledge of the Company, represents legal, valid and binding obligations of the other parties thereto.

(ii) Neither the Company, AG LLC, nor, as of the date of this Agreement, to the knowledge of the Company, any tenant under a Company Lease is in material breach of or material default under a Company Lease.

(iii) All rent and other sums and charges payable by the counterparties under the Company Leases to the Company and AG LLC as landlord are current and no portion of any rent has been paid for any period more than thirty (30) days in advance.

(iv) Neither the Company nor AG LLC owes or will owe any brokerage commissions in respect of the Company Leases.

(v) The tenants under the Company Leases have accepted possession of, and are in occupancy of, all of their respective demised premises and have commenced the payment of rent under the Company Leases, and to the Company's knowledge, there are no offsets, claims or defenses to the enforcement thereof presently outstanding.

(vi) The rent payable under each Company Lease is the amount of rent set forth therein, and, to the knowledge of the Company, there is no claim or basis for a claim by the tenant thereunder for an adjustment to such rent.

(vii) No letter of credit has been delivered as a security deposit, or in lieu of a cash security deposit, under any Company Lease.

(viii) There is no tenant improvement work remaining to be done under any Company Lease.

(ix) There are no remaining rent concessions, tenant allowances or abatements with respect to any Company Lease.

(d) Except for Permitted Liens, the Company and AG LLC have good and valid title to the assets of the Company and AG LLC reflected in the Financial Statements. The assets of the Company and AG LLC to be acquired by Acquiror pursuant to this Agreement constitute all material assets used or held for use by the Company and its Affiliates in the operation of the businesses of the Company and AG LLC as presently operated, except as would not, individually or in the aggregate, have a Material Adverse Effect.

3.18 Absence of Changes .

(a) Since December 31, 2015, there has not been any Effect that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth in the Schedules and in contemplation of or in connection with the transactions contemplated hereby, from December 31, 2015 through the date of this Agreement, the Company and AG LLC have, in all material respects, conducted their business and operated their properties in the ordinary course of business consistent with past practice. From the date of the most recent balance sheet included in the Financial Statements to the date of this Agreement, there has not occurred any change that has been or would reasonably be expected to be, individually or in the aggregate, materially adverse to the Company and AG LLC, taken as a whole.

3.19 Affiliate Transactions . Schedule 3.19 sets forth a true, correct and complete list of all Contracts and other commitments, transactions or arrangements, whether or not entered into in the ordinary course of business (other than Incentive Unit grant agreements, severance letters and employment agreements, or agreements between the Company and AG LLC), to or by which the Company or AG LLC, on the one hand, and any officer, director or Affiliate of the Company or any family member or Affiliate of any of the foregoing Persons, on the other hand, is a party or is otherwise bound or the beneficiary of (each, an " Affiliate Agreement "). The Company has provided to Acquiror a true, correct and complete copy of each Affiliate Agreement.

3.20 Intellectual Property .

(a) Schedule 3.20(a) sets forth a true and complete list as of the date of this Agreement of all applications and registrations for all Intellectual Property, in each case that is owned by the Company or AG LLC, including for each item listed, as applicable, the owner, the jurisdiction, the application number, the registration number, the filing date, the issuance/registration date, and for each domain name registration, the applicable registrar, the name of the registrant, and the expiration date for the registration (collectively, the " Registered Intellectual Property "). No Action is pending or, to knowledge of the Company, is threatened, that challenges the scope, validity, enforceability, registration, ownership or use of any Company IP. None of the Registered Intellectual Property material to the business of the Company or AG LLC is subject to any interference, derivation, reexamination (including ex part reexamination, inter partes reexamination, inter partes review, post grant review, cancellation, or opposition proceeding.

(b) The Company or AG LLC is the sole and exclusive owner of all right, title and interest in and to the Owned IP, free and clear of all Liens (other than Permitted Liens). All Licensed IP material to the business of the Company or AG LLC is validly licensed to the Company and/or AG LLC and the Company and/or AG LLC will continue to have following Closing the valid and continuing rights (under such Contracts) to use, sell, license and otherwise exploit, as the case may be, all Licensed IP as the same are currently used, sold, licensed and otherwise exploited by the Company and/or AG LLC. The Owned IP and the Licensed IP constitute all of the Intellectual Property necessary and sufficient to enable the business of the Company and/or AG LLC to be conducted as currently conducted in all material respects. The Company IP owned by or exclusively licensed to the Company and/or AG LLC is valid and enforceable.

(c) To the knowledge of the Company, neither the conduct of the business of the Company or AG LLC as conducted now, nor any Company Offering (including the use, practice, offering, licensing, provision, sale, distribution or other exploitation of any Company Offering) has been or is (i) infringing (or contributing or inducing infringement), misappropriating (or resulting from the misappropriation of), diluting, using or disclosing without authorization, or otherwise violating any Person's Intellectual Property rights, or (ii) constituting unfair competition or trade practices under the Laws of any relevant jurisdiction.

(d) Except as set forth on Schedule 3.20(d) , the Company and/or AG LLC have not received any written (or, to the knowledge of Company, unwritten) notice from any Person (i) alleging any infringement, misappropriation, dilution, violation, or unauthorized use or disclosure of any Intellectual Property or unfair competition, or (ii) inviting the Company or AG LLC to take a license under any Intellectual Property. To the knowledge of the Company, no Person is infringing, misappropriating, misusing, diluting, or violating any Company IP owned by or exclusively licensed to the Company and/or AG LLC, or Company Offering, except as would not reasonably be expected to be material to the Company and AG LLC, taken as a whole. There is no such claim pending or, to the Company's knowledge, threatened, against any Person by the Company or AG LLC.

(e) The Company and AG LLC take and have taken commercially reasonable measures, generally consistent with industry standards, to safeguard the Company's and AG LLC's Proprietary Information, as well as all Proprietary Information of any third Person with respect to which the Company and/or AG LLC have a confidentiality obligation. Each employee, consultant and contractor of the Company and/or AG LLC that has been involved in the development of any material Company IP has entered into an enforceable written non-disclosure and invention assignment Contract with the Company and/or AG LLC, as applicable, that effectively and validly assigns to the Company and/or AG LLC, as applicable, all Intellectual Property arising out of such employee, consultant or contractor's employment or engagement with the Company and/or AG LLC, as applicable.

(f) To the knowledge of the Company, neither the Company nor AG LLC is in violation of any Copyleft License applicable to any material Company Software.

(g) Neither this Agreement nor the transactions contemplated hereby will result (i) in the loss or impairment of any right of the Company or AG LLC to own, use, practice or otherwise exploit any Intellectual Property, (ii) any of the Company, AG LLC, or the Acquiror (or any affiliate of Acquiror) granting to any Person any ownership interest in, or any license, covenant not to sue, assignment, immunity, release, authorization, permission or any other right, permission or other right under any Intellectual Property, or (iii) Acquiror or any of its Intellectual Property being encumbered by or subject to any restriction on the operation of its business, including but not limited to exclusive rights or non-competition restrictions.

(h) Since January 1, 2013, (A) there has been no failure with respect to any Company IT Systems that has had a material effect on the operations of the Company and/or AG LLC and (B) there has been no unauthorized access to or use of any Company IT Systems (or any Software, information or data stored on any Company IT Systems) that compromised the confidentiality of Company IP or Proprietary Information, except in each case, as would not reasonably be expected to have a Material Adverse Effect.

3.21 Environmental Matters . Except as set forth on Schedule 3.21 :

(a) since January 1, 2013, the Company and AG LLC have been in material compliance with all Environmental Laws;

(b) since January 1, 2013, each of the Company and AG LLC has had all Permits that are required pursuant to Environmental Laws for the occupation of the Owned Real Property and the operation of the business thereon (the " Environmental Permits "");

(c) (i) each Environmental Permit is in full force and effect in accordance with its terms, (ii) no outstanding written notice of revocation, cancellation or termination of any Environmental Permit has been received by the Company or AG LLC, (iii) there are no Actions pending or, to the knowledge of

the Company, threatened that seek the revocation, cancellation or termination of any Environmental Permit, and (iv) each of the Company and AG LLC is in material compliance with all Environmental Permits applicable to the Company or AG LLC;

(d) the Company has made available to Acquiror true and correct copies of all Environmental Permits;

(e) since January 1, 2013, to the knowledge of the Company, there has been no release of any Hazardous Materials at, in, on or under any Owned Real Property except in compliance with Environmental Laws; and

(f) (i) there are no Actions pending or, to the knowledge of the Company, threatened, against the Company or AG LLC that allege a material violation of, or responsibility under, any Environmental Law; (ii) neither the Company nor AG LLC is subject to any unresolved judgment, consent decree or judicial order relating to compliance with Environmental Laws (including any Permits issued pursuant thereto) or the investigation, sampling, monitoring, treatment, remediation, storage, removal or cleanup of Hazardous Materials.

Notwithstanding anything to the contrary in this Agreement, the representations and warranties set forth in this Section 3.21 are the sole and exclusive representations and warranties with respect to the Company and AG LLC relating to environmental, health and safety matters, including matters arising under or relating to Environmental Laws or Hazardous Materials.

3.22 Export Controls, Trade Sanctions and Anti-Corruption .

(a) Since January 1, 2013, the Company and AG LLC have at all times complied with all statutory and regulatory requirements relating to export controls, trade sanctions and anti-corruption provisions under applicable Laws (including the Corrupt Practices Laws) except where the failure to be, or to have been, in compliance with such Laws would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) To the knowledge of the Company, neither the Company, AG LLC or any of their respective Affiliates nor the Company's, AG LLC's or their respective Affiliates' respective directors, officers or employees or their respective children, spouses or other close relatives (i) is a Proscribed Person or (ii) has, directly or indirectly, engaged in any Proscribed Act.

(c) Neither the Company nor AG LLC has offered, paid, or promised to pay money, nor offered, given or promised to give anything of value to a Foreign Official or to any Person while knowing or being aware of the likelihood that any such money or thing of value will be offered, paid, given or promised, directly or indirectly, to any Foreign Official, for the purpose of:

(i) influencing any act or decision of such Foreign Official or inducing such Foreign Official to affect or influence any act or decision of a government, or any agency or state-owned company;

(ii) assisting the Company in obtaining or retaining business or directing business to the Company; or

(iii) securing any improper advantage.

Notwithstanding anything to the contrary in this Agreement, the representations and warranties set forth in this Section 3.22 are the sole and exclusive representations and warranties with respect to the Company and AG LLC relating to Corrupt Practices Laws, trade sanctions, anti-bribery Laws, export and import Laws and any other applicable international trade matters or regulations.

3.23 Privacy; Security .

(a) The Company and AG LLC have written privacy and security policies that govern their collection, storage, use, disclosure and transfer of Personal Data and that comply in all material respects with applicable Laws. The Company and AG LLC have complied in all material respects with their privacy and security policies and applicable Laws relating to data privacy, data protection and data security, including with respect to the collection, storage, use, disclosure and transfer of Personal Data, including with respect to any Personal Data collected or processed by or on behalf of the Company or AG LLC by any third party. The Company and AG LLC have complied in all material respects with the PCI Standards, with respect to any payment card data collected or handled by or on behalf of the Company or AG LLC.

(b) The Company and AG LLC have in place and have complied in all material respects with contractual requirements and privacy policies that are designed to protect (i) the security, confidentiality and integrity of transactions executed through the Company IT Systems, and (ii) the security, confidentiality and integrity of all Personal Data and other information that does not relate to individuals for which such Company and AG LLC have an obligation of confidentiality (" Other Confidential Information "). Without limiting the foregoing, the Company and AG LLC have implemented and monitor commercially reasonable administrative, technical and physical safeguards consistent with prevailing industry standards to protect Personal Data against loss, damage, and unauthorized access, acquisition, use, disclosure, modification, or other misuse. The Company and AG LLC have implemented business continuity, back up and disaster recovery technology and procedures to the extent commercially reasonable.

(c) Since January 1, 2013, there has been no unauthorized or improper access to, acquisition, use, or disclosure of Personal Data or Other Confidential Information maintained by or on behalf of the Company or AG LLC that required the Company or AG LLC to provide notice to any Person or Governmental Authority pursuant to any applicable legal or contractual obligation of the Company. To the Company's knowledge, no Person (including any Governmental Authority) has made any written claim or commenced any action with respect to unauthorized or improper access to, acquisition, use, or disclosure of Personal Data or Other Confidential Information maintained by or on behalf of the Company or AG LLC to any unauthorized third party.

(d) The execution, delivery and performance of this Agreement, as well as the consummation of the transactions contemplated by this Agreement, comply with the Company's and AG LLC's applicable privacy policies.

3.24 Material Suppliers . Schedule 3.24 lists the five (5) largest suppliers to the Company and AG LLC (measured by total goods and services sold to the Company and AG LLC) for the year ended December 31, 2015. Since January 1, 2013 through the date hereof, no supplier listed on Schedule 3.24 has cancelled or otherwise terminated its relationship with the Company or AG LLC, or otherwise materially adversely changed the pricing or terms of any material contract. Since January 1, 2013 through the date hereof, to the Company's knowledge, (a) no supplier listed on Schedule 3.24 has notified the Company or AG LLC that it intends to materially reduce the rate at which, or materially increase the price at which, it

supplies products or services to the Company or AG LLC and (b) there are no material disputes pending or threatened between any supplier listed on Schedule 3.24 and the Company or AG LLC.

## ARTICLE 4
## REPRESENTATIONS AND WARRANTIES OF ACQUIROR AND MERGER SUB

Acquiror and Merger Sub represent and warrant to the Company as of the date of this Agreement and as of the Closing Date as follows:

4.1 Corporate Organization . Acquiror has been duly organized and is validly existing as a corporation in good standing under the Laws of Nevada and has the corporate power and authority to own or lease its properties and to conduct its business as it is now being conducted. The copy of the certificate of incorporation of Acquiror, previously delivered or made available by Acquiror to the Company or its agents or representatives, is true, correct and complete. Merger Sub has been duly organized and is validly existing as a limited liability company in good standing under the Laws of Delaware and has the corporate power and authority to own or lease its properties and to conduct its business as it is now being conducted. The copy of the certificate of formation of Merger Sub, previously delivered or made available by Acquiror to the Company or its agents or representatives, is true, correct and complete. Each of Acquiror and Merger Sub is duly licensed or qualified and in good standing as a foreign corporation in all jurisdictions in which its ownership of property or the character of its activities is such as to require it to be so licensed or qualified, except where failure to be so licensed or qualified would not reasonably be expected to have a material adverse effect on the ability of Acquiror or Merger Sub to enter into this Agreement or consummate the transactions contemplated hereby.

4.2 Due Authorization . Each of Acquiror and Merger Sub has all requisite corporate power and authority to execute and deliver this Agreement and to perform all obligations to be performed by it hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized and approved by the board of directors of Acquiror and Merger Sub, and no other corporate proceeding on the part of Acquiror or Merger Sub is necessary to authorize this Agreement (other than the adoption of this Agreement by Acquiror in its capacity as the sole shareholder of Merger Sub, which adoption will occur immediately following execution of this Agreement by Merger Sub). This Agreement has been duly and validly executed and delivered by each of Acquiror and Merger Sub and this Agreement constitutes a legal, valid and binding obligation of each of Acquiror and Merger Sub, enforceable against Acquiror and Merger Sub in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar Laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

4.3 No Conflict . Except as set forth on Schedule 4.3 subject to the receipt of the consents, approvals, authorizations and other requirements set forth on Schedule 3.5 or Schedule 4.5 , the execution and delivery of this Agreement by Acquiror and Merger Sub and the consummation of the transactions contemplated hereby do not and will not violate any provision of, or result in the breach of any applicable Law, the other organizational documents of Acquiror or any Subsidiary of Acquiror (including Merger Sub), or any agreement, indenture or other instrument to which Acquiror or any Subsidiary of Acquiror (including Merger Sub) is a party or by which Acquiror or any Subsidiary of Acquiror (including Merger Sub) may be bound, or terminate or result in the termination of any such agreement, indenture or instrument, or result in the creation of any Lien upon any of the properties or assets of Acquiror or any Subsidiary of Acquiror (including Merger Sub) or constitute an event which, after notice or lapse of time or both, would reasonably be expected to result in any such violation, breach, termination or creation of a Lien, except to the extent

that the occurrence of the foregoing would not reasonably be expected to have a material adverse effect on the ability of Acquiror or Merger Sub to enter into and perform its obligations under this Agreement.

4.4 Litigation and Proceedings. There are no Actions, or, to the knowledge of Acquiror, investigations, pending before or by any Governmental Authority or, to the knowledge of Acquiror, threatened, against Acquiror or Merger Sub which, if determined adversely, could reasonably be expected to have a material adverse effect on the ability of Acquiror or Merger Sub to enter into and perform its obligations under this Agreement. There is no unsatisfied judgment or any open injunction binding upon Acquiror or Merger Sub which could reasonably be expected to have a material adverse effect on the ability of Acquiror or Merger Sub to enter into and perform its obligations under this Agreement.

4.5 Governmental Authorities; Consents. Assuming the accuracy and completeness of the representations and warranties of the Company contained in this Agreement, no consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority or other Person is required on the part of Acquiror or Merger Sub with respect to Acquiror or Merger Sub's execution or delivery of this Agreement or the consummation of the transactions contemplated hereby, except for (a) applicable requirements of the HSR Act as described on Schedule 3.5, (b) the Gaming Approvals described on Schedule 3.5, and (c) as otherwise disclosed on Schedule 4.5. To the knowledge of Acquiror, no fact or circumstance exists, including any possible other transaction pending or under consideration by Acquiror or any of its Affiliates, that (a) would reasonably be expected to prevent or delay, in any material respect, the filings, approvals, clearances, authorizations or expiration of any applicable waiting period required under the HSR Act or (b) would cause a Governmental Authority (including a Gaming Authority) to seek to decline to grant any Gaming Approval, or prohibit or materially delay consummation of the Merger.

4.6 Financial Ability. Acquiror has sufficient cash on hand or other sources of immediately available funds to enable it to consummate the transactions contemplated by this Agreement.

4.7 Ownership and Operations of Merger Sub. Acquiror owns of record and beneficially all outstanding membership interests of Merger Sub. Merger Sub was formed solely for the purpose of engaging in the transactions contemplated hereby and since the date of its organization, Merger Sub has not engaged in any activities other than as contemplated by this Agreement.

4.8 Brokers' Fees. Except fees described on Schedule 4.8 (which fees shall be the sole responsibility of Acquiror), no broker, finder, investment banker or other Person is entitled to any brokerage fee, finders' fee or other commission in connection with the transactions contemplated by this Agreement based upon arrangements made by Acquiror or any of its Affiliates.

4.9 Solvency; Surviving Entity After the Merger. None of Acquiror or Merger Sub is entering into this Agreement or the transactions contemplated hereby with the actual intent to hinder, delay or defraud either present or future creditors. Assuming that the representations and warranties of the Company contained in this Agreement are true and correct in all material respects, and after giving effect to the Merger, at and immediately after the Effective Time, each of Acquiror and the Surviving Entity and its Subsidiaries (a) will be solvent (in that both the fair value of its assets will not be less than the sum of its debts and that the present fair saleable value of its assets will not be less than the amount required to pay its probable liability on its recourse debts as they mature or become due); (b) will have adequate capital and liquidity with which to engage in its business; and (c) will not have incurred and does not plan to incur debts beyond its ability to pay as they mature or become due.

4.10 Licensability; Compliance with Gaming Laws.

(a) None of Acquiror, Merger Sub, or their Affiliates or any of their respective current executive officers, directors, partners, managers, members, principals or Affiliates which may reasonably be considered in the process of determining the suitability of Acquiror and Merger Sub for a Gaming Approval, or any holders of Acquiror's common stock or other equity interests who will be required to be licensed or found suitable under applicable Gaming Laws and directors (the foregoing Persons collectively, the " Licensing Affiliates "), has ever abandoned or withdrawn (in each case in response to a communication from a Gaming Authority regarding a likely or impending denial, suspension or revocation) or been denied or had suspended or revoked a Gaming License, or an application for a Gaming License, by a Gaming Authority. Acquiror, Merger Sub and each of their respective Licensing Affiliates which is licensed or holds any Gaming License pursuant to applicable Gaming Laws (collectively, the " Licensed Parties ") is in good standing in each of the jurisdictions in which such Licensed Party owns, operates or manages gaming facilities. Following consultation with Acquiror's legal and regulatory advisors, to the knowledge of Acquiror, there are no facts which, if known to any Gaming Authority would be reasonably likely to (i) result in the denial, revocation, limitation or suspension of a Gaming License of any of the Licensed Parties, (ii) result in a negative outcome to any finding of suitability proceedings of any of the Licensed Parties currently pending, or under the suitability proceedings necessary for the consummation of the Merger or (iii) unreasonably delay approval of the transactions contemplated by this Agreement.

(b) To the knowledge of Acquiror, each of the Licensed Parties, and each of the Licensed Parties' officers, directors, partners, managers, members, principals, and Affiliates, holds all Gaming Licenses and all such permits as are necessary to conduct the business and operations of the Licensed Parties as currently conducted, each of which is in full force and effect (the " Acquiror Permits "), except for such permits not held or in full force and effect as would not, individually or in the aggregate, reasonably be expected to (i) prevent or materially delay the ability of Acquiror or Merger Sub to consummate the transactions contemplated by this Agreement, (ii) prevent or materially delay the ability to obtain the Gaming Approvals or (iii) materially adversely affect the ability of Acquiror or Merger Sub to perform their obligations under this Agreement, and no event has occurred which permits, or upon the giving of notice or passage of time or both would permit, revocation, non-renewal, modification, suspension, limitation or termination of any Acquiror Permit that currently is in effect, the loss of which, either individually or in the aggregate, would reasonably be expected to (i) prevent or materially delay the ability of Acquiror or Merger Sub to consummate the transactions contemplated by this Agreement, (ii) prevent or materially delay the ability to obtain the Gaming Approvals or (iii) materially adversely affect the ability of Acquiror or Merger Sub to perform their obligations under this Agreement. Each of the Licensed Parties and each of the Licensed Parties' respective officers, directors, partners, managers, members, principals, and Affiliates is in compliance with the terms of the Acquiror Permits, except for such failures to comply which would not, individually or in the aggregate, reasonably be expected to (i) prevent or materially delay the ability of Acquiror or Merger Sub to consummate the transactions contemplated by this Agreement, (ii) prevent or materially delay the ability to obtain the Gaming Approvals or (iii) materially adversely affect the ability of Acquiror or Merger Sub to perform their obligations under this Agreement. Neither Acquiror nor any of its Licensing Affiliates has received written notice with respect to any investigation or review by any Gaming Authority or other Governmental Authority of Acquiror or any of its Licensing Affiliates that is pending, and, to the knowledge of Acquiror, no investigation or review is threatened, other than those investigations and reviews the outcome of which would not reasonably be expected to (i) prevent or materially delay the ability of Acquiror or Merger Sub to consummate the transactions contemplated by this Agreement, (ii) prevent or materially delay the ability to obtain the Gaming Approvals or (iii) materially adversely affect the ability of Acquiror or Merger Sub to perform their obligations under this Agreement.

(c) No Licensed Party, and, to the knowledge of Acquiror, no Licensing Affiliate or Affiliate of any Licensed Party, has received any written claim, demand, notice, complaint, court order or

administrative order from any Gaming Authority or other Governmental Authority under, or relating to any violation or possible violation of, any Gaming Law which did or would be reasonably likely to result in an individual fine or penalty of $10,000 or more. To the knowledge of Acquiror, there are no facts which if known to any Gaming Authority would reasonably be expected to result in the revocation, limitation or suspension of a Gaming License or other material Acquiror Permit, finding of suitability, registration, or other permit or approval of the Licensed Parties, or any of their respective Licensing Affiliates, except for such revocations, limitations or suspensions which would not, individually or in the aggregate, reasonably be expected to (i) prevent or materially delay the ability of Acquiror or Merger Sub to consummate the transactions contemplated by this Agreement, (ii) prevent or materially delay the ability to obtain the Gaming Approvals or (iii) materially adversely affect the ability of Acquiror or Merger Sub to perform their obligations under this Agreement. None of the Licensed Parties, and, to the knowledge of Acquiror, none of their respective Licensing Affiliates, has suffered a suspension, denial, non-renewal, limitation or revocation of any Acquiror Permit within the last five years.

## ARTICLE 5
## COVENANTS OF THE COMPANY

5.1 Conduct of Business . From the date of this Agreement through the Closing, except as set forth on Schedule 5.1 , as required by Law, as required pursuant to any Material Contract, or as consented to by Acquiror (which consent shall not be unreasonably conditioned, withheld, delayed or denied), the Company shall, and shall cause AG LLC to, except as contemplated by this Agreement, (a) operate its business in the ordinary course and substantially in accordance with past practice and in material compliance with all applicable Laws, (b) use commercially reasonable efforts to preserve intact their present business organizations, keep available the services of its key employees, consultants, material contractors, other non-employee service providers and preserve its relationships with key suppliers, distributors, licensors, licensees, and others having business dealings with them (other than customers) and (c) promptly notify Acquiror of any change outside the ordinary course of business of which the Company or AG LLC has knowledge that would reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. Without limiting the generality of the foregoing, except as set forth on Schedule 5.1 , as required by Law, as required pursuant to any Material Contract, or as consented to by Acquiror (which consent (solely as it relates to Section 5.1(a) , (d) , (k) , (m) , (n) , (o) and (r) ) shall not be unreasonably conditioned, withheld, delayed or denied), the Company shall not, and the Company shall cause AG LLC not to, except as otherwise contemplated by this Agreement:

(a) change or amend the Company Organizational Documents or the organizational documents of AG LLC, except as otherwise required by Law;

(b) make or declare any dividend or distribution to the Holders;

(c) sell, assign, transfer, convey, lease or otherwise dispose of any material assets or properties, except in the ordinary course of business;

(d) (i) except as otherwise required by Law or the terms of existing Company Benefit Plans, take any action with respect to the grant of any severance over $250,000 or termination pay over $250,000 which will become due and payable after the Closing Date; (ii) make any material change in the key management structure of the Company or AG LLC, including the hiring of additional officers or the termination of existing officers other than for cause or (iii) except (A) in the ordinary course of business and consistent with past practice, (B) to the extent required to permit payments of accrued but unpaid year-end

bonuses or transaction bonuses on or prior to Closing, or (C) as otherwise required by Law, adopt, enter into or materially amend any Company Benefit Plan;

(e) acquire by merger or consolidation with, or merge or consolidate with, or purchase substantially all of the assets of, any company, corporation, partnership, association, joint venture or other business organization or division thereof;

(f) make any material loans or material advances to any Person, except for advances to employees or officers of the Company or AG LLC for expenses incurred in the ordinary course of business;

(g) make, change or revoke any Tax election; settle or compromise any Tax liability or Action with respect to Taxes, agree to the revaluation of any asset or amount of assets for Tax purposes, extend the statute of limitations for any Tax period, or grant any power of attorney for any Tax matter;

(h) assign, transfer, license or sublicense, mortgage or encumber, abandon, permit to lapse, or otherwise dispose of, any material Intellectual Property owned by the Company or AG LLC, except Company IP in the ordinary course of business;

(i) enter into any agreement that restricts the ability to engage or compete in any line of business in any respect material to the business of the Company and AG LLC, taken as a whole, market, or geographical area, or enter into any agreement that restricts the ability of the Company and AG LLC, taken as a whole, to enter into a new line of business;

(j) enter into, renew or amend in any material respect any Affiliate Agreement;

(k) settle or agree to settle any pending or threatened lawsuit or other dispute, other than (A) in the ordinary course of business and consistent with past practice or (B) a breach of this Agreement;

(l) incur or guarantee any Indebtedness for borrowed money;

(m) authorize, or make any commitment with respect to, any single capital expenditure that is in excess of $250,000 or capital expenditures that are, in the aggregate, in excess of $1,000,000 that are inconsistent with the amounts and anticipated timing of capital expenditures set forth in the Company's budget for the year ending December 31, 2016 that has been made available to Acquiror;

(n) materially decrease the amount of any insurance coverage outside the ordinary course of business;

(o) accelerate the payment of any receivables, provide discount to encourage the early payment of any receivables, or delay the payment of any payable in any case that are material in the aggregate;

(p) adopt or enter into a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization of the Company or AG LLC (other than the Merger);

(q) make any change in financial accounting methods or method of income Tax accounting, principles or practices materially affecting the reported consolidated assets, liabilities or results of operations of the Company and AG LLC, except insofar as may have been required by a change in GAAP or Law;

(r) write up, write down or write off the book value of any of its material assets, other than (i) in the ordinary course of business and consistent with past practice or (ii) as may be required by GAAP;

(s) enter into, materially amend, terminate, waive any provision of, or breach any Material Contract, other than (i) in order to comply with applicable Law or (ii) any termination at the expiration of its stated term;

(t) incur any Liens (other than Permitted Liens) on any of its assets; or

(u) enter into any agreement, or otherwise become obligated, to do any action prohibited under this Section 5.1 .

5.2 Inspection . Subject to confidentiality obligations and similar restrictions that may be applicable to information furnished to the Company or AG LLC by third parties that may be in the Company's or AG LLC's possession from time to time, and except for (i) any information that is subject to attorney-client privilege or other privilege from disclosure, (ii) any information that the Company determines, in its sole discretion, is competitively sensitive, including marketing strategy information and the Company's player loyalty program database and, and (iii) any information, which, if provided, would violate applicable Law or any Contract with any third party, the Company shall, and shall cause AG LLC to, afford to Acquiror and its accountants, counsel and other representatives, and brokers and insurance companies involved in the potential provision to Acquiror of representation and warranty insurance, reasonable access, with prior notice during normal business hours and subject to customary confidentiality undertakings, in such manner as to not interfere with the normal operation of the Company and AG LLC, to the Intralinks virtual data room established in connection with the transaction and all of their respective properties, books, contracts, commitments, Tax Returns, records and appropriate officers and employees of the Company and AG LLC, and shall furnish such representatives with all financial and operating data and other information concerning the affairs of the Company and AG LLC as such representatives may reasonably request; provided , however , that Acquiror shall not be permitted to perform any environmental sampling at any Owned Real Property, including sampling of soil, groundwater, surface water, building materials, or air or wastewater emissions; provided , further that the Company shall not be required to take or allow actions that would materially interfere with the Company or AG LLC's operation of their respective businesses or otherwise result in any significant interference with the timely discharge by the employees of the Company or AG LLC of their duties. All information obtained by Acquiror, Merger Sub and their respective representatives under this Agreement shall be subject to the Confidentiality Agreement. In exercising its rights hereunder, each of Acquiror and Merger Sub shall (and shall cause each of their representatives to) conduct itself so as to not unreasonably interfere in the conduct of the business of the Company or AG LLC.

5.3 HSR Act and Regulatory Approvals .

(a) In connection with the transactions contemplated by this Agreement, the Company shall (and, to the extent required, shall cause AG LLC to) comply promptly but in no event later than fifteen (15) Business Days after the date hereof with the notification and reporting requirements of the HSR Act and other Regulatory Consent Authorities as described on Schedule 3.5 . The Company shall use reasonable best efforts to substantially comply with any Information or Document Requests.

(b) Subject to (i) Acquiror's general obligation pursuant to Section 6.1(d) to exercise its reasonable best efforts to secure such approvals, and (ii) Acquiror's good faith consultation with the Company and its Representatives regarding the same, the Company shall permit Acquiror to direct the process

and strategy for securing regulatory approvals as identified on Schedule 3.5 and Schedule 4.5 in any investigation or litigation by, or negotiations with, any Regulatory Consent Authority or other person relating to this Agreement. The Company shall not make any offer, acceptance or counter-offer to or otherwise engage in negotiations or, to the extent reasonably practicable, discussions, with any Regulatory Consent Authority with respect to any proposed timing agreement, settlement, consent decree, commitment or remedy, or, in the event of litigation, discovery, admissibility of evidence, timing or scheduling, except as specifically requested by or agreed with Acquiror. The Company shall use its reasonable best efforts to provide full and effective support of Acquiror in all material respects in all such investigations, litigation, negotiations and discussions to the extent requested by Acquiror.

(c) Each of the Company, Acquiror and Merger Sub shall promptly notify and inform the others of any communication concerning this Agreement or other transactions contemplated by this Agreement from any Governmental Authority, it being understood that correspondence, filings and communications received from any Governmental Authority shall be immediately provided to the others upon receipt, subject in appropriate cases to appropriate confidentiality agreements to limit disclosure to outside lawyers and consultants. None of the Company, Acquiror or Merger Sub shall participate or agree to participate in any meeting or substantive discussion with any Governmental Authority relating to any filings or investigation concerning this Agreement or the transactions contemplated by this Agreement unless it consults with the others and their Representatives in advance and invites the others Representatives to attend, subject in appropriate cases, to appropriate confidentiality agreements to limit disclosure to outside lawyers and consultants, unless the Governmental Authority prohibits such attendance. Notwithstanding the foregoing, this Section 5.3(c) shall not apply to matters related to the Information Statement which shall be thereto shall be governed exclusively by Section 5.4 .

(d) Acquiror shall be solely responsible for and pay all filing fees payable to the Regulatory Consent Authorities described on Schedule 3.5 or Schedule 4.5 in connection with the transactions contemplated by this Agreement, including, for the avoidance of doubt any fees payable in connection with obtaining the Gaming Approvals.

5.4 Information Statement .

(a) As promptly as reasonably practicable following the date of this Agreement (but in no event later than 15 Business Days following the Closing Date), the Company shall, with the assistance and approval (not to be unreasonably withheld, delayed or conditioned) of Acquiror prepare and file with the SEC an information statement of the type contemplated by Rule 14c-2 promulgated under the Exchange Act related to the Merger and this Agreement (such information statement, including any amendment or supplement thereto, the " Information Statement "). Acquiror, Merger Sub and the Company will cooperate with each other in the preparation of the Information Statement. The Company agrees that the Information Statement will comply in all material respects with the applicable provisions of the Exchange Act and the rules and regulations thereunder. The Company shall as soon as reasonably practicable notify Acquiror and Merger Sub of the receipt of any comments from the SEC with respect to the Information Statement and any request by the SEC for any amendment to such Information Statement or for additional information. The Company, Acquiror and Merger Sub shall use their commercially reasonable efforts to resolve all SEC comments as promptly as practicable after receipt thereof.

(b) Promptly after the Information Statement has been cleared by the SEC or after 10 calendar days have passed since the date of filing of the preliminary Information Statement with the SEC without notice from the SEC of its intent to review the Information Statement, the Company shall promptly file with the SEC the Information Statement in definitive form as contemplated by Rule 14c-2 promulgated

under the Exchange Act substantially in the form previously cleared or filed with the SEC, as the case may be, and mail a copy of the Information Statement to the Holders.

5.5 No Solicitation .

(a) During the period commencing on the date hereof and ending upon the earlier of (x) the Effective Time and (y) the termination of this Agreement pursuant to its terms, neither the Company nor AG LLC shall, and each of them shall cause their respective Representatives not to, directly or indirectly, (i) solicit, initiate, seek, agree to or take any other action to facilitate or encourage knowingly, including, without limitation, by entering into a non-disclosure agreement with any Person other than Acquiror or its Affiliates, any inquiries or proposals regarding or reasonably expected to lead to an Acquisition Proposal, (ii) engage in negotiations or discussions with any Person other than Acquiror or its Representatives concerning any Acquisition Proposal, (iii) continue any prior discussions or negotiations with any Person other than Acquiror or its Representatives concerning any Acquisition Proposal, (iv) respond to any inquiry made, or furnish to any Person any information with respect to, or otherwise cooperate in any respect with, any effort or attempt by any Person to seek or enter into any Acquisition Proposal or (v) accept, or enter into any agreement concerning, any Acquisition Proposal with any Third Party, including, without limitation, any non-disclosure, confidentiality or other agreement of similar effect, or consummate any Acquisition Proposal; provided that the foregoing shall not preclude the Company, AG LLC and/or their Representatives from informing any Person of the obligations pursuant to this Section 5.5 .

