BORGATA HOTEL CASINO & SPA
QUARTERLY REPORT

FOR THE QUARTER ENDED JUNE 30, 2011

**SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY**

**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

BORGATA HOTEL CASINO & SPA
BALANCE SHEETS

AS OF JUNE 30, 2011 AND 2010

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents	9	$20,845	$21,939
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2011, $24,032; 2010, $23,541	2, 10	31,507	29,649
4	Inventories		4,327	5,212
5	Other Current Assets		6,523	10,722
6	Total Current Assets		63,202	67,522
7	Investments, Advances, and Receivables	1, 4	30,515	28,202
8	Property and Equipment - Gross	1, 3	1,786,133	1,778,967
9	Less: Accumulated Depreciation and Amortization	1, 3	(496,642)	(441,365)
10	Property and Equipment - Net	1, 3	1,289,491	1,337,602
11	Other Assets	1	16,604	11,777
12	Total Assets		$1,399,812	$1,445,103
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$3,234	$5,963
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		0	0
16	External	7, 9	0	
17	Income Taxes Payable and Accrued	1	6,627	6,954
18	Other Accrued Expenses	5	77,559	53,672
19	Other Current Liabilities	6, 10	18,392	17,722
20	Total Current Liabilities		105,812	84,311
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	1, 7, 9	796,096	626,872
23	Deferred Credits		13,245	13,700
24	Other Liabilities		28,078	26,655
25	Commitments and Contingencies		0	0
26	Total Liabilities		943,231	751,538
27	Stockholders', Partners', or Proprietor's Equity		456,581	693,565
28	Total Liabilities and Equity		$1,399,812	$1,445,103

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
	Revenue:			
1	Casino		$313,994	$318,306
2	Rooms		56,108	54,106
3	Food and Beverage		71,523	70,357
4	Other		19,900	20,539
5	Total Revenue		461,525	463,308
6	Less: Promotional Allowances	1	109,679	101,350
7	Net Revenue		351,846	361,958
	Costs and Expenses:			
8	Cost of Goods and Services	1	230,690	233,188
9	Selling, General, and Administrative	10	45,875	43,065
10	Provision for Doubtful Accounts	2	2,179	1,712
11	Total Costs and Expenses		278,744	277,965
12	Gross Operating Profit		73,102	83,993
13	Depreciation and Amortization	3	32,519	36,615
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		40,583	47,378
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	5, 7	(42,069)	(11,132)
19	CRDA Related Income (Expense) - Net		(2,249)	(2,298)
20	Nonoperating Income (Expense) - Net	4	(1,299)	(798)
21	Total Other Income (Expenses)		(45,617)	(14,228)
22	Income (Loss) Before Taxes and Extraordinary Items		(5,034)	33,150
23	Provision (Credit) for Income Taxes	1	(84)	3,343
24	Income (Loss) Before Extraordinary Items		(4,950)	29,807
25	Extraordinary Items (Net of Income Taxes - 20__, $0; 20__, $0)		0	0
26	Net Income (Loss)		($4,950)	$29,807

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2011 AND 2010

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
	Revenue:			
1	Casino		$162,138	$164,530
2	Rooms		29,817	27,704
3	Food and Beverage		37,058	35,994
4	Other		10,596	10,696
5	Total Revenue		239,609	238,924
6	Less: Promotional Allowances	1	56,853	52,032
7	Net Revenue		182,756	186,892
	Costs and Expenses:			
8	Cost of Goods and Services	1	117,090	118,616
9	Selling, General, and Administrative	10	24,425	22,718
10	Provision for Doubtful Accounts	2	1,200	1,010
11	Total Costs and Expenses		142,715	142,344
12	Gross Operating Profit		40,041	44,548
13	Depreciation and Amortization	3	16,228	18,236
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		23,813	26,312
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	5,7	(21,328)	(5,588)
19	CRDA Related Income (Expense) - Net		(1,166)	(1,193)
20	Nonoperating Income (Expense) - Net	4	(1,114)	(407)
21	Total Other Income (Expenses)		(23,608)	(7,188)
22	Income (Loss) Before Taxes and Extraordinary Items		205	19,124
23	Provision (Credit) for Income Taxes	1	204	1,837
24	Income (Loss) Before Extraordinary Items		1	17,287
25	Extraordinary Items (Net of Income Taxes - 2010, $0; 2009, $0)		0	0
26	Net Income (Loss)		$1	$17,287

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010
AND THE SIX MONTHS ENDED JUNE 30, 2011

