BALLY TECHNOLOGIES, INC.
Form DEF 14A
October 21, 2011

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

SCHEDULE 14A

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

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

Bally Technologies, Inc.

(Name of Registrant as Specified In Its Charter)

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

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

6601 South Bermuda Road
Las Vegas, Nevada 89119

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD DECEMBER 7, 2011

To the Stockholders:

NOTICE IS HEREBY GIVEN that the 2011 Annual Meeting of Stockholders (the "Meeting") of Bally Technologies, Inc. (the "Company" or "Bally") will be held at Bally's principal executive offices, 6601 South Bermuda Road, Las Vegas, Nevada 89119, on Wednesday, December 7, 2011, at 11:00 AM local time, for the following purposes:

1. To elect the two directors named in the proxy statement for terms of three years each;

2. To approve the advisory resolution on executive compensation;

3. To hold an advisory vote on the frequency of the advisory vote on executive compensation;

4. To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2012; and

5. To consider such other matters that may be properly brought before the Meeting.

The Board of Directors has fixed the close of business on October 10, 2011, as the record date for the determination of the stockholders entitled to notice of, and to vote at, the Meeting or any adjournment or postponement thereof.

We hope that you are able to attend the Meeting, but, in any event, please sign, date and return promptly the enclosed proxy card or voting instruction card in the envelope provided so that your shares of Bally common stock may be voted at the Meeting.

By Order of the Board of Directors

Mark Lerner
Senior Vice President, General Counsel and Secretary

Las Vegas, Nevada
October 21, 2011

BALLY TECHNOLOGIES, INC.

PROXY STATEMENT

INTRODUCTION

General

The enclosed proxy is solicited by the Board of Directors of Bally Technologies, Inc. ("we," "us," the "Company," or "Bally") on behalf of the Company in connection with the 2011 Annual Meeting of Stockholders of the Company (the "Meeting") to be held at 11:00 AM, local time, at the Company's principal executive offices, 6601 South Bermuda Road, Las Vegas, Nevada 89119, on Wednesday, December 7, 2011, and any adjournment or postponement thereof. At the Meeting, stockholders will be asked to vote on the following matters:

1. To elect the two directors named in this Proxy Statement for terms of three years each;
2. To approve the advisory resolution on executive compensation;
3. To hold an advisory vote on the frequency of the advisory vote on executive compensation;
4. To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2012; and
5. To consider such other matters that may be properly brought before the Meeting.

This Proxy Statement and accompanying proxy card were first mailed to stockholders on or about November 2, 2011. The Company will bear the cost of the solicitation of proxies, including the charges and expenses of brokerage firms and others forwarding the solicitation materials to beneficial owners of shares of the Company's common stock. In addition to the use of the mail, directors, officers, employees and certain stockholders of the Company, none of whom will receive additional compensation therefor, may solicit proxies on behalf of the Company personally, by telephone, or by facsimile transmission. The Company's principal executive offices are located at 6601 South Bermuda Road, Las Vegas, Nevada 89119, telephone (702) 584-7700.

Proxies

All shares of Company common stock represented by duly-executed and unrevoked proxies will be voted as specified therein. If no specific instructions are given, shares represented by duly-executed and unrevoked proxies will be voted **"FOR"** the election as directors of all nominees listed herein for terms of three years each, **"FOR"** the approval of the advisory resolution on executive compensation, for advisory votes on executive compensation to be held every **"THREE YEARS"**, **"FOR"** the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2012, and in the discretion of the persons voting the respective proxies with respect to any other matter that may properly come before the Meeting.

Any stockholder of record giving a proxy may revoke it by voting at the Meeting or, at any time prior to its exercise at the Meeting, by sending a written or other transmission revoking it or by executing and delivering another proxy bearing a later date to the Secretary of the Company at the Company's principal executive offices. Please note, however, that if your shares are held of record by a broker, bank, or other nominee, you must contact that party if you wish to revoke previously given voting instructions. Attendance at the Annual Meeting in and of itself does not revoke a prior proxy.

Transaction of Business and Voting

A majority of the outstanding shares of common stock as of the record date must be present at the Meeting in order to hold the Meeting and conduct business. This is called a "quorum." A stockholder's shares are counted as present at the Meeting if the stockholder is present at the Meeting and votes in person, or if a proxy has been properly submitted by the stockholder or on the stockholder's behalf. Abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum. Only stockholders of record at the close of business on October 10, 2011, the record date for the Meeting fixed by the Board of Directors, are entitled to receive notice of and to vote at the Meeting. On that date, there were 43,377,132 shares of common stock outstanding and entitled to vote at the Meeting. Each share is entitled to one vote.

"Broker non-votes" are shares of common stock held by a bank, broker or other nominee over which the bank, broker, or other nominee does not have discretionary authority to vote on a particular matter without instructions from the beneficial owner and for which the bank, broker or other nominee has not received specific voting instructions. Shares of common stock that reflect "broker non-votes" are treated as shares that are present and entitled to vote for the purposes of determining the presence of a quorum. However, for purposes of determining the outcome of any matter as to which the broker or nominee does not have discretionary authority to vote, those shares will be treated as not present and not entitled to vote with respect to that matter, even though the shares of common stock are considered present and entitled to vote for the purposes of determining a quorum and voting on other matters.

Treatment of Votes for Each Proposal

Directors are elected by a plurality of the votes cast. This means that the two nominees who receive the most "FOR" votes will be elected. For each other matter to be acted upon at the Meeting, the matter will be approved if the number of votes cast in favor of the item by the stockholders entitled to vote represents a majority of the votes cast on the item. Under Nevada law, abstentions and broker non-votes are not counted as votes cast on an item and therefore will not affect the outcome of these proposals, although they are counted for purposes of determining whether there is a quorum.