(b) If either the Companies or AG LLC, or any of their respective Representatives receives an unsolicited written inquiry or offer, or is approached in any manner by a Person, relating to an Acquisition Proposal, the Company will within 24 hours, notify Acquiror of the same and the details thereof and the identity of the Person making the same.

5.6 Certain Real Estate Matters .

(a) The Company shall, and shall cause AG LLC to, reasonably cooperate with Acquiror to attempt to obtain new owner's policies of title insurance (ALTA 2006 form) for each parcel of Owned Real Property issued by the Title Insurer.

(b) The Company shall, and shall cause AG LLC to, reasonably cooperate with Acquiror to attempt to obtain (at Acquiror's election) (a) updated and recertified surveys with respect to the Owned Real Property (based on the existing surveys with respect to the Owned Real Property delivered or made available to Acquiror by the Company) or (b) new, certified ALTA surveys with respect to the Owned Real Property.

(c) Prior to the Closing Date, the Company shall reasonably cooperate with Acquiror to obtain estoppel certificates from (i) tenants under the Company Leases and (ii) the City of North Las Vegas with respect to that certain Development Agreement between the City of North Las Vegas and North Valley Enterprises, LLC, dated January 16, 2002.

5.7 Company Benefit Plans . The Company shall terminate (a) each employment (or similar) agreement of any employee of the Company or AG LLC effective as of the Effective Time and (b) each Company Benefit Plan intended to be qualified under Section 401(a) of the Code that includes a cash or deferred arrangement intended to qualify under Section 401(k) of the Code (each a " Qualified Plan ") effective as of no later than the day immediately prior to the Closing Date. Prior to the Effective Time, the Company shall provide Acquiror with evidence that each Qualified Plan has been terminated by providing resolutions

approving such termination. The form and substance of such resolutions shall be subject to the review and approval of Acquiror (which approval shall not be unreasonably withheld, conditioned or delayed).

5.8 Employee Information. Within ten (10) Business Days of the date hereof, the Company shall deliver to Acquiror a schedule that contains the following information in separate lists for all (a) employees of the Company, (b) employees of AG LLC, (c) independent contractors of the Company and AG LLC, and (d) non-employee service providers of the Company and AG LLC as of April 1, 2016: (i) name, job title or position, and date of hire; (ii) the base salary or current wages; (iii) the most recent bonus paid, if any; (iv) employment status (i.e., active or on leave or disability; full-time or part-time), (v) exempt or non-exempt designation; (vi) location of employment, (vii) incentive compensation, (viii) accrued but unused vacation, (ix) accrued but unused paid time off, (x) any immigration requirements, such as visas required for employment, (xi) the base salary or hourly wages in 2015; (xii) 2015 total compensation paid, (xiii) current non-cash compensation (e.g., use of cars, property), and (xiv) the name of the employing entity, as applicable.

## ARTICLE 6
## COVENANTS OF ACQUIROR

6.1 HSR Act; Regulatory Approvals; Gaming Approvals; Real Property Transfer.

(a) In connection with the transactions contemplated by this Agreement, Acquiror shall (and, to the extent required, shall cause its Affiliates to) comply promptly but in no event later than fifteen (15) Business Days after the date hereof with the notification and reporting requirements of the HSR Act and other Regulatory Consent Authorities as described on Schedule 3.5 and Schedule 4.5. Acquiror shall use its reasonable best efforts to substantially comply with any Information or Document Requests.

(b) Without limiting the generality of Section 6.1(a), (i) Acquiror and Merger Sub shall, and shall cause their Affiliates and their respective directors, officers, partners, managers, members, principals and equity holders to, prepare and submit to the Regulatory Consent Authorities as described on Schedule 3.5 and Schedule 4.5 promptly but in no event later than fifteen (15) Business Days after the date hereof, all applications and supporting documents necessary to obtain the Gaming Approvals, (ii) Acquiror and Merger Sub shall promptly provide, or cause to be provided, to each and every Gaming Authority such information and documents that are necessary, proper or advisable to obtain the Gaming Approvals, and (iii) to the extent any Gaming Authority requests information or documentary materials from Acquiror or its Affiliates, including supporting, supplemental, or additional documentation from any Gaming Authority, then Acquiror shall in good faith provide, or cause to be provided, as promptly as practicable and after consultation with the Company, information and documentary material that are complete and responsive in all material respects to such request, except for any information that is subject to attorney-client privilege.

(c) The Company shall prepare and submit to the City of North Las Vegas promptly but in no event later than fifteen (15) Business Days after the date hereof, a request for consent for transfer of the Owned Real Property from the City of North Las Vegas pursuant to that certain Development Agreement between the City of North Las Vegas and North Valley Enterprises, LLC, dated January 16, 2002, and in connection therewith, Acquiror and Merger Sub shall reasonably cooperate with the Company to obtain such approval, including promptly providing any supporting documents necessary to obtain such consent.

(d) Acquiror shall exercise its reasonable best efforts to (i) obtain termination or expiration of the waiting period under the HSR Act, obtain the Gaming Approvals and obtain consent or clearance from the other Regulatory Consent Authorities as described on Schedule 3.5 and Schedule 4.5, and (ii) prevent the entry in any Action brought by a Regulatory Consent Authority as described on Schedule

3.5 and Schedule 4.5 or any other Person of any Governmental Order which would prohibit, make unlawful or delay the consummation of the transactions contemplated by this Agreement. In addition, if any Action is instituted or threatened challenging the Merger as violating any U.S. or foreign antitrust or competition Law or Gaming Law or if any Governmental Order (whether temporary, preliminary or permanent) is entered, enforced or attempted to be entered or enforce by any Governmental Authority that would make the Merger illegal or otherwise delay or prohibit the consummation of the Merger, Acquiror and its Affiliates and Subsidiaries shall use their respective reasonable best efforts to promptly take any and all actions to contest and defend any such Action to use their respective reasonable best efforts to avoid entry of, or to have vacated, lifted, reversed, repealed, rescinded or terminated, any such Governmental Order.

(e) Acquiror shall cooperate in good faith with the Regulatory Consent Authorities and shall use its reasonable best efforts to complete lawfully the transactions contemplated by this Agreement as soon as practicable (but in any event prior to the Termination Date) and shall use its reasonable best efforts to avoid, prevent, eliminate or remove the actual or threatened commencement of any proceeding in any forum by or on behalf of any Regulatory Consent Authority described on Schedule 3.5 and Schedule 4.5 or the issuance of any Governmental Order (permanent or preliminary) that would delay, enjoin, prevent, restrain or otherwise prohibit the consummation of the Merger, including using its reasonable best efforts in (i) proffering, negotiating and consenting and/or agreeing to a Governmental Order or other agreement providing for the sale, licensing or other disposition, or the holding separate (through the establishment of a trust or otherwise), of particular assets, categories of assets, properties or lines of business of the Company (following the Merger) or Acquiror or its Affiliates and promptly effecting the disposition, licensing or holding separate of assets or lines of business, (ii) terminating, modifying or assigning existing relationships, Contracts or obligations of Acquiror or its Subsidiaries or Affiliates or those relating to any assets, categories of assets, properties or lines of business to be acquired pursuant to this Agreement, (iii) changing or modifying any course of conduct regarding future operations of Acquiror or its Subsidiaries or Affiliates or the assets, categories of assets, properties or lines of business to be acquired pursuant to this Agreement or (iv) otherwise taking or committing to take any other action that would limit Acquiror or its Subsidiaries and Affiliates' freedom of action with respect to, or their ability to retain, one or more of their respective operations, divisions, businesses, product lines, customers, assets or rights or interests, or their freedom of action with respect to the assets, categories of assets, properties or lines of business to be acquired pursuant to this Agreement, in the case of each of (i)-(iv), at such time as may be necessary to permit the lawful consummation of the transactions contemplated hereby as soon as practicable and, in any event, prior to the Termination Date. The entry by any Governmental Authority in any Action of a Governmental Order permitting the consummation of the transactions contemplated hereby but requiring any of the assets or lines of business of Acquiror to be sold, licensed or otherwise disposed or held separate thereafter (including the business and assets of the Company and its Subsidiaries) shall not be deemed a failure to satisfy any condition specified in Article 8 or the obligations under this Section 6.1 .

(f) In furtherance of, but not in limitation of Acquiror's rights under Section 5.3(b) , Acquiror shall promptly furnish to the Company copies of any notices or written communications received by Acquiror or any of its Affiliates from any third party or any Governmental Authority with respect to the transactions contemplated by this Agreement, and Acquiror shall permit counsel to the Company an opportunity to review in advance, and Acquiror shall consider in good faith the views of such counsel in connection with, any proposed written communications by Acquiror and/or its Affiliates to any Governmental Authority concerning the transactions contemplated by this Agreement. Acquiror agrees to provide the Company and its counsel the opportunity, on reasonable advance notice, to participate in any substantive meetings or discussions, either in person or by telephone, between Acquiror and/or any of its Affiliates, agents or advisors, on the one hand, and any Governmental Authority, on the other hand, concerning or in connection with the transactions contemplated hereby.

(g) Acquiror further agrees that prior to the Closing Date it and its Affiliates will not enter into any other Contract to acquire any other business, if any such proposed acquisition would prevent the consummation of the transactions contemplated hereby.

6.2 Director and Officer Indemnification and Insurance .

(a) From and after the Effective Time, Acquiror agrees that it shall, and shall cause the Company and AG LLC, to indemnify and hold harmless each present and former director and officer of the Company and AG LLC against any costs or expenses (including attorneys' fees and disbursements), judgments, fines, losses, claims, damages or liabilities incurred in connection with any Action, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, to the fullest extent that the Company or AG LLC, as the case may be, would have been permitted under applicable Law and its respective certificate of formation, operating agreement or other organizational documents and agreements in effect on the date of this Agreement to indemnify such person (including the advancing of expenses as incurred to the fullest extent permitted under applicable Law). Without limiting the foregoing, (i) Acquiror shall cause the Surviving Entity and each of its Subsidiaries (A) to maintain for a period of not less than six (6) years from the Effective Time provisions in its certification of formation, operating agreement and other organizational documents or agreements concerning the indemnification and exoneration (including provisions relating to expense advancement) of the Company's and AG LLC's former and current officers, directors, employees, and agents that are no less favorable to those Persons than the provisions of the certificates of formation, operating agreements and other organizational documents and agreements of the Company or AG LLC, as applicable, in each case, as of the date of this Agreement and (B) not to amend, repeal or otherwise modify such provisions in any respect that would adversely affect the rights of those Persons thereunder, in each case, except as required by Law and (ii) Acquiror agrees that (x) the covenants contained in this Section 6.2 are intended to be for the benefit of, and shall be enforceable by, each of the current and former directors and officers specified in this Section 6.2 and their respective heirs and (y) any indemnification and advancement of expenses available to any current or former director of the Company or AG LLC by virtue of such current or former director's service as a partner or employee of any investment fund that is an Affiliate or equity owner of the Company prior to the Closing (any such current or former manager, a " Sponsor Manager ") shall be secondary to the indemnification and advancement of expenses to be provided by Acquiror, the Surviving Entity and its Subsidiaries pursuant to this Section 6.2 and that Acquiror, the Surviving Entity and its Subsidiaries (A) shall be the primary indemnitors of first resort for Sponsor Managers pursuant to this Section 6.2 , (B) shall be fully responsible for the advancement of all expenses and the payment of all losses, damages and other costs and expenses (including attorneys' fees and disbursements) with respect to Sponsor Managers which are addressed by this Section 6.2 and (C) shall not make any claim for contribution, subrogation or any other recovery of any kind in respect of any other indemnification available to any Sponsor Manager with respect to any matter addressed by this Section 6.2 . Acquiror shall assume, and be jointly and severally liable for, and shall cause the Company and its Subsidiaries to honor, each of the covenants in this Section 6.2 .

(b) In the event that the Company has not done so on a date that is five (5) Business Days prior the anticipated Closing Date, Acquiror shall cause the Surviving Entity to purchase, on or prior to the Closing purchase a directors' and officers' liability insurance policy covering a period of six (6) years from the Effective Time, those Persons who are currently covered by the Company's or AG LLC's directors' and officers' liability insurance policies (true, correct and complete copies of which have been heretofore delivered to or made available to Acquiror or its agents or representatives) on terms at least as favorable as the terms of such current insurance coverage and which are reasonably satisfactory to the Company; provided ,

however , that (i) the Company, Acquiror or the Surviving Entity may cause coverage to be extended under the current directors' and officers' liability insurance by obtaining a six-year "tail" policy containing terms at least as favorable as the terms of such current insurance coverage with respect to matters existing or occurring at or prior to the Effective Time (including in connection with this Agreement or any of the Transaction Documents or the transactions or actions contemplated hereby and thereby); provided , that the premium paid by the Company for such "tail" policy shall not exceed 300% of the current premium for the Company's current directors' and officers' liability insurance policy, and (ii) if any claim is asserted or made within such six-year period, any insurance required to be maintained under this Section 6.2 shall be continued in respect of such claim until the final disposition thereof.

(c) Notwithstanding anything contained in this Agreement to the contrary, this Section 6.2 shall survive the consummation of the Merger indefinitely and shall be binding, jointly and severally, on all successors and assigns of Acquiror and the Surviving Entity. In the event that Acquiror or the Surviving Entity or any of their respective successors or assigns, consolidates with or merges into any other Person and shall not be the continuing or surviving entity or entity of such consolidation or merger or transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision shall be made so that the successors and assigns of Acquiror or the Surviving Entity, as the case may be, shall succeed to the obligations set forth in this Section 6.2 .

6.3 Employment Matters .

(a) At any time prior to the Closing, Acquiror will have the right, but not the obligation, to interview or otherwise meet and/or discuss with the individuals employed by the Company or AG LLC that are (i) either (x) employed pursuant to an employment agreement with a member of the Company Group, or (y) among the Company Group's 25 most highly compensated employees (based on aggregate cash compensation paid in 2015), and (ii) identified in a separate notice provided by Acquiror to the Company (the " Specified Employees ") during normal business hours and as otherwise requested by Acquiror. In connection therewith, the Company will, and will cause AG LLC to, reasonably cooperate with Acquiror to facilitate any such interview, meeting or discussion. The Company shall use its reasonable efforts to, effective as of the Closing, terminate the employment of, including terminating the employment agreement of, the individuals listed on one or more separate notices provided by Acquiror to the Company, which notices will be given not less than five (5) Business Days prior to the Closing (the " Identified Employees "). All of the liabilities, payments, costs and expenses associated with, or payable upon, the termination of the Identified Employees at or prior to the Closing, including any "change of control", severance or other payment that is triggered by such termination or the consummation of the Merger or any of the transactions contemplated by this Agreement, shall constitute "Transaction Expenses".

(b) For a period of one (1) year following the Closing Date, Acquiror shall use commercially reasonable efforts to, or shall use commercially reasonable efforts to cause the Surviving Entity to, maintain for employees who continue in the employ of Acquiror, the Surviving Entity or any of their Subsidiaries following the Closing Date (" Continuing Employees "), (i) annual rates of base salaries or wage levels and annual target cash incentive opportunities that are substantially comparable in all material respects to those provided to the Continuing Employees immediately prior to the Closing and (ii) employee benefits that are, in the aggregate, no less favorable than the greater of (i) those provided to similarly situated employees of Acquiror and (ii) those provided to the Continuing Employees immediately prior to the Closing. This Section 6.3 shall not limit the obligation of Acquiror to maintain any compensation arrangement or benefit plan that, pursuant to an existing contract, must be maintained for a period longer than one (1) year nor shall it limit or affect any payments to be made pursuant to any benefit plan or bonus plan (it being understood that all such payments shall be made in accordance with the terms thereof, without amendment

or modification, following the Closing by the Company and/or AG LLC). No provision of this Agreement shall be construed as a guarantee of continued employment of any Continuing Employee and this Agreement shall not be construed so as to prohibit the Acquiror or any of its Subsidiaries from having the right to terminate the employment of any Continuing Employee, provided that any such termination is effected in accordance with applicable Law.

(c) From and after the Closing, the Acquiror shall give each Continuing Employee full credit for purposes of eligibility to participate, level of benefits, vesting and benefit accrual under any employee benefit plans, arrangements, and employment-related entitlements provided, sponsored, maintained or contributed to by Acquiror or any of its Subsidiaries for such Continuing Employee's service with the Company or AG LLC, and with any predecessor employer, to the same extent recognized by the Company or AG LLC, except (i) to the extent such credit would result in the duplication of benefits for the same period of service. Notwithstanding the foregoing, (ii) with respect to the extent permitted under applicable Law, Acquiror shall not be required to provide credit for such service for benefit accrual purposes under any employee benefit plan of Acquiror that is under a defined benefit pension plan or retiree welfare benefit plan or (iii) with respect to any newly established plan for which prior service is not taken into account for employees of Acquiror.

(d) Acquiror shall use its commercially reasonable efforts to (i) waive or cause to be waived for each Continuing Employee and his or her dependents, any waiting period provision, payment requirement to avoid a waiting period, pre-existing condition limitation, actively-at-work requirement and any other restriction that would prevent immediate or full participation under the welfare plans of Acquiror or any of its Subsidiaries applicable to such Continuing Employee to the extent such waiting period, pre-existing condition limitation, actively-at-work requirement or other restriction would not have been applicable to such Continuing Employee under the terms of the welfare plans of the Company and AG LLC, and (ii) to give or cause to be given full credit under the welfare plans of Acquiror and its Subsidiaries applicable to each Continuing Employee and his or her dependents for all co-payments and deductibles satisfied prior to the Closing in the same plan year as the Closing, and for any lifetime maximums, as if there had been a single continuous employer.

(e) This Agreement is not intended by the parties to, and nothing in this Section 6.3 or otherwise in this Agreement, whether express or implied, shall, (i) constitute an amendment to any Company Benefit Plan, (ii) obligate Acquiror, the Company or any Subsidiary to maintain any particular compensation or benefit plan, program, policy or arrangement, (iii) create any obligation of the parties hereto with respect to any employee benefit plan of Acquiror or any Company, or (iv) confer on any Continuing Employee or any other Person (other than the parties to this Agreement) any rights or remedies (including third-party beneficiary rights)

6.4 Access to Books and Records .

(a) From and after the Closing, in connection with any reasonable business purpose relating to the Holders' ownership of Units or their, or any of their Affiliates', status as a current or former officer, manager or equity holder of the Company or AG LLC, including preparation of governmental or regulatory reporting obligations, or the resolution of any claims made against or incurred by the Holders in respect of periods prior to the Closing, for a period of seven (7) years after the Closing, Acquiror shall cause the Surviving Entity and its Subsidiaries to (i) retain the books and records relating to the Surviving Entity and its Subsidiaries with respect to periods prior to the Closing in a manner reasonably consistent with the prior practice of the Company and AG LLC, and (ii) upon reasonable advance notice and subject to applicable Laws relating to the exchange of information (it being agreed that Acquiror shall cause the Surviving Entity

and its Subsidiaries to make reasonable and appropriate substitute disclosure arrangements under circumstances in which such Laws apply), Acquiror and the Surviving Entity shall, and shall cause AG LLC to, afford to the Holders and their respective representatives, during normal business hours, reasonable access to the Surviving Entity's and its Subsidiary's books and records (as they existed on the Closing Date), provided , that such right shall not (a) apply to information that is proprietary or confidential to the Surviving Entity or is subject to an attorney-client privilege or (b) cause the Surviving Entity or any of its Subsidiaries to violate any applicable confidentiality obligations (it being agreed that at the Holder's request, the Surviving Entity shall use commercially reasonable efforts to seek a waiver of such third party restriction and/or make reasonable and appropriate substitute disclosure arrangements).

(b) Notwithstanding anything contained in this Agreement to the contrary, this Section 6.4 shall survive the consummation of the Merger for a period of seven (7) years after the Closing and shall be binding, jointly and severally, on all successors and assigns of Acquiror and the Surviving Entity. In the event that Acquiror or the Surviving Entity or any of their respective successors or assigns, consolidates with or merges into any other Person and shall not be the continuing or surviving entity or entity of such consolidation or merger or transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision shall be made so that the successors and assigns of Acquiror or the Surviving Entity, as the case may be, shall succeed to the obligations set forth in this Section 6.4 .

(c) Acquiror agrees that the covenants contained in this Section 6.4 are intended to be for the benefit of, and shall be enforceable by, each of the Holders and their respective heirs, successors and assigns.

6.5 Payment of the Transaction Bonus Payments . Except as otherwise agreed in writing by the Company and the Acquiror prior to the Closing, at the Closing, Acquiror shall pay, or cause to be paid, on behalf of the Company and its Subsidiaries, all obligations in respect of the Transaction Bonus Payments.

## ARTICLE 7
## JOINT COVENANTS

7.1 Support of Transaction . Without limiting any covenant contained in Article 5 or Article 6 , including the obligations of Acquiror with respect to the notifications, filings, reaffirmations and applications set forth on Schedule 4.5 as described in Section 6.1 , which obligations shall control to the extent of any conflict with the succeeding provisions of this Section 7.1 , Acquiror and the Company shall each, and shall each cause their respective Subsidiaries to: (a) use reasonable best efforts to assemble, prepare and file any information (and, as needed, to supplement such information) as may be reasonably necessary to obtain as promptly as practicable all governmental and regulatory consents required to be obtained in connection with the transactions contemplated hereby (including the Gaming Approvals), (b) use reasonable best efforts to obtain all material consents and approvals of third parties that any of Acquiror, the Company, or their respective Affiliates are required to obtain in order to consummate the Merger (including the Gaming Approvals), and (c) take such other action as may reasonably be necessary or as another party may reasonably request to satisfy the conditions of Article 8 or otherwise to comply with this Agreement and to consummate the transaction contemplated hereby as soon as practicable and, in any event, prior to the Termination Date. Subject in all respects to the covenants contained in Article 5 and Article 6 , in no event shall, Acquiror, the Company or AG LLC be obligated to bear any material expense or pay any material fee, or to grant any material concession in connection with obtaining any consents, authorizations or approvals pursuant to the terms of any Contract to which the Company or AG LLC is a party in connection with the consummation of the Merger.

7.2 Tax Matters .

(a) The Parties agree to report the merger for U.S. federal income and other applicable Tax purposes consistent with Situation 2 in Revenue Ruling 99-6., 1999-1 CB 432, i.e., as the purchase by a single purchaser of all of the interests in an entity classified as a partnership at the time of its purchase. Accordingly, a final partnership tax return for the Company shall be prepared for the period January 1, 2016 through the date immediately preceding the Closing Date.

(b) The Company shall prepare or cause to be prepared in a manner consistent with past practices (except where otherwise required by applicable Law), all Tax Returns of the Company and its Subsidiaries for all taxable years or periods ending on or before the Closing Date but which are required to be filed after the Closing Date (taking into account all applicable extensions of time for filing) and all Tax Returns with respect to any Straddle Period (" Acquiror Prepared Tax Returns "); Acquiror shall cause all such Acquiror Prepared Tax Returns to be delivered to the Tax Matters Member no later than thirty (30) days before the due date (after giving effect to any applicable extensions) of the applicable Acquiror Prepared Tax Return. Acquiror shall cause the Company to incorporate such comments provided in writing by the Tax Matters Member to Acquiror with respect to all Acquiror Prepared Tax Returns, to the extent such comments (i) are not inconsistent with this Agreement or past practice and, to the extent applicable, would not cause any return preparer to be unable to sign such return and (ii) would not materially and negatively impact the Company, AG LLC or Acquiror in any Post-Closing Period. Further, Acquiror agrees that in the event that the Company fails to incorporate any such comments for the reasons set forth in the preceding sentence and Tax Matters Member continues to dispute or disagree with the treatment or calculation of any amount or item on a Acquiror Prepared Tax Return (which dispute or disagreement is not resolved on the earlier of ten (10) Business Days of receipt by Acquiror of notice thereof and ten (10) Business Days prior to the due date (after giving effect to any applicable extensions) of the applicable Acquiror Prepared Tax Return), Acquiror shall cause the Company to retain PricewaterhouseCoopers LLP to review the applicable Acquiror Prepared Tax Return in dispute or the subject of the disagreement and prepare a revised Acquiror Prepared Tax Return reflecting its proposed resolution of the items the subject of such dispute or disagreement; provided , however , that in preparing such revised Acquiror Prepared Tax Return, (i) such firm shall be acting as an expert and not as an arbitrator and shall prepare such revised Acquiror Prepared Tax Return in accordance with this Agreement, (ii) such firm shall only address such items that remain the subject of such dispute or disagreement, and (iii) the firm may not assign a value to any item or other matter greater than the greatest value for such item or other matter claimed by either party or less than the smallest value for such item or other matter claimed by either party. The costs associated with such firm shall be borne by Acquiror and the Tax Matters Member (for the account of all the Holders) in proportion to the extent to which each did not prevail in such dispute.

(c) Acquiror and the Tax Matters Member shall cooperate fully, and shall cause their respective Affiliates to cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns and any Action regarding Taxes of, or with respect to, the Company or its Subsidiaries. Such cooperation shall include the retention of and (upon the other party's request) the provision of records and information reasonably relevant to any such Action and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(d) Acquiror shall promptly notify the Tax Matters Member in writing upon receipt by the Company or any of its Subsidiaries of a written notice of any claim relating to Taxes for any period prior to the Closing Date.

(e) Acquiror and the Tax Matters Member agree that (i) any Company Transaction Expenses, (ii) any fees, expenses, premiums and penalties with respect to the prepayment of debt and the write-off or acceleration of the amortization of deferred financing costs, (iii) any accrued and unpaid year-end performance bonuses for employees of the Company and its Subsidiaries, (iv) the payment of the Transaction Bonus Payments, (v) any cancellation of outstanding options, restricted equity interests, or other equity or rights convertible into equity (including any "phantom" equity or comparable awards or arrangements), including the Incentive Units, any such options, restricted equity units, other equity or rights with respect to Units, (vi) payments made in connection with the settlement or resolution of any Action with respect to the Company and AG LLC to the extent (A) paid prior to the Closing or (B) to the extent not paid prior to the Closing, to the extent accrued or reflected on the Company's balance sheet as of the Closing Date, and (vii) the payment of the Closing Date Indebtedness, including any components thereof (the items described in clauses (i) through (vii) , " Specified Transaction Expenses ") are each properly allocable to the portion of the Closing Date preceding the Closing. The parties hereto agree that no ratable election shall be made with respect to the transactions contemplated in this Agreement.

(f) Except as otherwise required by Law, Acquiror shall not, and shall cause the Company and its Subsidiaries not (i) to take any action on the Closing Date other than in the ordinary course of business or other than any action permitted hereunder, or (ii) amend any Tax Return of the Company or any of its Subsidiaries or make, change or revoke any Tax election, grant an extension of any applicable statute of limitations or take any action, fail to take any action, or enter into any transaction that would increase or effect any Pre-Closing Tax Liability.

(g) For purposes of this Agreement, in the case of any Taxes that are payable with respect to a taxable period that begins before the Closing Date and ends after the Closing Date (a " Straddle Period "), the portion of any Taxes that are payable for such Straddle Period and relate to the portion of such Straddle Period ending on the Closing Date shall (i) in the case of ad valorem or property Taxes, be deemed to be the amount of such Tax for the entire Straddle Period multiplied by a fraction the numerator of which is the number of days in the Straddle Period ending on the Closing Date and the denominator of which is the number of days in the entire Straddle Period and (ii) in the case of any other Tax, such as income, sales or use Tax, be deemed equal to the amount which would be payable computed on closing of the books basis as if the relevant Tax period ended as of the close of business on the Closing Date.

(h) Any Tax refund (including any interest actually received with respect thereto) of the Company or any of its Subsidiaries relating to taxable periods (or portions thereof) ending on or before the Closing Date that is received by the Acquiror or the Company or any of its Subsidiaries (a " Pre-Closing Tax Refund ") shall be the property of the Holders. Acquiror shall within ten (10) days after the receipt of any Pre-Closing Tax Refund pay to the Tax Matters Member (on behalf of the Pre-Closing Holders) the amount of such Pre-Closing Tax Refund. The parties agree that Pre-Closing Tax Refunds for the portion of a Straddle Period that ends on the Closing Date shall be determined using the methodologies set forth in Section 7.2(g) . For the avoidance of doubt, Acquiror shall have no affirmative obligation to pursue any potential Pre-Closing Tax Refund.

7.3 Changes in Circumstances . From the date of this Agreement until seven (7) Business Days prior to the Closing Date, the Company may from time to time, by written notice to the Acquiror, supplement or amend a Schedule with a corresponding reference to be added in this Agreement to disclose any material change to such Schedule, provided that (i) such material change would cause one or more of the conditions in Article 8 not to be satisfied, (ii) the matter or circumstance underlying such material change was not in existence in any respect prior to the date of this Agreement, (iii) neither the Company, AG LLC or any of

their respective Representatives had any knowledge (nor should any of them reasonably have been expected to have any knowledge) of such matter or circumstance prior to the date of this Agreement (each, a " Schedule Supplement "), and each such Schedule Supplement shall be deemed to be incorporated into and to supplement and amend the Schedule as of the date of this Agreement and the Closing Date. If the matter which is the subject of the Schedule Supplement constitutes or relates to something that could provide Acquiror with a right to terminate this Agreement in accordance with its express terms and Acquiror does not elect to terminate this Agreement prior to the earlier of ten (10) Business Days of its receipt of such Schedule Supplement and the Termination Date, then Acquiror shall be deemed to have irrevocably waived any right to terminate this Agreement on account of such matter.

## ARTICLE 8
## CONDITIONS TO OBLIGATIONS

8.1 Conditions to Obligations of Acquiror, Merger Sub and the Company . The obligations of Acquiror, Merger Sub and the Company to consummate, or cause to be consummated, the Merger are subject to the satisfaction of the following conditions, any one or more of which may be waived (if legally permitted) in writing by all of such parties:

(a) All necessary permits, approvals, clearances, and consents of or filings with any Regulatory Consent Authorities required to be procured or made by Acquiror, Merger Sub and the Company in connection with the Merger and the transactions contemplated by this Agreement, in each case, as described on Schedule 8.1(a) , shall have been procured or made, as applicable.

(b) There shall not be in force (i) any Governmental Order or (ii) Law, statute, rule or regulation enjoining or prohibiting the consummation of the Merger.

(c) The Information Statement shall have been filed with the SEC in definitive form as contemplated by Rule 14c-2 promulgated under the Exchange Act and mailed to the Holders in accordance with Section 6.3(a) and Section 14C of the Exchange Act at least 20 Business Days prior to the Closing Date.

8.2 Conditions to Obligations of Acquiror and Merger Sub . The obligations of Acquiror and Merger Sub to consummate, or cause to be consummated, the Merger are subject to the satisfaction of the following additional conditions, any one or more of which may be waived (if legally permitted) in writing by Acquiror and Merger Sub:

(a) Representations and Warranties.

(i) Each of the representations and warranties of the Company contained in this Agreement (without giving effect to any "Material Adverse Effect" or similar materiality qualification therein), other than the representations and warranties set forth in Section 3.1 , Section 3.2 , Section 3.3 , Section 3.6 , Section 3.15 and Section 3.18(a) , shall be true and correct as of the Closing Date, as if made anew at and as of that time, except with respect to representations and warranties which speak as to an earlier date, which representations and warranties shall have been true and correct at and as of such date, except for, in each case, any inaccuracy or omission that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(ii) Each of the representations and warranties contained in Section 3.1 , Section 3.2 , Section 3.3 and Section 3.6 shall be true and correct in all material respects as of the Closing Date, as if made anew at and as of that time (except to the extent that any such representation and warranty

speaks expressly as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date).

(iii) The representations and warranties of the Company contained in Section 3.15 and Section 3.18(a) shall be true and correct as of the Closing Date, as if made anew at and as of that time.

(b) Each of the covenants of the Company to be performed as of or prior to the Closing shall have been performed in all material respects.

(c) The Company shall have delivered to Acquiror a certificate signed by the chief executive officer or chief financial officer of the Company, dated the Closing Date, certifying that, to the knowledge of each such officer, in his or her capacity as an officer of the Company only and not individually, the conditions specified in Section 8.2(a) and Section 8.2(b) have been fulfilled.

(d) The Company shall have delivered to Acquiror evidence reasonably satisfactory to Acquiror that each employment or other agreement relating to the employment of any employee of the Company or AG LLC has been terminated.

8.3 Conditions to the Obligations of the Company . The obligation of the Company to consummate the Merger is subject to the satisfaction of the following additional conditions, any one or more of which may be waived (if legally permitted) in writing by the Company:

(a) Each of the representations and warranties of Acquiror and Merger Sub contained in this Agreement (without giving effect to any materiality qualification therein), other than the representations and warranties set forth in Section 4.1 , Section 4.2 , Section 4.3 and Section 4.8 , shall be true and correct in all respects as of the Closing Date, as if made anew at and as of that time, except with respect to representations and warranties which speak as to an earlier date, which representations and warranties shall have been true and correct at and as of such date, except for, in each case, any inaccuracy or omission that would not reasonably be expected to materially adversely affect the ability of Acquiror to consummate the transactions contemplated by this Agreement in accordance with this Agreement.

(b) Each of the representations and warranties of Acquiror and Merger Sub contained in Section 4.1 , Section 4.2 and Section 4.3 shall be true and correct in all material respects as of Closing Date, as if made anew at and as of that time.

(c) The representation and warranty of Acquiror and Merger Sub contained in Section 4.8 shall be true and correct as of the Closing Date, as if made anew at and as of that time.

(d) Each of the covenants of Acquiror and Merger Sub to be performed as of or prior to the Closing shall have been performed in all material respects.

(e) Acquiror shall have delivered to the Company a certificate signed by an officer of Acquiror, dated the Closing Date, certifying that, to the knowledge of such officer, in his or her corporate capacity only and not individually, the conditions specified in Section 8.3(a) , Section 8.3(b) , Section 8.3(c) and Section 8.3(d) have been fulfilled.

8.4 Frustration of Closing Conditions . Neither Acquiror and Merger Sub, on the one hand, nor the Company, on the other hand, may rely on the failure of any condition set forth in this Article 8 to be

satisfied if such failure was caused by a breach or failure of Acquiror or Merger Sub, on the one hand, or the Company, on the other hand, to perform its or their obligations hereunder, including pursuant to Article 5 , Article 6 and Article 7 .

## ARTICLE 9
## SURVIVAL; ACKNOWLEDGMENTS

9.1 Survival . The representations and warranties of the parties contained in this Agreement and the other Transaction Documents shall not survive the Closing and shall terminate and be of no further force or effect on and after the Closing. The covenants and agreements of the Company, Acquiror or Merger Sub herein or hereunder that are required to be performed by the Company, Acquiror, or Merger Sub, respectively, solely prior to the Closing shall not survive the Closing and shall terminate and be of no further force or effect on and after the Closing. The covenants and agreements herein or hereunder that are required to be performed by any Person after the Closing shall survive the Closing in accordance with their respective terms until performed at which time they shall terminate and be of no further force or effect. Following the Closing, no party or their respective equity holders, Affiliates or representatives shall have any liability or obligation with respect to, nor shall any party or their respective equity holders, Affiliates or representatives be liable or obligated to indemnify any party with respect to, any representations and warranties of the parties contained in this Agreement or any other Transaction Document, except with respect to fraud. Furthermore, each party acknowledges and agrees that no party nor any party's respective Affiliates or representatives may avoid such limitation on liability or remedies by (a) seeking damages for breach of contract, tort or pursuant to any other theory of liability all of which are hereby waived or (b) asserting or threatening any claim against any Person that is not a party hereto (or a successor to a party hereto), except with respect to fraud. The parties hereto agree that the provisions in this Agreement relating to the survival of representations, warranties, covenants and agreements and the limits imposed on the parties with respect to liabilities and indemnification and the parties' rights and remedies with respect to this Agreement, the other Transaction Documents, and the transactions contemplated hereby and thereby were specifically bargained for between sophisticated parties and were specifically taken into account in the determination of the amounts to be paid to the Holders hereunder.