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	________ (e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2009..........**		$477,507	$221,274		$698,781
2	Net Income (Loss) - 2010..........			44,221		44,221
3	Capital Contributions................					0
4	Capital Withdrawals..................		(30,807)			(30,807)
5	Partnership Distributions...........			(250,664)		(250,664)
6	Prior Period Adjustments..........					0
7	________					0
8	________					0
9	________					0
10	**Balance, December 31, 2010..........**		446,700	14,831	0	461,531
11	Net Income (Loss) - 2011..........			(4,950)		(4,950)
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions...........					0
15	Prior Period Adjustments..........					0
16	________					0
17	________					0
18	________					0
19	**Balance, June 30, 2011..................**		$446,700	$9,881	$0	$456,581

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$34,681	$75,791
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments			
3	Proceeds from the Sale of Short-Term Investments			
4	Cash Outflows for Property and Equipment...........................	1, 3	(10,615)	(8,161)
5	Proceeds from Disposition of Property and Equipment..........	1, 3	24	19
6	CRDA Obligations		(3,765)	(3,864)
7	Other Investments, Loans and Advances made......................		0	(675)
8	Proceeds from Other Investments, Loans, and Advances			
9	Cash Outflows to Acquire Business Entities..........................		0	0
10	....			
11	....			
12	Net Cash Provided (Used) By Investing Activities....................		(14,356)	(12,681)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....................................			
15	Proceeds from Long-Term Debt	7	365,700	343,953
16	Costs of Issuing Debt...	7	(679)	(295)
17	Payments to Settle Long-Term Debt......................................	7	(406,600)	(396,700)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock..			
20	Payments of Dividends or Capital Withdrawals......................		0	0
21	Partnership Distributions		0	(35,023)
22	....			
23	Net Cash Provided (Used) By Financing Activities...................		(41,579)	(88,065)
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(21,254)	(24,955)
25	Cash and Cash Equivalents at Beginning of Period...................		42,099	46,894
26	Cash and Cash Equivalents at End of Period.............................	9	$20,845	$21,939

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................	7	$48,450	$9,835
28	Income Taxes..		$0	$2,000

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		($4,950)	$29,807
30	Depreciation and Amortization of Property and Equipment	1, 3	32,511	36,468
31	Amortization of Other Assets		8	147
32	Amortization of Debt Discount or Premium	7	1,626	0
33	Deferred Income Taxes - Current	1	(96)	54
34	Deferred Income Taxes - Noncurrent	1	(677)	(382)
35	(Gain) Loss on Disposition of Property and Equipment	1	929	80
36	(Gain) Loss on CRDA-Related Obligations		2,249	2,298
37	(Gain) Loss from Other Investment Activities	4	615	1,149
38	(Increase) Decrease in Receivables and Patrons' Checks	2	(1,283)	2,552
39	(Increase) Decrease in Inventories		60	(785)
40	(Increase) Decrease in Other Current Assets		5,339	1,325
41	(Increase) Decrease in Other Assets		471	1,722
42	Increase (Decrease) in Accounts Payable		(4,707)	(2,898)
43	Increase (Decrease) in Other Current Liabilities	6	1,170	4,266
44	Increase (Decrease) in Other Liabilities		1,416	(12)
45				
46				
47	Net Cash Provided (Used) By Operating Activities		$34,681	$75,791

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment	1, 3	($10,615)	($8,161)
49	Less: Capital Lease Obligations Incurred			
50	Cash Outflows for Property and Equipment		($10,615)	($8,161)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired			
52	Goodwill Acquired			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed			
55	Issuance of Stock or Capital Invested			
56	Cash Outflows to Acquire Business Entities		$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions		$0	$0
58	Less: Issuances to Settle Long-Term Debt		0	0
59	Consideration in Acquisition of Business Entities		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions		$0	$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED JUNE 30, 2011

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Division of Gaming Enforcement's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability requirements contained in N.J.S.A. 5:12-84(a)1-5 during the quarter.

8/15/2011	
Date	Hugh Turner
	Vice President of Finance
	Title
	007833-11
	License Number

On Behalf of:

BORGATA HOTEL CASINO & SPA
Casino Licensee

Marina District Development Company, LLC and Subsidiary

(A Wholly-Owned Subsidiary of Marina District Development Holding Co., LLC)

Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of Marina District Development Company, LLC, d.b.a. Borgata, ("MDDC, LLC") and Marina District Finance Company, Inc. ("MDFC"), its wholly-owned subsidiary, collectively referred to herein as the "Company", "we", or "us".