The results of the advisory votes on executive compensation and on the frequency of advisory votes on the Company's executive compensation are not binding on the Board of Directors.

Important Notice Regarding Availability of Proxy Materials for the Stockholder Meeting to be Held on December 7, 2011. The proxy statement and annual report to security holders are available at www.ballytech.com/2011proxy

Proposal No. 1:

ELECTION OF DIRECTORS

Stockholders will be asked to elect two directors to serve on the Board of Directors at the Meeting. The Company's Bylaws provide that the Board of Directors shall consist of no fewer than three nor more than nine directors, with the exact number to be fixed by the Board of Directors. The Board of Directors has fixed the current number of directors at seven. The Company's Bylaws divide the Board of Directors into three classes as nearly equal in number as possible, with each class serving for a three-year term ending in different years.

Robert Guido and Kevin Verner have been nominated to serve as directors for a term of three years each and to serve until their respective successors have been elected and have qualified. Both Messrs. Guido and Verner have indicated their willingness to serve, if elected. No stockholder nominations for director were received in connection with the Meeting.

On October 21, 2011, Mr. Jacques André notified the Board of Directors that he was retiring as a director effective as of December 31, 2011. Mr. André's current term was scheduled to expire at the 2013 annual meeting. The Company thanks Mr. André for his years of dedicated service.

Proxies cannot be voted for a greater number of persons than the number of nominees named. If a stockholder signs and returns the accompanying proxy card, the stockholder's shares will be voted for the election of Messrs. Guido and Verner, unless the stockholder marks the proxy card in such a manner as to withhold authority to vote for either Mr. Guido or Mr. Verner. Although the Company does not anticipate that either Mr. Guido or Mr. Verner will be unavailable to stand for election, in the event of such occurrence, the proxies will be voted for such substitute nominee as the proxy holder may determine.

The Board of Directors recommends that stockholders vote "*FOR*" Messrs. Guido and Verner.

Director Qualifications

The Board of Directors believes the Board, as a whole, should possess the requisite combination of skills, professional experience, and diversity of backgrounds to oversee the Company's business. The Board of Directors also believes there are certain attributes each individual director should possess, as reflected in the Board of Directors' membership criteria. Accordingly, the Board of Directors and the Nominating and Corporate Governance Committee consider the qualifications of directors and director candidates individually as well as in the broader context of the Board's overall composition and the Company's current and future needs.

The Nominating and Corporate Governance Committee is responsible for developing and recommending membership criteria to the Board of Directors for approval. These criteria include, but are not limited to:

- personal qualities and characteristics, accomplishments, and reputation in the business community;
- current knowledge and contacts in the communities in which the Company does business, in the gaming industry, and in other industries relevant to the Company's business;
- ability and willingness to commit adequate time to Board and committee matters;
- the fit of the individual's skills and personality with those of other directors and potential directors in building an effective, collegial, and responsive Board of Directors; and
- diversity of viewpoints, background, experience, and other demographics amongst directors.

In evaluating director candidates for the Board, including incumbent directors, the Nominating and Corporate Governance Committee considers these criteria. For incumbent directors, the factors also include past performance on the Board of Directors and committees.

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The Nominating and Corporate Governance Committee annually evaluates the composition of the Board of Directors to assess the skills and experience that are currently represented on the Board, as well as the skills and experience that the Board will find valuable in the future. This annual assessment enables the Board to update the skills and experience it seeks in the Board as a whole, and in individual directors, as the Company's needs evolve. In identifying director candidates from time to time, the Nominating and Corporate Governance Committee may establish additional specific skills and qualifications it believes the Company should seek in order to constitute a balanced and effective Board of Directors.

The following table sets forth certain information with respect to Messrs. Guido and Verner, and each other director of the Company whose term of office will continue after the Meeting. For further information about the members of the Board of Directors, their business experience and other pertinent information, please see "Directors, Executive Officers and Other Significant Employees" below.

Nominees for Directors	Age	Director Since	Term Expires
Robert Guido	65	2006	2011 Annual Meeting of Stockholders
Kevin Verner	53	2001	2011 Annual Meeting of Stockholders
Continuing Directors			
W. Andrew McKenna	65	2011	2012 Annual Meeting of Stockholders
David Robbins	52	1997	2012 Annual Meeting of Stockholders
Jacques André	74	1996	2013 Annual Meeting of Stockholders(1)
Richard Haddrill	58	2003	2013 Annual Meeting of Stockholders
Josephine Linden	59	2011	2013 Annual Meeting of Stockholders

(1) Mr. André is retiring from the Board of Directors effective as of December 31, 2011.

Directors and Executive Officers

The following sets forth information about the members of the Board of Directors and the Company's executive officers and their business experience and other pertinent information.

Richard Haddrill. Mr. Haddrill became a director in April 2003 and, effective October 1, 2004, was appointed Chief Executive Officer. Prior to becoming the Company's Chief Executive Officer, Mr. Haddrill most recently served as CEO and as a member of the board of directors of Manhattan Associates, Inc., a global leader in software solutions to the supply chain industry. He continued to serve as Vice Chairman of the board of Manhattan Associates until May 2006. Mr. Haddrill also served as President and CEO and as a member of the board of directors of Powerhouse Technologies, Inc., a technology and gaming company, from September 1996 to June 1999, when Powerhouse was acquired by Anchor Gaming. Mr. Haddrill previously served as an Area Managing Partner for Ernst & Young ("E&Y"), and on the boards of True Demand Software, Inc, a supply chain solutions company, Danka Business Systems, Ltd., a provider of digital imaging systems and services, and Outlooksoft, a provider of corporate performance management software based solutions. In January 2011, Mr. Haddrill joined the board of JDA Software Group Inc., the leading provider of innovative supply chain management, merchandising and pricing excellence solutions worldwide. Mr. Haddrill serves as the Vice Chairman of the American Gaming Association and is on the Board of Directors of the Council for a Better Nevada and the Las Vegas Area Council of Boy Scouts of America. As Chief Executive Officer of the Company, Mr. Haddrill brings a deep understanding of Bally's business, operations and strategic planning to the board. He also brings expansive knowledge of both the gaming and technology industries from his prior management and director positions at other gaming and technology companies and from his service as Vice Chairman of the American Gaming Association. Having Mr. Haddrill on the board also provides an open channel between the board and management.