9.2 Acknowledgements .

(a) Acquiror has conducted to its satisfaction, an independent investigation and verification of the financial condition, results of operations, assets, liabilities, properties and projected operations of the Company and AG LLC THE REPRESENTATIONS AND WARRANTIES OF THE COMPANY EXPRESSLY SET FORTH IN ARTICLE 3 CONSTITUTE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES MADE TO ACQUIROR OR ANY OTHER PERSON BY THE COMPANY (OR ANY HOLDER PARTY) IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY, AND ACQUIROR UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT ANY OTHER REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED (INCLUDING ANY RELATING TO THE FUTURE OR HISTORICAL FINANCIAL CONDITION, RESULTS OF OPERATIONS, THE ASSETS OR LIABILITIES OF THE COMPANY OR AG LLC OR THE QUALITY, QUANTITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, CONFORMITY TO SAMPLES, OR CONDITION OF THE COMPANY'S OR AG LLC' ASSETS OR ANY PART THEREOF ARE SPECIFICALLY DISCLAIMED BY THE COMPANY, AG LLC AND THE HOLDER PARTIES AND SHALL NOT FORM THE BASIS OF ANY CLAIM AGAINST THE COMPANY, AG LLC, ANY HOLDER PARTY, ANY OTHER PARTY, OR OTHERWISE, EXCEPT IN THE CASE OF FRAUD.

(b) In connection with Acquiror's investigation of the Company and AG LLC, Acquiror has received from or on behalf of the Company and AG LLC certain projections, including any confidential information memorandum or presentation or similar documentation or materials prepared by Houlihan Lokey Capital, Inc., any other information provided or prepared by or with assistance from Houlihan Lokey Capital, Inc. or any other financial advisor, accounting firm or other third party advisors used in the transactions, projected statements of operations and comprehensive income of the Company and AG LLC for the fiscal year ending December 31, 2016, and for subsequent fiscal years and periods, and certain business plans, budgets and similar information for such fiscal year and subsequent fiscal years and periods. Acquiror acknowledges and agrees that (i) there are uncertainties inherent in attempting to make such estimates, projections, statements, forecasts, plans and budgets, (ii) Acquiror is familiar with such uncertainties and is taking full responsibility for making its own evaluation of the adequacy and accuracy of all such estimates, projections, statements, forecasts, plans and budgets so furnished to it or its representatives (including the reasonableness of the assumptions underlying such estimates, projections, statements, forecasts, plans, and budgets), (iii) none of the Company, AG LLC, or any Holder Party makes any representations or warranties whatsoever with respect to such estimates, projections, statements, forecasts, plans, and budgets (including the reasonableness of the assumptions underlying such estimates, projections, forecasts, plans, and budgets), and (iv) neither Acquiror nor any of Acquiror's Affiliates or representatives shall have any claim against the Company, AG LLC or any Holder Party, or otherwise with respect thereto.

(c) FROM AND AFTER THE CLOSING (EXCEPT FOR ACTIONS SEEKING SPECIFIC PERFORMANCE OR SIMILAR EQUITABLE RELIEF PURSUANT TO SECTION 11.14 ), EACH PARTY HEREBY WAIVES ANY AND ALL RIGHTS, CLAIMS AND CAUSES OF ACTION IT MAY HAVE AGAINST ANY HOLDER PARTY, ANY OTHER PARTY, OR ANY SUBSIDIARY OF ANY OTHER PARTY WITH RESPECT TO, REGARDING, RELATING TO OR ARISING FROM (INCLUDING ANY AND ALL DAMAGES AND LOSSES RELATED THERETO): (I) THE OPERATION OF THE COMPANY AND AG LLC, ANY HOLDER PARTY, OR THEIR RESPECTIVE BUSINESSES, INCLUDING THE CONDUCT OF BUSINESS, THE OPERATIONS OF, THE OWNERSHIP OF, OR THE LEASING OF ANY PROPERTY BY THE COMPANY AND AG LLC, ANY HOLDER PARTY, ACQUIROR, OR ANY OF THEIR RESPECTIVE AFFILIATES, SUBSIDIARIES, REPRESENTATIVES, PREDECESSORS OR SUCCESSORS, (II) THIS AGREEMENT, THE TRANSACTION DOCUMENTS, AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, WHETHER ARISING UNDER OR BASED UPON ANY LAW OR OTHERWISE (INCLUDING UNDER ANY GAMING LAW OR ENVIRONMENTAL LAW OR UNDER ANY RIGHT, WHETHER ARISING AT LAW OR IN EQUITY, TO SEEK INDEMNIFICATION, CONTRIBUTION, COST RECOVERY, DAMAGES, LOSSES, OR ANY OTHER RECOURSE OR REMEDY, INCLUDING AS MAY ARISE UNDER COMMON LAW), EXCEPT IN THE CASE OF FRAUD, AND (III) ENVIRONMENTAL MATTERS, INCLUDING THOSE RELATED TO (A) REMEDIATION, (B) THE ENVIRONMENTAL CONDITION OF ANY REAL PROPERTY OF THE COMPANY AND AG LLC (INCLUDING THE OWNED REAL PROPERTY), OR (C) THE RELEASE, PRESENCE, OR MANAGEMENT OF HAZARDOUS MATERIALS OR VIOLATIONS OF, OR LIABILITIES ARISING UNDER, ENVIRONMENTAL LAWS OR COMMON LAW (THE MATTERS DESCRIBED IN CLAUSES (I), (II), AND (III), THE " COVERED MATTERS "). IN FURTHERANCE OF THE FOREGOING, EACH PARTY HEREBY (I) COVENANTS AND AGREES THAT IT SHALL NOT, DIRECTLY OR INDIRECTLY, ASSERT OR OTHERWISE BRING ANY CLAIM, CAUSE OF ACTION OR DEMAND, OR COMMENCE OR INSTITUTE OR CAUSE TO BE COMMENCED OR INSTITUTED, ANY ACTION OF ANY KIND OR NATURE WITH RESPECT TO, REGARDING, OR RELATING TO OR ARISING FROM (INCLUDING ANY AND ALL DAMAGES AND LOSSES RELATED THERETO) THE COVERED MATTERS, WHETHER ARISING UNDER OR BASED UPON ANY LAW OR OTHERWISE (INCLUDING UNDER ANY GAMING LAW OR ENVIRONMENTAL LAW OR UNDER ANY RIGHT, WHETHER ARISING AT LAW OR IN EQUITY, TO SEEK

INDEMNIFICATION, CONTRIBUTION, COST RECOVERY, DAMAGES, LOSSES, OR ANY OTHER RECOURSE OR REMEDY, INCLUDING AS MAY ARISE UNDER COMMON LAW), AND (II) WAIVES, FROM AND AFTER THE CLOSING, TO THE FULLEST EXTENT PERMITTED UNDER LAW, ANY AND ALL RIGHTS, CLAIMS AND CAUSES OF ACTION IT MAY HAVE AGAINST ANY OTHER PARTY OR ANY SUBSIDIARIES, REPRESENTATIVES OR AFFILIATES OF SUCH PARTIES WITH RESPECT TO, REGARDING, OR RELATING TO OR ARISING FROM (INCLUDING ANY AND ALL DAMAGES OR LOSSES RELATED THERETO) THE COVERED MATTERS, WHETHER ARISING UNDER OR BASED UPON ANY LAW OR OTHERWISE (INCLUDING UNDER ANY ENVIRONMENTAL LAW OR UNDER ANY RIGHT, WHETHER ARISING AT LAW OR IN EQUITY, TO SEEK INDEMNIFICATION, CONTRIBUTION, COST RECOVERY, DAMAGES, LOSSES, OR ANY OTHER RECOURSE OR REMEDY, INCLUDING AS MAY ARISE UNDER COMMON LAW).

## ARTICLE 10
## TERMINATION/EFFECTIVENESS

10.1 Termination . This Agreement may be terminated and the transactions contemplated hereby abandoned:

(a) by mutual written consent of the Company and Acquiror;

(b) prior to the Closing, by written notice to the Company from Acquiror if:

(i) there is any material breach of any representation, warranty, covenant or agreement on the part of the Company set forth in this Agreement, such that the conditions specified in Section 8.1 , Section 8.2(a) or Section 8.2(b) would not be satisfied by the Termination Date (a " Terminating Company Breach "), except that, if such Terminating Company Breach is curable by the Company, then, for a period of up to the earlier of the Business Day immediately preceding the Termination Date and thirty (30) days after receipt by the Company of notice from Acquiror of such breach, but only as long as the Company continues to use its reasonable best efforts to cure such Terminating Company Breach (the " Company Cure Period "), such termination shall not be effective, and such termination shall become effective only if the Terminating Company Breach is not cured within the Company Cure Period,

(ii) the Closing has not occurred on or before the six (6) month anniversary of the date hereof; provided , however , that, if all of the conditions set forth in Article 8 have been satisfied or waived (to the extent legally permissible) by the applicable party on the day immediately preceding such six (6) month anniversary (other than the condition set forth in Section 8.1(a) and those conditions that by their nature are to be satisfied by actions taken at the Closing), such six (6) month period may be extended for an additional two (2) three (3) month periods in the sole discretion of either the Company or Acquiror upon written notice from the extending party to the other party (for an aggregate total of twelve (12) months from the date hereof) (such date, as may be extended, the " Termination Date "); provided , however , that the right to terminate this Agreement under this subsection (ii) shall not be available to a party if such party is in material default or breach of this Agreement or if such party's failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date,

(iii) any applicable Regulatory Consent Authority shall have entered a final, non-appealable Governmental Order determining not to grant any permit, approval, clearance, or consent described on Schedule 8.1(a), or

(iv) the consummation of any of the transactions contemplated hereby is permanently enjoined, prohibited or otherwise restrained by the terms of a final, non-appealable Governmental Order or judgment of a court of competent jurisdiction; provided , however , that the right to terminate this Agreement under this subsection (iv) shall not be available to a party if such party is in material default or breach of this Agreement;

(c) prior to the Closing, by written notice to Acquiror from the Company if:

(i) there is any material breach of any representation, warranty, covenant or agreement on the part of Acquiror or Merger Sub set forth in this Agreement, such that the conditions specified in Section 8.1 , Section 8.3(a) , Section 8.3(b) , Section 8.3(c) or Section 8.3(d) would not be satisfied by the Termination Date (a " Terminating Acquiror Breach "), except that, if any such Terminating Acquiror Breach is curable by Acquiror, then, for a period of up to the earlier of the Business Day immediately preceding the Termination Date and thirty (30) days after receipt by Acquiror of notice from the Company of such breach, but only as long as Acquiror continues to exercise such reasonable best efforts to cure such Terminating Acquiror Breach (the " Acquiror Cure Period "), such termination shall not be effective, and such termination shall become effective only if the Terminating Acquiror Breach is not cured within the Acquiror Cure Period,

(ii) the Closing has not occurred on or before the Termination Date; provided , that the right to terminate this Agreement under this subsection (ii) shall not be available if the Company is in material default or breach of this Agreement or if the Company's failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date, or

(iii) the consummation of any of the transactions contemplated hereby is permanently enjoined, prohibited or otherwise restrained by the terms of a final, non-appealable Governmental Order or judgment of a court of competent jurisdiction; provided , however , that the right to terminate this Agreement under this subsection (iii) shall not be available to a party if such party is in material default or breach of this Agreement;

(d) by the Company by giving written notice to Acquiror at any time prior to the Closing if (i) all of the conditions set forth in Section 8.1 and Section 8.2 (other than conditions which are to be satisfied by actions taken at the Closing) have been satisfied, (ii) the Company has indicated in writing to Acquiror that all of the conditions set forth in Section 8.1 and Section 8.3 (other than those conditions that by their nature are to be satisfied by actions taken at the Closing) have been satisfied or, in the event of a Willful Breach of Section 8.3(a) , (b) , (c) or (d) , have been waived (if legally permitted) by the Company, (iii) the Company is ready, willing and able to consummate the Closing, and (iv) Acquiror fails to consummate the Closing when the Closing should have occurred pursuant to Section 2.3 .

10.2 Effect of Termination .

(a) Except as otherwise set forth in this Section 10.2 or in Section 10.3 , in the event of the termination of this Agreement pursuant to Section 10.1 , this Agreement shall forthwith become void and have no effect, without any liability on the part of any party hereto or its respective Affiliates, officers, directors or shareholders, other than liability of the Company, Acquiror or Merger Sub, as the case may be, for any fraud or Willful Breach of this Agreement occurring prior to such termination. The provisions of Sections 10.2 , 10.3 , 11.4 , 11.5 , 11.6 , 11.13 , 11.15 (collectively, the " Surviving Provisions ") and the Confidentiality Agreement, and any other Section or Article of this Agreement referenced in the Surviving

Provisions which are required to survive in order to give appropriate effect to the Surviving Provisions, shall in each case survive any termination of this Agreement.

(b) In the event that this Agreement is terminated pursuant to Section 10.1, for a period of two (2) years from the date of such termination, neither Acquiror, Merger Sub nor any of their respective Affiliates shall, directly or indirectly, recruit, solicit, hire or retain any person who is an employee of the Company or any of its Affiliates, or induce, or attempt to induce, any such employee to terminate his or her employment with, or otherwise cease his or her relationship with, the Company or its Affiliates; provided, however, that the foregoing restriction shall not apply to any such employee (other than an officer) who (i) first contacts Acquiror or any of its Affiliates (or their respective representatives) on his or her own initiative without any direct or indirect solicitation by or encouragement from Acquiror or any of its Affiliates, (ii) responds to general solicitation employment advertising in the media not directed at the employees of the Company or any of its Affiliates, (iii) is recruited by an independent search firm that was not directed to target Company employees, or (iv) was terminated from employment at least two (2) months prior to any such solicitation, hiring or recruitment.

10.3 Termination Fee.

(a) In the event that this Agreement is terminated (i) by the Company pursuant to Section 10.1(d), or (ii) by the Company or Acquiror (if such termination is permitted hereunder) and at the time of such termination all of the conditions set forth in Article 8 shall have been satisfied or waived (if legally permitted) by the appropriate party (other than those conditions that by their terms are to be satisfied at the Closing) except for the condition or conditions set forth in Section 8.1(a) relating solely to HSR Approval or Nevada Gaming Approvals in relation to the Merger or Section 8.1(b)(i) relating solely to a Governmental Order by the HSR Authorities or the Nevada Gaming Authorities (such occurrence relating solely to HSR Approval or Nevada Gaming Approvals, or relating solely to a Governmental Order by the HSR Authorities or the Nevada Gaming Authorities, a " Regulatory Failure "), then Acquiror shall promptly, but in no event later than two (2) Business Days after the date of such termination, pay, or cause to be paid, to the Company or its designees the Termination Fee (an amount equal to $30,000,000) (the " Termination Fee ") by wire transfer of same day funds (it being understood that in no event shall Acquiror be required to pay the Termination Fee on more than one occasion). Solely for purposes of establishing the basis for the amount thereof, and without in any way increasing the amount of the Termination Fee or expanding the circumstances in which the Termination Fee is to be paid, it is agreed that the Termination Fee is a liquidated damage, and not a penalty.

(b) Notwithstanding anything to the contrary in this Agreement, in the event that this Agreement is terminated (x) by the Company pursuant to Section 10.1(d) or (y) pursuant to a Regulatory Failure, except in the case of fraud by Acquiror or Merger Sub, the payment of the Termination Fee by Acquiror pursuant to Section 10.3(a), when paid as required under this Agreement, and the payment of any amounts due pursuant to Section 10.3(c), when paid (if required under this Agreement), shall be the sole and exclusive remedy of the Company against (i) Acquiror or Merger Sub, (ii) the former, current and future holders of any equity, partnership or limited liability company interest, controlling persons, directors, officers, employees, agents, attorneys, Affiliates, members, managers, general or limited partners, shareholders, or assignees of Acquiror or Merger Sub or any Affiliates of either; and (iii) any future holders of any equity, partnership or limited liability company interest, controlling persons, directors, officers, employees, agents, attorneys, Affiliates, members, managers, general or limited partners, shareholders, or assignees of any of the foregoing for any Loss or other liability of any kind under this Agreement or otherwise relating to the transactions contemplated by this Agreement, including as a result of the failure of the Merger to be consummated.

(c) The parties acknowledge that the agreements contained in this Section 10.3 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the parties would not enter into this Agreement. If Acquiror fails promptly to pay the Termination Fee, and, in order to obtain such payment, the Company commences an action or proceeding that results in a judgment against Acquiror for the Termination Fee, Acquiror shall pay to the Company, together with the Termination Fee, (a) interest on the Termination Fee from the date of termination of this Agreement at a rate per annum equal to the prime rate as published in the Wall Street Journal, Eastern Edition, in effect on the Closing Date and (b) any costs and expenses (including legal fees) incurred by the Company in connection with any such action or proceeding. If Acquiror fails to pay the Termination Fee in accordance with Section 10.3(a) , then the Company's termination of this Agreement shall, at the Company's option, be revoked and become null and void *ab initio* and the Company may exercise any and all remedies (whether at law or equity) against the Acquiror, including by seeking specific performance in accordance with Section 11.14 .

## ARTICLE 11
## MISCELLANEOUS

11.1 Waiver . Any party to this Agreement may, at any time prior to the Closing, by action taken by its board of managers, or officers thereunto duly authorized, waive any of the terms or conditions of this Agreement or agree to an amendment or modification to this Agreement in the manner contemplated by Section 11.10 and by an agreement in writing executed in the same manner (but not necessarily by the same Persons) as this Agreement.

11.2 Notices . All notices and other communications among the parties shall be in writing and shall be deemed to have been duly given (i) when delivered in person, (ii) when delivered after posting in the U.S. mail having been sent registered or certified mail return receipt requested, postage prepaid, (iii) when delivered by FedEx or other nationally recognized overnight delivery service, or (iv) when delivered by facsimile or email (in each case in this clause (iv), solely if receipt is confirmed), addressed as follows:

(a) If to Acquiror or Merger Sub, to:

Boyd Gaming Corporation
3883 Howard Hughes Parkway, 9 th Floor
Las Vegas, Nevada 89163
Attention: General Counsel
Fax: (702) 792-73335
E-mail: brianlarson@boydgaming.com

with copies to (which shall not constitute notice), to:

Morrison & Foerster LLP
425 Market Street
San Francisco, California 94115
Attention: Brandon Parris and Jeffrey Washenko
Fax: (415) 268-7522
E-mail: BParris@mofo.com and
JWashenko@mofo.com

(b) If to the Company, prior to the Closing, to:

ALST Casino Holdco, LLC
7300 Aliante Parkway
North Las Vegas, Nevada 89084
Attention: Robert E. Schaffhauser, Chief Financial Officer
Fax: (702) 692-7480
Email: bschaffhauser@aliantegaming.com
with a copy to (which shall not constitute notice):

Akin Gump Strauss Hauer & Feld, LLP
One Bryant Park
Bank of America Tower
New York, New York 10036-6745
Attention: Daniel I. Fisher
Fax: (212) 872-1002
Email: dfisher@akingump.com

or to such other address or addresses as the parties may from time to time designate in writing.

11.3 Assignment . No party hereto shall assign this Agreement or any part hereof without the prior written consent of the other parties. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

11.4 Rights of Third Parties . Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give any Person, other than the parties hereto, any rights or remedies under or by reason of this Agreement; provided , however , that, notwithstanding the foregoing (i) in the event the Closing occurs, the present and former officers and directors of the Company and AG LLC (and their respective successors, heirs and representatives) are intended third-party beneficiaries of, and may enforce, Section 6.2 , or (ii) from and after the Effective Time the Holders Parties (and their successors, heirs and representatives) shall be intended third party beneficiaries of, and may enforce, Article 2 and Section 6.4 , Section 9.2 and Section 11.16 .

11.5 Expenses . Except as otherwise provided in this Agreement, each party hereto shall bear its own expenses incurred in connection with this Agreement and the transactions herein contemplated whether or not such transactions shall be consummated, including all fees of its legal counsel, financial advisers and accountants; provided , however , that Acquiror shall pay (i) all Transfer Taxes payable as a result of the Merger or the consummation of the transactions contemplated hereby and (ii) all of the fees paid to Regulatory Consent Authorities described on Schedule 3.5 and Schedule 4.5 .

11.6 Governing Law . This Agreement, and all claims or causes of action based upon, arising out of, or related to this Agreement or the transactions contemplated hereby, shall be governed by, and construed in accordance with, the Laws of the State of New York, without giving effect to principles or rules of conflict of laws to the extent such principles or rules would require or permit the application of Laws of another jurisdiction, except that the Merger, solely to the extent required by the Laws of the State of Delaware, will be governed by the Laws of the State of Delaware.

11.7 Captions; Counterparts . The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.8 Schedules and Exhibits . The Schedules and Exhibits referenced herein are a part of this Agreement as if fully set forth herein. All references herein to Schedules and Exhibits shall be deemed references to such parts of this Agreement, unless the context shall otherwise require. Any disclosure made by a party in the Schedules with reference to any section or schedule of this Agreement shall be deemed to be a disclosure with respect to all other sections or schedules to which such disclosure may apply, provided that the application of the matter disclosed to such other section or schedule is reasonably apparent. Certain information set forth in the Schedules is included solely for informational purposes and may not be required to be disclosed pursuant to this Agreement. The disclosure of any information shall not be deemed to constitute an acknowledgment that such information is required to be disclosed in connection with the representations and warranties made in this Agreement, nor shall such information be deemed to establish a standard of materiality. The reference to or listing, description, disclosure or other inclusion of any item or other matter, including any charge, violation, breach, debt, obligation or liability, in the Schedules shall not be construed to be an admission or suggestion that such item or matter constitutes a violation of, breach or default under, any contract, agreement, note, lease or otherwise.

11.9 Entire Agreement . This Agreement (together with the Schedules and Exhibits to this Agreement) and that certain Confidentiality Agreement dated as of February 11, 2016, between Acquiror and AG LLC (the " Confidentiality Agreement ") constitute the entire agreement among the parties relating to the transactions contemplated hereby and supersede any other agreements, whether written or oral, that may have been made or entered into by or among any of the parties hereto or any of their respective Subsidiaries relating to the transactions contemplated hereby. No representations, warranties, covenants, understandings, agreements, oral or otherwise, relating to the transactions contemplated by this Agreement exist between the parties except as expressly set forth in this Agreement and the Confidentiality Agreement.

11.10 Amendments . This Agreement may be amended or modified in whole or in part, only by a duly authorized agreement in writing executed in the same manner as this Agreement and which makes reference to this Agreement. The approval of this Agreement pursuant to the Holder Approval shall not restrict the ability of the board of managers of the Company to terminate this Agreement in accordance with Section 10.1 or to cause the Company to enter into an amendment to this Agreement pursuant to this Section 11.10 .

11.11 Publicity . The Company, on the one hand, and Acquiror, on the other hand, shall cooperate in good faith to agree on the form and content of the initial press release regarding the transactions contemplated by this Agreement. All press releases or other public communications of any nature whatsoever relating to the transactions contemplated by this Agreement, and the method of the release for publication thereof, shall (i) prior to the Closing, except in the case that a party is required by the rules and regulations of the SEC (other than as it relates to the Information Statement, which shall be governed by Section 5.4 ) or any securities exchange on which such party's securities are listed (in which case the party required to make the release or announcement will use its reasonable efforts to permit the other party to review such release or announcement prior to issuance, and consider, in good faith, any comments thereto provided by the other party), be subject to the prior written mutual approval of Acquiror and the Company, which approval shall not be unreasonably withheld, delayed or conditioned by any party, and (ii) following the Closing, be subject to the prior written approval of Acquiror, which approval shall not be unreasonably withheld, delayed or conditioned. For the avoidance of doubt, for purposes of this Section 11.11 , the Information Statement shall not be deemed to be a public communication and shall not be governed by this Section 11.11 . All matters related to the Information Statement, including the preparation and filing thereof, as well as any

communications regarding the Information Statement and any amendments thereto shall be governed exclusively by Section 5.4 . Notwithstanding anything to the contrary herein, prior to the Closing, the Company or Acquiror may make any public statement in response to questions by the press, analysts, investors or those attending industry conferences or financial analysts conference calls or in connection with a financing, so long as any such statements are not inconsistent with previous press releases, public disclosures or public statements made jointly by the Company and Acquiror or made by one party and reviewed by the other and do not reveal non-public information regarding the transactions contemplated by this Agreement.

11.12 Severability . If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement shall remain in full force and effect. The parties further agree that if any provision contained herein is, to any extent, held invalid or unenforceable in any respect under the Laws governing this Agreement, they shall take any actions necessary to render the remaining provisions of this Agreement valid and enforceable to the fullest extent permitted by Law and, to the extent necessary, shall amend or otherwise modify this Agreement to replace any provision contained herein that is held invalid or unenforceable with a valid and enforceable provision giving effect to the intent of the parties.

11.13 Jurisdiction . Any proceeding or action based upon, arising out of or related to this Agreement or the transactions contemplated hereby may be brought in the state and/or federal courts located in the City, County and State of New York, and each of the parties irrevocably submits to the exclusive jurisdiction of each such court in any such proceeding or action, waives any objection it may now or hereafter have to personal jurisdiction, venue or to convenience of forum, agrees that all claims in respect of the proceeding or action shall be heard and determined only in any such court, and agrees not to bring any proceeding or action arising out of or relating to this Agreement or the transactions contemplated hereby in any other court. Nothing herein contained shall be deemed to affect the right of any party to serve process in any manner permitted by Law or to commence legal proceedings or otherwise proceed against any other party in any other jurisdiction, in each case, to enforce judgments obtained in any action, suit or proceeding brought pursuant to this Section 11.13 .

11.14 Enforcement . The parties agree that irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that the parties do not perform their obligations under the provisions of this Agreement (including failing to take such actions as are required of them hereunder to consummate this Agreement) in accordance with its specified terms or otherwise breach such provisions. The parties acknowledge and agree that (a) the parties (and, where applicable, permitted third party beneficiaries of this Agreement) shall be entitled to an injunction, specific performance, or other equitable relief, to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, without proof of damages, prior to the valid termination of this Agreement in accordance with Section 10.1 , this being in addition to any other remedy to which they are entitled under this Agreement, (b) the provisions set forth in Section 10.3 (i) are not intended to and do not adequately compensate for the harm that would result from a breach of this Agreement and (ii) shall not be construed to diminish or otherwise impair in any respect any party's right to specific enforcement and (c) the right of specific enforcement is an integral part of the transactions contemplated by this Agreement and without that right, neither the Company nor Acquiror would have entered into this Agreement; provided , however , that, notwithstanding anything in this Agreement to the contrary, this Section 11.14 (and the remedies available pursuant to this Section 11.14 ) shall not apply, the parties and any third party beneficiaries shall have no such entitlement, and Section 10.3 shall be the Company's sole and exclusive remedy if this Agreement is properly terminated under circumstances where the Termination Fee is due hereunder, and Acquiror pays the Termination Fee as required hereby. Each party agrees that it will not oppose the granting of specific performance and other equitable relief on the basis that the other parties have an adequate remedy at Law or that an award of specific

performance is not an appropriate remedy for any reason at Law or equity. The parties acknowledge and agree that any party seeking an injunction to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in accordance with this Section 11.14 shall not be required to provide any bond or other security in connection with any such injunction.

11.15 Waiver of Conflicts . Acquiror, Merger Sub and the Company (on behalf of itself and AG LLC) agree that, notwithstanding any current or prior representation of the Company or AG LLC by Akin Gump Strauss Hauer & Feld LLP (" Akin Gump "), Akin Gump shall be allowed to represent any Holder or any of their respective Affiliates in any matters and/or disputes adverse to Acquiror, Merger Sub, the Company, the Surviving Entity, any Subsidiaries of Acquiror, the Surviving Entity or the Company, or any of their respective Affiliates that relates to this Agreement or any of the other Transaction Documents, or any of the transactions contemplated hereby or thereby (" Post-Closing Representation "), and Acquiror, Merger Sub, and the Company (on behalf of itself and AG LLC) hereby (a) waive any claim they have or may have that Akin Gump has a conflict of interest or is otherwise prohibited from engaging in such representation and (b) agree that, in the event that a dispute arises after the Closing between Acquiror, the Surviving Entity, any Subsidiaries of Acquiror or the Surviving Entity or any of their respective Affiliates (on the one hand) and any Holder or any of their respective Affiliates (on the other hand), Akin Gump may represent such Holder or such Affiliate in such dispute even though the interests of such Holder or such Affiliate may be directly adverse to Acquiror, the Surviving Entity, any Subsidiaries of Acquiror or the Surviving Entity or any of their respective Affiliates and even though Akin Gump may have represented the Company and AG LLC in a matter related to such dispute. Acquiror and the Company (on behalf of itself and AG LLC) also further agree that, as to all attorney-client privileged communications (that do not otherwise evidence or relate to fraud) between or among Akin Gump and the Company, any of the Subsidiaries of the Company, any Holder and/or any of their respective Affiliates that relate in any way to the negotiation, preparation, execution and Closing of this Agreement or any of the transactions contemplated by the Transaction Documents in connection with the Post-Closing Representation, the attorney-client privilege and the expectation of client confidence belongs to the Holder and may be controlled by the Holder and shall not pass to or be claimed by Acquiror, Merger Sub, the Surviving Entity, the Company or any Subsidiary or Affiliate of Acquiror, the Surviving Entity or the Company.

11.16 No Recourse . Notwithstanding any other provision of this Agreement to the contrary, but without limiting Article 9 , each party hereto covenants, agrees and acknowledges that, except in the case of fraud, no recourse under this Agreement, any Transaction Document or any documents or instruments delivered in connection with this Agreement or any Transaction Document shall be had against any Holder's, Acquiror's, the Company's or any of their respective Affiliates' former, current or future direct or indirect equity holders, controlling persons, shareholders, directors, officers, employees, agents, members, managers, general or limited partners or assignees (each a " Related Party " and collectively, the " Related Parties "), in each case other than the Holders, Acquiror, the Company, or any of their respective successors and permitted assignees under this Agreement, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any applicable Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any of the Related Parties, as such, for any obligation or liability of the Holders, Acquiror, the Company or any of their respective Affiliates under this Agreement, any Transaction Document or any documents or instruments delivered in connection herewith or therewith for any claim based on, in respect of or by reason of such obligations or liabilities or their creation; provided , however , nothing in this Section 11.16 shall relieve or otherwise limit the liability of any Related Party for fraud or the Holders, Acquiror, the Company or any Affiliate, as such, for any breach or violation of its obligations under such agreements, documents or instruments. Following the Closing, except in the case of fraud, none of Acquiror, Merger Sub, the Surviving Entity or any of their

respective Affiliates shall have any recourse against any Holder Party on account of this Agreement or any of the transaction contemplated herein.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties have hereunto caused this Agreement to be duly executed as of the date first above written.

BOYD GAMING CORPORATION

By: /s/ Brian A. Larson

Name: Brian A. Larson

Title: Executive Vice President

BOYD TCII ACQUISITIONS, LLC

By: /s/ Brian A. Larson

Name: Brian A. Larson

Title: Senior Vice President

ALST CASINO HOLDCO, LLC

By: /s/ Soohyung Kim

Name: Soohyung Kim

Title: Chief Executive Officer

**Exhibit 2.2**

# MEMBERSHIP INTEREST PURCHASE AGREEMENT

**dated as of April 25, 2016**

**by and among**

**BOYD GAMING CORPORATION,**
**as Buyer,**

**The Cannery Hotel and Casino, LLC,**
**as Cannery,**

**Nevada Palace, LLC,**
**as Eastside,**

**and**

**CANNERY CASINO RESORTS, LLC,**
**as Seller**

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**EXHIBITS**

**MEMBERSHIP INTEREST PURCHASE AGREEMENT**

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (this " Agreement ") is made and entered into as of April 25, 2016 (the " Effective Date "), by and among Boyd Gaming Corporation, a Nevada corporation (" Boyd " or " Buyer "), Cannery Casino Resorts, LLC, a Nevada limited liability company (" Seller" ), The Cannery Hotel and Casino, LLC, a Nevada limited liability company (" Cannery "), and Nevada Palace, LLC, a Nevada limited liability company (" Eastside ", and together with Cannery, each a " Company " and together the " Companies "). Each of Buyer, Seller, and the Companies is referred to individually as a " party " and collectively as the " parties ". Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in Section 12.01 .

WHEREAS, Seller is the beneficial and record owner of all of the issued and outstanding membership interests of the Companies (" Membership Interests ");

WHEREAS, Buyer desires to acquire from Seller, and Seller desires to sell to Buyer, all of Seller's right, title and interest in and to the issued and outstanding Membership Interests on the terms and subject to the conditions set forth herein; and

WHEREAS, the parties desire to enter into, or cause their applicable Affiliates to enter into, the Ancillary Agreements, and to perform, or cause such Affiliates to perform, their obligations thereunder as further described herein.

NOW, THEREFORE, the parties, in consideration of the premises and of the mutual representations, warranties and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

## ARTICLE I.
## PURCHASE AND SALE OF MEMBERSHIP INTERESTS

Section 1.01 Purchase and Sale of Membership Interests . Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Seller shall sell to Buyer, and Buyer shall purchase from Seller, the Membership Interests, free and clear of all Liens (other than restrictions arising under applicable securities Laws or Gaming Laws).

Section 1.02 Retention of Assets . Notwithstanding anything to the contrary contained in this Agreement, Seller and its Affiliates may retain and use, at its own expense, archival copies of all of the Contracts, books, records and other documents or materials of the Companies, in each case, which (a) are in existence on or prior to the Closing, and (b) either (x) are used in connection with Seller or its Affiliates' businesses other than the Business or (y) are, in Seller's reasonable determination, needed by Seller or its Affiliates in connection with the preparation or filing of any Tax Returns or compliance with any other Tax reporting obligations or other obligation under applicable Law, or the defense (or any counterclaim, cross-claim or similar claim in connection therewith) or prosecution of any Proceeding or investigation (including any Tax audit or examination) against or by Seller or any of its Affiliates; *provided* , that Seller shall, and shall cause its Affiliates to, hold such documents or materials relating to the Business, and all confidential or proprietary information contained therein, confidential pursuant to Section 8.12 . Notwithstanding anything to the contrary in the foregoing, subject to Section 12.13 , nothing in this Section 1.02 shall permit Seller or its Affiliates to retain any materials that, by so retaining, would cause any attorney-client privileged communications between either of the Companies and their attorneys to lose such privilege.

## ARTICLE II.
## PURCHASE PRICE

Section 2.01 Purchase Price At the Closing, as consideration for the Membership Interests, Buyer shall deliver or cause to be delivered to Seller (or its designee) by electronic transfer of immediately available funds to an account designated by Seller a cash payment equal to the sum of (a) Two Hundred Thirty Million Dollars ($230,000,000) (the " Base Purchase Price ") *plus* (b) the Estimated Adjustment (which may be a positive or negative number) *minus* (c) the Escrow Amount. The Base Purchase Price, together with the Estimated Adjustment (which may be a positive or negative number), is the " Closing Payment ."