MDDC is the parent of MDFC. MDFC is a 100% owned finance subsidiary of MDDC, which has fully and unconditionally guaranteed its securities.

MDDC was incorporated in July 1998 and has been operating since July 2003. MDFC was incorporated in 2000 and has been a wholly-owned subsidiary of MDDC since its inception. We developed, own and operate Borgata Hotel Casino and Spa, including The Water Club at Borgata (collectively, "Borgata"). Borgata is located on a 45.6-acre site at Renaissance Pointe in Atlantic City, New Jersey and is an upscale destination resort and gaming entertainment property.

Borgata was developed as a joint venture between Boyd Atlantic City, Inc. ("BAC"), a wholly-owned subsidiary of Boyd Gaming Corporation ("Boyd"), and MAC, Corp. ("MAC"), a second tier, wholly-owned subsidiary of MGM Resorts International ("MGM"). The joint venture operates pursuant to an operating agreement, in which BAC and MAC each originally held a 50% interest in Marina District Development Holding Co., LLC, MDDC's parent holding company ("MDDHC").

As managing member of MDDHC pursuant to the terms of the operating agreement between BAC and MAC (the "Operating Agreement"), BAC, through MDDHC, has responsibility for the oversight and management of our day-to-day operations. We do not presently record a management fee to BAC, as our management team performs these services directly or negotiates contracts to provide for these services. As a result, the costs of these services are directly borne by us and are reflected in our condensed consolidated financial statements. Boyd, the parent of BAC, is a diversified operator of 15 wholly-owned gaming entertainment properties. Headquartered in Las Vegas, Boyd has other gaming operations in Nevada, Illinois, Louisiana, Mississippi and Indiana.

On March 24, 2010, MAC transferred its 50% ownership interest (the "MGM Interest") in MDDHC, and certain land leased to MDDC into a divestiture trust, of which MGM and its subsidiaries are the economic beneficiaries (the "Divestiture Trust"), for sale to a third-party in connection with MGM's settlement agreement with the Division of Gaming Enforcement Office of the Attorney General of the State of New Jersey (the "NJDGE"). BAC has a right of first refusal on any sale of the MGM Interest. We continue to operate under normal business conditions throughout MGM's sales efforts, and do not believe that it has had or will have a material impact on our operations.

Upon the transfer of the MGM Interest into the Divestiture Trust, MGM relinquished all of its specific participating rights under the Operating Agreement, and Boyd effectively obtained control of Borgata. As a result, beginning on March 24, 2010, our financial position and results of operations have been included in the consolidated financial statements of Boyd. This resulting change in control required acquisition method accounting by Boyd in accordance with the authoritative accounting guidance for business combinations; however, there was no resulting direct impact on our consolidated financial statements.

Basis of Presentation

Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, although we believe that the disclosures made herein are adequate to make the information reliable in these condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements, and notes thereto, for the year ended December 31, 2010, included in Amendment No. 1 to Form S-4, as filed with the SEC on May 19, 2011.

In our opinion, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly our financial position as of June 30, 2011 and June 30, 2010, and the results of our operations for the three and six months ended June 30, 2011 and 2010 and our cash flows for six month ended June 30, 2011 and 2010. Our operating results for the three and six months ended June 30, 2011 and 2010 and our cash flows for six months ended June 30, 2011 and 2010 are not necessarily indicative of the results that would be achieved during a full year of operations or in future periods.

Principles of Consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with GAAP and include the accounts of MDDC and MDFC. All material intercompany accounts and transactions have been eliminated.

Investment in unconsolidated subsidiary, which is less than 50% owned and does not meet the consolidation criteria of the authoritative accounting guidance for voting or variable interest models, is accounted for under the equity method. See Note 4, *Investment in and Advances to Unconsolidated Subsidiary, Net*.

Property and Equipment

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

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

Building and improvements	10 through 40 years
Furniture and equipment	3 through 7 years

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

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

Investment in Unconsolidated Subsidiary, Net

Investment in unconsolidated subsidiary is accounted for under the equity method. Under the equity method, carrying value is adjusted for our share of the investees' earnings and losses, as well as capital contributions to and distributions from this entity.

We evaluate our investment in this unconsolidated subsidiary for impairment when events or changes in circumstances indicate that the carrying value of such investment may have experienced an other-than-temporary decline in value. If such conditions exist, we compare the estimated fair value of the investment to its carrying value to determine if an impairment is indicated and determine whether such impairment is other-than-temporary based on our assessment of all relevant factors.