Jacques André. Mr. André became a director in August 1996. Mr. André previously served as a Vice President of A.T. Kearney Executive Search, a global management consulting firm, from October 2002 until his retirement in February 2005. From 1975 to 2002, Mr. André was a partner, and from 1980 to 2002 he was a member of the board of directors, of Ray & Berndtson, an international executive search firm. He also served as Partner-in-Charge of its New York Office and its Financial Services Practice. From 1965 to 1975, Mr. André was employed by E&Y, where he was a manager in charge of its Eastern Division Executive Search Practice and a member of its Executive Search Technical Committee. After completing his military service as a Captain in the U. S. Army, he was employed by Sealtest Foods and P. Ballantine & Sons in human resources. Mr. André currently serves as a Member of the Executive Committee of The Colonial Club in Grand Cayman and previously served on the boards of the Association of Executive Search Consultants and the New York Board of Trade. He was cited as one of America's Top 100 Executive Search Consultants in John Sibbald's books "The Career Makers" and "The New Career Makers" and one of the global 200 Executive Recruiters by Nancy Garrison-Jenn. Mr. André's experience as both a Partner-in-Charge and as a Captain provided him with valuable insight on how large organizations are most effectively run. His strong analytical skills and his experience in conducting organizational studies, developed through his consulting work and his time with E&Y, allow him to efficiently assess the effectiveness of individuals or groups within an organization. Finally, as the Company's longest-tenured Board member, Mr. André serves as a valuable resource of institutional knowledge for the Board. On October 21, 2011, Mr André notified the Board of Directors that he would be retiring effective as of December 31, 2011.

Robert Guido. Mr. Guido became a director in December 2006. Mr. Guido retired from E&Y in June 2006 where he was Vice Chair and Chief Executive Officer of E&Y's Assurance and Advisory Practice. In these roles, he was responsible for overall business strategy and had significant dealings with both the Securities and Exchange Commission (the "SEC") and the Public Company Accounting Oversight Board ("PCAOB") on behalf of the firm. During his 38-year career at E&Y, Mr. Guido also co-chaired the firm's global client steering committee and served as a senior advisory or engagement partner to numerous global companies. Since April 2007, Mr. Guido has served as a member of the board of directors of Commercial Metals Company, a manufacturer, recycler, and distributor of steel and metal products. Since May 2007, Mr. Guido has also been a member of the Board of Trustees and chairman of the audit committee of Siena College, a liberal arts college near Albany, NY. Mr. Guido brings a significant level financial and accounting expertise to the Board that he developed throughout his 38-year career at E&Y. His service as a senior advisory and engagement partner to numerous global companies also provides him with an in-depth understanding of the range of issues facing global companies. He brings important knowledge of and experience with the SEC and PCAOB from his prior dealings with these agencies while working as a public accountant. He has a valuable background in corporate governance and enterprise risk management based on his experience as a guest lecturer and author on corporate governance and enterprise risk management best practices.

Josephine Linden. Mrs. Linden became a director in April 2011. Mrs. Linden is an Adjunct Professor in the Finance department of Columbia Business School, a position she has held since 2010. In 2008, Mrs. Linden retired from Goldman Sachs as a Partner and Managing Director after being with the firm for more than 25 years, where she held a variety of roles, including Managing Director and Regional Manager of the New York office for Private Wealth Management, head of Global Equities Compliance, and an Advisor to GSJBWere, Australia. Mrs. Linden brings extensive knowledge of capital markets and other financial matters to the Board from her 25-year career with Goldman Sachs. She also brings important experience in international businesses matters, a topic relevant to the Company's international expansion, developed while at Goldman and through her current service for various foundations.

W. Andrew McKenna. Mr. McKenna became a director in April 2011. Mr. McKenna currently serves as a member of the Board of Directors and Audit Committee Chair of AutoZone, Inc., a retailer and distributor of automotive replacement parts and accessories, as well as Chairman of the Supervisory Board of Georgia BioMass, LLC, a wholly-owned subsidiary of RWE Innogy, a company that plans, builds and operates facilities generating power from renewable energies. He previously served as Lead Director and Audit Committee Chair for Danka Business Systems, Ltd., a provider of digital imaging systems and services, and President and member of the Board of Directors of SciQuest.com Inc., a provider of on-demand procurement and supplier management solutions. Prior to that, Mr. McKenna held various positions with The Home Depot Inc. from 1990 to 1999, including Senior Vice President of Strategic Business Development, Division President, and Chief Information Officer. Mr. McKenna also spent 16 years as a management consultant with Touche Ross & Co (a predecessor firm of Deloitte Consulting) including 10 years as a partner ending in 1990. Mr. McKenna brings a significant level of financial and accounting expertise to the Board developed during his tenure with Touche/Deloitte and his service on audit committees of other public companies. This experience also brings important knowledge of and experience with the requirements and guidelines of the SEC and PCAOB. Mr. McKenna's prior service as a public company executive officer gives the Company further insight of management's day-to-day actions and responsibilities. Mr. McKenna's service on other boards of directors also adds a depth of knowledge to the Board regarding best practices in corporate governance.