Section 2.02 Escrow Amount . In connection with the Closing, on the Closing Date, Buyer shall deliver the Escrow Amount to the Escrow Account held by the Escrow Agent, to be governed by the terms of this Agreement and the Escrow Agreement.

Section 2.03 Tax Withholding . Seller, each Company and Buyer shall be entitled to deduct and withhold from any amounts otherwise payable under this Agreement to Seller or any other Person such amounts as are required to be deducted or withheld under the Code, or any provision of applicable Law with respect to the making of such payment. Except with respect to any compensatory payments to an employee, (a) before making any such deduction or withholding, Buyer shall give Seller prior notice of the intention to make such deduction or withholding describing the basis for such deduction or withholding, (b) Buyer shall cooperate with Seller to the extent commercially reasonable in efforts to obtain reduction of or relief from such deduction or withholding and (c) Buyer shall timely remit to the appropriate Governmental Entity any and all amounts so deducted or withheld and timely file all Tax Returns and provide to Seller such information statements and other documents required to be filed or provided under applicable Law with respect to such deduction or withholding. To the extent that amounts are so deducted and withheld and paid over to the applicable Governmental Entity, such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to Seller or such other Person in respect of which such deduction and withholding were made.

Section 2.04 Allocation For Tax purposes, the Final Purchase Price (plus any liabilities assumed by Buyer, to the extent properly taken into account under the Code) shall be allocated among the assets of the Companies in accordance with applicable Tax Law, including, to the extent applicable, Section 1060 of the Code and the Treasury regulations promulgated thereunder (and any similar provision of state, local or foreign Law, as appropriate) (the " Allocation "). Within one hundred twenty (120) days after the Closing, Buyer shall provide Seller with a draft of the Allocation for Seller's review, comment and approval. In the event the parties cannot agree on the Allocation within thirty (30) days of providing the draft Allocation, the dispute shall be resolved by the Auditor. The Allocation shall be adjusted to reflect any adjustments between the Closing Payment and the Final Purchase Price, and subsequent adjustments to the Final Purchase Price, pursuant to this Agreement in a manner consistent with the procedures set forth above. Buyer and Seller shall file all Tax Returns (including any IRS Form 8594) consistent with the foregoing Allocation, and shall take no position contrary thereto or inconsistent therewith (including in any audits or examinations by any Tax Authority or any other Proceeding), unless otherwise required by applicable Law or unless the other party consents thereto in writing, which consent shall not be unreasonably withheld or delayed, *provided* , *however* , that nothing contained herein shall prevent Buyer (or its Affiliates) or Seller (or its Affiliates) from settling any proposed deficiency or adjustment by any Tax Authority based upon or arising out of the Allocation, and neither Buyer (or its Affiliates) nor Seller (or its Affiliates) shall be required to litigate before any court any proposed deficiency or adjustment by any Tax Authority challenging such Allocation. Buyer and Seller shall cooperate in the filing of any forms (including any IRS Form 8594) with respect to such Allocation, including any amendments to such forms required pursuant to this Agreement with respect to

any adjustment to the Final Purchase Price. Not later than thirty (30) days prior to the filing of their respective IRS Form 8594s with respect to the assets of each Company relating to this Transaction, each of Buyer and Seller shall deliver to the other party a copy of its IRS Form 8594s.

## ARTICLE III.
## WORKING CAPITAL ADJUSTMENT

Section 3.01 Estimated Closing Statement .

(a) Not less than five (5) Business Days prior to the Closing Date, Seller shall prepare and deliver to Buyer a written closing statement certified by the Chief Financial Officer of Seller (the " Estimated Closing Statement ") of (i) the Estimated Closing Net Working Capital, including the resulting Estimated Closing Net Working Capital Overage (if any, expressed as a positive number) or Estimated Closing Net Working Capital Shortage (if any, expressed as a negative number), (ii) the Estimated Indebtedness, expressed as a negative number, (iii) the Estimated Transaction Expenses, expressed as a negative number and (iv) Estimated Closing Cash, expressed as a positive number, and including a reasonably detailed calculation of the components of Net Working Capital, Indebtedness, Transaction Expenses and Closing Cash, which Estimated Closing Statement shall be prepared in good faith and on a basis consistent with the preparation of the Financial Information and the calculation of Net Working Capital set forth in Exhibit B .

(b) After delivery of the Estimated Closing Statement, Seller shall, and shall cause the Companies to, (i) reasonably assist Buyer and its Representatives in Buyer's review of the Estimated Closing Statement, and (ii) give Buyer reasonable access to and copies of the books and records of Seller and the Companies and reasonable access to relevant personnel thereof (including any auditors or accountants) for the purpose of reviewing the Estimated Closing Statement. Such access rights shall be exercised during normal business hours, upon reasonable prior notice and in a manner that does not unreasonably interfere with the operations of the Companies. Seller shall consider in good faith any comments on the Estimated Closing Statement submitted by Purchaser and shall make any mutually agreed upon changes to the Estimated Closing Statement in response thereto, which version shall be delivered to Buyer at least one (1) Business Day prior to the Closing Date and shall be used at Closing as the basis for determining the Estimated Adjustment; *provided,* that if the parties do not mutually agree upon the calculations to be included in the Estimated Closing Statement, Seller's calculations shall be used at the Closing as the basis for determining the Estimated Adjustment.

(c) The sum of the Estimated Closing Net Working Capital Overage (if any), the Estimated Closing Net Working Capital Shortage (if any), the Estimated Indebtedness, the Estimated Transaction Expenses and the Estimated Closing Cash set forth on the Estimated Closing Statement shall increase the Closing Payment (if such sum is a positive number) or reduce the Closing Payment (if such sum is a negative number) pursuant to Section 2.01 . The aggregate amount of such increase or reduction to the Closing Payment, as applicable, is referred to as the " Estimated Adjustment ".

(d) At 12:01 a.m. Pacific Time on the Closing Date (or at such other day or time as mutually agreed by Buyer and Seller), the Companies shall conduct a physical count of all Cage Cash (and any other Cash required to be counted in connection with the Transaction by any Gaming Authority) held by the Companies, their Subsidiaries and the Casinos (the " Cash Count "). The Cash Count shall be conducted in accordance with the policies, procedures and methodologies mutually agreed by the parties and otherwise as set forth in this Section 3.01(d) . Each of Buyer and Seller shall be entitled to have Representatives present during the Cash Count, which Representatives shall have full access to the Cash Count proceedings and cooperate in good faith to resolve any disputes regarding the conduct of the Cash Count. The results of the

Cash Count shall, absent manifest error, be binding on the Parties for the purpose of determining the Closing Cash.

Section 3.02 Final Adjustments.

(a) Not more than sixty (60) days after the Closing Date, Buyer shall prepare and deliver to Seller a written statement certified by the Chief Financial Officer of Buyer (the " Final Closing Statement ") of the Final Closing Net Working Capital, including the resulting Final Closing Net Working Capital Overage (if any) or Final Closing Net Working Capital Shortage (if any), the Final Indebtedness, the Final Transaction Expenses and the Final Closing Cash, and including a reasonably detailed calculation of the various amounts of each component of Net Working Capital, Indebtedness, Transaction Expenses and Closing Cash, which Final Closing Statement shall be prepared in good faith and on a basis consistent with the preparation of the Financial Information and the calculation of Net Working Capital set forth in Exhibit B . Calculations, estimates, amounts and other information used by Buyer to prepare the Final Closing Statement shall not reflect or take into account developments between the Closing Date and the date of preparation or completion of the Final Closing Statement except for any conditions that existed prior to the Closing Date. Any such amounts determined to be payable pursuant to the Final Closing Statement shall be paid to either Seller (in the case of an increase to the Closing Payment) or Buyer (in the case of a decrease to the Closing Payment) pursuant to Section 3.02(d) (the " Final Adjustment "). The Closing Payment, as adjusted by the Final Adjustment, is referred to as the " Final Purchase Price ".

(b) If Seller disagrees in whole or in part with the calculation of any amounts on the Final Closing Statement, Seller shall, within thirty (30) days after its receipt of the Final Closing Statement, notify Buyer of such disagreement in writing, setting forth in detail the particulars of such disagreement. Any amounts on the Final Closing Statement not disputed in writing by Seller within thirty (30) days after receipt of the Final Closing Statement shall be final, binding and conclusive for purposes of this Agreement. Buyer will provide Seller reasonable access to the Companies' books and records (including work papers and source documents) and relevant personnel (including the Companies' auditors, accountants and other consultants) not otherwise available to Seller as a result of the Transaction, to the extent reasonably related to Seller's review of the Final Closing Statement. If any such notice of disagreement is timely provided, Buyer and Seller shall use commercially reasonable efforts for a period of ten (10) Business Days (or such longer period as they may mutually agree) to, in good faith, attempt to resolve any disagreements with respect to the calculation of any amounts set forth in the Final Closing Statement. If, at the end of such period, the parties are unable to fully resolve the disagreements, the parties shall refer the matter to Pricewaterhouse Coopers LLP (the " Auditor ") to resolve any remaining disagreements. The Auditor shall be instructed to (i) consider only such matters as to which there is a disagreement and will not assign any value to any item greater than the greatest value claimed for such item by either Seller or Buyer or less than the smallest value claimed for such item by either Seller or Buyer, (ii) determine, as promptly as practicable, whether the disputed amounts set forth in the Final Closing Statement were prepared in accordance with the standards set forth in this Agreement, and (iii) deliver, as promptly as practicable, but in any event within forty-five (45) days of the end of such 10-Business Day period (or such longer period as the parties may have mutually agreed), to Seller and Buyer its determination in writing. The resolution for each disputed item contained in the Auditor's determination shall be made subject to the definitions and principles set forth in this Agreement. Seller and Buyer shall bear their own expenses in the preparation and review of the Estimated Closing Statement and Final Closing Statement, except that the fees and expenses of the Auditor shall be paid one-half by Buyer and one-half by Seller. The determination of the Auditor shall be final, binding and conclusive for purposes of this Agreement and not subject to any further recourse by Buyer, Seller or their respective Affiliates, absent manifest error or fraud by Buyer, Seller or the Auditor. The date on which an amount set forth on the Final

Closing Statement is finally determined in accordance with this Section 3.02(b) is hereinafter referred to as the " Determination Date ."

(c) In the event the Auditor refuses engagement under this Section 3.02 , Buyer and Seller shall mutually agree on another nationally recognized firm of certified public accountants having no material relationship with the Companies, Buyer, Seller or their respective Affiliates to resolve any disputes regarding the Final Closing Statement according to Section 3.02(b) . If within thirty (30) days, Buyer and Seller fail to mutually agree on such firm, Buyer and Seller shall thereafter cause the American Arbitration Association to appoint the firm, and in making its determination with respect to such appointment, the American Arbitration Association shall take into account, and attempt to avoid appointing an accounting firm with any significant preexisting relationship with any of the Companies, Buyer or Seller or their respective Affiliates. The firm selected in accordance with this Section 3.02(c) shall be the " Auditor " for the purposes of this Agreement.

(d) If the Final Adjustment is less than the Estimated Adjustment, then within two (2) Business Days after the Determination Date, Seller shall pay Buyer such shortfall, via wire transfer of immediately available funds to an account designated in writing by Buyer. If the Final Adjustment is greater than the Estimated Adjustment, then within two (2) Business Days after the Determination Date, Buyer shall pay Seller such excess, via wire transfer of immediately available funds to an account designated in writing by Seller. If there is no difference between the Final Adjustment and Estimated Adjustment, then there will be no adjustment to the Closing Payment pursuant to this Section 3.02 .

Section 3.03 Accounts Receivable; Accounts Payable; Deposits

(a) Accounts Receivable . After the Closing, Seller shall promptly deliver to Buyer any cash, checks or other property that it or any of its Affiliates receive to the extent relating to the Accounts Receivable of the Business. After the Closing, Buyer shall promptly cause the Companies to deliver to Seller any cash, checks or other property that the Companies or their Subsidiaries receive to the extent relating to any Accounts Receivable not related to the Business. Neither party nor its Affiliates shall agree to any settlement, discount or reduction of the Accounts Receivable belonging to the other party. Neither party nor its Affiliates shall assign, pledge or grant any security interest in the Accounts Receivable of the other party.

(b) Accounts Payable . Each party and its Affiliates will promptly deliver to the other a true copy of any invoice, written notice of accounts payable or written notice of a dispute as to the amount or terms of any accounts payable received from the creditor of such accounts payable to the extent such accounts payable is owed by the other party. Should either party discover it has paid an accounts payable belonging to the other party, then Buyer or Seller, as applicable, shall provide written notice of such payment to the other party and the other party shall promptly reimburse the party that paid such accounts payable all amounts listed on such notice.

(c) Customer Deposits . Customer Deposits received by the Companies or their Subsidiaries relating to rooms, services and/or events relating to the period from and after the Closing shall be retained by the Companies at the Closing and included in the calculation of the Estimated Net Working Capital and Final Closing Net Working Capital. Prior to the Closing, Seller shall cause all Customer Deposits relating to the period from and after the Closing to be in the possession of the Companies or their Subsidiaries (and as such not in the possession of Seller). " Customer Deposits " include all security and other deposits, advance or pre-paid rents or other amounts and key money or deposits (including any interest thereon).

## ARTICLE IV.
## CLOSING

Section 4.01 Time and Place . Unless this Agreement is earlier terminated pursuant to Article X , the closing of the Transaction, including the purchase and sale of the Membership Interests (the " Closing "), shall take place at 10:00 a.m., Eastern Time, on either (i) if the satisfaction or waiver (to the extent legally permissible) by the applicable party of the conditions set forth in Article IX (other than those conditions to be satisfied or waived (to the extent legally permissible) at or upon the Closing) occurs on a date that is more than ten (10) days from the beginning of the next calendar month, then the date that is three (3) Business Days following such satisfaction or waiver or (ii) if the satisfaction or waiver (to the extent legally permissible) by the applicable party of the conditions set forth in Article IX (other than those conditions to be satisfied or waived (to the extent legally permissible) at or upon the Closing) occurs on a date that is ten (10) days or less from the beginning of the next calendar month, then on the first Business Day of such next calendar month, at the Los Angeles offices of Latham & Watkins LLP located at 355 South Grand Avenue, Los Angeles, California, unless another time, date or place is agreed to in writing by Buyer and Seller (the " Closing Date "), to be effective as of 12:01 a.m., Pacific Time, on the Closing Date.

Section 4.02 Deliveries and Actions by the Companies and Seller at Closing . At or prior to the Closing, the Companies and/or Seller shall deliver, or shall cause to be delivered, to Buyer:

(a) Seller Certificate . The certificate required by Section 9.02(a) .

(b) Membership Interests . An Assignment of Membership Interests substantially in the form attached as Exhibit A (the " Assignment of Membership Interests ") conveying to Buyer all of the Membership Interests.

(c) Resignations . Resignations, effective as of the Closing Date, of (i) all directors of the Companies and (ii) those officers of the Companies as Buyer may request in writing no less than five (5) Business Days prior to the Closing Date.

(d) Good Standing Certificates . A certificate of good standing of Seller and each of the Companies in each case, issued as of a date not earlier than ten (10) days prior to the Closing Date by the Secretary of State of the State in which Seller or each Company, as applicable, is incorporated or organized.

(e) Secretary's Certificates . A certificate of the secretary of Seller and each Company, dated the Closing Date, in form and substance reasonably satisfactory to Buyer, certifying as to: (i) the Governing Documents of Seller and the Companies, (ii) that there have been no amendments to such Governing Documents and that such Governing Documents are in full force and effect as of the Closing Date, (iii) the resolutions of the board of directors, or the equivalent governing body if Seller or any Company is not a corporation, of Seller and each Company authorizing the Transaction and the execution, delivery and performance of this Agreement and each Ancillary Agreement to which Seller or any Company is a party, and (iv) specimen signatures and incumbency of all officers of Seller and the Companies authorized to execute this Agreement and each Ancillary Agreement.

(f) Payoff Letters; Release of Guarantees; UCC-3 Termination Statements . Letters or releases, in form and substance reasonably satisfactory to Buyer, either (i) evidencing that all Indebtedness of the Companies and their Subsidiaries will be paid in full at the Closing upon the payment of the amount set forth in such letter or (ii) otherwise providing that the Companies and their Subsidiaries will be released from such Indebtedness upon the Closing, and, in each case, authorizing the Companies, Buyer or any of their respective

agents to file at the Closing UCC-3 termination (or in the case of Seller, amendment) or any other applicable lien termination document (or obligating the holder of such liens to do so) with respect to any Lien associated with such Indebtedness (including Liens on the Membership Interests securing any Indebtedness of Seller).

(g) Title Affidavits . Such affidavits as the Title Insurer may reasonably require in order to omit from the New Title Policies all exceptions for parties in possession claiming through Seller, the Companies or their respective Subsidiaries other than under the rights to possession granted under the Third Party Leases and such other affidavits as the Title Insurer may reasonably require to issue a non-imputation endorsement for each New Title Policy.

(h) FIRPTA Certificate . A properly completed and executed certificate of non-foreign status of Seller satisfying the requirements of Treasury Regulation Section 1.1445-2(b)(2).

(i) Other Documents . Any other documents, instruments or agreements which are reasonably requested by Buyer that are necessary to consummate the Transaction and have not previously been delivered

Section 4.03 Deliveries and Actions by Buyer at Closing . At or prior to the Closing, Buyer shall deliver to Seller:

(a) Closing Payment . The Closing Payment by wire transfer of immediately available funds to an account designated by Seller; *provided* , *however* , that Seller may direct Buyer to pay a portion of the Closing Payment to lenders to repay outstanding Indebtedness of the Companies or their Subsidiaries.

(b) Buyer Certificate . The certificate required by Section 9.03(c) .

(c) Good Standing Certificates . A certificate of good standing of Buyer, issued as of a date not earlier than ten (10) days prior to the Closing Date by the Secretary of State of the State in which Buyer is incorporated or organized.

(d) Secretary's Certificates . A certificate of the secretary of Buyer, dated the Closing Date, in form and substance reasonably satisfactory to Seller, certifying as to: (i) the Governing Documents of Buyer, (ii) that there have been no amendments to such Governing Documents and that such Governing Documents are in full force and effect as of the Closing Date, (iii) the resolutions of the board of directors, or the equivalent governing body if Buyer is not a corporation, of Buyer authorizing the Transaction and the execution, delivery and performance of this Agreement and each Ancillary Agreement to which Buyer is a party, and (iv) specimen signatures and incumbency of all officers of Buyer authorized to execute this Agreement and each Ancillary Agreement.

(e) Other Documents . Any other documents, instruments or agreements which are reasonably requested by Seller that are necessary to consummate the Transaction and have not previously been delivered.

## ARTICLE V.
## REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer, as of the date hereof and as of the Closing, as follows, except as expressly set forth herein and in the corresponding section of the disclosure letter with respect to the representations and warranties of Seller contained in this Article V delivered by Seller to Buyer herewith (the " Seller Disclosure Letter "). The Seller Disclosure Letter shall be arranged in sections and subsections corresponding to the numbered and lettered sections and subsections contained in this Agreement and the

disclosure in any section or subsection shall, to the extent reasonably apparent on its face that the matter disclosed is relevant to another section or subsection in this Article V, qualify such other section or subsection.

Section 5.01 Organization of Seller. Seller is duly organized or incorporated, as applicable, and validly existing under the laws of its state of organization or incorporation, as applicable, and has all requisite power and authority to own, lease and operate its assets and to carry on its business as now being conducted. Seller is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary. The Companies are wholly-owned Subsidiaries of Seller.

Section 5.02 Authority; No Conflict; Required Filings and Consents.

(a) Seller has all requisite power and authority to enter into this Agreement and each of the Ancillary Agreements to which it is a party and to consummate the Transaction and perform its obligations hereunder and thereunder. Seller's execution and delivery of this Agreement and each Ancillary Agreement to which it is a party and the consummation by Seller of the Transaction and performance of its obligations hereunder and thereunder have been duly authorized by all necessary action on the part of Seller. This Agreement has been, and each Ancillary Agreement will be at or prior to the Closing, duly executed and delivered by Seller and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, this Agreement constitutes, and each Ancillary Agreement when so executed and delivered will constitute, the valid and binding obligation of Seller, enforceable against Seller in accordance with their respective terms, subject, as to enforcement, to (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereinafter in effect affecting creditors' rights generally and (ii) general principles of equity.

(b) The execution and delivery by Seller of this Agreement and each Ancillary Agreement to which it is a party does not, and the consummation by Seller of the Transaction and the compliance by Seller with any provisions hereof or thereof will not, (i) materially conflict with or result in any material violation or material default under (with or without notice or lapse of time, or both), or require a consent or waiver under, (A) any provision of the Governing Documents of Seller, or (B) any Material Contract to which Seller is a party, (ii) result in the creation of any Lien (other than Permitted Liens) on any of the Purchased Assets pursuant to any Contract to which any Seller is a party, or (iii) subject to the governmental filings and other matters referred to in Section 6.02(c), violate any Permit, Order or Law applicable to Seller.

(c) No Permit or Order or authorization of, or registration or filing with, any Governmental Entity, is required by or with respect to Seller in connection with the execution and delivery of this Agreement or the Ancillary Agreements by Seller, the compliance by Seller with any of the provisions hereof or thereof, or the consummation by Seller of the transactions to which it is a party that are contemplated hereby, except for (i) any approvals and filing of notices required under the Gaming Laws and (ii) filings and other application requests under the HSR Act.

Section 5.03 Title to Membership Interests. Seller is the record and beneficial owner of all Membership Interests, free and clear of all Liens (other than Permitted Liens securing Indebtedness of Seller) or any other restrictions on transfer other than restrictions on transfer arising under applicable securities Laws and Gaming Laws. Neither Seller nor any other Person is the record or beneficial owner of any membership interest in the Companies, other than the Membership Interests. Upon the Closing, (a) Seller will deliver to Buyer good, valid, and marketable title to such Membership Interests, free and clear of any Liens (other than restrictions arising under applicable securities Laws or Gaming Laws), and (b) neither Seller nor any other Person (other than Buyer) will own any of, or have any interest in, the Membership Interests or any other

equity interest in either of the Companies. Prior to the date hereof, Seller has not, and immediately prior to the Closing, Seller will not have, other than the Permitted Liens granted to the Lenders under its existing credit facilities as in effect on the date of this Agreement to secure Indebtedness of Seller, transferred any interest or right in the Membership Interests or in any Company to any Person (other than Buyer) or granted any other Person (other than Buyer) any option to purchase or any other rights of any nature whatsoever in or to any of the Membership Interests. Seller is not a party to any voting trust, proxy, or any other similar agreement with respect to the Membership Interests or any membership interest in any Subsidiary of the Companies.

Section 5.04 Litigation . There is no material Proceeding against Seller, pending or, to Seller's Knowledge, threatened against, Seller before any Governmental Entity, nor, to the Seller's Knowledge, as of the date of this Agreement, is there any reasonable basis for any claim that would have or would reasonably be expected to have an adverse effect on Seller's ability to perform its obligations under this Agreement or the other Ancillary Agreements to which Seller is a party or to consummate the transactions contemplated hereby or thereby.

## ARTICLE VI.
## RERESENTATIONS AND WARRANTIES WITH RESPECT TO THE COMPANIES

Seller hereby represents and warrants to Buyer, as of the date hereof and as of the Closing, as follows, except as expressly set forth herein and in the corresponding section of the disclosure letter with respect to the representations and warranties of Seller contained in this Article VI , delivered by Seller to Buyer herewith (the " Company Disclosure Letter "). The Company Disclosure Letter shall be arranged in sections and subsections corresponding to the numbered and lettered sections and subsections contained in this Agreement and the disclosure in any section or subsection shall, to the extent reasonably apparent on its face that the matter disclosed is relevant to another section or subsection in this Article VI , qualify such other section or subsection.

Section 6.01 Organization of the Companies; Capitalization .

(a) Each of the Companies and their Subsidiaries is duly organized and validly existing under the laws of its state of organization, and has all requisite power and authority to own, lease and operate its assets and to carry on the Business as now being conducted. The Companies have no Subsidiaries other than those listed in Section 6.01 of the Company Disclosure Letter. Each of the Companies and their Subsidiaries is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, and the State of each such qualification is set forth on Section 6.01(a) of the Company Disclosure Letter.

(b) Section 6.01(b) of the Company Disclosure Letter lists every state or foreign jurisdiction in which any of the Companies or their Subsidiaries has facilities, maintains an office, owns any material tangible assets or has any employees.

(c) All of the membership interests and capital stock of the Companies and each of their Subsidiaries are duly authorized, validly issued, fully paid and non-assessable and were issued in compliance with all applicable Laws. All of the membership interests and capital stock of the Companies and each of their Subsidiaries are directly (in the case of the Companies) or indirectly (in the case of the Companies' Subsidiaries) owned beneficially and of record by Seller. No Person has any rights in, or rights to acquire from any of the Companies or any of their Subsidiaries, any other equity related interests of the Companies

or such Subsidiaries or any other securities convertible into, or exercisable or exchangeable for, equity interests of the Companies or such Subsidiaries. There are no outstanding options, warrants or other securities or subscription, preemptive or other rights convertible into or exchangeable or exercisable for any equity or voting interests of the Companies or any of their Subsidiaries and there are no "phantom stock" rights, stock appreciation rights or other similar rights with respect to the Companies or such Subsidiaries.

(d) Neither of the Companies nor any of their Subsidiaries is under any contractual obligation to register under the Securities Act of 1933, as amended, any membership interest or any other securities of the Companies or any of their Subsidiaries.

(e) Neither of the Companies has since the date of its organization repurchased, redeemed or otherwise reacquired (or agreed, committed or offered (in writing or otherwise) to repurchase, redeem or otherwise reacquire) any of its membership interests.

(f) There are no membership interests or any other form of equity of the Companies or their Subsidiaries reserved for issuance. There are no outstanding subscriptions, options, warrants, rights or other agreements or commitments to issue, grant, deliver, sell, repurchase or redeem, or cause to be issued, delivered, sold, repurchased or redeemed, any membership interests or any other form of equity of the Companies or their Subsidiaries to any Person.

(g) Section 6.01(g) of the Company Disclosure Letter sets forth a list, as of the date hereof, of all Indebtedness owed by either of the Companies or any of their Subsidiaries (including any guarantees of a Company or its Subsidiaries) and the outstanding amount of such Indebtedness as of the date hereof.

Section 6.02 Authority; No Conflict; Required Filings and Consents .

(a) Seller has made available to Buyer an accurate and complete copy of the Governing Documents of the Companies and each of their Subsidiaries, each as amended as of the date hereof and in full force and effect as of the date hereof. No Company has violated its Governing Documents in any material respect. Each Company has all requisite power and authority to enter into this Agreement and each of the Ancillary Agreements to which it is a party, to consummate the Transaction and to perform each of its obligations under this Agreement and each of the Ancillary Agreements to which it is a party. Each Company's execution and delivery of this Agreement and each Ancillary Agreement to which any Company is a party and the consummation by each Company of the Transaction have been duly authorized by all necessary action on the part of each Company. This Agreement has been, and each Ancillary Agreement to which any Company is a party will be at or prior to Closing, duly executed and delivered by each Company and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, this Agreement constitutes, and each such Ancillary Agreement, when so executed and delivered, will constitute the valid and binding obligations of the Companies, enforceable against the Companies in accordance with their respective terms, subject, as to enforcement, to (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws now or hereinafter in effect affecting creditors' rights generally and (ii) general principles of equity.

(b) Except as set forth in Section 6.02(b) of the Company Disclosure Letter, the execution and delivery by the Companies of this Agreement and each Ancillary Agreement to which any Company is a party, the consummation by each Company of the Transaction, and the compliance of each Company with any provisions hereof or thereof, does not and will not, (i) materially conflict with or result in any material violation of or material default under (with or without notice or lapse of time, or both), or require a consent or waiver under, or give rise to a right of notice, termination, cancellation, modification or acceleration of any material obligation or loss of any material benefit under, or result in the imposition or creation of any

Lien (other than a Permitted Lien) upon the Membership Interests or any of the Companies' or any of their Subsidiaries' properties or assets (tangible or intangible) under, (A) any provision of the Governing Documents of the Companies, or (B) any Material Contract to which any Company is a party, or (ii) subject to the governmental filings and other matters referred to in clause (c) hereof, materially violate any Permit, Order or Law applicable to any Company.

(c) No Permit, Order or authorization of, or registration, declaration or filing with, or notice to, any Governmental Entity is required by or with respect to either Company in connection with the execution and delivery of this Agreement or the Ancillary Agreements by the Companies, the compliance by the Companies with any of the provisions hereof or thereof, or the consummation by any Company of the transactions to which it is a party that are contemplated hereby or thereby, except for any approvals and filing of notices required under the Gaming Laws.

Section 6.03 Financial Statements .

(a) Section 6.03 of the Company Disclosure Letter contains true and complete copies of the unaudited financial statements of Cannery as of and for the years ended December 31, 2014 and December 31, 2015, the unaudited financial statements of Eastside as of and for the years ended December 31, 2014 and December 31, 2015, the unaudited financial statements of Cannery as of and for the three month period ended March 31, 2016 and the unaudited financial statements of Eastside as of and for the three month period ended March 31, 2016 (collectively, the " Financial Information "). Except as noted therein, the Financial Information was prepared on a basis consistent with the audited financial statements of Seller and the Financial Information (as specifically defined in the immediately preceding sentence) fairly presents, in all material respects, the financial position and results of operations of the Companies as of such dates and for such periods.

(b) Neither the Companies nor their Subsidiaries has any Liability, other than (a) Liabilities to the extent shown on the Financial Statements or disclosed in the notes thereto and (b) Liabilities incurred in the Ordinary Course of Business. The books and records of the Company in all material respects are complete and correct, and represent actual, bona fide transactions.

(c) The Companies and their Subsidiaries maintain a system of internal controls over financial reporting and accounting sufficient to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes, including to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets that could have a material effect on the Companies' or their Subsidiaries' financial statements is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(d) None of the Companies nor any of their Subsidiaries has received from its independent auditors any oral or written notification of a (x) "significant deficiency" or (y) "material weakness" in its internal controls.

(e) All of the accounts receivable of the Companies and their Subsidiaries represent bona fide transactions that arose in the Ordinary Course of Business and are carried at values determined in accordance with GAAP consistently applied. Any allowance for collection losses was established in the Ordinary Course of Business in accordance with GAAP. No Person has any Lien (other than a Permitted Lien) on any accounts

receivable of either of the Companies or any of their Subsidiaries, and, other than in the Ordinary Course of Business, no request or agreement for deduction or discount has been made with respect to any such accounts receivable.

(f) Section 6.03(f) of the Company Disclosure Letter sets forth an accurate and complete breakdown of (i) the outstanding accounts payable and accrued expenses of each Company as of March 31, 2016; and (ii) any customer deposits or other deposits held by each Company as of March 31, 2016.

(g) All outstanding accounts payable of each of the Companies and their Subsidiaries represent valid obligations arising from bona fide purchases of assets or services, which assets or services have been delivered to the applicable Company or its Subsidiary to the extent such delivery is required by the Contract governing the provision of such assets or services. Since January 1, 2016, each of the Companies and their Subsidiaries has paid all of its accounts payables in the Ordinary Course of Business and has not delayed or renegotiated payment of, or refused to pay, any of its accounts payables, except in the Ordinary Course of Business.

Section 6.04 Taxes.

(a) The Companies and their Subsidiaries have timely filed or caused to be filed (taking into account any extension of time within which to file) with the appropriate Tax Authorities all income Tax Returns and other material Tax Returns required to be filed by, or with respect to, each such entity and all such Tax Returns are complete and accurate in all material respects. The Companies and their Subsidiaries have timely paid or have had paid on their behalf all Taxes shown as due and owing on such Tax Returns or on subsequent assessments with respect thereto, and no other material Taxes are due and payable by the Companies or their Subsidiaries with respect to any period ending prior to the date of this Agreement. The amount of the Companies' and their Subsidiaries' unpaid Taxes for all taxable periods (including portions thereof) ending on or prior to March 31, 2016 will not materially exceed the amount of the reserve for Taxes reflected in the Financial Information. Since March 31, 2016, neither the Companies nor their Subsidiaries have incurred any material liability for Taxes as a result of transactions outside the Ordinary Course of Business.

(b) There are no Proceedings with any Tax Authority presently ongoing or pending in respect of any material Taxes of the Companies or their Subsidiaries, and no audit of any Tax Return of the Companies or their Subsidiaries has been threatened in writing by any Tax Authority. There are no material deficiencies for Taxes with respect to the Companies or their Subsidiaries that have been claimed, proposed or assessed in writing by any Tax Authority, which deficiencies have not yet been settled, except for such deficiencies that are being contested in good faith by appropriate Proceedings and as to which adequate reserves have been established. No written claim has ever been made by any Tax Authority in a jurisdiction where any of the Companies or their Subsidiaries does not file Tax Returns that any of them is or may be subject to taxation by that jurisdiction.

(c) There are no outstanding waivers extending the statute of limitation relating to a Tax assessment or deficiency of the Companies or their Subsidiaries.

(d) There are no Liens for Taxes upon the assets or properties of the Companies other than Permitted Liens.

(e) There are no Tax allocation or sharing agreements, Tax indemnity agreements or similar arrangements involving, on the one hand, the Companies or any of their Subsidiaries and, on the other hand,

a Person other than the Companies or any of their Subsidiaries, except for customary gross-up or indemnification provisions in credit agreements, derivatives, leases or similar commercial agreements entered into in the Ordinary Course of Business.

(f) The Companies and their Subsidiaries have withheld and paid to the applicable Tax Authorities all material amounts required to be withheld from amounts owing to any employee, creditor, shareholder, independent contractor or third party.

(g) Each Company and each of their Subsidiaries is, and has been at all times since its inception, properly classified as an entity disregarded as separate from Seller for U.S. federal income tax purposes.

(h) As of the Closing, no amount or benefit that will be received as a result of or in connection with the execution and delivery of this Agreement or the consummation of the Transaction (whether alone or in connection with any other event) by any employee, officer, director or other service provider of the Companies or any of their Subsidiaries who is a "disqualified individual" (as such term is defined in Treasury Regulations Section 1.280G-1) with respect to any such entity could reasonably be expected to be an "excess parachute payment" or not be deductible, in each case, under Section 280G of the Code. No Employee Benefit Plan or Contract provides for the gross-up, reimbursement or indemnification of any Taxes imposed by Section 4999 of the Code.

(i) Neither the Companies nor any of their Subsidiaries has any liability for Taxes of any other person, whether by reason of the application of Treasury Regulation Section 1.1502-6 (or similar provision of state, local or foreign Law), as a transferee or successor, by contract or otherwise.

Section 6.05 Real Property .

(a) The Companies or their Subsidiaries have fee title to the Real Property described in Section 6.05(a) of the Company Disclosure Letter (collectively, including all land, and all interests in buildings, structures, improvements and fixtures located thereon, " Owned Real Property "), and the Real Property so described (together with the easements and other rights and interests appurtenant thereto) constitutes all of the Real Property owned by the Companies or their Subsidiaries or used in connection with the Business other than as set forth in Section 6.05(b) . Section 6.05(a) of the Company Disclosure Letter sets forth a complete list of the applicable owner of record and all addresses and tax parcel numbers for each parcel of Owned Real Property, together with a list of the Existing Title Policies and Title Commitments. With respect to each parcel of the Owned Real Property: (i) a Company (as applicable) has good and insurable fee simple title to the Owned Real Property except for the Permitted Liens and is in lawful possession of the Owned Real Property, (ii) there are no outstanding options, rights of first offer, rights of reverter, or rights of first refusal to purchase the Owned Real Property or any portion thereof or interest therein, and (iii) other than Third Party Leases, neither Company is a party to any Contract for the purchase, sale, exchange, or transfer of any interest in the Owned Real Property.