Debt Financing Cost
Debt financing costs, which include legal and other direct costs related to the issuance of our outstanding debt, are deferred and amortized to interest expense over the contractual term of the underlying long-term debt using the effective interest method. In the event that our debt is modified, repurchased or otherwise reduced prior to its original maturity date, we ratably reduce the unamortized debt financing costs. Debt financing cost is included in other assets on the accompanying condensed consolidated balance sheets.

Long-Term Debt, Net
Long-term debt is reported at amortized cost. The discounts on the senior secured notes and the transaction costs paid to the initial purchasers upon issuance are recorded as adjustments to the face amounts of our outstanding debt. These resulting differences between the net proceeds upon issuance of the senior secured notes and the face amounts of the senior secured notes are accreted to interest expense using the effective interest method.

Income Taxes
MDDC is not taxable as a single member LLC for federal income tax purposes; thus all of its income is attributable to its member, MDDHC. MDDHC is treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of its members. In New Jersey, casino partnerships are subject to state income taxes under the New Jersey Casino Control Act; therefore, MDDC, considered a casino partnership, is required to record New Jersey state income taxes. In 2004, MDDC was granted permission by the state of New Jersey, pursuant to a ruling request, to file a consolidated New Jersey corporation business tax return with the members of its parent, MDDHC. The amounts reflected in the condensed consolidated financial statements are reported as if MDDC was taxed for state purposes on a stand-alone basis; however, MDDC files a state consolidated tax return with the members of MDDHC.

The amounts due to these members, included in the consolidated state income tax return of MDDC, are a result of the respective tax attributes each have contributed to such consolidated state tax return. A reconciliation of the components of our stand-alone state income taxes payable is presented below:

	June 30,	
	2011	**2010**
Amounts payable to members of MDDHC	$ 7,025,000	$ 7,977,000
Amounts receivable – State	(398,000)	(1,023,000)
Income taxes payable, net	**$ 6,627,000**	**$ 6,954,000**

Revenue Recognition
Gaming revenue represents the net win from gaming activities, which is the aggregate difference between gaming wins and losses. The majority of our gaming revenue is counted in the form of cash and chips and therefore is not subject to any significant or complex estimation procedures. Cash discounts, commissions and other incentives to customers related to gaming play are recorded as a reduction of gross gaming revenues as promotional allowances.

Room revenue recognition criteria are met at the time of occupancy.

Food and beverage revenue recognition criteria are met at the time of service

Promotional Allowances
The retail value of accommodations, food and beverage, and other services furnished to guests on a complimentary basis is included in gross revenues and then deducted as promotional allowances. Promotional allowances also include incentives such as cash, goods and services (such as complimentary rooms and food and beverages) earned in our loyalty programs. We reward customers, through the use of loyalty programs, with points based on amounts wagered that can be redeemed for a specified period of time, principally for restricted free play slot machine credits and complimentary goods and services. We record the estimated retail value of these goods and services as revenue and then record a corresponding deduction as promotional allowances.

The amounts included in promotional allowances are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Rooms	$ 17,824,000	$ 17,057,000	$ 34,609,000	$ 34,120,000
Food and Beverage	13,837,000	14,054,000	27,713,000	28,102,000
Other	25,192,000	20,921,000	47,356,000	39,128,000
Total promotional allowances	**$ 56,853,000**	**$ 52,032,000**	**$ 109,678,000**	**$ 101,350,000**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Rooms	$ 5,590,000	$ 5,559,000	$ 11,139,000	$ 10,932,000
Food and Beverage	10,331,000	10,382,000	20,511,000	20,639,000
Other	2,997,000	2,770,000	5,471,000	5,246,000
Total cost of promotional allowances	**$ 18,918,000**	**$ 18,711,000**	**$ 37,121,000**	**$ 36,817,000**

Gaming Taxes

We are subject to taxes based on gross gaming revenues in New Jersey. These gaming taxes are an assessment of our gaming revenues and are recorded as a cost of goods and services in the condensed consolidated statements of operations. These taxes were $11,369,000 and $12,116,000 for the three months ended June 30, 2011, and 2010, respectively and $23,315,000 and $24,435,000 for the six months ended June 30, 2011 and 2010, respectively.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated into our condensed consolidated financial statements include the estimated allowance for doubtful accounts receivable, the estimated useful lives for depreciable and amortizable assets, measurement of our equity interest in Atlantic City Express Service, LLC, estimated cash flows in assessing the recoverability of long-lived assets, certain tax liabilities, self-insured liability reserves, various loyalty point programs, fair values of assets and liabilities measured at fair value, fair values of assets and liabilities disclosed at fair value, contingencies and litigation, claims and assessments. Actual results could differ from these estimates.