David Robbins. Mr. Robbins served as a director of the Company from July 1994 to September 1997 and as Chairman of the Board from February 1997 through September 1997 and then rejoined Bally as a director and Chairman of the Board in December 1997. Mr. Robbins' term as Chairman of the Board ended in December 2010. From 1984 to 2004, he practiced corporate, securities and real estate law as an associate and then partner at various law firms. Mr. Robbins was also licensed as a certified public accountant (currently on inactive status) in the state of New York. Since January 2003, Mr. Robbins has co-managed investment funds in private and public securities, with an emphasis in the health care and real estate fields. He serves on the boards of various private companies in which the health care fund that he co-manages has made investments, and as a trustee or member of a steering committee of various not-for-profit entities. Mr. Robbins brings experience in corporate and securities law to the Board from his 20-year career as an attorney, as well as expertise in the management and allocation of investment capital expertise from his almost 15 years of managing investment funds. He also brings other directorship experience through his management and allocation of investment capital and service on various private company boards. Finally, Mr. Robbins serves as a valuable resource of institutional knowledge as he has served on the Company's Board for over 15 years. Mr. Robbins received a B.S. from the Wharton School of the University of Pennsylvania and a J.D. from New York University Law School.

Kevin Verner. Mr. Verner became a director in April 2001 and began serving as Chairman of the Board in December 2010. From 1997 to 2000, Mr. Verner held various positions with WMS Industries, Inc. ("WMS"), a gaming equipment company, the last of which was Chief Operating Officer. Prior to his employment at WMS, Mr. Verner was Vice President of New Business Development at R.J. Reynolds Tobacco Co., where he held various marketing and senior management positions for 16 years. Since 2000, Mr. Verner has been a consultant and provides interim management to early-stage companies, including financial planning, securing seed funding, management recruitment and development of operating budgets, and pro forma financial projections. Mr. Verner is a member of the Marketing Executive Board at University of Georgia's Terry College of Business. Mr. Verner is also a CEO advisor for the Chicago based venture fund Alpha Capital Fund III, and provides consultation on enterprise valuation and due diligence for investments in consumer products companies. Mr. Verner brings important knowledge of the gaming industry to the Board through his experience at WMS. He also brings an understanding of operations and financial strategy in a challenging environment from his consulting and interim management services to various companies. His detailed understanding of budgetary planning is invaluable to the Board, especially in today's economic climate.

Neil Davidson. Mr. Davidson, age 39 joined Bally in February 2006 as Vice President of Corporate Accounting and was appointed Chief Accounting Officer in May 2008. On August 12, 2010, Mr. Davidson was promoted to Senior Vice President, Chief Financial Officer and Treasurer. From 2002 to 2006, Mr. Davidson was the Vice President of Finance for Multimedia Games, Inc., a gaming equipment and systems company. Mr. Davidson began his career with KPMG in the Houston office, holding several positions during his tenure, the last of which was Audit Manager. Mr. Davidson is a certified public accountant.

Ramesh Srinivasan. Mr. Srinivasan, age 51, joined Bally in March 2005 as Executive Vice President of Bally Systems. On April 1, 2011, Mr. Srinivasan was promoted to President and Chief Operating Officer. From 1998 to 2005, Mr. Srinivasan held several positions including Executive Vice President of Warehouse Management Systems at Manhattan Associates, Inc., a global leader in software solutions to the supply chain industry.

Mark Lerner. Mr. Lerner, age 62, joined Bally in December 1996 as Assistant General Counsel and was appointed General Counsel in 2000. Mr. Lerner has practiced law since 1980. Over the course of his career, Mr. Lerner has served as a deputy attorney general for the Nevada Gaming Commission and State of Nevada Gaming Control Board, general counsel to Becker Gaming, Inc., a Las Vegas gaming company, and, from 1987 to 1994, an attorney at Jones, Jones, Close & Brown (now Jones Vargas), a Las Vegas commercial and litigation law firm. Mr. Lerner is an officer of the Association of Gaming Equipment Manufacturers.

Derik Mooberry. Mr. Mooberry, age 39, joined Bally in November 2001 and is currently the Senior Vice President of Products and Operations. Mr. Mooberry has held several other senior positions at Bally including Vice President of Systems Operations, Vice President of Strategic Planning, Vice President of System Sales Western North America, Vice President of North America Game Sales and Vice President of Sales Americas. Mr. Mooberry joined Bally as a result of the Casino Marketplace Development Corporation acquisition. Mr. Mooberry also spent six years working at Arthur Andersen in various audit and business consulting roles. Mr. Mooberry is a certified public accountant.

Robert C. Caller. Mr. Caller, age 61, joined Bally in April 2006 as Executive Vice President, Chief Financial Officer and Treasurer. On August 12, 2010, Mr. Caller retired from these positions and on September 1, 2010, began serving as a part-time employee providing various services. From 1983 to 2006, he was a partner at E&Y, most recently working in the Denver office, where he served several publicly held companies as well as several companies involved in the gaming industry. He started his career with E&Y in the Houston office in 1972, and was the managing partner of E&Y's Albuquerque office from 1990 to 1991 before transferring to the Denver office. Mr. Caller is a certified public accountant (currently on inactive status).

BOARD OF DIRECTORS

During the fiscal year ended June 30, 2011, the Board of Directors held ten meetings. Each director attended at least 75 percent of the aggregate of all Board of Directors and applicable committee meetings held during the fiscal year ended June 30, 2011, while such director was a member of the Board of Directors or the applicable committee. It is the Company's practice to hold the annual meeting of stockholders on the same date as a regularly scheduled board meeting to facilitate directors' attendance at the annual meeting of stockholders. Each director serving on the Board of Directors at the time of the Company's 2010 Annual Meeting of Stockholders attended the annual meeting.