(b) All Real Property leased by the Companies or their Subsidiaries and all Real Property leased by Seller and used in the Business (the " Leased Real Property ") is described in Section 6.05(b) of the Company Disclosure Letter, including, without limitation, all Real Property ground leased by the Companies or their Subsidiaries and all Real Property ground leased by Seller and used in the Business (the " Ground Leased Property "). None of the Companies or their Subsidiaries use or occupy any real property other than the Real Property identified in Sections 6.05(a) and Section 6.05(b) of the Company Disclosure Letter and, in each case, any easements and other rights in interests appurtenant thereto. Section 6.05(b) of the Company Disclosure Letter sets forth a complete and accurate list of all Leased Real Property, including the date of

each lease (each, a " Lease "). Seller has made available to Buyer true, correct and complete copies of each Lease in Seller's (or applicable Company's) possession. To Seller's Knowledge, each Company that is party to a Lease is in lawful possession of the Leased Real Property, subject only to Permitted Liens. With respect to the Leases: (i) to Seller's Knowledge all Leases are in full force and effect in accordance with their terms; (ii) as of the date of this Agreement, none of the Companies nor Seller nor, to Seller's Knowledge, any other party to any Lease is in breach or default under any Lease; (iii) to Seller's Knowledge, no event has occurred which, with notice or lapse of time, would constitute such a breach or default or permit termination, modification, or acceleration of rent under any Lease.

(c) Section 6.05(c) of the Company Disclosure Letter is a complete and accurate list as of the Effective Date of all leases, licenses and other agreements which permit any third party to use or occupy any portions of the Real Property (excluding hotel rooms, meeting rooms, banquet rooms and other hotel/casino facilities in the Ordinary Course of Business) (the " Third Party Leases "), including a complete, accurate and current rent roll (including but not limited to any security deposits) for the Third Party Leases (the " Rent Roll "). The Rent Roll sets forth any arrearages in the payment of rent thereunder as of the date of the Rent Roll. Except for the Third Party Leases, as of the Effective Date, none of the Companies has either leased or otherwise granted to any Person the right to use or occupy the Real Property or any portion thereof except for licensing of hotel, meeting and banquet rooms and other hotel/casino facilities in the Ordinary Course of Business. As of the Effective Date, to Seller's Knowledge, each Third Party Lease is valid, binding, enforceable and in full force and effect in accordance with its terms. Seller has made available to Purchaser complete and accurate copies of each Third Party Lease as of the Effective Date. Each Company is in material compliance with all Laws with respect to all security deposits it has received. To Seller's Knowledge, no Company owes or will owe any brokerage commissions in respect of the Third Party Leases.

(d) Except as set forth in Section 6.05(d) of the Company Disclosure Letter or in the Existing Title Policies and Title Commitments set forth in Section 6.05(a) of the Company Disclosure Letter, no Owned Real Property is subject to any Lien that is not a Permitted Lien.

(e) There are no condemnation proceedings or eminent domain proceedings pending or, to Seller's Knowledge, threatened against any Real Property.

(f) Neither Seller nor the Companies has received any written notice of any material default under any covenant, easement or restriction affecting or encumbering any Real Property or any portion thereof that remains outstanding and uncured as of the date hereof.

(g) Other than pursuant to this Agreement, neither Seller nor the Companies has entered into any currently effective Contract for the sale of any Real Property or any portion thereof.

(h) As of the Effective Date, the use of all buildings, structures, fixtures, fences, walls, paving, parking areas, driveways, walkways, plazas, landscaping, permanently affixed utility systems and other improvements existing, located on or attached to the Real Property (collectively, the " Improvements ") is, and the Improvements themselves are, in substantial conformity with or excused from conformity with, all applicable zoning laws, and neither Seller nor the Companies has received written notice of a material violation thereof. As of the Effective Date, neither Seller nor the Companies has received written notice of any currently proposed or pending assessment on the Real Property for public improvements or otherwise.

(i) Seller has made available to Buyer complete copies of the most recent surveys and licenses, title insurance policies in Seller's possession with respect to the Real Property.

(j) No Real Property is in a designated wetland, flood plain or flood insurance area, including, without limitation, any area determined by the Department of Housing and Urban Development to be in a flood zone under the Federal Flood Protection Act of 1973.

(k) The Companies use the Real Property and the Improvements in material compliance with applicable Laws.

(l) Neither Company has exercised any currently existing options to purchase any real property, including, without limitation, any Leased Real Property.

Section 6.06 Intellectual Property .

(a) Section 6.06(a) of the Company Disclosure Letter sets forth a correct and complete list as of the date of this Agreement of the (i) patents and patent applications, (ii) trademarks, service marks and trade name registrations and applications for registration thereof, (iii) copyright registrations and applications for registration thereof, and (iv) internet domain name registrations and applications or filings for registrations thereof, in each case that are owned by the Companies or any of their Subsidiaries, including for each item listed, as applicable, the owner, the jurisdiction, the application number, the registration number, the filing date, the issuance/registration date, and for each domain name registration, the applicable domain name registrar, the name of the registrant (collectively " Registered Company Intellectual Property "). Section 6.06(a) of the Company Disclosure Letter also sets forth a list of any unregistered service marks or trademarks used by the Companies or any of their Subsidiaries. None of the Registered Company Intellectual Property is subject to any interference, derivation, reexamination (including ex parte reexamination, inter partes reexamination, inter partes review, post grant review) cancellation, or opposition proceeding.

(b) The Companies or any of their Subsidiaries are the sole and exclusive owner of all right, title and interest in and to the Owned Company IP, free and clear of all Liens (other than Permitted Liens). All Licensed IP material to the conduct of the Business is validly licensed to the Companies or their Subsidiaries. The Owned Company IP and the Licensed IP constitute all of the Intellectual Property necessary and sufficient to enable the Company and its Subsidiaries to conduct the Business as currently conducted in all material respects. The Company Intellectual Property owned by or exclusively licensed to the Companies or any of their Subsidiaries is, to the Knowledge of Seller, valid and enforceable.

(c) To Seller's Knowledge, neither the conduct of the Business nor any Company Offering has been or is (i) infringing (or inducing infringement), misappropriating, diluting, using without authorization, or otherwise violating any Intellectual Property of any third Person, or (ii) constituting unfair competition with respect to assertions of intellectual property infringement.

(d) The Companies and their Subsidiaries have not received any written (or, to the Knowledge of Seller, unwritten) notice from any Person alleging any infringement, misappropriation, misuse, dilution, or violation of rights in Intellectual Property, unfair competition concerning rights in Intellectual Property or unauthorized use or disclosure of any Company Intellectual Property. To Seller's Knowledge, no Person is infringing, misappropriating, misusing, diluting or violating any Company Intellectual Property owned by or exclusively licensed to the Companies or any of their Subsidiaries, or Company Offering, and neither the Companies nor their Subsidiaries have made any written claim against any Person alleging any of the foregoing.

(e) The Companies and each of their Subsidiaries have taken commercially reasonable measures to protect all material Proprietary Information of the Companies or any of their Subsidiaries, as well as all

Proprietary Information of any third Person with respect to which the Companies or any of their Subsidiaries have a confidentiality obligation.

(f) Neither this Agreement nor the Transactions will result in (i) the loss or impairment of any right of the Companies or any of their Subsidiaries to own, use, practice or otherwise exploit any Intellectual Property material to the conduct of the Business as currently conducted, or (ii) any of the Company, their Subsidiaries or Buyer (or any affiliate of Buyer) granting to any Person any ownership interest in, or any license, covenant not to sue, assignment, immunity, release, authorization, permission or any other right, permission or other right under any Intellectual Property of any of the Companies or their Subsidiaries. Neither this Agreement nor the Transactions will, pursuant to any Contract to which the Companies or any of their Subsidiaries is a party or otherwise bound, result (or purport to result) in Buyer or its Intellectual Property being encumbered by or subject to any restriction on the operation of its business, including but not limited to exclusive rights or non-competition restrictions.

(g) Since January 1, 2013, (i) there has been no failure with respect to any IT Systems that has had a material effect on the operations of the Companies or any of their Subsidiaries and (ii) to Seller's Knowledge, there has been no unauthorized access to or use of any IT Systems (or any Software, information or data stored on any IT Systems).

(h) To Seller's Knowledge, all use of the Social Media Accounts by the Companies or their Subsidiaries complies with and has complied with all (i) terms and conditions and other Contracts applicable to such Social Media Accounts to which the Companies or any of their Subsidiaries is a party or is otherwise bound and (ii) applicable Law.

Section 6.07 Agreements, Contracts and Commitments .

(a) Except for Contracts that are terminable by the Companies, their Subsidiaries or Seller (as applicable) upon sixty (60) days' notice or less without penalty and further except for any Employee Benefit Plans, Section 6.07(a) of the Company Disclosure Letter sets forth as of the date of this Agreement, a complete, accurate and current list of any Contract of the following type to which any of the Companies or their Subsidiaries, or solely with respect to subsections (xxiii) and (xxiv) Seller (as applicable), is a party (collectively the " Material Contracts "):

(i) any Contract providing for aggregate annual payments to or by the Companies or their Subsidiaries in excess of One Hundred Thousand Dollars ($100,000), other than Gaming Equipment Contracts;

(ii) any Contract which may not be terminated by the Companies or any of their Subsidiaries within twelve (12) months from the date of this Agreement without the Companies or any of their Subsidiaries being obligated to pay any penalty, premium or additional payments in amounts greater than One Hundred Thousand Dollars ($100,000) in respect of such Contract;

(iii) any dealer, distributor, sales representative or similar Contract under which any third party is authorized to sell, license, sublicense, lease, distribute, market or take orders for any Company Offering or Company Intellectual Property;

(iv) any Contract that (A) provides for the assignment or other transfer to or by the Companies or any of their Subsidiaries from or to any other Person, of any ownership interest in Intellectual Property; (B) includes any grant of an Intellectual Property License to any other Person

by the Companies or any of their Subsidiaries; or (C) includes any grant of an Intellectual Property License to the Companies or any of their Subsidiaries by any other Person (other than, with respect to this subsection (C) only, Non-Negotiated Vendor Contracts and Gaming Equipment Contracts that are not otherwise required to be listed as Material Contracts);

(v) any Contract that relates to a partnership, joint venture or joint development arrangement with any other Person;

(vi) any Contract that grants to any Person the right to occupy (except pursuant to reservations made in the Ordinary Course of Business) any portion of the Real Property;

(vii) any Contract providing for aggregate payments to or by the Companies or their Subsidiaries in excess of One Hundred Thousand Dollars ($100,000) with respect to advertising or traffic distribution;

(viii) any Contract providing for aggregate payments to or by the Companies or their Subsidiaries in excess of One Hundred Thousand Dollars ($100,000) with respect to any Company Offerings with any of the Companies or their Subsidiaries customers or clients other than (A) Contracts on the Companies' or their Subsidiaries' standard, unmodified form of member, user, customer or client agreement as made available to Buyer or (B) Gaming Equipment Contracts;

(ix) any Contract that restricts the Companies or any of their Subsidiaries (A) from participating or competing in any line of business, market or geographic area, (B) from freely setting prices and other terms, including any Contract that incorporates most favored customer pricing, or (C) from soliciting potential employees, consultants, contractors or other suppliers or customers;

(x) any Contract under which the Companies or any of their Subsidiaries grants any exclusive rights, noncompetition rights, rights of refusal or rights of first negotiation to any Person;

(xi) any Contract that following Closing would or would purport to: (A) require Buyer or any of its Affiliates (other than the Companies and their Subsidiaries) to grant any Intellectual Property License; (B) restrict Buyer or any of its Affiliates (other than the Companies or their Subsidiaries) from performing any of the activities listed in Section 6.06(a)(ix)(A) - (C) ; or (C) require Buyer or any of its affiliates (other than the Companies or their Subsidiaries) to grant or be bound by any exclusive rights, noncompetition rights, rights of refusal or rights of first negotiation to any Person;

(xii) any other Contract of guarantee, support, assumption or endorsement of, or any similar commitment with respect to, the obligations, Liabilities (whether accrued, absolute, contingent or otherwise) or indebtedness of any other Person, other than Non-Negotiated Vendor Contracts or Gaming Equipment Contracts;

(xiii) any settlement agreement (including any agreement under which any employment-related claim is settled) entered into since January 1, 2013 or that includes any continuing material obligation of the Companies or their Subsidiaries;

(xiv) all partnership agreements, limited liability company agreements and joint venture agreements relating to the Companies or any of their Subsidiaries;

(xv) any Contract with a Governmental Entity;

(xvi) any Contract that is a license of Intellectual Property and requires annual payments in excess of One Hundred Fifty Thousand Dollars ($150,000), other than with respect to commercially available software products under standard end-user, "shrink wrap," "click-to-accept" or similar object code license agreements;

(xvii) any Contract pursuant to which any Company has created, incurred, assumed or guaranteed Indebtedness for borrowed money in excess of Two Hundred and Fifty Thousand Dollars ($250,000);

(xviii) any Contract with any shareholder or member of Seller or any of its Affiliates;

(xix) any Contract that involves the sharing of profits with other Persons or the payment of royalties to any other Person, excluding Non-Negotiated Vendor Contracts and Gaming Equipment Contracts;

(xx) any Contract imposing any support, maintenance or service obligations on the Companies or any of their Subsidiaries that has been entered into outside of the Ordinary Course of Business;

(xxi) any Contract providing for the development of any content, technology or Intellectual Property, independently or jointly, in each case, by or for the Companies or any of their Subsidiaries that is material to the conduct of the Companies' or any of their Subsidiaries' Business as it is currently conducted;

(xxii) any Contract relating to the acquisition or sale of a business (or all or substantially all of the assets thereof) by the Companies or any of their Subsidiaries;

(xxiii) the top five Contracts that to Seller's Knowledge, are the most current master (or similar) agreements with any gaming device manufacturer, based on the percentage of floor occupancy for devices located at either of the Casinos and that are supplied or leased under such master (or similar) agreements; and

(xxiv) the top three IT Contracts to which Seller is a party relating to products or services used primarily by the Companies, which require payments by Seller in excess of One Hundred Thousand Dollars ($100,000), other than Gaming Equipment Contracts.

(b) Each Material Contract listed in Section 6.07 of the Company Disclosure Letter is a valid and binding obligation of a Company or a Subsidiary thereof and, to Seller's Knowledge, is a valid and binding obligation of each other party thereto, and is in full force and effect and enforceable by such Company or such Subsidiary in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereinafter in effect affecting creditors' rights generally and (ii) general principles of equity. As of the date of this Agreement, there is no material breach or violation of or default by such Company or such Subsidiary or, to Seller's Knowledge, by any other party under any of the Material Contracts. Seller has made available to Buyer a true, correct and complete copy of all Material Contracts listed in Section 6.07(a) of the Company Disclosure Letter, together with all amendments, waivers or other changes thereto. No event has occurred with respect to the Companies or their Subsidiaries or, to Seller's Knowledge, any other party, which, with notice or lapse of

time or both, would constitute a material breach, violation or default of, or give rise to a right of termination, modification, or acceleration under, any of the Material Contracts.

Section 6.08 Litigation . Except as set forth in Section 6.08 of the Company Disclosure Letter, there is no material Proceeding pending, or to Seller's Knowledge, threatened against, any of the Companies or their Subsidiaries, and to Seller's Knowledge, there is a no reasonable basis therefor. None of the Companies or their Subsidiaries is subject to any Order of any Governmental Entity. No Governmental Entity has since January 1, 2012 challenged or questioned in writing the legal right of either Company or any Subsidiary to conduct its operations as presently or previously conducted. There is no material investigation pending or, to the Seller's knowledge, threatened against either of the Companies or any of their Subsidiaries, any of their properties or any of its or their officers, directors by or before any Governmental Entity. None of the Companies or their Subsidiaries has any material Proceeding pending or threatened against any other Person, and to Seller's Knowledge, there is no reasonable basis therefor.

Section 6.09 Environmental Matters . Except for matters set forth in Section 6.09 of the Company Disclosure Letter: (a) the Companies and their Subsidiaries are and have been since January 1, 2013 in material compliance with all Environmental Laws; (b) the Companies and their Subsidiaries possess all material Permits required from any Governmental Entity under Environmental Laws with respect to operation of the Business as currently conducted; (c) there is no pending or, to Seller's Knowledge, threatened, notice of violation, third party claim, Proceeding, governmental investigation, or enforcement action regarding compliance with or liability under Environmental Laws against either of the Companies, their Subsidiaries or the Real Property; (d) to Seller's Knowledge, no Hazardous Substance is present on, at, or under the Real Property, including all subsurface soil and groundwater, except in amounts permitted by Environmental Laws; and, (e) since January 1, 2013, no Company has received a written notice from any Governmental Entity issued to such Company under Environmental Law.

Section 6.10 Permits; Compliance with Laws . The Companies, their Subsidiaries and, to Seller's Knowledge, each Company's directors, officers and key employees hold all material Permits (including approvals from the Gaming Authorities) necessary for the conduct of the Business as currently conducted, each of which is in full force and effect. Section 6.10 of the Company Disclosure Letter sets forth each material Permit held by either of the Companies or their Subsidiaries. The Business and each of the Companies and their Subsidiaries is, and since January 1, 2013 has been, conducted in material compliance with all applicable Laws (including the Gaming Laws) and Permits.

Section 6.11 Labor Matters .

(a) Section 6.11(a) of the Company Disclosure Letter contains the following information in separate lists for all (i) Property Employees, (ii) individual independent contractors of the Companies and their Subsidiaries, and (iii) interns and temporary employees or other non-employee service providers of the Companies and their Subsidiaries as of April 22, 2016 (as applicable): (A) name, job title or position, entity employing or engaging such Person and date of hire; (B) the base salary or current wages; (C) employment status (i.e., active or on leave or disability; full-time or part-time), (D) exempt or non-exempt designation; (E) location of employment, (F) incentive compensation opportunity, (G) accrued but unused vacation and/or paid time off, and (H) any immigration requirements, such as visas required for employment.

(b) The Companies and their Subsidiaries are in material compliance with all applicable Laws respecting employment and employment practices, terms and conditions of employment, wages and hours, overtime exemption designations, independent contractor designations, collective bargaining, leaves of absence, workers' compensation, equal employment opportunity, immigration requirements, and

occupational safety and health. In addition, the employment of all Property Employees is terminable at will without cost or liability to the Companies and their Subsidiaries, except for amounts earned prior to the time of termination. Neither the Companies nor any of their Subsidiaries have any Material Contract with any independent contractor or non-employee service provider. To the Sellers' Knowledge, as of the date of this Agreement, no Property Employee (other than Property Employees below the "director" level) intends to terminate his or her employment with any of the Companies or their Subsidiaries.

(c) Since January 1, 2013, all Property Employees classified as exempt from overtime under the Fair Labor Standards Act and any applicable state or local law have been accurately classified as such. In addition, since January 1, 2013, all independent contractors have been accurately classified as independent contractors under applicable law.

(d) Since January 1, 2013, (i) none of the Companies or any of their Subsidiaries have experienced any strike, slowdown, work stoppage, lockout, material grievance, claim of unfair labor practices, or other collective bargaining dispute; (ii) to Seller's Knowledge, no organizational effort is or has been made or threatened by or on behalf of any labor union with respect to employees of the Companies or any of their Subsidiaries; (iii) there are no unfair labor practice complaints pending, or, to Seller's Knowledge, threatened, against the Companies or any of their Subsidiaries before the National Labor Relations Board or any court, tribunal or other Governmental Entity, and (iv) there have been no collective bargaining agreements with any labor organization in effect with respect to any Company or any of its Subsidiaries or any Property Employees.

(e) The Companies and their Subsidiaries have provided to Buyer accurate and complete copies of all employee handbooks applicable to Property Employees since January 1, 2015.

(f) Each of the Companies and their Subsidiaries is in material compliance with all applicable employee licensing requirements and has taken commercially reasonable measures to ensure that each Property Employee, independent contractor or other non-employee service provider who is required to have a gaming or other license under any Gaming Law or other Law maintains such license in current and valid form.

(g) The Companies and their Subsidiaries are in material compliance with all applicable visa and work permit requirements with respect to any Property Employee, individual independent contractor of the Companies and their Subsidiaries or other non-employee service provider of the Companies and their Subsidiaries.

(h) To Seller's Knowledge, no Property Employee, independent contractor or other non-employee service provider of the Companies or their Subsidiaries is a party to or is bound by any employment contract, non-competition agreement, any other restrictive covenant or other contract with any Person, or subject to any Order, which in each case, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the performance by such Person of any of his or her material duties or responsibilities for the Companies or any of their Subsidiaries.

(i) Since January 1, 2015, neither the Companies nor their Subsidiaries has implemented any plant closing or layoff of employees that would reasonably be expected to require notification under the Worker Adjustment and Retraining Notification Act (the " WARN Act ") or any similar state, local or foreign law or regulation. On the Closing Date, Sellers shall provide a list of any and all employees of the Companies and their Subsidiaries whose employment has been involuntarily terminated or subjected to a reduction of more than 50% in hours or work within ninety (90) days prior to the Closing Date.

Section 6.12 Employee Benefits .

(a) Section 6.12(a) of the Company Disclosure Letter sets forth as of the date of this Agreement a list of each material Employee Benefit Plan and each material Seller Employee Benefit Plan. Each Employee Benefit Plan has been established, maintained, funded and administered in accordance with its terms and complies in all material respects in form and operation with the applicable requirements of ERISA, the Code and other applicable Laws, and other than routine claims for benefits, there is no claim or lawsuit pending or, to Seller's Knowledge, threatened against or arising out of or related to an Employee Benefit Plan. All required contributions to, and premium payments on account of, each Employee Benefit Plan have been made on a timely basis or accrued on the Companies' balance sheets. As of the date of this Agreement, no Employee Benefit Plan is or has been the subject of an audit or investigation by the IRS, the Department of Labor, the Pension Benefit Guaranty Corporation or any other Governmental Entity.

(b) With respect to each Employee Benefit Plan and Seller Employee Benefit Plan, the Companies have made available to Buyer true and complete copies of (i) all plan documents, including all amendments thereto, (ii) all summary plan descriptions, (iii) the most recent annual report (Form 5500 series) filed with the Internal Revenue Service, if applicable, (iv) the most recent determination or opinion letter, if any, issued by the Internal Revenue Service, and (v) any related trust or funding agreement. With respect to each Employee Benefit Plan the Companies have made available to Buyer true and complete copies of all non-routine filings and material correspondence with a Governmental Entity from the past three years.

(c) Each Employee Benefit Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service as to its qualified status or may rely on a prototype opinion letter from the Internal Revenue Service, or has timely filed or has time remaining in which to file an application for such determination from the Internal Revenue Service, and no fact or event has occurred that could reasonably be expected to cause the loss of such qualification.

(d) With respect to each Employee Benefit Plan, except as would not result in a material Liability of the Companies or any of their Subsidiaries, either individually or in the aggregate, (i) no non-exempt "prohibited transaction," within the meaning of Section 4975 of the Code or Section 406 of ERISA, has occurred; (ii) there are no actions, suits or claims pending, or, to Seller's Knowledge, threatened (other than routine claims for benefits) against any such Employee Benefit Plan or fiduciary thereto or against the assets of any such Employee Benefit Plan; (iii) there are no audits, inquiries or proceedings pending or, to Seller's Knowledge, threatened by any Governmental Entity with respect to any Employee Benefit Plan; and (iv) to Seller's Knowledge, there has been no breach of fiduciary duty (including violations under Part 4 of Title I of ERISA) with respect to any Employee Benefit Plan subject to Title I of ERISA.

(e) With respect to any Property Employee, neither the Companies nor any of their ERISA Affiliates has, in the past six years maintained, contributed to or participated in, nor have the Companies or any of their ERISA Affiliates in the past six years had any obligation to maintain, contribute to or otherwise participate in, or in the past six years had any liability or other obligation (whether accrued, absolute, contingent or otherwise) under, any (i) "multiemployer plan" (within the meaning of Section 3(37) of ERISA), (ii) "multiple employer plan" (within the meaning of Section 413(c) of the Code), (iii) "multiple employer welfare arrangement" (within the meaning of Section 3(40) of ERISA), or (iv) plan that is subject to the provisions of Title IV of ERISA or Section 412 of the Code.

(f) There is no Employee Benefit Plan that is a "welfare benefit plan" within the meaning of Section 3(1) of ERISA that provides retiree or post-employment benefits to any Property Employees or to

the employees of any of the Companies' ERISA Affiliates, other than (i) pursuant to Section 4980B of the Code or any similar state Law (" COBRA "), (ii) coverage through the end of the calendar month in which a termination of employment occurs or (iii) pursuant to an applicable employment agreement or severance agreement, plan or policy requiring the Companies or any of their Subsidiaries to pay or subsidize COBRA premiums for a terminated employee.

(g) Except as set forth in Section 6.12(g) , neither the execution and delivery of this Agreement nor the consummation of the Transaction (whether alone or in connection with any other event), will (i) increase any benefits otherwise payable to any current or former Property Employee, non-entity consultant or independent contractor of the Companies or any of their Subsidiaries under any Employee Benefit Plan or Contract or (ii) result in the creation, acceleration of the time of payment, funding or vesting of any benefits to any current or former Property Employee, non-entity consultant or independent contractor of the Companies or any of their Subsidiaries.

(h) Neither of the Companies nor their Subsidiaries has entered into any (i) employment agreement or other agreement with any current Property Employee relating to such person's employment (other than "at will" employment offer letters that can be terminated without liability) or (ii) other Contract pursuant to which either of the Companies or their Subsidiaries are required to pay retention payments following the Closing.

Section 6.13 Brokers . Except for the fees and commissions of Stifel, Nicolaus & Company, Incorporated, Seller has not employed and no Person has acted directly or indirectly as a broker, financial advisor or finder for Seller and Seller has not incurred any liability for any brokerage fees, commissions or finder's fees in connection with the Transaction.

Section 6.14 Title to Purchased Assets; Sufficiency of Purchased Assets . The Companies and their Subsidiaries have good and marketable title to, or a valid leasehold interest in, the material tangible Personal Property constituting Purchased Assets, free and clear of any Liens other than for Permitted Liens. All of the material tangible Personal Property constituting Purchased Assets, taken as a whole, are structurally sound, are in good operating condition and, taken as a whole, such tangible Personal Property constituting Purchased Assets is not in need of maintenance or repairs except for ordinary, routine maintenance and repairs. Except as set forth in Section 6.14 of the Company Disclosure Letter, the Purchased Assets, taken as a whole, are sufficient in all material respects for the continued conduct of the Business immediately after the Closing in substantially the same manner as conducted immediately prior to the Closing.

Section 6.15 Absence of Changes . From January 1, 2016 through the Effective Date, the Business has been conducted in the Ordinary Course of Business, and there has not been a Company Material Adverse Effect. Since such date through the Effective Date, except as set forth in Section 6.15 of the Company Disclosure Letter, none of the Companies or any of their Subsidiaries has suffered any material loss, damage, destruction or other casualty affecting any of its material properties or assets, whether or not covered by insurance, and none of the Companies or any of their Subsidiaries has taken any action that, if taken after the date of this Agreement, would constitute a breach of any of the covenants set forth in Section 8.01.

Section 6.16 Insurance . Section 6.16 of the Company Disclosure Letter sets forth as of the date of this Agreement a true and complete list of all current insurance policies and bonds maintained by the Companies or their Subsidiaries. Seller has made available true and complete copies of all such insurance and bond policies to Buyer. Such insurance and bond policies are of the type and in the amounts customarily carried by Persons conducting a business similar to the Companies and are sufficient for compliance in all material respects with all applicable Laws, Permits and Material Contracts to which any of the Companies

or their Subsidiaries is a party. There is no material claim by the Companies or their Subsidiaries pending under any of such policies or bonds as to which coverage has been questioned, denied or disputed by the underwriters of such policies or bonds. As of the date of this Agreement, there is no pending claim that would reasonably be expected to exceed the applicable policy limit. All premiums due and payable under all such policies and bonds have been paid and the Companies or their Subsidiaries are otherwise in compliance in all material respects with the terms of such policies and bonds. Seller has no Knowledge of a threatened termination of, or material premium increase with respect to, any of such policies. None of the Companies or any of their Subsidiaries currently maintains, sponsors, participates in or contributes to any self-insurance plan or program.

Section 6.17 Financial Institution Accounts . Section 6.17 of the Company Disclosure Letter sets forth a complete and accurate list as of the date of this Agreement of (a) all accounts, safe deposits, or lock boxes at any depositary institution (including a savings bank, commercial bank, savings and loan association, or credit institution), trust company, brokerage firm, mutual fund, mortgage loan company, or other financial institution, in each case, in the name of any Company or any Subsidiary of a Company or used exclusively by any Company or Subsidiary in the Business, (b) all Persons authorized to draw on, access, or sign for any such accounts (other than pari mutual accounts), and (c) the owner of record of each account.

Section 6.18 Suppliers . Section 6.18 of the Company Disclosure Letter accurately identifies and provides an accurate summary of the ten (10) largest suppliers of each Company and its Subsidiaries on the basis of cost of goods or services purchased for the fiscal year ended December 31, 2015. No Contract with any such supplier obligates the Company or any Company Subsidiary to purchase a material amount of products or services. As of the date of this Agreement, none of the Companies or any of their Subsidiaries has received notice from any such supplier set forth in Section 6.18 of the Company Disclosure Letter with respect to the fiscal year ended December 31, 2015 indicating that such supplier intends to cease acting as a supplier to or otherwise dealing with any of the Companies or their Subsidiaries.

Section 6.19 Certain Transactions . Other than as set forth in Section 6.19 of the Company Disclosure Letter, no current or former officer, director, member, partner, shareholder, record or beneficial owner of any security of any class of the Companies, or Affiliate of the Companies, or an immediate family member of any of the foregoing (an " Affiliated Person ") (a) is a party to any Contract with any of the Companies or any of their Subsidiaries, (b) owns any asset, tangible or intangible, that is used in the Business, (c) owes any amount to, any of the Companies or their Subsidiaries, or (d) to Seller's Knowledge, has any direct or indirect ownership interest in any Person that does business with or has any contractual arrangement with, or that competes with, either of the Companies or their Subsidiaries.

Section 6.20 Data Protection .

(a) The Companies and their Subsidiaries have (i) complied in all material respects with their respective published privacy policies and internal privacy policies and guidelines and all applicable Laws relating to data privacy, data protection and data security, including with respect to the collection, storage, transmission, transfer, disclosure and use of Personal Information; (ii) complied in all material respects with the PCI Standards, with respect to any payment card data collected or handled by or on behalf of the Companies or their Subsidiaries; and (iii) implemented and maintained commercially reasonable safeguards to protect Personal Information against loss, damage, and unauthorized access, acquisition, use, disclosure, modification, or other misuse. Since January 1, 2013, there has been no material loss, damage, or unauthorized access, acquisition, use, disclosure, modification, or breach of security of Personal Information maintained by or on behalf of the Companies or any of their Subsidiaries.

(b) Since January 1, 2013, the Companies and their Subsidiaries have not received, from any Person (including any Governmental Entity), any written claim or notice of any commenced or threatened action with respect to loss, damage, or unauthorized access, use, acquisition, disclosure, modification, or breach of security of Personal Information maintained by or on behalf of the Companies or any of their Subsidiaries.

(c) The execution, delivery and performance of this Agreement, as well as the consummation of the transactions contemplated by this Agreement, comply with the Companies' and their Subsidiaries' applicable privacy policies.

Section 6.21 Representations Complete . None of the representations and warranties contained in Article V or this Article VI or any statement made in any schedule (including, without limitation, the Company Disclosure Letter) or certificate furnished by the Company contain any untrue statement of a material fact or, to the Seller's Knowledge, omit to state any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which such statements were made, not misleading.

Section 6.22 Exclusivity of Representations . Except for the representations and warranties contained in Article V or this Article VI (as modified by the Disclosure Letters), none of the Companies, Seller or any other Person makes or has made any other representation or warranty, expressed or implied, at law or in equity, with respect to Seller, the Companies, the Companies' Subsidiaries, the Transaction, the Membership Interests or any of Seller's, the Companies' or the Companies' Subsidiaries' respective businesses, assets, liabilities, operations, prospects, or condition (financial or otherwise), and Seller and the Companies each disclaim any other representations or warranties, whether made by Seller, the Companies, the Companies' Subsidiaries or any of their respective Affiliates, direct or indirect equityholders, officers, directors, employees, agents or Representatives (collectively, " Related Persons "), and no Related Person has any authority, express or implied, to make any representations, warranties or agreements not specifically set forth in this Agreement or the Ancillary Agreements. Except for the representations and warranties expressly set forth in Article V or this Article VI (as modified by the Disclosure Letters), Seller and the Companies (directly and on behalf of all Related Persons) each hereby disclaims all liability and responsibility for any representation, warranty, projection or forecast of any kind (including, without limitation, forecasts, projections or budgets for financial performance such as revenues, expenses, or EBITDA(M)), budget statement, or information made, communicated, or furnished (whether orally or in writing, in any data room relating to the Transaction, in management presentations, in memoranda, in marketing materials, in functional "break-out" discussions, in responses to questions or requests submitted by or on behalf of Buyer or in any other form in consideration or investigation of the Transaction) to Buyer or its Affiliates or Representatives (including any opinion, information, forecast, projection, budget, financial review or advice that may have been or may be provided to Buyer or its Affiliates or Representatives by Seller, the Companies or any Related Person). Except for the representations and warranties contained in Article V or this Article VI (as modified by the Disclosure Letters), none of Seller, the Companies or any Related Person has made or makes any representation or warranty to Buyer or its Affiliates or Representatives regarding: (a) merchantability or fitness of any assets of the Companies or its Subsidiaries for any particular purpose; (b) the nature or extent of any liabilities of the Companies or its Subsidiaries; (c) the prospects of the business of the Companies and its Subsidiaries and any financial forecast or projection; (d) the probable success or profitability of the Companies or its Subsidiaries; (e) the impact of competition, weather or other factors impacting historical, actual and projected financial performance or (f) the accuracy or completeness of any confidential information memoranda, documents, projections, material, statement, data, or other information (financial or otherwise) provided to Buyer or its Affiliates or made available to Buyer and its Representatives in any "data rooms," "virtual data rooms," management presentations (including any oral or written statements, opinions, forecasts,

projections or budgets for financial performance by any employee or agent of the Companies or their affiliates or subsidiaries) or in any other form in expectation of, or in connection with, the Transaction, or in respect of any other matter or thing whatsoever.

## ARTICLE VII.
## REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller, as of the date hereof and as of Closing, as follows:

Section 7.01 Organization. Buyer is duly organized and validly existing under the laws of its state of organization and has all requisite power and authority to carry on its business as now being conducted. Buyer is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary.

Section 7.02 Authority; No Conflict; Required Filings and Consents.

(a) Buyer has all requisite power and authority to enter into this Agreement and each Ancillary Agreement to which it is a party and to consummate the Transaction and perform its obligations hereunder and thereunder. Buyer's execution and delivery of this Agreement and each Ancillary Agreement to which it is a party and the consummation by Buyer of the Transaction and performance of its obligations hereunder and thereunder have been duly authorized by all necessary action on the part of Buyer. This Agreement has been, and each Ancillary Agreement will be at or prior to the Closing, duly executed and delivered by Buyer and, assuming the due authorization, execution and delivery of the other parties hereto and thereto, this Agreement constitutes, and each Ancillary Agreement when so executed and delivered will constitute, the valid and binding obligation of Buyer, enforceable against Buyer in accordance with their respective terms, subject, as to enforcement, to (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws now or hereinafter in effect affecting creditors' rights generally and (ii) general principles of equity.