Recently Issued Accounting Pronouncements

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

NOTE 2. RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks consist of the following:

	June 30, 2011	June 30, 2010
Casino receivables (net of an allowance for doubtful accounts – 2011 $23,981,000 and 2010 $23,493,000)	$ 26,784,000	$ 22,123,000
NJ tax refund receivable	-	1,948,000
Other (net of an allowance for doubtful accounts – 2011 $51,000 and 2010 $48,000)	4,431,000	5,165,000
Due from related parties (Note 10)	292,000	413,000
Receivables and patrons' checks, net	**$ 31,507,000**	**$ 29,649,000**

NOTE 3. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

	June 30, 2011	June 30, 2010
Land	$ 87,301,000	$ 87,301,000
Building and improvements	1,390,663,000	1,388,779,000
Furniture and equipment	295,159,000	290,906,000
Construction in progress	13,010,000	11,981,000
Total property and equipment	1,786,133,000	1,778,967,000
Less accumulated depreciation	496,642,000	441,365,000
Property and equipment, net	**$ 1,289,491,000**	**$ 1,337,602,000**

Depreciation expense was $16,228,000 and $18,199,000 for the three months ended June 30, 2011 and 2010, respectively and $32,510,000 and $36,469,000 for the six months ended June 30, 2011 and 2010, respectively. Major items included in construction in progress at June 30, 2011 and 2010 consisted of various maintenance capital projects currently in process.

We test certain of these property and equipment assets for recoverability if a recent operating or cash flow loss, combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses, is associated with the use of a long-lived asset.

Impairment is the condition that exists when the carrying amount of a long-lived asset exceeds its fair value. An impairment loss shall be recognized only if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. That assessment shall be based on the carrying amount of the asset at the date it is tested for recoverability. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

NOTE 4. INVESTMENT IN AND ADVANCES TO UNCOSOLIDATED SUBSIDIARY, NET

In 2006, we entered into an agreement with two other Atlantic City casinos (both of which are owned by Caesars Entertainment Corporation, formerly Harrah's Entertainment Inc.) to form Atlantic City Express Service, LLC ("ACES"). With each member having a 33.3% interest, this New Jersey limited liability company was formed for the purpose of contracting with New Jersey Transit to operate express rail service between Manhattan and Atlantic City, which operations commenced in February 2009. Each member has guaranteed, jointly and severally, liability for all terms, covenants and conditions of the ACES agreement with New Jersey Transit consisting primarily of the necessary operating and capital expenses of ACES. The responsibilities of the managing member will rotate annually among the members. We did not make contributions to or receive distributions from ACES during the six months ended June 30, 2011. Our investment in ACES declined to $4,570,000 from $5,185,000 at December 31, 2010.

NOTE 5. OTHER ACCRUED EXPENSES

Other accrued expenses consist of the following:

	June 30, 2011	June 30, 2010
Accrued payroll and related expenses	$ 24,727,000	$ 24,442,000
Accrued interest	22,964,000	50,000
Accrued expenses and other liabilities	29,868,000	29,180,000
Other accrued expenses	**$ 77,559,000**	**$ 53,672,000**

NOTE 6. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	June 30, 2011	June 30, 2010
Casino related liabilities	$ 9,292,000	$ 9,133,000
Due to related parties (see Note 10)	364,000	221,000
Other	8,736,000	8,368,000
Other current liabilities	**$ 18,392,000**	**$ 17,722,000**

NOTE 7. LONG-TERM DEBT, NET

In August 2010, MDFC closed a $950,000,000 debt financing, consisting of the establishment of a $150,000,000 new payment priority secured revolving credit facility and the issuance of $800,000,000 of aggregate principal amount of notes. MDDC is the guarantor of both the bank credit facility and the notes. The proceeds from the financing were used to (i) pay fees and expenses related to the financing; (ii) repay the former credit facility; and (iii) make a one-time distribution to our joint venture owners.