The Company's corporate governance guidelines require that the non-employee directors hold regularly scheduled executive sessions without management present, as required by Section 303A.03 of the New York Stock Exchange (the "NYSE") Listed Company Manual. The Board of Directors has designated that the Chairman of the Board shall serve as presiding director of executive sessions of non-employee directors, unless the Chairman is a member of management, in which case the non-employee directors will select the presiding director. The Chairman, Mr. Verner, a non-employee director, currently serves as the presiding director. The Board held five executive sessions without management present during fiscal year 2011. The Audit committee held eight executive sessions without management present during fiscal year 2011.

Director Independence

As part of its Corporate Governance Guidelines, the Board of Directors has adopted independence guidelines. The Board of Directors has affirmatively determined that each of Messrs. André, Guido, McKenna, Robbins, and Verner and Mrs. Linden is independent under Section 303A.02 of the NYSE Listed Company Manual, applicable SEC rules, and the Company's independence guidelines. The Board has also affirmatively determined that no relationships exist between any independent director and the Company that, in the opinion of the Board of Directors, would interfere with the exercise of the director's independent judgment in carrying out the responsibilities of a director. The NYSE's independence definition also includes a series of objective tests, such as that the director is not an employee of the Company and has not engaged in various types of business dealings involving the Company that would prevent a director from being independent. None of the Company's independent directors has any relationship that violates these tests.

Board Leadership Structure

The Company's Corporate Governance Guidelines provide that the Board is free to select its Chairman and Chief Executive Officer in the manner it considers to be in the best interests of the Company and that the Chairman shall not simultaneously serve as Chief Executive Officer of the Company. Currently, the Board is led by an independent, non-executive Chairman, Mr. Verner. The Board has determined that having an independent director serve as Chairman of the Board is in the best interests of the Company at this time as it allows the Chairman to focus on the effectiveness and independence of the Board while the Chief Executive Officer focuses on executing the Company's strategy and managing the Company's business.

The Board's Role in Risk Oversight

Management is responsible for identifying and managing risk and has designed an enterprise risk management process to help identify, assess, and prioritize risks. The Board of Directors oversees the Company's risk management process. Top risks identified by management are presented and discussed with the Board of Directors at least annually, although typically on a more frequent basis. In addition to discussing risk with the full Board at least once a year, the independent directors discuss risk management during executive sessions without management present. The Board oversees a Company-wide approach to risk management, designed to enhance stockholder value, support the achievement of strategic objectives, and improve long-term organizational performance. The Board assesses the risks faced by the Company and reviews the steps taken by management to manage those risks. The Board's involvement in working with management to establish and approve the Company's business strategy facilitates these assessments and reviews. Pursuant to this structure, risk is assessed throughout the enterprise, focusing on risks arising out of various aspects of the Company's strategic plan and the implementation of that plan, including financial, legal/compliance, operational/strategic, and compensation risks.

While the Board maintains the ultimate oversight responsibility for the risk management process, its committees oversee risk within its area of responsibility. In particular, the Audit Committee focuses on financial risk, including internal controls, and discusses the Company's risk profile with the Company's independent registered public accounting firm. The Audit Committee also reviews potential violations of the Company's Code of Ethics and related corporate policies.

The Compensation Committee periodically reviews compensation practices and policies to determine whether they encourage excessive risk taking. The Compensation Committee also approves all compensation related provisions for the Chief Executive Officer and any of his direct reports, including all Named Executive Officers and Senior Vice Presidents and above, as well as all employees hired into the Company with an annual base salary in excess of $150,000 per year. In addition, the Compensation Committee approves any significant changes to employee benefit plans and terminations of any employee in the position of Senior Vice President or above.

Finally, the Nominating and Corporate Governance Committee manages risks associated with the independence of directors and Board nominees. Pursuant to the Board's instruction, management regularly reports on applicable risks to the relevant committee or the Board, as appropriate, with additional review or reporting on risks being conducted as needed or as requested by the Board and its committees.

Committees of the Board of Directors

The Board of Directors has a standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. Each of these Committees is governed by a charter adopted by the Board of Directors. The charters are available on the Company's website at *www.ballytech.com* by following the links to "Investor Relations" and "Governance" or upon written request to the Company, as set forth below under "Additional Information." The Board of Directors has affirmatively determined that each member of these Committees is independent under Section 303A.02 of the NYSE Listed Company Manual, applicable SEC rules and the Company's Independence Guidelines.

Audit Committee. From July 1, 2010 to March 31, 2011, the Audit Committee of the Board of Directors was comprised of Messrs. Guido (Chair), Robbins, and Verner. Since April 1, 2011, the Audit Committee has been comprised of Messrs. Guido (Chair), McKenna, Robbins, and Verner and Mrs. Linden. The Audit Committee, among other things:

- reviews and engages an independent registered public accounting firm to audit the Company's financial statements;
- reviews the policies and procedures of the Company and management in maintaining the Company's books and records and furnishing information necessary to the independent auditors;
- reviews and determines the adequacy and implementation of the Company's internal controls, including the internal audit function and the adequacy and competency of the relevant personnel;
- considers financial risk, including internal controls and discusses the Company's risk profile with the Company's independent registered public accounting firm;
- reviews potential violations of the Company's Code of Ethics and related corporate policies; and

reviews and determines such other matters relating to the Company's financial affairs and accounts as the Audit Committee may in its discretion deem desirable.