(b) The execution and delivery by Buyer of this Agreement and each Ancillary Agreement to which it is a party does not, and the consummation by Buyer of the Transaction and the compliance by Buyer with any provisions hereof or thereof will not, (i) materially conflict with or result in any material violation or material default under (with or without notice or lapse of time, or both), or require a consent or waiver under, (A) any provision of the Governing Documents of Buyer or (B) any Material Contract to which Buyer is a party, or (ii) subject to the governmental filings and other matters referred to in clause (c) hereof, violate any Permit, Order or Law applicable to Buyer.

(c) No Permit or Order or authorization of, or registration or filing with, any Governmental Entity, is required by or with respect to Buyer or its Affiliates in connection with the execution and delivery of this Agreement or the Ancillary Agreements by Buyer, the compliance by Buyer with any of the provisions hereof or thereof, or the consummation by Buyer of the Transaction, except for (i) any approvals and filing of notices required under the Gaming Laws, (ii) filings and other application requests under the HSR Act, and (iii) any Permits, Orders, authorizations, registrations, or filings required by Seller or the Companies or any of their Subsidiaries, Affiliates or key employees (including under the Gaming Laws).

Section 7.03 Brokers. Neither Buyer nor any of its Representatives have employed, and no Person has acted directly or indirectly as a broker, financial advisor or finder for Buyer and Buyer has not incurred any liability for any brokerage fees, commissions or finder's fees in connection with the Transaction.

Section 7.04 Financing . Buyer's current cash availability or available borrowings under its existing credit facilities are sufficient to enable Buyer to make payment in full, in cash, of (a) the Closing Payment and (b) the Final Adjustment as contemplated by Section 2.01 , Section 3.02(a) and Section 3.02(d) . **BUYER HEREBY ACKNOWLEDGES AND AGREES THAT THE RECEIPT BY BUYER OF ANY FINANCING FROM ANY PERSON IS NOT A CONDITION TO BUYER'S OBLIGATION TO PURCHASE THE MEMBERSHIP INTERESTS AT THE CLOSING UNDER THIS AGREEMENT.**

Section 7.05 Licensability of Principals .

(a) None of Buyer, its Subsidiaries or any of their respective current executive officers and directors (collectively the " Buyer Related Parties ") has ever withdrawn, been denied, or had revoked, a gaming license or related finding of suitability by a Governmental Entity or Gaming Authority. Buyer and each of the Buyer Related Parties are in good standing, and in material compliance with all Gaming Laws, in each of the jurisdictions in which Buyer or any Buyer Related Party owns or operates gaming facilities.

(b) To Buyer's Knowledge, there are no facts, which if known to the Gaming Authorities, would (i) be reasonably likely to result in the denial, revocation, limitation or suspension of a gaming license currently held or other Gaming Approval, or (ii) result in a negative outcome to any finding of suitability Proceedings currently pending, or under the suitability, licensing, Permits, orders, authorizations or Proceedings necessary for the consummation of this Agreement.

Section 7.06 Litigation . There is no material Proceeding against Buyer, pending or, to Buyer's Knowledge, threatened against, Buyer before any Governmental Entity, nor, to the Buyer's Knowledge, as of the date of this Agreement, is there any reasonable basis for any claim that would have or would reasonably be expected to have an adverse effect on Buyer's ability to perform its obligations under this Agreement or the other Ancillary Agreements to which Buyer is a party or to consummate the transactions contemplated hereby or thereby.

Section 7.07 Solvency . Boyd is not entering into the Transaction with the actual intent to hinder, delay or defraud either present or future creditors of the Companies or their Subsidiaries. Boyd is Solvent as of the date of this Agreement, and Boyd will, immediately after giving effect to all of the Transaction, and the payment of the Closing Payment all other amounts required to be paid by Boyd pursuant to this Agreement, any payment of any outstanding Indebtedness of the Companies or their Subsidiaries contemplated by this Agreement, the payment of all other amounts required to be paid in connection with the consummation of the Transaction and the payment of all related fees and expenses, be Solvent at and after the Closing Date. As used in this Section 7.07 the term " Solvent " means, with respect to a particular date, that on such date, (a) the sum of the assets, at a fair valuation, of Boyd and its Subsidiaries (including the Companies and their Subsidiaries from and after Closing), on a consolidated basis, will exceed their debts, (b) each of Boyd and its Subsidiaries (including the Companies and their Subsidiaries from and after Closing), on a consolidated basis, has not incurred and does not intend to incur, and does not believe that it will incur, debts beyond its ability to pay such debts as such debts mature, and (c) each of Boyd and its Subsidiaries (on a consolidated basis) has sufficient capital and liquidity with which to conduct its business. For purposes of this Section 7.07 , "debt" means any liability on a claim, and "claim" means any (i) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, and (ii) any right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

Section 7.08 Non-Reliance of Buyer . Buyer and its Representatives have had an opportunity to discuss the business, management, operations and finances of the Business with Seller, its applicable Affiliates and their respective Representatives and has had an opportunity to inspect the Purchased Assets. Buyer has conducted its own independent investigation of the Business. Buyer specifically disclaims that it is relying upon or has relied upon any representations or warranties that may have been made by any Person (written or oral) other than the representations and warranties made by Seller in Article V and Article VI (as modified by the Company Disclosure Letter), and acknowledges and agrees that the Companies and Seller have specifically disclaimed and do hereby specifically disclaim any such other representation or warranty made by any Person. Buyer is acquiring the Companies subject only to the specific representations and warranties set forth in Article V and Article VI (as modified by the Company Disclosure Letter).

## ARTICLE VIII.
## COVENANTS

Section 8.01 Conduct of Business Prior to the Closing .

(a) During the period from the Effective Date and continuing until the earlier of the termination of this Agreement or the Closing (the " Pre-Closing Period "), subject to any written instructions of any Governmental Entity and to the limitations set forth below, the Companies shall, and Seller shall cause the Companies and their Subsidiaries to, except to the extent as expressly provided by this Agreement or to the extent that Buyer shall otherwise grant its prior consent in writing, (a) carry on the Business in the Ordinary Course of Business and in material compliance with all applicable Laws, (b) use commercially reasonable efforts to preserve intact their present business organizations, keep available the services of their key employees and preserve their relationships with material customers and suppliers and (c) promptly notify Buyer orally and in writing of any change outside the Ordinary Course of Business of which the Companies or Seller has Knowledge that would reasonably be expected, individually or in the aggregate, to have a Company Material Adverse Effect. Without limiting the generality of the foregoing (except as expressly provided by this Agreement, to the extent that Buyer shall otherwise grant its prior consent in writing, which consent (solely as it relates to Section 8.01(a)(i) , (xi) , (xii) , (xiii) , (xiv), and (xvi)) may not be unreasonably withheld, conditioned or delayed, or as disclosed in Section 8.01 of the Company Disclosure Letter), during the Pre-Closing Period, none of the Companies or their Subsidiaries shall, and Seller shall cause the Companies and their Subsidiaries not to:

(i) make any change in financial accounting methods or method of Tax accounting, principles or practices materially affecting the reported consolidated assets, Liabilities or results of operations of the Companies, except insofar as may have been required by a change in or interpretation of GAAP or Law;

(ii) amend its Governing Documents;

(iii) (A) declare, set aside, make or pay any dividend or other distribution or payments (whether in cash, stock or property or any contribution thereof) in respect of any of its membership interests or capital stock or (B) redeem or otherwise acquire any of its membership interests or capital stock;

(iv) merge or consolidate with any business or any corporation, partnership, limited liability company, association or other business organization or division thereof, or acquire all or substantially all of the assets from any Person;

(v) issue or sell or encumber any (A) Membership Interests, (B) interests of any kind in any of the Companies' Subsidiaries, or (C) any securities convertible into, or rights to acquire, any Membership Interests or interests in any of the Companies' Subsidiaries;

(vi) (A) purchase any equity interests in or securities of, or make any other investment in or loans or advances to, any Person, or (B) except in the Ordinary Course of Business, acquire any material assets that would constitute Purchased Assets;

(vii) sell, lease, license, assign, transfer or otherwise dispose of any assets or properties of the Companies or any of their Subsidiaries, including any rights to any Company Intellectual Property, other than (A) in the Ordinary Course of Business or (B) at the request of Buyer in connection with the consummation of the Transaction;

(viii) subject any of the Purchased Assets to a Lien, other than Permitted Liens;

(ix) incur any Indebtedness, except for any Indebtedness that shall be fully repaid at Closing and is provided for in Seller's budget for the year ending December 31, 2016 that has been made available to Buyer (the " Budget ") so long as there will be no further obligation of either Company or their Subsidiaries following such repayment;

(x) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, recapitalization or other reorganization or take any action for the appointment of a receiver, administrator, trustee or similar officer;

(xi) enter into, amend, terminate or waive any provision of any Material Contract or Seller Contract other than (A) in order to comply with applicable Law, (B) as expressly permitted by this Agreement, (C) any termination at the expiration of its stated term, or (D) in the Ordinary Course of Business;

(xii) except as required by applicable Law or the terms of any Employee Benefit Plan in existence on the date of this Agreement, as applicable, (A) materially increase or accelerate the vesting or payment of the compensation or benefits payable or to become payable by any Company or their respective Subsidiaries to any current or former Property Employee, non-entity consultant or independent contractor of the Companies or any of their Subsidiaries (other than in the Ordinary Course of Business), (B) enter into, adopt or amend, in any material respect, any Employee Benefit Plan, or (C) hire or terminate the employment of any officer of the Companies or any of their Subsidiaries;

(xiii) authorize, or make any commitment with respect to, any single capital expenditure that is in excess of Two Hundred Fifty Thousand Dollars ($250,000) or capital expenditures that are, in the aggregate, in excess of One Million Dollars ($1,000,000) except as set forth in the Budget;

(xiv) (A) commence a lawsuit other than (1) for the routine collection of bills in the Ordinary Course of Business, (2) in such cases where it in good faith determines that failure to commence suit would result in the material impairment of a valuable aspect of its business ( *provided* , *however* , that it consults with Buyer prior to the filing of such a suit), or (3) for a breach of this Agreement or (B) settle or agree to settle any pending or threatened lawsuit or other dispute, other than (1) in the Ordinary Course of Business or (2) a breach of this Agreement;

(xv) enter into any agreement for the purchase, sale or lease of any real property (including amendments to existing Leases), other than renewals of Leases in the Ordinary Course of Business;

(xvi) decrease the amount of any insurance coverage;

(xvii) except as required by applicable Law, make, revoke or change any Tax election, settle or compromise any material Tax liability, claim or assessment, or agree to any adjustment of any material Tax attribute, file or amend any material Tax Return, enter into any "closing agreement" within the meaning of Section 7121 of the Code (or any comparable agreement under state, local or foreign Law), surrender any right to claim a material Tax refund, consent to waive any statute of limitations with respect to material Taxes, enter into any Tax allocation agreement, Tax sharing agreement or Tax indemnity agreement (other than customary Tax indemnification provisions in commercial contracts not primarily relating to Taxes), or apply for or enter into any ruling from any Governmental Entity with respect to Taxes;

(xviii) accelerate any payment of any receivables, provide discounts to encourage the early payment of any receivables, or delay the payment of any payable other than in the Ordinary Course of Business; or

(xix) enter into a Contract or commitment to do any of the foregoing, or authorize or announce an intention to do any of the foregoing.

(b) During the Pre-Closing Period, Seller shall not subject any of the Membership Interests to any Lien (other than Permitted Liens securing Indebtedness existing on the date of this Agreement).

(c) Except as expressly contemplated by this Agreement, nothing contained in this Agreement shall give Buyer, directly or indirectly, the right to control or direct the Companies' or their Subsidiaries' operations prior to the Closing. Prior to the Closing, the respective management of the Companies shall exercise, consistent with and in accordance with the terms and conditions of this Agreement, complete control and supervision over the operations of the Companies and their Subsidiaries.

Section 8.02 Employee Matters .

(a) CCR Employees . At any time prior to the Closing, Buyer will have the right, but not the obligation, to interview or otherwise meet and/or discuss with the individuals employed by Seller (i.e., CCR corporate employees) who are identified in a separate notice provided by Buyer to Seller (the " CCR Employees ") during normal business hours, in compliance with Section 8.03 and as otherwise reasonably requested by Buyer. In connection therewith, Seller shall reasonably cooperate with Buyer to facilitate any such interview, meeting or discussion. Within thirty (30) days following the date hereof, Buyer shall provide a list of the CCR Employees it wishes to employ following the Closing (such list, the " Identified Employees "). Prior to the Closing, Buyer shall extend an offer of employment to each Identified Employee, effective as of the Closing. Seller shall terminate the employment, effective immediately prior to the Closing, of each Identified Employee who accepts employment with Buyer. Subject to Section 8.02(e) , all of the payments, costs and expenses associated with, or payable upon, the termination of the Identified Employees, including any "change of control", severance or other payment that is triggered by such termination or the consummation of the Merger or any of the transactions contemplated by this Agreement (but excluding any WARN liability as a result of actions specifically requested by Buyer and/or as a result of Buyer making an insufficient offer of employment to an Identified Employee), shall be obligations of Seller.

(b) Continuation Covenants . For a period of at least twelve (12) months following the Closing Date, Buyer and its Affiliates shall provide (or cause the Companies or their Subsidiaries to provide) each Property Employee who continues in employment with any such entity (each, a " Continuing Employee ") with (i) a base salary or hourly wage rate, as applicable, and incentive opportunity, in each case, that is not less than the base salary, hourly wage rate and incentive opportunity provided to such Continuing Employee immediately prior to the Closing Date, and (ii) employee and fringe benefits (including health, welfare and retirement benefits, but excluding equity-based compensation) that are no less favorable, in the aggregate, than those provided to such Continuing Employee immediately prior to the Closing Date.

(c) Service Credit . For purposes of determining eligibility, vesting, participation and benefit accrual under the employee benefit and compensation arrangements maintained by Buyer and/or its Affiliates (including, following the Closing, the Companies or their Subsidiaries) providing benefits to Continuing Employees after the Closing Date (collectively, " Buyer Benefit Plans "), each Continuing Employee shall be credited with his or her years of service with the Companies and their Affiliates (and any predecessor entities thereto) before the Closing Date, to the same extent as such Continuing Employee was entitled, before the Closing Date, to credit for such service under any similar Employee Benefit Plans, provided that the foregoing shall not apply (i) to the extent its application would result in a duplication of benefits, (ii) with respect to benefit accruals under a defined benefit pension plan or retiree welfare benefit plan, or (iii) with respect to any Buyer Benefits Plan for which prior service is not taken into account for employees of Buyer. In addition, and without limiting the generality of the foregoing: (i) each Continuing Employee shall be immediately eligible to participate, without any waiting time, in any and all Buyer Benefit Plans; (ii) for purposes of each Buyer Benefit Plan providing medical, dental, pharmaceutical or vision benefits to any Continuing Employee, Buyer and its Affiliates shall use their commercially reasonable efforts to cause all pre-existing condition exclusions, actively-at-work requirements and insurability requirements of such Buyer Benefit Plan to be waived for such Continuing Employee and his or her covered dependents; and (iii) Buyer and its Affiliates shall use their commercially reasonable efforts to cause any co-payments, deductibles and out-of-pocket or other eligible expenses incurred by such Continuing Employee and his or her covered dependents with respect to any Employee Benefit Plan during the portion of the plan year that includes the Closing Date to be taken into account under the comparable Buyer Benefit Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such Continuing Employee and his or her covered dependents for the applicable plan year of each such Buyer Benefit Plan, as if such amounts had been paid in accordance with such Buyer Benefit Plan. Buyer shall, and shall cause the Companies and their Subsidiaries to, honor all vacation and paid time off days accrued by Continuing Employees under the plans, policies, programs and arrangements of the Companies and their Subsidiaries immediately prior to the Closing Date.

(d) No Third-Party Beneficiaries . No provision of this Agreement shall create any third party beneficiary rights in any Property Employee, any Continuing Employee or any beneficiary or eligible family member thereof, with respect to the compensation, terms and conditions of employment and/or benefits that may be provided to any Property Employee by Buyer or under any benefit plan which Buyer may maintain. In no event shall the terms of this Agreement be deemed to (i) establish, amend, or modify any Employee Benefit Plan, any Buyer Benefit Plan or any other benefit plan, program, agreement or arrangement maintained or sponsored by Buyer, the Companies or any Subsidiary of a Company or any of their respective Affiliates; or (ii) confer upon any Property Employee or any Continuing Employee any right to employment or continued employment or continued service with Buyer or any of its Subsidiaries (including, following the Closing Date, the Companies or any Subsidiary of a Company), or constitute or create an employment or other agreement with any Property Employee or any Continuing Employee.

(e) WARN Act . As part of its obligations hereunder, Buyer shall indemnify, defend and hold Seller and each Company harmless from and against any liability to any Property Employees, Identified

Employees or any Governmental Entity that may result to Seller and/or any Company (or any Subsidiary thereof) based on Buyer's failure to comply with any provision of the WARN Act, including, but not limited to, fines, back pay and attorneys' fees.

Section 8.03 Access to Information and the Real Property; Furnishing of Financial Statements .

(a) Upon reasonable notice, subject to applicable Law, including antitrust Laws and Gaming Laws, the Companies shall, and Seller shall cause the Companies and their Subsidiaries to, afford Buyer's Representatives reasonable access, during normal business hours, during the Pre-Closing Period, to the Real Property (including the Casinos) and to the properties, books, Contracts and records of the Companies and their Subsidiaries (collectively, the " Inspection "); *provided, however,* that (i) Buyer shall provide the Companies and Seller with at least two (2) Business Days' prior notice of any Inspection; (ii) if any Company so requests, Buyer's Representatives shall be accompanied by a Representative of such Company; (iii) Buyer shall not initiate contact with non-management employees or other Representatives of the Companies or their Subsidiaries without the prior consent of Seller (which consent shall not be unreasonably withheld, conditioned or delayed); (iv) Buyer's Representatives shall not be entitled to perform any physical testing of any nature (such as Phase II environmental assessments) with respect to any portion of the Real Property prior to the Closing without the Companies' prior written consent, and the execution of an access agreement between the applicable Company and Buyer; (v) neither Buyer nor its Representatives shall materially interfere with the Business; (vi) with respect to any inspection of the gaming areas in the Casinos (floor, casino cage, accounting, and Nevada Gaming Control Board security areas), Buyer and Seller shall reasonably agree on the date, time and scope of the inspection and, if required under Gaming Laws, also obtain the concurrence of the Nevada Gaming Control Board; and (vii) Buyer shall, at its sole cost and expense, repair any damage (including damage relating to the worsening or alteration of environmental conditions or migration of Hazardous Substances) to the Purchased Assets or any other property owned by a Person other than Buyer caused by Inspection, and shall reimburse each Company for any loss caused to such Company by any Inspection, and restore the Purchased Assets or such other third-party property to substantially similar condition as existed prior to such Inspection, and shall indemnify, defend and hold harmless Seller, the Companies and their Affiliates from and against any personal injury or property damage claims, liabilities, judgments or expenses (including reasonable attorneys' fees) incurred by any of them arising or resulting therefrom.

(b) During the Pre-Closing Period, Seller shall furnish or cause to be furnished to Buyer, promptly after they become available, any monthly financial statements of the Companies that it prepares in the Ordinary Course of Business.

Section 8.04 Governmental Approvals .

(a) Each of the parties shall reasonably cooperate with the other parties and use its commercially reasonable efforts to (i) as promptly as practicable take, or cause to be taken, all appropriate action, and do or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective the Transaction as promptly as practicable; (ii) obtain from any Governmental Entities any consents, approvals, findings of suitability, expiration or terminations of waiting periods, Permits or Orders required (A) to be obtained or made by Seller, the Companies or Buyer or any of their respective Affiliates or any of their respective Representatives and (B) to avoid any action or Proceeding by any Governmental Entity, in connection with the authorization, execution and delivery of this Agreement and the consummation of the Transaction; (iii) make all necessary registrations, declarations, information request responses and filings, and thereafter make any other submissions with respect to this Agreement, as required under the HSR Act (" HSR Approvals "); (iv) make all necessary registrations, declarations, information

request responses and filings, and thereafter make any other submissions with respect to this Agreement, as required under the Gaming Laws, including providing information with respect to, executing, filing and participating in meetings with the Nevada Gaming Control Board with respect to Buyer's application for the Gaming Approvals and (v) to comply with the terms and conditions of all such HSR Approvals and Gaming Approvals.

(b) The parties and their respective Representatives and Affiliates shall file as promptly as practicable, but in no event later than ten (10) Business Days after the Effective Date, all required applications and documents in connection with obtaining HSR Approvals and shall act diligently and promptly to pursue the HSR Approvals and shall reasonably cooperate with each other in connection with the making of all filings and the obtaining of all such HSR Approvals referenced in the preceding sentence. Subject to applicable Laws relating to the exchange of information, prior to making any application or material written communication to or filing with any Governmental Entity with respect to the HSR Approvals, each party shall provide the other parties with drafts thereof and afford the other parties a reasonable opportunity to comment on such drafts. Each of Buyer, Seller and the Companies shall use its commercially reasonable efforts to schedule and attend any hearings or meetings with Governmental Entities to obtain the HSR Approvals as promptly as practicable, and, to the extent permitted by the Governmental Entity, each party shall offer the other parties the opportunity to participate in all telephonic conferences and all meetings with any Governmental Entity to the extent relating to the HSR Approvals. Buyer, Seller and the Companies shall, to the extent practicable, consult with the other parties on, in each case, subject to applicable Laws relating to the exchange of information (including antitrust Laws), all the non-confidential information relating to Buyer, Seller or any of the Companies, as the case may be, and any of their respective Affiliates or Representatives which appear in any filing made with, or written materials submitted to, any third party or any Governmental Entity to the extent made or submitted in connection with the Transaction.

(c) Buyer shall use its best efforts to, within thirty (30) days of the Effective Date, file all necessary documentation with the Nevada Gaming Control Board to obtain the Gaming Approvals. Buyer shall act diligently and promptly to pursue the Gaming Approvals. Seller shall reasonably cooperate with Buyer in connection with the making of all filings and obtaining all the Gaming Approvals. Buyer shall keep Seller reasonably apprised regarding the application for the Gaming Approvals. Buyer shall use its best efforts to schedule and attend any hearings or meetings with Governmental Entities to obtain the Gaming Approvals as promptly as practicable. Each of Buyer and Seller shall, to the extent practicable, consult with the other party on all the non-confidential information relating to Buyer, Seller, the Companies, or any of their respective Affiliates or Representatives which appear in any filing made with, or written materials submitted to, any third party or any Governmental Entity to the extent made or submitted in connection with the Transaction.

(d) Buyer, on the one hand, and Seller and the Companies, on the other hand shall promptly notify the other in writing of any pending or, to the knowledge of Buyer or Seller (as the case may be), threatened Proceeding or investigation by any Governmental Entity or any other Person (i) challenging or seeking material damages in connection with the Transaction or (ii) seeking to restrain or prohibit the consummation of the Transaction.

(e) Buyer shall use, and shall cause its Affiliates to use, (i) its best efforts to take any and all steps necessary to (A) cause the expiration of the notice periods under or with respect to Gaming Laws as promptly as reasonably practicable after the execution of this Agreement and (B) promptly resolve such objections, if any, as may be asserted by any Governmental Entity related to Gaming Laws with respect to the Transaction or the Ancillary Agreements and (ii) its commercially reasonable efforts to take any and all steps necessary to (X) cause the expiration of the notice periods under or with respect to antitrust Laws and any other applicable Laws (except for Gaming Laws) with respect to the Transaction as promptly as reasonably practicable after

the execution of this Agreement and (Y) promptly resolve such objections, if any, as may be asserted by any Governmental Entity with respect to the Transaction or the Ancillary Agreements. Buyer shall not extend any waiting period under Gaming Laws, antitrust Laws or any other applicable Laws (by pull and refile, or otherwise) or enter into any agreement with the Nevada Gaming Control Board, Federal Trade Commission, the Department of Justice Antitrust Division or any other Governmental Entity not to consummate the Transaction, except with the prior written consent of Seller (which consent shall not be unreasonably withheld, conditioned or delayed). In connection therewith, if any Proceeding is instituted (or threatened to be instituted) challenging the Transaction or the Ancillary Agreements as violative of any applicable Law, Buyer shall, and shall cause its Affiliates to, cooperate with Seller and use its commercially reasonable efforts (and, in the case of matters related to Gaming Laws, its best efforts) to take any and all necessary steps to contest and resist, except insofar as Buyer and Seller may otherwise agree, any such Proceeding, including any Proceeding that seeks a temporary restraining order or preliminary injunction that would prohibit, prevent or restrict consummation of the Transaction. Buyer shall permit Seller to participate in the defense of such Proceeding with counsel of its choosing. Notwithstanding the foregoing or any other provision of this Agreement, no party, nor any of their respective Affiliates, shall have any obligation or affirmative duty to sell, divest, hold separate or otherwise dispose of any of its assets or properties, or agree to do any of the foregoing in the future, in connection with seeking any Gaming Approval or other approval of any Governmental Entity. Buyer shall, and shall cause its Affiliates to maintain an open dialogue with the staff members of the Nevada Gaming Control Board to ensure that Buyer and its Affiliates address any concerns of the Nevada Gaming Control Board with respect to the Transaction promptly as such concerns arise.

(f) Without limiting the foregoing, Seller agrees to use its commercially reasonable efforts to obtain the consents or amendments set forth in Section 8.04(f) of the Company Disclosure Letter prior to the Closing.

Section 8.05 Notification of Certain Events. Seller, on the one hand, and Buyer, on the other hand, shall promptly notify the other party in writing upon obtaining knowledge of the occurrence of any event that has caused: (a) any representation or warranty of the notifying party contained in this Agreement to be untrue or inaccurate in any material respect as of the time made under this Agreement; or (b) any material failure of the notifying party to comply with or satisfy any covenant or agreement to be complied with or satisfied by it under this Agreement, in each case, if such failure to be true or accurate or failure to comply has caused or would reasonably be expected to cause any condition to the obligations of the notified party to effect the Transaction not to be satisfied.

Section 8.06 No Solicitation.

(a) During the Pre-Closing Period, neither Seller nor either Company shall, and they shall cause their respective Representatives not to, directly or indirectly, (i) solicit, initiate, seek, agree to or take any other action to facilitate or encourage knowingly, including, without limitation, by entering into a non-disclosure agreement with any Person other than Buyer or its Representatives, any inquiries or proposals regarding or reasonably expected to lead to an Acquisition Proposal, (ii) engage in negotiations or discussions with any Person other than Buyer or its Representatives concerning any Acquisition Proposal, (iii) continue any prior discussions or negotiations with any Person other than Buyer or its Representatives concerning any Acquisition Proposal, (iv) respond to any inquiry made, or furnish to any Person any information with respect to, or otherwise cooperate in any respect with, any effort or attempt by any Person to seek or enter into any Acquisition Proposal or (v) accept, or enter into any agreement concerning, any Acquisition Proposal with any Third Party, including, without limitation, any non-disclosure, confidentiality or other agreement of similar effect, or consummate any Acquisition Proposal.

(b) If Seller, either of the Companies, any of the Companies' Subsidiaries, or any of their respective Representatives receives an unsolicited written inquiry or offer relating to an Acquisition Proposal, Seller will (i) within 24 hours, notify Buyer of the same, (ii) provide to Buyer the details thereof (including the identity of the Person making the same) and provide to Buyer a copy of any written inquiry or offer and all correspondence related thereto, and (iii) keep Buyer reasonably informed of the status thereof.

Section 8.07 Publicity . Seller, on the one hand, and Buyer, on the other hand, shall agree on the form and content of the initial press release regarding the Transaction and thereafter shall consult with each other before issuing, provide each other the opportunity to review and comment upon, and negotiate in good faith to agree upon, any press release or other public statement with respect to the Transaction and shall not issue any such press release or make any such public statement prior to such consultation and prior to considering in good faith any such comments, except as may be required by applicable Law. Notwithstanding anything to the contrary herein, Buyer and Seller may make any public statement in response to questions by the press, analysts, investors or those attending industry conferences or financial analysts conference calls or in connection with a financing, so long as any such statements are not inconsistent with previous press releases, public disclosures or public statements made jointly by Buyer and Seller or made by one party and reviewed by the other and do not reveal non-public information regarding the Transaction.

Section 8.08 Lien and Guaranty Release . Seller shall use its commercially reasonable efforts to obtain any filings, releases, discharges, deeds and other documents reasonably necessary to evidence the release on or prior to the Closing Date by all financial institutions and other Persons (the " Lenders ") to which any Indebtedness of the Companies or their Subsidiaries is outstanding (including guarantee obligations of the Companies or their Subsidiaries in respect of Indebtedness of Seller or its other Subsidiaries) of (i) all Liens in connection therewith relating to the Purchased Assets, the Membership Interests and the Business (" Lender Liens "), and (ii) all obligations (including guarantee obligations) of the Companies or their Subsidiaries in respect of such Indebtedness (" Loan Obligations ").

Section 8.09 Title Policies .

(a) Section 8.09(a) of the Company Disclosure Letter sets forth the Companies' existing Owner's Title Insurance Policies on the Owned Real Property and the Ground Leased Property (the " Existing Title Policies ") and the Title Commitments issued to its lenders on or about December 28, 2012, for the Owned Real Property and the Ground Leased Property (the " Title Commitments "). Buyer hereby acknowledges receipt of the Existing Title Policies and Title Commitments as evidence of the status of the Companies' or their Subsidiaries' title to the Real Property as reflected in the Existing Title Policies and the Title Commitments and acceptance of all matters thereon as Permitted Liens.

(b) Seller shall reasonably cooperate with Buyer to obtain new owner's policies of title insurance (ALTA 2006 form) for each parcel of Owned Real Property and the Ground Leased Property with customary endorsements including non-imputation endorsements (collectively, the " New Title Policies "), and Buyer shall be responsible for all costs and expenses thereof. Buyer agrees to accept valid and insurable fee simple title to the Owned Real Property subject only to the Permitted Liens.

Section 8.10 Survey . Section 8.10 of the Company Disclosure Letter sets forth the most current ALTA Surveys for the Owned Real Property and the Ground Leased Property (the " Existing Surveys "), copies of which have been made available to Buyer. Seller's Lenders obtained ALTA surveys on the Owned Real Property and the Ground Leased Property (the " Lender's Surveys "), copies of which have been made available to Buyer. Buyer agrees to accept the Real Property subject to all matters shown by the Existing Surveys and the Lender's Surveys. At Buyer's option, and at Buyer's sole cost and expense, Buyer may obtain updated

and recertified Lender's Surveys or Existing Surveys or current, certified ALTA surveys with respect to the Owned Real Property and the Ground Leased Property (the " Surveys "). Seller shall reasonably cooperate with Buyer in connection with the foregoing.

Section 8.11 Tax Matters .

(a) Buyer shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of the Companies and their Subsidiaries for all periods ending on or prior to the Closing Date that are required to be filed after the Closing Date and for any Straddle Period (excluding, for the avoidance of doubt, any income Tax Returns of Seller for any Tax period). Unless otherwise required by Law, such Tax Returns shall be prepared by treating items on such Tax Returns in a manner consistent with the past practices of the Companies and their Subsidiaries, as applicable, with respect to such items. Buyer shall deliver to Seller a draft of each such Tax Return at least twenty (20) days prior to filing thereof (or as far in advance of filing as practicable, if the deadline for filing is within forty-five (45) days following the Closing Date) for Seller's review and comment and shall not file such Tax Return without Seller's approval, which approval shall not be unreasonably withheld or delayed. At least two (2) Business Days prior to the due date for filing such Tax Return, Seller shall remit to Buyer the portion of any Taxes shown on such Tax Return for which Seller is responsible pursuant to Section 11.02(a) .

(b) In the case of any Straddle Period, the amount of any Taxes based on or measured by income, receipts or expenses of the Companies or any of their Subsidiaries for any Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date and the amount of other Taxes of the Companies or any of their Subsidiaries for a Straddle Period that relates to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction, the numerator of which is the number of days in the taxable period ending on the Closing Date, and the denominator of which is the number of days in such Straddle Period, *provided* , *however* that any increase in Property Taxes with respect to a Straddle Period as a result of the transactions contemplated by this Agreement shall be deemed to relate to the portion of such Straddle Period beginning after the Closing Date and Buyer shall be liable for such increase in Property Taxes.

(c) All transfer, recording, documentary, sales, use, stamp, registration and other such Taxes (including real estate transfer or similar Taxes that arise from any indirect transfer of property as a result of the transfer of the Membership Interests), related fees (including any penalties, interest and additions to Tax) incurred with respect to the purchase and sale of the Membership Interests pursuant to this Agreement (" Transfer Taxes ") and any fees for applications, consents, approvals, Permits, registrations or filings made or sought pursuant to this Agreement shall be borne fifty percent (50%) by Buyer and fifty percent (50%) by Seller. Either Buyer or Seller, as obligated by applicable Law, shall prepare and file all necessary Tax Returns and other documentation with respect to such Transfer Taxes. Seller and Buyer shall reasonably cooperate in preparing and filing all Tax Returns relating to Transfer Taxes, including joining in the execution of such Tax Returns to the extent required by applicable Law.

(d) Buyer and Seller agree to furnish (or cause to be furnished) to the other, upon reasonable request, as promptly as practicable, such information and assistance relating to Taxes, including access to books and records, as is reasonably necessary for the filing of all Tax Returns by Buyer, the Companies, their Subsidiaries, or Seller, the preparation for any audit by any Tax Authority and the prosecution or defense of any claim, suit or Proceeding relating to Taxes. Buyer and Seller shall retain all books and records with respect to Taxes of the Companies or their Subsidiaries for a period of at least seven (7) years following the Closing Date.

(e) Except as required by Law, neither Buyer nor any of its Affiliates (including after the Closing Date, the Companies and their Subsidiaries) shall file or amend (or cause to be filed or amended) any Tax Return of or with respect to any of the Companies and their Subsidiaries for any Pre-Closing Tax Period, or make, revoke or amend any election relating to Taxes with respect to or relating to a Pre-Closing Tax Period or take any other similar action after the Closing relating to a Pre-Closing Tax Period that could reasonably be expected to result in any increased liability or indemnification obligation of Seller for Taxes in respect of a Pre-Closing Tax Period of the Companies and their Subsidiaries without the prior written consent of Seller, which consent shall not be unreasonably withheld or delayed.

(f) Buyer shall not cause the Companies or their Subsidiaries to engage in any transaction after the Closing on the Closing Date that is outside the Ordinary Course of Business that would result in any increased Tax liability for which Seller would be liable or required to provide indemnification pursuant to this Agreement.