Long-term debt, net consists of the following:

	June 30, 2011				June 30, 2010
	Outstanding Principle	**Unamortized Discount**	**Unamortized Origination Fees**	**Long-Term Debt, Net**	**Long-Term Debt, Net**
Bank credit facility	$20,000,000	$ -	$ -	$20,000,000	$626,872,000
Less current maturities	-	-	-	-	(626,872,000)
9.50% Senior Secured Notes due 2015	400,000,000	(3,644,000)	(8,558,000)	387,798,000	-
9.875% Senior Secured Notes due 2018	400,000,000	(2,531,000)	(9,171,000)	388,298,000	-
	$ 820,000,000	**$ (6,175,000)**	**$ (17,729,000)**	**$ 796,096,000**	**$ -**

Bank Credit Facility

Significant Terms

Our bank credit facility provides for a $150,000,000 senior secured revolving credit facility and matures in August 2014. The bank credit facility is guaranteed on a senior secured basis by MDDC and any future subsidiaries of MDDC, and is secured by a first priority lien on substantially all of our assets, subject to certain exceptions. The obligations under the bank credit facility have priority in payment to the senior secured notes, discussed below.

Neither BAC, its parent, nor the Divestiture Trust are a guarantor of our bank credit facility.
Outstanding borrowings under the bank credit facility accrue interest at a rate based upon either: (i) the highest of (a) the agent bank's quoted prime rate, (b) the one-month Eurodollar rate plus 1.00%, or (c) the daily federal funds rate plus 1.50%, and in any event not less than 1.50% (such highest rate, the "base rate"), or (ii) the Eurodollar rate, plus with respect to each of clause (i) and (ii) an applicable margin as provided in the bank credit facility. In addition, a commitment fee is incurred on the unused portion of the bank credit facility ranging from 0.50% per annum to 1.00% per annum.

At June 30, 2011, the outstanding balance under the bank credit facility was $20,000,000, leaving availability of $130,000,000. The interest rate on the outstanding borrowings at June 30, 2011 was 4.4%.

Financial and Other Covenants

The bank credit facility contains certain financial and other covenants, including, without limitation, (i) establishing a minimum consolidated earnings before interest, income taxes and depreciation and amortization ("EBITDA") (as defined in the bank credit facility) of $150,000,000 over each trailing twelve-month period ending on the last day of each calendar quarter; (ii) establishing a minimum liquidity (as defined in the bank credit facility) of $30,000,000 as of the end of each calendar quarter; (iii) imposing limitations on MDFC's ability to incur additional debt; and (iv) imposing restrictions on our ability to pay dividends and make other distributions, make certain restricted payments, create liens, enter into transactions with affiliates, merge or consolidate, and engage in unrelated business activities.

Compliance with Financial Covenants

We are compliance with the bank credit facility covenants, including minimum consolidated EBITDA and minimum liquidity, which, at June 30, 2011, were $159,756,000 and $130,436,000, respectively; and accordingly, we are able to draw on the entire availability under our bank credit facility.

Senior Secured Notes

9.5% Senior Secured Notes Due 2015.

Significant Terms

On August 6, 2010, MDFC issued, through a private placement, $400,000,000 principal amount of 9.5% senior secured notes due October 2015, at an issue price of 98.943%, resulting in a discount at issuance of $4,131,000. The notes require semi-annual interest payments on April 15 and October 15, commencing April 15, 2011. The notes are guaranteed on a senior secured basis by MDDC and any future restricted subsidiaries of MDDC. The notes contain covenants that, among other things, limit MDFC's ability and the ability of MDDC to (i) incur additional indebtedness or liens; (ii) pay dividends or make distributions; (iii) make certain investments; (iv) sell or merge with other companies; and (v) enter into certain types of transactions. We believe that we were in compliance with these covenants at June 30, 2011.

At any time prior to October 15, 2013, the notes may be redeemed at 100% of the principal amount thereof, plus a "make-whole premium" and accrued and unpaid interest. In addition, until October 15, 2013, MDFC may redeem up to 35% of the notes at a redemption price of 109.50% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds from certain equity offerings. In addition, at any time prior to October 15, 2013, MDFC may redeem up to an aggregate of 10% of the notes in each twelve month period at a redemption price of 103% of the principal amount thereof plus accrued and unpaid interest, if any, to, but not including, the redemption date. On or after October 15, 2013, MDFC shall have the option to redeem the 2015 notes, in whole or in part, at redemption prices (expressed as percentages of the principal amount) ranging from 104.75% beginning on October 15, 2013 to 102.375% beginning on October 15, 2014, plus accrued and unpaid interest, to the applicable redemption date.

9.875% Senior Secured Notes Due 2018.

Significant Terms

On August 6, 2010, MDFC issued, through a private placement, $400,000,000 principal amount of 9.875% senior secured notes due August 2018, at an issue price of 99.315%, resulting in an original issue discount of $2,706,000. The notes require semi-annual interest payments on February 15 and August 15, commencing February 15, 2011. The notes are guaranteed on a senior secured basis by MDDC and any future restricted subsidiaries of MDDC. The notes contain covenants that, among other things, limit MDFC's ability and the ability of MDDC to (i) incur additional indebtedness or liens; (ii) pay dividends or make distributions; (iii) make certain investments; (iv) sell or merge with other companies; and (v) enter into certain types of transactions. We believe that we were in compliance with these covenants at June 30, 2011.