The Board of Directors has affirmatively determined that each of Messrs. Guido, McKenna, Robbins, and Verner and Mrs. Linden is financially literate, as required by Section 303A.07(a) of the NYSE Listed Company Manual, as such qualification is interpreted by the Company's Board of Directors in its business judgment. In addition, the Board of Directors has determined that Messrs. Guido, McKenna and Robbins are audit committee financial experts, as defined by Item 407(d)(5) of Regulation S-K. The Board of Directors made this determination based on Messrs. Guido's, McKenna's and Robbins's respective qualifications and business experience, as described above under "Election of Directors Directors, Executive Officers and Other Significant Employees." The Audit Committee met eight times during the fiscal year ended June 30, 2011.

Compensation Committee. The Compensation Committee of the Board of Directors is comprised of Messrs. André, Guido, Robbins (Chair), and Verner. Mr. Robbins became chairman on May 1, 2011; Mr. Verner was the previous chairman. The Compensation Committee, among other things:

recommends to the Board of Directors the corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluates the Chief Executive Officer's performance in light of the corporate goals and objectives adopted by the Board of Directors and determines and approves the Chief Executive Officer's compensation level based on this evaluation;

subject to consultation with the Chief Executive Officer, approves executive compensation arrangements and agreements, including that of the Company's and its subsidiaries' executives and senior management;

approves all executive compensation plans and structures, including that of the Company's and its subsidiaries' executives and senior management;

reviews and recommends to the Board of Directors the criteria by which bonuses to the Company's executives and senior management are determined, including under the Company's Management Incentive Plan (the "MIP");

administers, within the authority delegated by the Board of Directors, the Company's various long-term incentive plans and such other stock option or equity participation plans as may be adopted by the Board of Directors from time to time; and

reviews the Company's compensation practices and policies to determine whether they encourage excessive risk taking.

The Compensation Committee met ten times during the fiscal year ended June 30, 2011.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee of the Board of Directors is comprised of Messrs. André (Chair), Guido, Robbins, and Verner. The Nominating and Corporate Governance Committee, among other things:

makes recommendations to the Board of Directors on all matters concerning the selection of candidates as nominees for election as directors;

aids in attracting qualified candidates to serve on the Board of Directors;

manages risks associated with the independence of directors and Board nominees;

monitors and oversees the functions and operations of the committees of the Board of Directors; and periodically reviews the Company's corporate governance principles, policies, and practices.

The Nominating and Corporate Governance Committee met four times during the fiscal year ended June 30, 2011.

Corporate Governance

The Company monitors developments in the area of corporate governance and routinely reviews its processes and procedures in light of such developments. Accordingly, the Company reviews federal laws affecting corporate governance such as the Sarbanes Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as well as various rules promulgated by the SEC and the NYSE. The Company believes that it has procedures and practices in place that are designed to enhance and protect the interests of its stockholders.

Corporate Governance Guidelines. In furtherance of this practice, the Board of Directors has approved Corporate Governance Guidelines for the Company. The Corporate Governance Guidelines address, among other things:

- composition of the Board of Directors, including director independence;
- separation of the roles of Chairman of the Board of Directors and Chief Executive Officer;
- how nominees for director are selected;
- terms of office for directors;
- orientation and continuing education for directors;
- meetings of the Board of Directors, including executive sessions of non-employee directors;
- committees of the Board of Directors;
- policies and principles for selecting a successor to the Chief Executive Officer as well as other members of management;
- executive officer and director compensation;
- expectations of directors; and
- annual performance evaluations of the Board of Directors and the Chief Executive Officer.

The full text of the Corporate Governance Guidelines is available on the Company's website *www.ballytech.com* by following links to "Investor Relations" and "Governance", or upon written request to the Company, as set forth below under "Additional Information."

Code of Ethics. The Board of Directors has also adopted a Code of Ethics and Business Conduct (the "Code of Ethics") applicable to all of the Company's employees, including the chief executive, chief financial, and principal accounting officers, as well as the Company's directors. The Code of Ethics, along with the Corporate Governance Guidelines, serves as the foundation for the Company's system of corporate governance. Among other things, the Code of Ethics:

- provides guidance for maintaining ethical behavior;

- requires that directors, officers and employees comply with applicable laws and regulations;
- addresses how individuals should handle Company assets and opportunities;
- prohibits conflicts of interest; and
- provides mechanisms for reporting violations of the Company's policies and procedures.

In the event the Company makes any amendment to, or grants any waiver from, a provision of the Code of Ethics that applies to the Company's principal executive officer, principal financial officer or principal accounting officer that requires disclosure under applicable SEC rules, the Company intends to disclose the amendment or waiver and the reasons for it on the Company's website *www.ballytech.com*. The full text of the Code of Ethics is available on the Company's website *www.ballytech.com*, by following links to "Investor Relations" and "Governance" or upon written request to the Company, as set forth below under "Additional Information."

Directors' Compensation

The following table sets forth the compensation earned by the Company's non-employee directors in respect of their services as such during the fiscal year ended June 30, 2011. The Company's directors who are also employees are not separately compensated for their services as directors. Mr. Haddrill, the only director who is also an employee, is not separately compensated for his services as a director.

Name	Fees Earned or Paid in Cash ($)	Stock Awards(1)(2) ($)	Option Awards(1)(2) ($)	Total ($)
Jacques André	75,000	249,989	0	324,989
Robert Guido	52,500	354,958	0	407,458
Josephine Linden(3)	18,750	188,326	499,987	707,063
W. Andrew McKenna(3)	0	244,833	499,987	744,820
David Robbins	115,833	249,989	0	365,822
Kevin Verner	166,667	249,989	0	416,656

(1) Amounts shown reflect the value of stock and option awards made during the fiscal year ended June 30, 2011 based upon their aggregate grant date fair value, as determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("FASB ASC Topic 718"). Assumptions used to determine these values can be found in Note 12, Share-Based Compensation, of Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2011.