(g) Following the Closing Buyer, on its own behalf and on behalf of the Companies and their Subsidiaries, on the one hand, and Seller, on the other hand, shall promptly notify each other upon receipt of notice of any inquiries, claims, assessments, audits or similar events with respect to Taxes for which such other party may be liable hereunder (any such inquiry, claim, assessment, audit or similar event, a " Tax Contest "). Any failure to so notify the other party of any Tax Contest shall not relieve such other party of any liability with respect to such Tax Contest except to the extent such party was actually prejudiced as a result thereof. Seller shall have the right to control (at Seller's own expense) the conduct and resolution of any Tax Contest to the extent the Tax Contest relates to income Taxes of Seller or Taxes with respect to any taxable period ending on or before the Closing Date for which Seller is liable or must indemnify Buyer pursuant to this Agreement, *provided* , that to the extent such Tax Contest is related to the Companies or their Subsidiaries or any Taxes for which they may be liable, Buyer shall have the right to participate in such Tax Contest (at Buyer's own expense) and Seller shall not resolve such Tax Contest in a manner that would have an adverse impact on Buyer, the Companies or their Subsidiaries without Buyer's prior written consent, which consent shall not be unreasonably withheld or delayed. If Seller shall have the right to control the conduct and resolution of such Tax Contest but elect in writing not to do so, then Buyer shall have the right to control the conduct and resolution of such Tax Contest, *provided* , *however* , that Buyer shall keep Seller reasonably informed of all material developments in such Tax Contest on a timely basis, and Buyer shall not resolve such Tax Contest without Seller's written consent, which shall not be unreasonably withheld or delayed.

(h) Buyer shall have the right to control (at Buyer's own expense) the conduct and resolution of any Tax Contest to the extent the Tax Contest relates to Taxes of the Companies or their Subsidiaries for any taxable period that begins after the Closing Date, or for any Straddle Period (other than Tax Contests related to income Taxes of Seller, which shall be controlled by Seller subject to the provisions of Section 8.11(g) ). In the case of a Tax Contest that relates to a Straddle Period and to Taxes for which Seller is liable or must indemnify Buyer pursuant to this Agreement (other than Tax Contests related to income Taxes of Seller which shall be controlled by Seller subject to the provisions of Section 8.11(g) ), Seller shall have the right to participate in such Tax Contest (at Seller's own expense) and Buyer shall not resolve such Tax Contest without Seller's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(i) Seller shall be entitled to the amount of any refund or credit of Taxes of the Companies and their Subsidiaries with respect to a Pre-Closing Tax Period which refund or credit is actually received or applied to reduce Taxes otherwise payable by Buyer or its Affiliates (including after the Closing Date, the Companies) after the Closing during the Escrow Period, except to the extent such refund or credit was taken into account in the final calculation of the Final Closing Net Working Capital. Any such payment to Seller

shall be net of any out-of-pocket cost to Buyer and its Affiliates attributable to the obtaining and receipt of such refund or credit. Buyer shall pay (or cause to be paid) to Seller any amount to which Seller is entitled pursuant to the prior sentences promptly after the receipt or application of the applicable refund or credit by Buyer or its Affiliates. For the avoidance of doubt, neither Buyer nor its Affiliates (including, after the Closing Date, the Companies and their Subsidiaries) shall have any affirmative obligation to obtain any refund or credit of Taxes of the Companies or their Subsidiaries with respect to a Pre-Closing Tax Period.

(j) Buyer and Seller agree, for U.S. federal income tax purposes, to treat the Transaction as a purchase of the assets of the Companies and shall take no actions inconsistent with such treatment, except as otherwise required by applicable Law.

(k) Any and all Tax sharing, Tax allocation, or similar agreements binding the Companies or any of their Subsidiaries, on the one hand, and Seller or any of its Affiliates, on the other hand, shall be terminated as of the Closing Date and, from and after the Closing Date, none of the Companies nor their Subsidiaries shall be obligated to make any payment to any Person pursuant thereto.

(l) In the event of any conflict or overlap between the provisions of this Section 8.11 and Article XI , the provisions of this Section 8.11 shall control.

Section 8.12 Confidentiality . From and after the Closing, Seller shall, and shall cause its Affiliates to, hold in confidence any and all information, whether written or oral, exclusively related to the Companies, the Purchased Assets and the Business, except to the extent that such Person can show that such information (a) is in the public domain through no fault of Seller or any of its Affiliates, (b) is lawfully acquired by them after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation, (c) is reasonably relevant for enforcing Seller's rights or defending against assertions by Buyer or its Affiliates and is disclosed to any Governmental Entity or an arbitrator or other involved party in connection with any Proceeding involving (i) a dispute between Buyer and Seller or their respective Affiliates arising out of the transactions contemplated by this Agreement, or (ii) the interpretation, entry into, performance, breach or termination of this Agreement or the Ancillary Agreements, (d) is disclosed with the prior written consent of Buyer, (e) is required to be disclosed to the Seller's Lenders in connection with the consummation of the transactions contemplated by this Agreement, or (f) as required by applicable Law, Order or judicial or administrative process. If Seller or any of its Affiliates are compelled to disclose any such information by judicial or administrative process or by other requirements of Law or Order, such Person shall promptly notify Buyer in writing and shall disclose only that portion of such information which such Person is advised by its counsel is legally required to be disclosed; *provided,* that such Person shall exercise its best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information. Without prejudice to the rights and remedies otherwise available in this Agreement, the parties each acknowledge that money damages may not be an adequate remedy for any breach of this Section 8.12(a) and that Buyer will be entitled to specific performance and other equitable relief by way of injunction in respect of a breach or threatened breach of any this Section 8.12(a) .

Section 8.13 Estoppels . Prior to the Closing Date, Seller shall, and shall cause each of the Companies to, use commercially reasonable efforts to obtain and deliver to Buyer executed estoppel certificates under the Aero Lease and the Ground Lease in the forms attached as Exhibit C , with such changes as the parties shall mutually agree.

Section 8.14 Release . Effective as of the Closing:

(a) Seller, for itself and for its predecessors, successors, assigns executors, trustees, beneficiaries,

officers, directors, Affiliates, Subsidiaries, agents, administrators and any other Person claiming through Seller (the " Releasing Parties "), hereby generally, irrevocably, unconditionally and completely releases and forever discharges each of the Companies, their Subsidiaries, and each of their Affiliates, successors assigns, directors, officers, employees, agents, attorneys and representatives (the " Releasees ") from, and hereby irrevocably, unconditionally and completely waives and relinquishes, each of the Released Claims.

(b) For the purposes of the above, " Released Claims " shall mean and include any and all past, present and future disputes, claims, controversies, demands, rights, obligations, liabilities, actions and causes of action of every kind and nature, including: (i) any unknown, unsuspected or undisclosed claim and (ii) any claim or right that may be asserted or exercised by a Releasing Party, in each case that (A) any Releasing Party may have had in the past, may now have or may have in the future against any of the Releasees, and (B) has arisen or arises directly or indirectly out of, or relates directly or indirectly to, any circumstance, agreement, activity, action, omission, event or matter occurring or existing on or prior to the Closing Date; *provided, however* , that Released Claims shall not include, and this Section 8.14 shall in no way impair, Seller's rights under this Agreement or any Ancillary Agreement.

Section 8.15 Updated Phase I Environmental Site Assessments . Prior to the Closing Date, Seller shall obtain and deliver to Buyer Phase I Environmental Site Assessments, prepared in accordance with ASTM Practice E1527-13 on a date that is not more than six (6) months prior to the Closing, for each of the properties on which the Casinos are operated.

Section 8.16 Updated Account Information . Seller will provide Buyer prior to Closing with a schedule setting forth a complete and accurate list of (a) all accounts, safe deposits, or lock boxes at any depositary institution (including a savings bank, commercial bank, savings and loan association, or credit institution), trust company, brokerage firm, mutual fund, mortgage loan company, or other financial institution, in each case, in the name of any Company or any Subsidiary of a Company or used exclusively by any Company or Subsidiary in the Business, (b) all Persons authorized to draw on, access, or sign for any such accounts, and (c) the owner of record of each account.

Section 8.17 Transfer of Seller Contracts. Within thirty (30) days of the date of this Agreement, Seller shall provide Buyer with a complete and accurate list of any Contract to which Seller is a party, but none of the Companies or their Subsidiaries is a party, and which (a) are related to the Companies and would constitute a Material Contract if one of the Companies or their Subsidiaries were a party to such Contract, or (b) involve or relate to IT systems, software licenses, and related software services used by the Companies (other than Non-Negotiated Vendor Contracts) (collectively, the " Seller Contracts "). Seller and Buyer shall mutually agree which of the Seller Contracts shall be transferred to the Companies or their Subsidiaries (" Identified Seller Contracts "). Seller shall, no later than five (5) Business Days prior to the Closing Date (" Transfer Date "), use its commercially reasonable efforts to cause each of the Identified Seller Contracts to be transferred and assigned to the Companies on terms no less favorable to the Companies than the existing terms of such Identified Seller Contract. In the event that any Seller Contract requires the consent of another party thereto, Seller will use its commercially reasonable efforts to obtain such consent in writing prior to the Transfer Date. Nothing in this Agreement shall be construed as an attempt to assign any Seller Contract which is not assignable without the consent of the other party or parties thereto, unless such consent shall have been obtained. If, after Seller has used its commercially reasonable efforts to obtain the consent of any such other party to such Seller Contract, such consent shall not have been obtained at or prior to the Transfer Date, the Seller, the Companies and Buyer shall cooperate in an arrangement (each, an " Assignment Arrangement ") reasonable to both the Companies and Buyer designed to provide the Companies from and after the Closing Date with all of the benefits of such Seller Contract and all of the obligations under such Seller Contract arising on or after the Closing Date. In addition, after the Closing, in order that the full value

of every Seller Contract and all claims and demands with respect to such Seller Contracts may be realized, Seller hereby agrees that it will, at the written request and under the direction of Buyer and as shall be permitted by law and the terms of such Seller Contracts, take all actions and do or cause to be done all things as shall be reasonably necessary in order that the Companies after the Closing Date may obtain the full benefit and enjoyment of the Seller Contracts. Seller shall cooperate with Buyer in Buyer's actions pursuant to this Section 8.17 .

## ARTICLE IX
## CONDITIONS TO CLOSING

Section 9.01 Conditions to Each Party's Obligation to Effect the Closing . The respective obligations of each party to this Agreement to effect the Closing shall be subject to the satisfaction of each of the following conditions on or prior to the Closing:

(a) No Injunctions . No Governmental Entity of competent jurisdiction shall have issued any moratorium, or enacted, issued, promulgated, enforced or entered any Order or Law which is in effect and which prevents or prohibits the consummation of, or that makes it illegal for any party to consummate the Transaction.

(b) Gaming Approvals . The Gaming Approvals shall have been obtained and shall be in full force and effect.

(c) HSR Act . The applicable waiting period (or extension thereof) relating to the transactions contemplated under the HSR Act shall have expired or been terminated and any other consent, authorization, order, approval, declaration and filing required thereunder shall have been made or obtained

Section 9.02 Additional Conditions to Obligations of Buyer . The obligation of Buyer to effect the Closing is subject to the satisfaction of each of the following conditions prior to the Closing, any of which may be waived (to the extent legally permissible) in whole or in part in writing exclusively by Buyer:

(a) Representations and Warranties . Each of the Fundamental Representations of Seller shall be true and correct in all respects except for de minimis exceptions, and each of the other representations and warranties of Seller contained in Article V and Article VI (disregarding all qualifications as to materiality or Company Material Adverse Effect) shall be true and correct, at and as of the Closing as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure of such representations and warranties to be true and correct would not, individually or in the aggregate be reasonably likely to result in a Company Material Adverse Effect.

(b) Performance of Obligations of Seller and the Companies . Seller and the Companies shall have performed in all material respects all covenants, agreements and obligations required to be performed by Seller and the Companies under this Agreement at or prior to the Closing.

(c) Closing Certificate . Buyer shall have received a certificate signed on behalf of Seller by an executive officer of Seller or the Companies to the effect of clauses (a) and (b) above.

(d) Deliverables . Seller and the Companies shall have delivered executed copies of the Ancillary Agreements and other closing deliverables described in Article IV to be delivered by them.

(e) Lien Releases . Seller shall have obtained full, absolute and unconditional releases of all Lender Liens and Loan Obligations.

(f) New Title Policies . Buyer shall have received from the Title Insurer an irrevocable commitment to issue the New Title Policies.

(g) Company Material Adverse Effect . During the Pre-Closing Period, there shall not have occurred any Company Material Adverse Effect.

(h) Estoppel Certificates . The estoppel certificates from (i) Aero under the Aero Lease and (ii) Ground Lessor under the Ground Lease delivered to Buyer on or prior to the Closing Date shall not have been modified or rescinded and shall be in full force and effect; *provided* , *however* , that, notwithstanding anything herein to the contrary, Buyer's obligation to effect the Closing shall not be subject to the fulfillment of the condition specified in sub-clause (i) of this Section 9.02(h) after the Lease Termination Lapse Date.

(i) Assignment of Marks . Seller shall have caused the Marks identified in Section 9.02(i) of the Seller Disclosure Letter to be assigned to Cannery or Eastside pursuant to assignment agreements to be mutually agreed between the parties.

(j) Operating Condition . The Operating Condition shall be satisfied.

(k) Termination of Agreement . Seller shall have delivered to Buyer evidence reasonably satisfactory to Buyer that the agreement set forth in Section 9.02(k) of the Seller Disclosure Letter has been terminated and of no further force or effect and all obligations thereunder have been released in full.

Section 9.03 Additional Conditions to Obligations of Seller . The obligation of Seller to effect the Closing is subject to the satisfaction of each of the following conditions prior to the Closing, any of which may be waived (to the extent legally permissible) in whole or in part in writing exclusively by Seller:

(a) Representations and Warranties . The representations and warranties of Buyer contained in Article VII (disregarding all qualifications as to materiality) shall be true and correct at and as of the Closing as if made at and as of such time, except where the failure of such representations and warranties to be true and correct would not, individually or in the aggregate, be reasonably likely to result in a material adverse effect on Buyer's ability to consummate the Transaction.

(b) Performance of Obligations of Buyer . Buyer shall have performed in all material respects all covenants, agreements and obligations required to be performed by it under this Agreement at or prior to the Closing.

(c) Closing Certificate . Seller shall have received a certificate signed on behalf of Buyer by an executive officer of Buyer to the effect of clauses (a) and (b) above.

(d) Deliverables . Buyer shall have delivered executed copies of the Ancillary Agreements and other closing deliverables described in Article IV to be delivered by it.

## ARTICLE X.
## TERMINATION

Section 10.01 Termination . This Agreement may be terminated at any time prior to the Closing (with respect to Section 10.01(b) through Section 10.01(g) , by written notice by the terminating party to the other parties):

(a) by mutual written agreement of Seller and Buyer;

(b) by Seller, if the Closing does not occur prior to October 31, 2016; *provided* , that Seller's right to terminate this Agreement under this Section 10.01(b) shall not be available to Seller if Seller (or the Companies') failure to fulfill any obligation of Seller (or the Companies) under this Agreement has been the primary cause of the failure of the Closing to occur prior to the applicable date;

(c) by Buyer, if the Closing does not occur prior to October 31, 2016; *provided* , that the right to terminate this Agreement under this Section 10.01(c) shall not be available to Buyer if Buyer's failure to fulfill any obligation of Buyer under this Agreement has been the primary cause of the failure of the Closing to occur prior to such date;

(d) by Seller or Buyer, if the Nevada Gaming Control Board or the Nevada Gaming Commission has made a final, non-appealable determination that it will not issue the Gaming Approvals to Buyer;

(e) by Seller or Buyer, if a court of competent jurisdiction or other Governmental Entity (other than the Nevada Gaming Control Board or the Nevada Gaming Commission, which shall be governed by Section 10.01(d) ) shall have issued a non-appealable final Order or taken any other non-appealable final action, in each case, having the effect of permanently restraining, enjoining or otherwise prohibiting the Closing and the Transaction;

(f) by Buyer, if the Companies or Seller have breached any representation, warranty, covenant or agreement on the part of the Companies or Seller set forth in this Agreement which (i) would result in a failure of a condition set forth in Section 9.02(a) or Section 9.02(b) to be satisfied and (ii) in the case of non-willful breaches that are capable of being cured, is not cured within ten (10) calendar days after written notice thereof;

(g) by Seller, if Buyer has breached any representation, warranty, covenant or agreement on the part of Buyer set forth in this Agreement which (i) would result in a failure of a condition set forth in Section 9.03(a) or Section 9.03(b) to be satisfied hereof and (ii) in the case of non-willful breaches that are capable of being cured, is not cured within ten (10) calendar days after written notice thereof; or

(h) by Buyer, if (i) all of the conditions set forth in Section 9.01 and Section 9.02 (other than those conditions that by their nature are to be satisfied by actions taken at Closing) are satisfied or have been waived (if legally permitted) by Buyer except for the condition in Section 9.02(h)(i) , and (ii) Seller has indicated in writing to Buyer that all of the conditions set forth in Section 9.01 and Section 9.03 (other than those conditions that by their nature are to be satisfied by actions taken at the Closing) have been satisfied or have been waived (if legally permitted) by Seller, and Seller is ready, willing and able to consummate the Closing (the date on which all of sub-clauses (i) and (ii) above have occurred, the " Lease Termination Trigger Date "); *provided, however* , that Buyer's right to terminate this Agreement pursuant to this Section 10.1(h) shall terminate and lapse 10 days after the Lease Termination Trigger Date (the " Lease Termination Lapse Date ").

Section 10.02 Effect of Termination .

(a) Liability . In the event of termination of this Agreement as provided in Section 10.01 , this Agreement shall immediately become void, and there shall be no liability on the part of Buyer or Seller, or their respective Affiliates or Representatives, other than pursuant to this Section 10.02 ; *provided, however* , that nothing contained in this Section 10.02 shall relieve or limit the liability of any party to this Agreement for Fraud or any breach of this Agreement, including any breach permitting a party to terminate under Section 10.01(f) or Section 10.01(g) .

(b) Fees and Expenses . Except as otherwise expressly provided in this Agreement, all fees and expenses incurred in connection with this Agreement and the Transaction shall be paid by the party incurring such expenses, whether or not the Closing is consummated. Any cancellation charges of the Title Insurer shall be paid by the party who breached this Agreement, and, if no party breached this Agreement, then each of Seller and Buyer shall pay one-half of such cancellation charges.

(c) Specific Performance and Other Remedies. For the avoidance of doubt, prior to exercising any right of termination under Section 10.01 , the non-breaching parties may, but shall not be required to, seek specific enforcement or other available remedies in accordance with Section 12.02(d) .

## ARTICLE XI.
## SURVIVAL; INDEMNIFICATION

Section 11.01 Survival of Representations, Warranties, Covenants and Agreements .

(a) The (i) representations and warranties made in Section 5.01 (Organization of Seller), Section 5.02(a) (Authority), Section 5.02(b)(i)(A) (No Conflict With Organizational Documents), Section 5.03 (Title to Membership Interests), Section 6.01(a), (b), (c), (d), (f) and (g) (Organization of the Companies; Capitalization), Section 6.02(a) (Authority), Section 6.02(b)(i)(A) (No Conflict With Organizational Documents), Section 6.04(a) (Taxes), Section 6.13 (Brokers), Section 7.01 (Organization), Section 7.02(a) (Authority); Section 7.02(b)(i)(A) (No Conflict With Organizational Documents), Section 7.03 (Brokers) (collectively, the " Fundamental Representations ") and (ii) the other representations and warranties made by Seller, the Companies and Buyer in this Agreement shall survive the Closing until eighteen (18) months after the Closing Date (the " Survival Period ") (after giving effect to any waiver or extension of such statute of limitations). The parties agree that no claim may be brought based upon, directly or indirectly, any of the representations and warranties contained in this Agreement after the Survival Period. The termination of the representations and warranties provided herein shall not affect a party in respect of any Notice given pursuant to Section 11.03 prior to the expiration of the applicable Survival Period provided herein. All covenants or other agreements in this Agreement to be performed at or prior to the Closing by Seller or Buyer shall survive the Closing, and remain operative until the earlier of (A) the expiration of the applicable statute of limitations applicable to such covenant or agreement or (B) the Survival Period.

Section 11.02 Indemnification.

(a) From and after the Closing, Seller shall indemnify, save and hold harmless Buyer and its Affiliates and its and their respective Representatives (each, a " Buyer Indemnified Party " and collectively, the " Buyer Indemnified Parties ") from and against any and all costs, losses, Liabilities, obligations, damages, claims, judgments, awards and expenses (whether or not arising out of third-party claims), including interest,

penalties, reasonable attorneys' fees and any amounts paid in settlement of the foregoing (herein, " Damages "), incurred in connection with, arising out of, or resulting from:

(i) any breach of any representation or warranty made by Seller in Article V or Article VI;

(ii) any breach of any covenant or agreement to be performed by Seller in this Agreement, or any covenant or agreement to be performed by the Companies in this Agreement prior to the Closing; and

(iii) any and all Taxes (A) of Seller or its Affiliates (not including the Companies or their Subsidiaries) or (B) for which the Companies or their Subsidiaries are liable for any Pre-Closing Tax Period.

(b) From and after the Closing, Buyer shall indemnify, save and hold harmless Seller, the Companies and their respective Affiliates and its and their Representatives and successors (each, a " Seller Indemnified Party " and collectively, the " Seller Indemnified Parties ") from and against any and all Damages incurred in connection with, arising out of, or resulting from:

(i) any breach of any representation or warranty made by Buyer in Article VII; or

(ii) any breach of any covenant or agreement to be performed by Buyer in this Agreement.

Section 11.03 Procedure for Claims between Parties . If a claim for Damages is to be made by a Buyer Indemnified Party or Seller Indemnified Party (each, an " Indemnified Party ") entitled to indemnification hereunder, such party shall give written notice briefly describing the claim and, to the extent then ascertainable, the monetary damages sought (each, a " Notice ") to the indemnifying party hereunder (the " Indemnifying Party " and collectively, the " Indemnifying Parties ") as soon as practicable after such Indemnified Party becomes aware of any fact, condition or event which may give rise to Damages for which indemnification may be sought under this Article XI . Any failure to submit any such notice of claim to the Indemnifying Party shall not relieve any Indemnifying Party of any liability hereunder, except to the extent that the Indemnifying Party was actually prejudiced by such failure.

Section 11.04 Defense of Third Party Claims .

(a) Other than with respect to a Tax Matter, which shall be governed by Section 8.11 , the right of an Indemnified Party with respect to Damages resulting from the assertion of liability by a third party shall be subject to the terms and conditions of this Section 11.04 . If any Proceeding is initiated against an Indemnified Party by any third party (each, a " Third Party Claim ") for which indemnification under this Article XI may be sought, Notice thereof, together with copies of all notices and communication relating to such Third Party Claim, shall be given to the Indemnifying Party as promptly as practicable. The failure of any Indemnified Party to give timely Notice hereunder shall not affect rights to indemnification hereunder, except to the extent that the Indemnifying Party is actually and materially prejudiced by such failure.

(b) Except as set forth in this Section 11.04 , the Indemnifying Party shall be entitled to:

(i) take control of and conduct the defense and investigation of such Third Party Claim by written notice to the Indemnified Party;

(ii) employ and engage attorneys of its own choice ( *provided,* that such attorneys are reasonably acceptable to the Indemnified Party) to handle and defend the same, unless the named parties to such Proceeding include both one or more Indemnifying Parties and an Indemnified Party, and the Indemnified Party has reasonably concluded that there may be one or more legal defenses or defense strategies available to such Indemnified Party that are different from or additional to those available to an applicable Indemnifying Party or that there exists a conflict of interest, in which event such Indemnified Party shall be entitled to separate counsel ( *provided,* that such counsel is reasonably acceptable to the Indemnifying Party); and

(iii) compromise or settle such Third Party Claim, which compromise or settlement shall be made (x) only with the written consent of the Indemnified Party, such consent not to be unreasonably withheld, conditioned or delayed, or (y) if such compromise or settlement contains an unconditional release of the Indemnified Party in respect of such claim, without any admission of wrongdoing of any nature whatsoever to or by such Indemnified Party, and provides only for monetary damages that will be paid in full by the Indemnifying Party (other than an amount equal to the Deductible) under the terms of this Agreement;

*provided, however* , that the Indemnifying Party will not have the right to take control of and conduct the defense if such Third Party Claim involves an injunction or equitable relief, non-monetary claims, criminal liability or monetary claim for less than the Deductible, in which case, the Indemnified Party will take control and conduct the defense, compromise and settlement of such Third Party Claim (but such Third Party Claim shall not be compromised or settled without the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed).

(c) If the Indemnifying Party elects to take control and conduct the defense of a Third Party Claim, the Indemnified Party shall reasonably cooperate with the Indemnifying Party and its attorneys in the investigation, trial and defense of such Third Party Claim and any appeal arising therefrom; *provided, however,* that the Indemnified Party may, at its own cost, participate in the investigation, trial and defense of such lawsuit or action and any appeal arising therefrom. The parties shall reasonably cooperate with each other in any notifications to insurers.

(d) If the Indemnifying Party fails to assume the defense of such Third Party Claim within thirty (30) calendar days after receipt of the Notice, the Indemnified Party against which such Third Party Claim has been asserted will have the right to take control and conduct the defense of, and to compromise or settle, such Third Party Claim; *provided, however,* that such Third Party Claim shall not be compromised or settled without the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed.

(e) If the Indemnified Party assumes the defense of the Third Party Claim, the Indemnified Party will keep the Indemnifying Party reasonably informed of the progress of any such defense, compromise or settlement.

Section 11.05 Limitations on and Additional Terms of Indemnity .

(a) No Buyer Indemnified Party shall be entitled to indemnification from Seller pursuant to Section 11.02(a)(i) (other than in the case of Fraud or a breach or inaccuracy in a Fundamental Representation) unless the aggregate claims for Damages of the Buyer Indemnified Parties for which indemnification is sought pursuant to Section 11.02(a)(i) (other than in the case of Fraud or a breach of or inaccuracy in a

Fundamental Representation) exceed $1,000,000 (the " Basket "), whereupon Buyer Indemnified Parties shall be entitled to indemnification for all Damages in excess of $500,000.

(b) No Buyer Indemnified Party shall be entitled to indemnification from Seller pursuant to Section 11.02(a) (other than in the case of Fraud) to the extent the aggregate claims for Damages of the Buyer Indemnified Parties for which indemnification is sought pursuant to Section 11.02(a) (other than in the case of Fraud) exceed the Escrow Amount, and the Escrow Amount shall (other than in the case of Fraud) be the sole source of recourse therefor.

(c) Seller shall have no obligation under this Article XI to indemnify any Buyer Indemnified Party with respect to any Damage arising from a breach of representation, warranty or covenant in this Agreement, including under Section 11.02(a)(iii) , to the extent such Damage was taken into account in the final calculation of the Final Closing Net Working Capital, Final Indebtedness, or Final Transaction Expenses and Seller has paid any amounts owed pursuant to Section 3.02(d) .

(d) In calculating the amount of any Damages payable to a Buyer Indemnified Party hereunder, (i) the amount of the Damages shall not be duplicative of any other Damages for which an indemnification claim has been made, (ii) any materiality or Company Material Adverse Effect standard or qualification contained in any representation or warranty shall, be disregarded, and (iii) shall be computed net of any amounts actually recovered by such Buyer Indemnified Party or its Affiliates under any insurance policy with respect to such Damages (net of any out-of-pocket costs of investigation of the underlying claim and of collection, including reasonable attorney fees, and any premium increases resulting therefrom). If Seller pays a Buyer Indemnified Party for a claim and subsequently insurance proceeds in respect of such claim are collected by the Buyer Indemnified Parties, then the Buyer Indemnified Party shall promptly remit the insurance proceeds (net of any out-of-pocket costs of investigation of the underlying claim and of collection, including reasonable attorney fees, and any premium increases resulting therefrom) up to the amount paid by Seller to the Buyer Indemnified Party.

(e) Upon and becoming aware of any event which is reasonably likely to give rise to losses subject to indemnification hereunder, each Buyer Indemnified Party shall use commercially reasonable efforts to mitigate the losses arising from such events.

(f) No Indemnifying Party shall be liable to an Indemnified Party hereunder for (i) any punitive, exemplary or other, unforeseen, special or indirect damages, except where such damages are recovered by a third party from an Indemnified Party in connection with Damages indemnified hereunder or (ii) any consequential damages unless reasonably foreseeable or are recovered by a third party from an Indemnified Party in connection with Damages indemnified hereunder.

(g) Notwithstanding anything to the contrary in this Agreement, the representations, warranties, covenants and obligations of Buyer, Seller and the Companies, as the case may be, and the rights and remedies that may be exercised by the Indemnified Parties based on such representations, warranties, covenants and obligations, will not be limited or affected by any investigation conducted by Buyer, Seller or the Companies or any of their respective Representatives with respect to, or any knowledge acquired (or capable of being acquired) by Buyer, Seller or the Companies or any of their respective Representatives, whether before or after the execution and delivery of this Agreement or the Closing, with respect to, the accuracy or inaccuracy of or compliance with any such representation, warranty, covenant or obligation as aforesaid. The waiver by Buyer or Seller of any of the conditions to Closing set forth in this Agreement will not affect or limit the provisions of this Article XI .

(h) In no event shall Seller have any obligation to indemnify or hold harmless any Buyer Indemnified Parties for any Damages, to the extent any such Damages arise from or relate to any environmental contamination discovered as a result of Buyer (or its Affiliates or their respective Representatives, successors or assigns) conducting sampling of building materials, soil, soil vapor, ambient air, indoor air, surface water, or groundwater, at or under the Real Property, or any geology, structural, environmental or other engineering studies of the Real Property (including, without limitation, any subsurface drilling or boring testing at the Real Property) except as agreed prior to Closing in accordance with Section 8.03(a)(iv) .

Section 11.06 Exclusive Remedy .

(a) After the Closing, except with respect to Fraud, the indemnities provided in this Article XI shall constitute the sole and exclusive remedy of any Indemnified Party for Damages arising out of, resulting from or incurred in connection with any claims regarding matters arising under or otherwise relating to this Agreement; *provided, however* , that this exclusive remedy for Damages does not preclude a party from bringing an action for specific performance or other equitable remedy to require a party to perform its obligations under this Agreement. Without limiting the foregoing, Buyer and Seller each hereby waive (and, by their acceptance of the benefits under this Agreement, each Buyer Indemnified Party and Seller Indemnified Party hereby waives), from and after the Closing, any and all rights, claims and causes of action (other than claims of, or causes of action arising from, Fraud) such party may have against the other party arising under or based upon this Agreement or any schedule, exhibit, disclosure letter, document or certificate delivered in connection herewith, and no legal action sounding in tort, statute or strict liability may be maintained by any party (other than a legal action brought solely to enforce or pursuant to the provisions of this Article XI ).

(b) Without limiting the foregoing, the Buyer Indemnified Parties and Seller Indemnified Parties hereby waive and agree not to seek (whether under any Environmental Law or otherwise) any statutory or common law remedy (whether for contribution, equitable indemnity or otherwise) against any Indemnifying Party with regard to any liability arising under Environmental Law or related to Hazardous Substances, except solely in accordance with the indemnification obligations in this Article XI .

Section 11.07 Treatment of Indemnification Payments . All indemnification payments made pursuant to this Article XI shall be treated by the parties for income Tax purposes as adjustments to the Final Purchase Price, unless (a) otherwise required pursuant to a "determination" (as defined in Section 1313(a) of the Code or any similar provision of state, local or foreign Law) or (b) Buyer and Seller shall otherwise agree in writing.

## ARTICLE XII.
## MISCELLANEOUS

Section 12.01 Definitions .

(a) For purposes of this Agreement, the term:

" Accounts Receivable " means all accounts receivable (including receivables and revenues for food, beverages, telephone and casino credit), notes receivable or overdue accounts receivable, in each case, due and owing by any third party.

" Acquisition Proposal " means (a) any merger, consolidation, joint venture, business combination, reorganization, recapitalization, share exchange, liquidation, dissolution or other similar transaction; (b) any direct or indirect (including by any license or lease) sale, lease, exchange, transfer or other disposition of all or a substantial portion of the assets of the Companies or any of the Casinos; (c) any sale, issuance or exchange

of any equity securities (including securities or instruments involving, settled by reference to, convertible into, or exchangeable or exercisable for equity securities) of any of Seller or the Companies; or (d) any other transaction which could reasonably be expected to (i) conflict with, impede, interfere with, prevent or materially delay the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, or (ii) have an adverse effect on the prospects for antitrust clearance or regulatory approval of the transactions contemplated by this Agreement and the Ancillary Agreements.

" Aero " means AERO SRD II, LLC, a Nevada limited liability company.

" Aero Lease " means that certain Lease dated November 16, 2004 between Aero, as landlord, and Cannery, as tenant.

" Affiliate " means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first-mentioned Person.

" Ancillary Agreements " means the Assignment of Membership Interests and the Escrow Agreement.

" Business " means the business conducted by the Companies and their Subsidiaries as of the date of this Agreement or as of the Closing Date. For the avoidance of doubt Business shall not include business conducted by the Affiliates of the Companies (other than the Companies' Subsidiaries).

" Business Day " means each day, other than a Saturday, Sunday or other day on which commercial banks in New York, New York or Las Vegas, Nevada are authorized or required by Law to close.

" Buyer's Knowledge " means the actual knowledge, after reasonably inquiry, of Brian Larson, Josh Hirsberg and Keith Smith.

" Cage Cash " means all cash contained in the cage, ATMs, slot booths, count rooms and drop boxes at the Casinos as of the Closing Date.

" Cash " means cash and cash equivalents.

" Casinos " means (a) the casino located at 2121 E Craig Rd, North Las Vegas, Nevada 89030 and commonly known as the Cannery Casino Hotel and (b) the casino located at 5255 Boulder Hwy, Las Vegas, Nevada 89122 and commonly known as the Eastside Cannery Casino Hotel.

" Closing Cash " means the aggregate Cash (including Cage Cash) of the Companies and their Subsidiaries.

" Code " means the Internal Revenue Code of 1986, as amended.

" Company Material Adverse Effect " means any state of facts, event, change, circumstance, occurrence or effect (each, an " Effect ") that, when taken individually or together with all other Effects, is or is reasonably expected to be materially adverse in relation to the condition (financial or otherwise), properties, Liabilities, business, assets, operations or results of operations of the Companies and their Subsidiaries, taken as a whole; *provided,* that the following shall not be taken into account in determining whether a Company Material Adverse Effect has occurred: (a) general conditions (or changes therein) in the (i) travel, hospitality or gaming industries, or in the jurisdiction where any Company or its Subsidiaries operate or (ii) the financial, banking,

currency or capital markets, including any disruption thereof and any interest or exchange rate fluctuations (b) any change in GAAP or applicable Law, including any change in Law permitting or expanding casino gambling (such as electronic gaming machines or table games), (c) any change, event or effect resulting from the entering into or public announcement of the Transaction, (d) any change, event or effect resulting from any act of terrorism, commencement or escalation of armed hostilities in the U.S. or internationally, (e) earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides, wild fires or other natural disasters, weather conditions and other force majeure events in the United States or any other country, (f) the taking of any action expressly required by this Agreement and/or any of the Ancillary Agreements, (g) the general decrease in the market value of comparable assets, including casinos generally, or (h) the failure of the Company to meet any financial or other projections (but not the underlying causes thereof); *provided* , *however* , that, in the case of subsections (a), (b), (d), (e) and (g), such changes do not adversely affect the Companies and their Subsidiaries disproportionately as compared to their competitors similarly situated. Without limiting the generality of the foregoing, the parties acknowledge and agree that a financial adverse effect of $70,000,000 or greater on the net book value of the Companies, taken together, relative to such value on the Financial Information as of the fiscal year ended December 31, 2015, shall be deemed to be a Company Material Adverse Effect; *provided further* , *however* , that the foregoing shall not create any inference that a financial adverse effect less than the foregoing amount is not a Company Material Adverse Effect.

" Company Intellectual Property " means any and all Intellectual Property owned, used, held for use or practiced by the Companies or any of their Subsidiaries, including any Intellectual Property incorporated into or otherwise used, held for use or practiced in connection with (or planned by the Companies or any of their Subsidiaries to be incorporated into or otherwise used, held for use or practiced in connection with) any Company Offering.