At any time prior to August 15, 2014, the notes may be redeemed at 100% of the principal amount thereof, plus a "make-whole premium" and accrued and unpaid interest. In addition, until August 15, 2013, MDFC may redeem up to 35% of the notes at a redemption price of 109.875% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds from certain equity offerings. In addition, at any time prior to August 15, 2013, MDFC may redeem up to an aggregate of 10% of the notes in each twelve month period at a redemption price of 103% of the principal amount thereof plus accrued and unpaid interest, if any, to, but not including, the redemption date. On or after August 15, 2014, MDFC shall have the option to redeem the 2018 notes, in whole or in part, at redemption prices (expressed as percentages of the principal amount) ranging from 104.938% beginning on August 15, 2014, to 102.469% beginning on August 15, 2015, to 100% beginning on August 15, 2016 and thereafter, plus accrued and unpaid interest, to the applicable redemption date.

The original issue discounts have been recorded as adjustments to the face amounts of these notes and are being accreted to interest expense over the terms of the notes using the effective interest method. At June 30, 2011, the effective interest rate on the 9.50% notes due 2015 and the 9.875% notes due 2018 were 10.2% and 10.3%, respectively.

Indentures
The indentures allow for the incurrence of additional indebtedness, if after giving effect to such incurrence, our coverage ratio (as defined in the indentures, essentially a ratio of consolidated EBITDA to fixed charges, including interest) for a trailing four quarter period on a pro forma basis would be at least 2.0 to 1.0. Such pro forma coverage ratio was above 2.0 to 1.0 at the dates in which these respective tranches of senior secured notes were issued; however, at June 30, 2011, our coverage ratio (as defined in the indentures) is below 2.0 to 1.0. Although the indenture prohibits us from incurring new indebtedness, we may still borrow under the $150,000,000 senior secured credit facility. At June 30, 2011, the outstanding balance under the bank credit facility was $20,000,000, leaving contractual availability of $130,000,000.

Registration Rights Agreement
Pursuant to the registration rights agreement entered into with the initial purchasers of these senior secured notes at the time of private placement, on May 27, 2011, MDFC commenced an offer to exchange all of the outstanding $400,000,0000 aggregate principal amount of 9.5% Senior Secured Notes due 2015 and $400,000,000 aggregate principal amount of 9.875% Senior Secured Notes due 2018 for new 9.5% Senior Secured Notes due 2015 and 9.875% Senior Secured Notes due 2018, respectively, that have been registered under the Securities Act of 1933. On June 28, 2011, the expiration of the exchange offer, $396,400,000 of the 9.5% Senior Secured Notes due 2015 and $400,000,000 of the 9.875% Senior Secures Notes due 2018 were validly tendered and accepted for exchange. This amount represents approximately 99.1% of the 9.5% Senior Secured Notes due 2015 and 100% of the 9.875% Senior Secured Notes due 2018, respectively.

NOTE 8. COMMITMENTS AND CONTIGNECIES

Commitments
There have been no material changes to our commitments described under Note 9, *Commitments and Contingencies*, in our annual financial statements for the year ended December 31, 2010.

Contingencies
Legal Matters
We are subject to various claims and litigation 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. FAIR VALUE MEASUREMENTS

We have adopted the authoritative accounting guidance for fair value measurements, which does not determine or affect the circumstances under which fair value measurements are used, but defines fair value, expands disclosure requirements around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions.
These inputs create the following fair value hierarchy:

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

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

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

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

Balances Measured at Fair Value
The fair value of our cash and cash equivalents was $20,845,000 and $21,939,000 as of June 30, 2011 and 2010, respectively. The fair value of our cash and cash equivalents, classified in the fair value hierarchy as Level 1, is based on statements received from our banks June 30, 2011.

Balances Disclosed at Fair Value
The following table provides the fair value measurement information about our long-term debt at June 30, 2011.