(2) The number of stock awards outstanding for the non-employee directors as of June 30, 2011 was as follows: Mr. André, 5,811; Mr. Guido, 8,251; Mrs. Linden, 4,930; Mr. McKenna, 6,383; Mr. Robbins, 5,811; and Mr. Verner, 5,811. The number of option awards outstanding for the non-employee directors as of June 30, 2011 was as follows: Mr. André, 278,242; Mr. Guido, 51,350; Mrs. Linden, 28,361; Mr. McKenna, 28,361; Mr. Robbins, 317,242; and Mr. Verner, 278,242.

(3) Mrs. Linden and Mr. McKenna joined the Board of Directors effective April 1, 2011 and therefore received compensation in respect of their appointment to the Board of Directors and service for only the last three months of the fiscal year ended June 30, 2011. Mr. McKenna elected to receive restricted stock in lieu of the cash compensation otherwise payable to him.

Cash compensation. Each non-employee director receives an annual retainer of $60,000 per year and each non-employee director receives $15,000 per year for serving on the Audit Committee, and the chair of the Audit Committee receives $35,000 per year. Directors who serve on the Nominating and Corporate Governance Committee or the Compensation Committee receive $5,000 per year for serving on each of these committees, and the chair of each of these committees receives $10,000 per year. The Chairman of the Board also receives an additional $85,000. Mr. Robbins and Mr. Verner each received an additional $25,000 for serving as members of the Office of the Chairman. Mr. Verner also received an additional $5,000 for serving on the Company's regulatory compliance committee and $5,000 for serving in the office of the Chief Technology Officer. Directors are also reimbursed for their reasonable out-of-pocket expenses incurred on Company business.

Equity compensation. On the first trading day of each calendar year each then-current non-employee director receives an annual grant of $250,000 of restricted stock for the director's service for the following year. The number of shares is calculated based on the closing price of the stock on the grant date and vests on the first anniversary of the grant date. Directors may elect to take some or the entire grant in the form of restricted stock units ("RSUs"). Newly appointed directors receive the same grants but the number of shares is pro-rated based on the number of days between the date of the director's appointment and the first trading day of the following calendar year. In addition, each newly appointed director receives an initial, one-time appointment grant of $500,000 worth of stock options vesting in three equal installments on the first, second and third anniversaries of the director's election or appointment. The Company estimates the fair value of stock options using the Black-Scholes valuation model. Key input assumptions used to estimate the fair value of stock options include the exercise price of the option, the expected option term, the expected volatility of the Company's common stock over the option's expected term, the risk-free interest rate over the option's expected term and the Company's expected annual dividend yield.

Each non-employee director may elect to receive restricted stock or RSUs in lieu of all or a portion of the cash compensation otherwise payable to the director. Directors must make the election with respect to the cash compensation for a particular calendar year not later than five business days before the end of the previous calendar year. The restricted stock or RSUs are awarded on the first trading day of the calendar year for which the election is made, and the number of shares awarded is calculated based on the closing price of the stock on the grant date. The shares of stock vest in their entirety on the first anniversary of the date of grant, subject to the director's continuous services as a director through the vesting date. If the director's service as director terminates for any reason before the first anniversary of the grant date, the vesting of a prorated portion of the restricted stock or RSUs 1/365 for each day between the grant date and the termination date is accelerated as of the termination date, so that the restriction on sale or other transfer of the prorated stock is lifted as of the termination date for the prorated portion. On retirement, death, or other termination of the director's service as a director for any reason, a pro rata portion of any then unvested award of restricted stock will vest upon such termination, and the remaining unvested portion of the award, if any, will immediately lapse.

Additional compensation. The Company may grant non-employee directors both additional cash compensation and equity-based awards as time commitments, responsibilities, and other circumstances may warrant. No such additional compensation was paid for the fiscal year ended June 30, 2011.

Stock holdings by non-employee directors. The Board believes that non-employee directors should be stockholders and maintain significant holdings of Company common stock. Because a meaningful portion of each non-employee director's fees are paid in the form of equity-based awards, the Board believes that the use of ownership guidelines for non-employee directors is an appropriate and beneficial approach to providing additional motivation to act in the long-term best interests of stockholders.

Pursuant to the guidelines, each non-management director is required, within two years after their appointment or election (or by December 5, 2011, in the case of directors already in office as of October 4, 2010, the date the policy was adopted), to acquire and hold Company common stock with a market value equal to four times the base annual retainer payable to such director, not including supplemental committee retainers or fees, on the day of the director's appointment or election (or October 4, 2010, for directors already in office as of that date). All non-employee directors who were in office on October 4, 2010, are in compliance with this requirement. The director is required to retain at least that amount of stock throughout the director's tenure. Upon vesting of a restricted stock or other equity award or exercise of a stock option, and after the payment of the taxes due, each non-employee director must retain at least 20 percent of the net shares until the requisite ownership level is achieved. Failure to attain the applicable requisite ownership level may result in a reduction of future long-term awards in the form of stock. If at any time the number of shares owned by a non-employee director drops below the requisite ownership level, the director shall be required to retain 100 percent of the net shares of any grants and payouts until the requisite ownership level is achieved based on the director's then current base annual retainer. The Board has discretion to grant relief from the policy in cases of hardship.