" Company Offerings " means any and all products or services offered, licensed, provided, sold, distributed or otherwise exploited by or for the Companies or any of their Subsidiaries, and any and all products or services under design or development (or already designed or developed) by or for the Companies or any of their Subsidiaries, including all versions and releases of the foregoing.

" Company Software " means all Software owned by or developed by or for the Companies or any of their Subsidiaries.

" Contract " means any oral or written agreement, contract, lease, sublease, license, sublicense, mortgage, indenture, instrument, power of attorney, note, loan, evidence of indebtedness, purchase order, letter of credit, settlement agreement, franchise agreement, or employment agreement.

" Copyleft License " means any license of Intellectual Property that provides that, as a condition to the use, modification, or distribution of such licensed Intellectual Property, that such licensed Intellectual Property, or any other Intellectual Property that is incorporated into, derived from, based on, linked to, or used or distributed with such licensed Intellectual Property, be licensed, distributed, or otherwise made available: (a) in a form other than binary or object code (e.g., in source code form); (b) under terms that permit redistribution, reverse engineering, or creation of derivative works or other modification; or (c) without a license fee. "Copyleft Licenses" include the GNU General Public License, the GNU Library General Public License, the GNU Lesser General Public License, the Affero General Public License, the Mozilla Public License, the Common Development and Distribution License, the Eclipse Public License, and all Creative Commons "sharealike" licenses.

" Disclosure Letters " means the Company Disclosure Letter and Seller Disclosure Letter.

" Employee Benefit Plan " means (a) each Seller Employee Benefit Plan, (b) each "employee benefit plan" (as such term is defined in Section 3(3) of ERISA), whether or not subject to ERISA, and (c) each other stock purchase, stock option, severance, employment, change-in-control, bonus, incentive, deferred compensation or other material employee benefit or material compensation plan, program or arrangement (other than individual contracts or agreements), in each case, that is maintained, sponsored or contributed to by the Companies or their Subsidiaries on behalf of Property Employees or other individual service providers of the Companies, to which the Companies or any of their Subsidiaries has any obligation to maintain, sponsor or contribute on behalf of Property Employees or other individual service providers of the Companies, and with respect to which the Companies or any of their Subsidiaries has or could have any direct or indirect Liability, but in each case, excluding any Multiemployer Plan.

" Environment " means ambient air, indoor air, vapors, surface water, groundwater, wetlands, drinking water supply, land surface, or subsurface strata and biota.

" Environmental Laws " means all applicable federal, state and local statutes or laws, common law, judgments, orders, regulations, licenses, permits, rules and ordinances relating to Hazardous Substances, pollution, restoration or protection of the Environment.

" ERISA " means the Employee Retirement Income Security Act of 1974, as amended.

" ERISA Affiliate " means, with respect to a Person, any other Person that is (or at any relevant time was) treated as a single employer together with such Person under Section 414(b), (c), (m) or (o) of the Code.

" Escrow Account " means the account of the Escrow Agent established to hold the Escrow Amount.

" Escrow Agent " means Citibank N.A. or its successor.

" Escrow Agreement " means the escrow agreement among Buyer, Seller and the Escrow Agent, to be mutually agreed between the Buyer and Seller prior to the Closing.

" Escrow Amount " means $20,000,000.

" Estimated Closing Cash " means Seller's good faith estimate of the Closing Cash.

" Estimated Indebtedness " means Seller's good faith estimate of the Indebtedness of the Companies and their Subsidiaries that remains unpaid as of the Closing.

" Estimated Transaction Expenses " means Seller's good faith estimate of the Transaction Expenses that remain unpaid as of the Closing.

" Estimated Closing Net Working Capital " means Seller's good faith estimate of the Net Working Capital of the Companies, on a consolidated basis, as of the Closing.

" Estimated Closing Net Working Capital Overage " means the amount, if any, by which the Estimated Closing Net Working Capital is greater than the Target Net Working Capital.

" Estimated Closing Net Working Capital Shortage " means the amount, if any, by which the Estimated Closing Net Working Capital is less than the Target Net Working Capital.

" Final Closing Net Working Capital " means the Net Working Capital of the Companies, on a consolidated basis, as of the Closing as set forth in the Final Closing Statement.

" Final Closing Cash " means the Closing Cash as set forth in the Final Closing Statement.

" Final Indebtedness " means the Indebtedness of the Companies and their Subsidiaries that remained unpaid as of the Closing, as set forth in the Final Closing Statement.

" Final Transaction Expenses " means the Transaction Expenses that remained unpaid as of the Closing, as set forth in the Final Closing Statement.

" Fraud " means common law fraud under the laws governing this Agreement.

" GAAP " means generally accepted accounting principles in the United States.

" Gaming Approvals " means an approval by the Nevada Gaming Commission of the change in control of the Companies and a finding of the Nevada Gaming Commission that Buyer is suitable to own the Membership Interests as contemplated by and upon the terms set forth in this Agreement.

" Gaming Authorities " means any Governmental Entity with regulatory control or jurisdiction over the conduct of lawful gaming or gambling in any jurisdiction and within the State of Nevada, specifically the Nevada Gaming Commission, the Nevada Gaming Control Board, the Clark County Liquor and Gaming Licensing Board and the City of North Las Vegas.

" Gaming Equipment Contracts " means any Contract entered into by the Companies or their Subsidiaries in the Ordinary Course of Business, providing for the lease, installation or use of computerized gambling machines pursuant to which the Companies or its Subsidiaries pay a percentage of wagers accepted by such machines to the counterparties of such Contracts.

" Gaming Laws " means any federal, state, local or foreign statute, ordinance (including zoning), rule, regulation, permit (including land use), consent, registration, finding of suitability, approval, license, judgment, Order, decree, injunction or other authorization, including any condition or limitation placed thereon, governing or relating to casino or gaming activities or operations.

" Governing Documents " means, with respect to any particular entity, (a) if a corporation, the articles or certificate of incorporation and the bylaws of such corporation; (b) if a limited liability company, the articles of organization or certificate of formation and operating agreement, regulations, limited liability company agreement, or company agreement of such limited liability company; (c) if another type of entity, any other charter or similar document adopted or filed in connection with the creation, formation or organization of such entity; and (d) any amendment or supplement to any of the foregoing.

" Governmental Entity " means court, arbitral body administrative agency, commission, Gaming Authority or other governmental or regulatory authority or instrumentality.

" Ground Lease " means that certain Ground Lease dated September 22, 2006 between Ground Lessor, as lessor, and Eastside, as lessee as amended by that certain First Amendment to Lease Agreement dated June 21, 2007.

" Ground Lessor " means NP Land, LLC, a Nevada limited liability company.

“ Hazardous Substance ” means any material, substance or waste that is designated or regulated as “hazardous,” “toxic,” or “radioactive,” under applicable Environmental Laws, including but not limited to petroleum, petroleum by-products, friable asbestos, urea formaldehyde insulation, toxic mold, polychlorinated biphenyls, flammable or explosive substances, or pesticides.

“ HSR Act ” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended and the rules and regulations promulgated thereunder.

“ Indebtedness ” of any Person means without duplication (a) indebtedness for borrowed money, including any related interest, prepayment penalties or premiums, fees and expenses, (b) amounts owing as deferred purchase price for property or services (other than trade payables and accrued expenses that are current liabilities), including all capital leases, seller notes and “earn-out” payments, (c) indebtedness evidenced by any note, bond, debenture, mortgage or other debt instrument or debt security, including any related interest, prepayment penalties or premiums, fees and expenses, (d) net obligations under any interest rate, currency or other hedging agreement or reimbursement obligations in connection with letters of credit, or (e) guarantees with respect to any indebtedness of any other Person of a type described in clauses (a) through (d) above.

“ Intellectual Property ” means all intellectual property or other proprietary rights of every kind, foreign or domestic, in or to: (a) patents and patent applications, utility models and applications for utility models and all reissues, divisions, re-examinations, renewals, extensions, provisionals, continuations and continuations-in-part thereof, and inventions (whether or not patentable), processes, technologies, discoveries, apparatus, and know-how; (b) trademarks, domain names, uniform resource locators, logos, trade dress, trade names and corporate names, whether registered or unregistered, and all goodwill associated with the foregoing, together with any and all registrations and applications for registration thereof; (c) copyrights, moral rights and all other corresponding rights, including in and to databases, Software, and other works of authorship, whether registered or unregistered, and any and all registrations and applications for registrations thereof; (d) rights of publicity and privacy, including any such rights with respect to use of a Person’s name, signature, likeness, image, photograph, voice, identity, personality, and biographical and personal information and materials; (e) Proprietary Information.

“ Intellectual Property License ” means any license, sublicense, right, covenant, non-assertion, permission, immunity, consent, release or waiver under or with respect to any Intellectual Property.

“ IRS ” means the United States Internal Revenue Service.

“ IT Systems ” means all computer systems, servers, network equipment and other computer hardware owned, leased or licensed by the Companies or any of their Subsidiaries and otherwise used in the Business.

“ Law ” means any foreign or domestic law, statute, code, ordinance, resolution, rule, regulation, Order, judgment, writ, stipulation, award, injunction, decree or arbitration award, policies, guidance, court decision, rule of common law or finding.

“ Liability ” or “ Liabilities ” means, with respect to any Person, any liability or obligation of such Person, whether known or unknown, absolute or contingent, accrued or unaccrued, or liquidated or unliquidated.

" Liens " means any mortgage, deed of trust, pledge, option, right of first refusal or first offer, conditional sale, lien, exclusive Intellectual Property License, option to obtain an exclusive Intellectual Property License, security interest, pledges, limitations on voting rights, conditional or installment sale agreement, charges or other encumbrances.

" Licensed IP " means Company Intellectual Property that is not Owned Company IP.

" Marks " means trademarks, domain names and trade names, whether registered or unregistered, and all goodwill associated with the foregoing, together with any and all registrations and applications for registration thereof.

" Movie Theater Lease " means that certain Galaxy Theatres Lease dated September 24, 2004 between Cannery, as landlord, and Movie Theater Tenant, as tenant, as amended by that certain Amendment No. 1 to Lease dated June 1, 2010.

" Movie Theater Tenant " means Galaxy Vegas, LLC, a Nevada limited liability company.

" Multiemployer Plan " has the meaning set forth in Section 3(37) of ERISA.

" Net Working Capital " means as of any date, (a) the consolidated current assets of the Companies, minus (b) the consolidated current liabilities of the Companies; *provided, however* , that for purposes of this calculation, Cash (including Cage Cash), Indebtedness and Transaction Expenses shall be excluded from the definition of "Net Working Capital". An example calculation of the Net Working Capital as of March 31, 2016 is attached as Exhibit B .

" Non-Negotiated Vendor Contract " means a Contract that meets all of the following conditions: (a) such Contract grants to the Companies or any of their Subsidiaries a non-exclusive license to download or use generally commercially available, non-customized Software or a non-exclusive right to access and use the functionality of such Software on a hosted or "software-as-a-service" basis (and does not include any other Intellectual Property Licenses); (b) such Contract is a non-negotiable "shrink-wrap" or "click-through" Contract; (c) such Contract is expressly terminable for convenience by the Companies or any of their Subsidiaries upon sixty (60) days' or less prior notice and does not impose any continuing obligations on or grant of rights by the Company that survive termination or expiration of such Contract; (d) the Software is not included, incorporated or embedded in, linked to, combined or distributed with, or used in the development, design, delivery, distribution or provision of, any Company Software or Company Offering; (e) the Contract does not require the Companies or any of their Subsidiaries to pay any license fee, subscription fee, service fee or other amount except for a one-time license fee of no more than $5,000 or ongoing subscription or service fees of no more than $10,000 per year; and (f) the Contract is not a license for Open Source Software.

" Open Source Software " means any Software that is licensed, provided or distributed under any open source license (including any Copyleft License), including any license meeting the Open Source Definition (as promulgated by the Open Source Initiative) or the Free Software Definition (as promulgated by the Free Software Foundation), or any substantially similar license.

" Operating Condition " means the condition set forth on Schedule 9.03(j) .

" Order " means any judgment, award, decision, order, decree, writ, injunction, assessment or ruling entered or issued by any Governmental Entity.

“ Ordinary Course of Business ” means any action taken by a Person if such action is consistent with such Person’s past practices and is taken in the ordinary course of such Person’s normal day-to-day operations.

“ Owned Company IP ” means (a) all Registered Company Intellectual Property and (b) all other Company Intellectual Property that are owned or purported to be owned by, or subject to an obligation to be assigned to, the Companies or any of their Subsidiaries.

“ PCI Standards ” means the Payment Card Industry Data Security Standards in effect as of the Effective Date.

“ Permit ” means permits, licenses, approvals, certificates, findings of suitability and other registrations, authorizations and exemptions of and from all applicable Governmental Entities.

“ Permitted Liens ” means, with respect to any Company (a) Liens for ground rents, water charges, sewer rates, assessments and other governmental charges not delinquent or which are currently being contested in good faith by appropriate Proceedings; (b) Liens for Taxes, including assessments, not yet delinquent or Taxes being contested in good faith by appropriate Proceedings and as to which adequate reserves have been established; (c) Liens arising by operation of law such as materialmen, mechanics, carriers, workmen, repairmen and similar liens which are not filed of record and similar charges not delinquent or which are filed of record, that occur in the Ordinary Course of Business or are otherwise not material; (d) covenants, conditions and restrictions (including zoning and subdivision restrictions), rights of way, encroachments, protrusions, easements, leases, reservations or other similar charges or encumbrances and other matters of public record, in each case that existed as of the date of this Agreement; (e) rights of tenants under operating leases and the occupancy of hotel guests; (f) with respect to the Real Property, all exceptions described in the Existing Title Policies, the Title Commitments or the New Title Policies and all matters disclosed by the Existing Surveys and Lender’s Surveys; (g) terms and conditions of licenses, permits and approvals for the Real Property, Laws of any Governmental Entity having jurisdiction over the Real Property, (h) any Lien that will be (and is) released and discharged at or prior to the Closing, and (i) any Lien that is not material to the Business as a whole.

“ Person ” means an individual, corporation, limited liability company, partnership, association, trust, unincorporated organization or other entity.

“ Personal Information ” means any information that relates to an identified or identifiable individual or device, including, but not limited to, name, address, telephone number, email address, username and password, photograph, government-issued identifier, or any other data used or intended to be used to identify, contact or precisely locate an individual.

“ Personal Property ” means all personal property owned or leased by the Companies on the Closing Date.

“ Pre-Closing Tax Period ” means any Tax period ending on or before the Closing Date and the portion of any Straddle Period ending on (and including) the Closing Date.

“ Proceeding ” means any lawsuit, litigation, arbitration, mediation, action or proceeding by or before any Governmental Entity.

“ Property Employees ” means employees of Seller and its Subsidiaries who are employed by any Company or any Subsidiary of any Company.

“ Property Taxes ” means all real property Taxes, personal property Taxes and similar ad valorem Taxes.

“ Proprietary Information ” means information and materials not generally known to the public, including trade secrets, customer lists, confidential marketing and customer information, and other proprietary and confidential information.

“ Purchased Assets ” means all assets owned by the Companies or their Subsidiaries including the Casinos.

“ Real Property ” means the real property described in Section 6.05(a) and Section 6.05(b) of the Company Disclosure Letter.

“ Representatives ” means, with respect to a party, its Affiliates, members, directors, officers, employees, advisors, agents or other representatives.

“ Seller Employee Benefit Plan ” means any other “employee benefit plan” (as such term is defined in Section 3(3) of ERISA), whether or not subject to ERISA, and each other stock purchase, stock option, severance, employment, change-in-control, bonus, incentive, deferred compensation or other material employee benefit or material compensation plan, program or arrangement (other than individual contracts or agreements), that is maintained, sponsored or contributed to by the Seller on behalf of Property Employees or other individual service providers of the Companies or to which the Seller has any obligation to maintain, sponsor or contribute on behalf of Property Employees or other individual service providers of the Companies, but in each case, excluding any Multiemployer Plan.

“ Seller’s Knowledge ” means the actual knowledge, after reasonable inquiry, of William Paulos, William Wortman, Tom Lettero, Guy Hillyer, Mike Day or Ryan Paulos.

“ Social Media Accounts ” means any and all accounts, profiles, pages, feeds, registrations and other presences on or in connection with any: (a) social media or social networking website or online service; (b) blog or microblog; (c) photo, video or other content-sharing website; or (d) other website or application (including mobile application) used for sharing content with or among end users.

“ Software ” means all (a) computer programs, including all software implementations of algorithms, models and methodologies, whether in source code or object code, (b) databases, (c) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons and (d) documentation, including user manuals and other training documentation, related to any of the foregoing.

“ Straddle Period ” means any Tax period beginning before or on and ending after the Closing Date.

“ Subsidiary ” means, with respect to any party, any corporation or other organization, whether incorporated or unincorporated, of which (a) such party or any other Subsidiary of such party is a general partner or managing member or (b) at least 50% of the securities or other equity interests having by their terms voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization that is, directly or indirectly, owned or controlled by such party or by any one or more of its Subsidiaries, or by such party and one or more of its Subsidiaries.

“ Target Net Working Capital ” means $0.00.

“ Tax Authority ” means any governmental agency, board, bureau, body, department or authority of any United States federal, state or local jurisdiction or any foreign jurisdiction, having or purporting to exercise jurisdiction with respect to any Tax.

“ Tax Return ” means any report, return (including any information return), statement, claim for refund, election, estimated Tax filing or payment, request for extension, document, declaration or other information or filing supplied or required to be supplied to any Governmental Entity with respect to Taxes, including attachments thereto and amendments thereof.

“ Taxes ” means any and all taxes, charges, fees, levies, tariffs, duties, liabilities, impositions or other assessments in the nature of a tax (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Entity, including, without limitation, income, franchise, gross receipts, profits, gaming, live entertainment, excise, real or personal property, environmental, sales, use, lodging, value-added, ad valorem, withholding, social security, retirement, employment, unemployment, workers’ compensation, occupation, service, license, net worth, capital stock, payroll, gains, stamp, transfer and recording taxes.

“ Title Insurer ” means Fidelity National Title Insurance Company.

“ Title IV Plan ” means any “pension plan” under Section 3(2) of ERISA that is subject to Title IV of ERISA (other than a Multiemployer Plan).

“ Transaction ” means the purchase and sale of the hereunder Membership Interests and the other transactions contemplated by this Agreement or the Ancillary Agreements.

“ Transaction Expenses ” means any and all fees, expenses and amounts payable by the Companies and their Subsidiaries (a) in connection with the transactions contemplated by this Agreement and the Ancillary Agreements, including any fees, expenses and amount payable to their or Seller’s accountants, brokers, investment banks, financial advisors, legal counsel or any other advisors, agents, outside advisors or representatives in connection with this Agreement, the Ancillary Agreements or any of the transactions contemplated hereby and thereby, or (b) to any employee as a result of any “change of control,” severance or other similar payment (including the employer portion of any Taxes resulting therefrom) that is triggered as a result of the consummation of the transactions contemplated by this Agreement.

“ WARN Act ” means the Worker Adjustment and Retraining Notification Act of 1988, as amended, and analogous state and local Law.

(b) The following are defined elsewhere in this Agreement, as indicated below:

| **Term** | **Section** |
|---|---|
| "Affiliated Person" | Section 6.19 |
| “Agreement” | Preamble |
| “Allocation” | Section 2.04 |
| “Assignment of Membership Interests” | Section 4.02(b) |
| “Auditor” | Section 3.02(b) |
| “Base Purchase Price” | Section 2.01 |
| “Basket” | Section 11.05(a) |

| | |
|---|---|
| “Boyd” | Preamble |
| “Buyer” | Preamble |
| “Buyer Benefit Plans” | Section 8.02(c) |
| “Buyer Indemnified Party” | Section 11.02(a) |
| “Buyer Indemnified Parties” | Section 11.02(a) |
| “Buyer Obligations” | Section 12.15 |
| “Buyer Related Parties” | Section 7.05(a) |
| “Cannery” | Preamble |
| “CCR Employees” | Section 8.02(a) |
| “Closing” | Section 4.01 |
| “Closing Date” | Section 4.01 |
| “Closing Payment” | Section 2.01 |
| “COBRA” | Section 6.12(f) |
| “Company” or “Companies” | Preamble |
| “Company Disclosure Letter” | Article VI |
| “Continuing Employee” | Section 8.02(b) |
| “Contracting Parties” | Section 12.02(e) |
| “Customer Deposits” | Section 3.03(c) |
| “Damages” | Section 11.02(a) |
| “debt” | Section 7.07 |
| “Determination Date” | Section 3.02(b) |
| “Eastside” | Preamble |
| “Effective Date” | Preamble |
| “Estimated Adjustment” | Section 3.01(c) |
| “Estimated Closing Statement” | Section 3.01(a) |
| “Existing Surveys” | Section 8.10 |
| “Existing Title Policies” | Section 8.09(a) |
| “Final Adjustment” | Section 3.02(a) |
| “Final Closing Statement” | Section 3.02(a) |
| “Final Purchase Price” | Section 3.02(a) |
| “Financial Information” | Section 6.03(a) |
| “Fundamental Representations” | Section 11.01(a) |
| “Ground Leased Property” | Section 6.05(b) |
| “HSR Approvals” | Section 8.04(a) |
| “Identified Employees” | Section 8.02(a) |
| “Identified Seller Contracts” | Section 8.17 |
| “Improvements” | Section 6.05(h) |
| “Indemnified Party” | Section 11.03 |
| “Indemnifying Party” | Section 11.03 |
| “Indemnifying Parties” | Section 11.03 |
| “Inspection” | Section 8.03(a) |
| “Leased Real Property” | Section 6.05(b) |
| “Lease” | Section 6.05(b) |
| “Lease Termination Lapse Date” | Section 10.01(h) |
| “Lease Termination Trigger Date” | Section 10.01(h) |
| “Lenders” | Section 8.08 |
| “Lender Liens” | Section 8.08 |
| “Lender’s Surveys” | Section 8.10 |

| | |
|---|---|
| “Loan Obligations” | Section 8.08 |
| “Material Contracts” | Section 6.07(a) |
| “Membership Interests” | Recitals |
| “New Title Policies” | Section 8.09(b) |
| “Non-Party Affiliates” | Section 12.02(e) |
| “Notice” | Section 11.03 |

| | |
|---|---|
| "Owned Real Property" | Section 6.05(a) |
| "party" or "parties" | Preamble |
| "Post-Closing Representation" | Section 12.13 |
| "Pre-Closing Period" | Section 8.01(a) |
| "Registered Company Intellectual Property" | Section 6.06(a) |
| "Related Persons" | Section 6.20(b) |
| "Released Claims" | Section 8.13 |
| "Releasees" | Section 8.13 |
| "Releasing Parties" | Section 8.13 |
| "Rent Roll" | Section 6.05(c) |
| "Seller" | Preamble |
| "Seller Contracts" | Section 8.17 |
| "Seller Disclosure Letter" | Article V |
| "Seller Group" | Section 12.13 |
| "Seller Indemnified Party" | Section 11.02(b) |
| "Seller Indemnified Parties" | Section 11.02 |
| "Solvent" | Section 7.07 |
| "Surveys" | Section 8.10 |
| "Survival Period" | Section 11.01(a) |
| "Tax Contest" | Section 8.11(f) |
| "Title Commitments" | Section 8.09(a) |
| "Third Party Claim" | Section 11.04(a) |
| "Third Party Leases Leases" | Section 6.05(c) |
| "Transfer Date" | Section 8.17 |
| "Transfer Taxes" | Section 8.11(c) |
| "Waiving Parties" | Section 12.13 |

Section 12.02 Governing Law; Consent to Jurisdiction; Waiver of Trial by Jury; Limitation on Damages; Limitation on Claims.

(a) This Agreement and the Transaction, and all disputes between the parties under or related to this Agreement or the facts and circumstances leading to its execution, whether in contract, tort or otherwise, shall be governed by and construed in accordance with the Laws of the State of New York applicable to contracts executed in and to be performed entirely within the State of New York, without regard to the conflicts of laws principles thereof that would require the application of the Laws of any other jurisdiction.

(b) Each of the parties (i) consents to submit itself to the personal jurisdiction of the Federal and state courts in the Borough of Manhattan, the City of New York in the event any dispute arises out of this Agreement or the Transaction; *provided, however* , that such submission to jurisdiction is solely for the purpose referred to in this paragraph and shall not be deemed to be a general submission to the jurisdiction of such courts or any other courts other than for such purpose, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (iii) agrees that it will not bring any action relating to this Agreement or the Transaction in any court other than such state or Federal court. Each of the parties irrevocably consents to the service of any summons and complaint and any other process in any other action relating to the Transaction, on behalf of itself or its property, by the personal delivery of copies of such process to such party. Nothing in this Section 12.02(b) shall affect the right of any party hereto to serve legal process in any other manner permitted by Law.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY

RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AND ANY OF THE AGREEMENTS DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTION. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE EITHER OF SUCH WAIVERS, (ii) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (iii) IT MAKES SUCH WAIVERS VOLUNTARILY, AND (iv) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12.02(c) .

(d) The parties hereby acknowledge and agree that if a party fails to perform its agreements and covenants hereunder, including if the party fails to take all actions as are necessary on its part to consummate the Transaction, such failure could cause irreparable injury to the non-breaching party, for which damages, even if available, may not be an adequate remedy. Accordingly, except as otherwise limited by this Agreement, in the event of such a failure, the non-breaching party shall be permitted to seek an issuance of injunctive relief or a specific performance remedy (in each case, without the requirement to post any bond or other security), from any court of competent jurisdiction.

(e) Except in the case of Fraud, all claims, obligations, liabilities or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) that may be based upon, in respect of, arise under, out of or by reason of, be connected with, or relate in any manner to this Agreement, or the negotiation, execution or performance of this Agreement or the (including any representation or warranty made in, in connection with, or as an inducement to, this Agreement), may be made only against (and are those solely of) the entities that are expressly identified as parties in the preamble to this Agreement (" Contracting Parties "). Except in the case of Fraud, no Person who is not a Contracting Party, including, without limitation, any past, present or future director, officer, employee, incorporator, member, partner, manager, direct or indirect equityholder, Affiliate, agent, attorney or Representative of any Contracting Party, or any director, officer, employee, incorporator, member, partner, manager, direct or indirect equityholder, Affiliate, agent, attorney or Representative of any of the foregoing (" Nonparty Affiliates "), shall have any liability (whether in contract or in tort, in law or in equity, or granted by statute) for any obligations or liabilities of any Contracting Party arising under, out of, in connection with, or related in any manner to this Agreement (including its negotiation, execution, performance or breach) or for any claims or causes of action based on, in respect of, or by reason of the sale and purchase of the Companies (including, without limitation, any non-disclosure or misrepresentations made by any such Nonparty Affiliates) or any other transactions.

Section 12.03 Notices . All notices, requests, claims, demands and other communications required or permitted to be given hereunder will be in writing and will be given or made by delivery in person, by courier service, by facsimile or e-mail (with a copy sent by another means specified herein), or by registered or certified mail (postage prepaid, return receipt requested). Except as provided otherwise herein, notices delivered by hand or by courier service shall be deemed given upon receipt; notices delivered by facsimile or e-mail shall be deemed given twenty-four (24) hours after the sender's receipt of confirmation of successful transmission; and notices delivered by registered or certified mail shall be deemed given seven (7) days after being deposited in the mail system. All notices shall be addressed to the parties at the following addresses (or at such other address for a party as will be specified by like notice):

if to Buyer, to:

Boyd Gaming Corporation
3883 Howard Hughes Parkway, 9 th Floor
Las Vegas, Nevada 89163
Attention: General Counsel
Facsimile: (702) 792-73335
E-mail: brianlarson@boydgaming.com

with a copy, which shall not constitute notice, to:

Morrison & Foerster LLP
425 Market Street
San Francisco, California 94115
Attention: Brandon Parris and Jeffrey Washenko
Facsimile: (415) 268-7522
E-mail: BParris@mofo.com and JWashenko@mofo.com

if to Seller, or the Companies (prior to the Closing), to:

Cannery Casino Resorts, LLC
9107 W. Russell Road
Las Vegas, Nevada 89148
Attention: Tom Lettero
Facsimile: (702) 856-5101
E-mail: tlettero@canneryresorts.com

with a copy, which shall not constitute notice, to:

Latham & Watkins LLP
355 South Grand Avenue
Los Angeles, California 90071
Attention: Steven B. Stokdyk and David Zaheer
Facsimile: (213) 891-8763
E-mail: steven.stokdyk@lw.com and david.zaheer@lw.com

Section 12.04 Interpretation . When a reference is made in this Agreement to Articles, Sections, Exhibits or Schedules, such reference shall be to an Article, Section or Exhibit or Schedule of this Agreement unless otherwise indicated. Unless the context otherwise requires: (a) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document; (b) the use of the term "including" means "including, without limitation"; (c) the word "or" shall be disjunctive but not exclusive; (d) unless expressly provided otherwise, the measure of a period of one month or year for purposes of this Agreement shall be that date of the following month or year corresponding to the starting date; *provided* , that if no corresponding date exists, the measure shall be that date of the following month or year corresponding to the next day following the starting date (for example, one month following February 18 is March 18, and one month following March 31 is May 1); (e) a reference to an entity includes any successor entity, whether by way of merger, amalgamation, consolidation or other business combination; (f) reference to a word defined hereunder shall apply equally to both the singular and plural forms of the terms defined; (g) a reference to"$" or "dollars" mean the lawful currency of the United States; and (h) Buyer, Seller and the Companies will be

referred to herein individually as a "party" and collectively as "parties." The name assigned to this Agreement, the table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The phrase "made available" in this Agreement shall mean that on or before 5:00 p.m. Pacific time on the third (3 rd ) Business Day immediately preceding the date of this Agreement, Seller has posted complete and correct copies of such materials to the virtual data room managed by Seller; *provided* , that Buyer and its Representatives shall have been granted access to such virtual data room prior to such time.

Section 12.05 Entire Agreement . This Agreement, the Ancillary Agreements and the Disclosure Letters and exhibits hereto and thereto constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

Section 12.06 Severability . If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transaction is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the Transaction is fulfilled to the extent possible.

Section 12.07 Assignment . Without the prior written consent of the other party, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned to any other Person. Any assignment in violation of the preceding sentence shall be void, and no assignment shall relieve the assigning party of any of its obligations hereunder.

Section 12.08 Parties of Interest . Except as set forth in Article VI , this Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and assigns, and nothing in this Agreement, express or implied is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 12.09 Counterparts . This Agreement may be executed by facsimile or electronic mail transmission and/or in one or more counterparts, and by the different parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 12.10 Mutual Drafting . Each party hereto has participated in the drafting of this Agreement, which each party acknowledges is the result of extensive negotiations between the parties. In the event that any ambiguity or question of intent arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Section 12.11 Amendment . This Agreement may not be amended except by an instrument in writing signed on behalf of each of Buyer, Seller and the Companies.

Section 12.12 Waiver . Any party may waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such waiver shall be valid only if set forth in a written instrument signed on behalf of such party.

Section 12.13 Legal Representation . Buyer hereby agrees, on its own behalf and on behalf of its directors, members, partners, equityholders, officers, employees and Affiliates (including, after the Closing, the Companies and their Subsidiaries), and each of their respective successors and assigns (all such parties, the " Waiving Parties "), that Latham & Watkins LLP may represent Seller and its Affiliates in the event such Person so requests, in each case in connection with any dispute, litigation, claim, Proceeding or obligation arising out of or relating to this Agreement (any such representation, the " Post-Closing Representation "), and Buyer on behalf of itself and the Waiving Parties hereby consents thereto and irrevocably waives (and will not assert) any conflict of interest or any objection arising therefrom or relating thereto. Each of Buyer and the Companies, for itself and the Waiving Parties, hereby irrevocably acknowledges and agrees that all communications between Seller and its Affiliates (collectively, " Seller Group ") and its counsel, including Latham & Watkins LLP, made in connection with the negotiation, preparation, execution, delivery and performance under, or any dispute or Proceeding arising out of or relating to, this Agreement, any agreements contemplated by this Agreement or the Transaction, or any matter relating to any of the foregoing (the " Retained Communications "), are privileged communications between Seller Group and such counsel and none of Buyer, the Companies or any of the Waiving Parties, nor any Person purporting to act on behalf of or through Buyer or the Companies or any of the Waiving Parties, will be entitled to obtain the same by any process. From and after the Closing, each of Buyer and the Companies, on behalf of itself and the Waiving Parties, waives and will not assert any attorney-client privilege with respect to any communication between Latham & Watkins LLP and the Companies or any Person in Seller Group occurring during the representation in connection with the negotiation, preparation, execution and delivery of this Agreement and the other agreements contemplated hereby and the consummation of the Transaction in connection with any Post-Closing Representation. Notwithstanding the foregoing, the Seller, on behalf of itself and each Person in Seller Group, expressly agrees that the Retained Communications do not and shall not include any communications or work-product (i) relating to the pre-Closing operation by the Companies or their Subsidiaries of their business other than the negotiation of the transactions contemplated by this Agreement or (ii) evidencing Fraud.

Section 12.14 Further Assurances . In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, each of the parties shall take all commercially reasonable action necessary (including executing and delivering further notices, assumptions, releases and acquisitions).

(Signature Page Follows)

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be signed by their respective duly authorized officers as of the date first written above.

| BUYER | SELLER |
|---|---|
| BOYD GAMING CORPORATION, a Nevada corporation | CANNERY CASINO RESORTS, LLC, a Nevada limited liability company |
| By: /s/ Brian A. Larson | By: /s/ William C. Wortman |
| Name: Brain A. Larson | Name: William C. Wortman |
| Its: Executive Vice President | Its: Manager |

| CANNERY | EASTSIDE |
|---|---|
| The Cannery Hotel and Casino, LLC, a Nevada limited liability company | Nevada Palace, LLC, a Nevada limited liability company |
| By: /s/ William C. Wortman | By: /s/ William C. Wortman |
| Name: William C. Wortman | Name: William C. Wortman |
| Its: Manager | Its: Manager |

**Exhibit 31.1**

**BOYD GAMING CORPORATION**
CERTIFICATION

I, Keith E. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Boyd Gaming Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2016

By: /s/ Keith E. Smith

**Keith E. Smith**

**President and Chief Executive Officer**

**Exhibit 31.2**

**BOYD GAMING CORPORATION**
CERTIFICATION

I, Josh Hirsberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Boyd Gaming Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2016

By: /s/ Josh Hirsberg

**Josh Hirsberg**

**Executive Vice President, Chief Financial Officer and Treasurer**

**Exhibit 32.1**

**BOYD GAMING CORPORATION**

CERTIFICATION

In connection with the periodic report of Boyd Gaming Corporation (the "Company") on Form 10-Q for the period ended June 30, 2016 , as filed with the Securities and Exchange Commission (the "Report"), I, Keith E. Smith, President and Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: August 8, 2016

By: /s/ Keith E. Smith

**Keith E. Smith**

**President and Chief Executive Officer**

**Exhibit 32.2**

**BOYD GAMING CORPORATION**

CERTIFICATION

In connection with the periodic report of Boyd Gaming Corporation (the "Company") on Form 10-Q for the period ended June 30, 2016 , as filed with the Securities and Exchange Commission (the "Report"), I, Josh Hirsberg, Executive Vice President, Chief Financial Officer and Treasurer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: August 8, 2016

By: /s/ Josh Hirsberg

**Josh Hirsberg**

**Executive Vice President, Chief Financial Officer and Treasurer**