	June 30, 2011			
	Outstanding Face Amount	**Carrying Value**	**Estimated Fair Value**	**Fair Value Hierarchy**
Bank Credit Facility Fee	$ 20,000,000	$ 20,000,000	$ 20,000,000	Level 2
9.5% Senior Secured Notes due 2015	400,000,000	387,798,000	416,000,000	Level 1
9.875% Senior Secured Notes due 2018	400,000,000	388,298,000	411,000,000	Level 1
Total long-term debt	**$ 820,000,000**	**$ 796,096,000**	**$ 847,000,000**	

The estimated fair value of our bank credit facility at June 30, 2011 approximates its carrying value due to the short-term nature and variable repricing of the underlying Eurodollar loans comprising our bank credit facility. The estimated fair values of our senior secured notes are based on quoted market prices as of June 30, 2011.

There were no transfers between Level 1 and Level 2 measurements during the six months ended June 30, 2011.

NOTE 10. RELATED PARTY TRANSACTIONS

We engage in transactions with BAC and MAC in the ordinary course of business. Related party balances are non-interest bearing and are included in accounts receivable (see Note 2) or accrued liabilities (see Note 6), as applicable, on the condensed consolidated balance sheets.

Pursuant to the Operating Agreement, MAC is solely responsible for any investigation, analyses, clean-up, detoxification, testing, monitoring, or remediation related to Renaissance Pointe. MAC is also responsible for their allocable share of expenses related to master plan and government improvements at Renaissance Pointe. The related amounts due from the Divestiture Trust for these types of expenditures incurred by us were $51,000 and $138,000 at June 30, 2011 and 2010, respectively. Reimbursable expenditures incurred were $138,000 and $275,000 for the three and six months ended June 30, 2011 respectively and $126,000 and $360,000 for the three and six months ended June 30, 2010, respectively.

Boyd Gaming Corporation reimburses us for expenses relating to investigative services for our casino license and other expenses. The related amounts due from Boyd Gaming Corporation for these types of expenditures were $241,000 and $275,000 at June 30, 2011 and 2010, respectively. Reimbursable expenditures incurred were $3,000 and $225,000 for the three and six months ended June 30, 2011, respectively and $65,000 and $152,000 for the three and six months ended June 30, 2010, respectively.

Ground Leases
On November 4, 2010, MGM announced that it had closed the sale of the land leased to MDDC pursuant to four ground leases known as the existing employee parking garage, public space expansion, rooms expansion, and proposed alternative parking structure, all of which remain in effect following the closing of the sale of the underlying land. Other than MDDC's obligation to pay rent (in an amount equal to the amount paid under the parking structure ground lease) and property taxes pursuant to the alternative parking structure ground lease, our obligations under the ground leases are not modified by the sale. We did not have any amounts due to the Divestiture Trust for these types of expenditures at either June 30, 2011 or 2010. Related rent incurred was $1,255,000 and $2,875,000 for the three and six months ended June 30, 2011 respectively which was included in selling, general and administrative on the condensed consolidated statements of operations.

Pursuant to the ground lease agreements, we are responsible for the related property taxes paid. We did not have any amounts due to the Divestiture Trust for these types of expenditures at either June 30, 2011 or 2010. Related property tax incurred was $576,000 and $1,151,000 for the three and six months ended June 30, 2011, respectively and $2,990,000 and $5,980,000 for the three and six months ended June 30, 2010, respectively which was included in selling, general and administrative on the condensed consolidated statements of operations.

Compensation of Certain Employees
We reimburse BAC for compensation paid to employees performing services for us and for out-of-pocket costs and expenses incurred related to travel. BAC is also reimbursed for various payments made on our behalf, primarily related to third party insurance premiums and certain financing fees. The related amounts due to BAC for these types of expenditures paid by BAC were $364,000 and $221,000 at June 30, 2011 and 2010, respectively. Reimbursable expenditures were $2,035,000 and $4,726,000 for the three and six months ended June 30, 2011, respectively and $2,276,000 and $3,814,000 for the three and six months ended June 30, 2010, respectively, in each case, reimbursable expenses are included in selling, general and administrative on the condensed consolidated statements of operations.

NOTE 11. SUBSEQUENT EVENTS

We have evaluated all events or transactions that occurred after June 30, 2011. During this period, the following material subsequent events occurred.

MGM announced that it has entered into an amendment with respect to its settlement agreement with the NJDGE, subject to approval by the New Jersey Casino Control Commission, (the “NJCCC”). The amendment provides that the mandated sale of the MGM Interest be increased 18 months to a total of 48 months. During the first 36 months (or until March, 2013), MGM has the right to direct the Divestiture Trust to sell the MGM Interest. If a sale is not concluded by that time, the Divestiture Trust will be responsible for selling MGM’s Interest during the following 12-month period. The NJCCC held a hearing on the amendment to the settlement on August 8th, 2011 and granted MGM’s request.