Director Nomination Process

The Nominating and Corporate Governance Committee, sometimes with the assistance of a third-party search firm, identifies candidates for director nominees. The Nominating and Corporate Governance Committee considers a number of factors in identifying, evaluating, and recommending director nominees to the Board including:

- the candidate's personal qualities and characteristics, accomplishments, and reputation in the business community;
- the candidate's current knowledge and contacts in the communities in which the Company does business, in the gaming industry, and in other industries relevant to the Company's business;
- the candidate's ability and willingness to commit adequate time to Board and committee matters; and
- the fit of the candidate's skills and personality with those of other directors and potential directors in building an effective, collegial, and responsive Board of Directors.

While the Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity, it also considers diversity of viewpoints, background, experience and other characteristics in evaluating Board candidates. The Company's Nominating and Corporate Governance Committee will also consider whether to recommend stockholder nominations of candidates for director based upon the same criteria, assuming the stockholder has satisfied certain bylaw requirements regarding the nomination, as set forth below under "Stockholder Proposals and Nominations for Director for the 2012 Annual Meeting of Stockholders."

Communication with the Board of Directors

Stockholders and other interested parties may communicate directly with individual directors, the Board of Directors as a group, the presiding director of executive sessions of non-employee directors, or with non-employee directors as a group, by writing to Board of Directors, Bally Technologies, Inc., 6601 South Bermuda Road, Las Vegas, Nevada 89119, or by email to *boardofdirectors@ballytech.com*, indicating to whose attention the communication should be directed. All communications will be received and processed by the Company's legal department unless indicated otherwise. Communications about accounting, internal controls, and audits will be referred to the Audit Committee, and other communications will be referred to the Chairman of the Board of Directors. You may communicate anonymously if you wish.

Individuals may submit at any time a good faith complaint regarding any questionable accounting, internal controls, or auditing matters concerning the Company without fear of dismissal or retaliation of any kind. Anonymous reports may be made confidentially:

1. By Company employees pursuant to the Company's Corporate Integrity hotline procedures; or
2. By all other individuals by either (i) writing to Chair of the Audit Committee, Bally Technologies, Inc., 6601 South Bermuda Road, Las Vegas, Nevada 89119, in an envelope marked confidential; or (ii) sending an email to *boardofdirectors@ballytech.com* with a reference to "confidential accounting related matters" in the subject line.

Proposal No. 2:

ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are asking stockholders to approve an advisory resolution on the Company's executive compensation as reported in this Proxy Statement. As described below in "Compensation Discussion and Analysis" the Compensation Committee has structured our executive compensation program to achieve the following key objectives:

- Attract and retain key executives critical to the Company's long-term vision and success;
- Motivate executives to enhance long-term stockholder value by focusing on performance metrics such as growth, productivity, profitability and operating margins;
- Provide competitive opportunities with respect to salary, annual incentive/bonus, and grants of long-term incentives in comparison to both peer organizations within the gaming, leisure and technology industries and similar-sized companies; and
- Enhance stockholder value by tying a large portion of senior executive compensation to the Company's overall performance, as reflected in the value of the Company's common stock.

Over the past fiscal year, the Compensation Committee took a number of actions to reinforce these objectives. To promote alignment between our executives and our stockholders and to implement positive pay practices, the following modifications to the Company's compensation program were made in fiscal year 2011:

- The Board adopted a policy requiring certain levels of stock ownership by the Chief Executive Officer and employees reporting directly to him;
- The Chief Executive Officer voluntarily agreed to eliminate the golden parachute excise tax gross-up as part of an amendment to his employment agreement; and
- Employment agreements or amendments entered into with other Named Executive Officers (as defined under "Executive Compensation Summary Compensation Table") did not provide for golden parachute excise tax gross-ups.

We believe that our performance-based executive compensation programs provide incentives that are aligned with the best interests of stockholders and have facilitated the Company's performance. In fiscal year 2011, the Company performed strongly despite a challenging global economic environment. Although our total revenue for the fiscal year ended June 30, 2011 decreased 3 percent when compared to fiscal year 2010, our gaming operations revenue increased 11 percent, and we established a strong base of innovative games going forward. We also successfully commercialized two major new product lines, our Alpha 2 gaming platform and the iVIEW DM floor-wide network. Further, we invested in key new customers and markets, such as Australia and Italy, to enhance revenue and earnings growth in the current and future years.

We urge stockholders to read the "Compensation Discussion and Analysis" below, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and related compensation tables and narrative below under "Executive Compensation" which provide detailed information on the compensation of our Named Executive Officers. The Compensation Committee and the Board of Directors believe that the policies and procedures articulated in the "Compensation Discussion and Analysis" are effective in achieving our goals and that the compensation of our Named Executive Officers reported in this Proxy Statement has supported and contributed to the Company's success.

In accordance with recently adopted Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as a matter of good corporate governance, we are asking stockholders to approve the following resolution at the Meeting:

> RESOLVED, that the stockholders of Bally Technologies, Inc. (the "Company") approve, on an advisory basis, the compensation of the Company's named executive officers disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table, and the related compensation tables and narrative in the Proxy Statement for the Company's 2011 Annual Meeting of Stockholders.

This resolution, commonly referred to as a "say-on-pay" resolution, is non-binding on the Board of Directors. Although non-binding, the Board and the Compensation Committee will carefully review and consider the voting results when evaluating our executive compensation program.

The Board of Directors recommends that stockholders vote "*FOR*" the approval of the resolution on executive compensation.

Proposal No. 3:

ADVISORY VOTE ON THE FREQUENCY OF THE ADVISORY VOTE ON EXECUTIVE COMPENSATION

In Proposal No. 2 above, we are asking stockholders to vote on an advisory resolution on executive compensation, and we will provide this type of advisory vote at least once every three years. Pursuant to recently adopted Section 14A of the Exchange Act, in this Proposal No. 3 we are asking stockholders to vote on whether future advisory votes on executive compensation should occur every one, two or three years.

After careful consideration, the Board of Directors recommends t