BORGATA HOTEL CASINO & SPA

QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 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 SEPTEMBER 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	$32,180	$15,634
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2011, $24,263; 2010, $23,353	2, 10	30,619	30,181
4	Inventories		3,985	4,389
5	Other Current Assets		10,666	11,261
6	Total Current Assets		77,450	61,465
7	Investments, Advances, and Receivables	1, 4	30,890	28,780
8	Property and Equipment - Gross	1, 3	1,794,568	1,782,155
9	Less: Accumulated Depreciation and Amortization	1, 3	(510,601)	(456,461)
10	Property and Equipment - Net	1, 3	1,283,967	1,325,694
11	Other Assets	1	15,996	15,446
12	Total Assets		$1,408,303	$1,431,385
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$9,869	$10,580
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		0	0
16	External		0	0
17	Income Taxes Payable and Accrued	1	8,211	8,850
18	Other Accrued Expenses	5	72,533	61,104
19	Other Current Liabilities	6, 10	23,503	17,582
20	Total Current Liabilities		114,116	98,116
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	1, 7, 9	783,726	820,760
23	Deferred Credits		13,211	13,647
24	Other Liabilities		27,743	26,702
25	Commitments and Contingencies		0	0
26	Total Liabilities		938,796	959,225
27	Stockholders', Partners', or Proprietor's Equity		469,507	472,160
28	Total Liabilities and Equity		$1,408,303	$1,431,385

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 NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
	Revenue:			
1	Casino		$490,732	$495,145
2	Rooms		88,638	88,196
3	Food and Beverage		112,860	113,589
4	Other		32,428	33,226
5	Total Revenue		724,658	730,156
6	Less: Promotional Allowances	1	170,794	160,511
7	Net Revenue		553,864	569,645
	Costs and Expenses:			
8	Cost of Goods and Services	1	356,671	360,219
9	Selling, General, and Administrative	10	69,580	66,961
10	Provision for Doubtful Accounts	2	3,027	2,588
11	Total Costs and Expenses		429,278	429,768
12	Gross Operating Profit		124,586	139,877
13	Depreciation and Amortization	3	47,081	53,067
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		77,505	86,810
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	5, 7	(63,064)	(28,407)
19	CRDA Related Income (Expense) - Net	8	(3,523)	(3,574)
20	Nonoperating Income (Expense) - Net	4	(1,476)	(1,083)
21	Total Other Income (Expenses)		(68,063)	(33,064)
22	Income (Loss) Before Taxes and Extraordinary Items		9,442	53,746
23	Provision (Credit) for Income Taxes	1	1,466	5,389
24	Income (Loss) Before Extraordinary Items		7,976	48,357
25	Extraordinary Items (Net of Income Taxes - 2011, $0; 2010, $0		0	0
26	Net Income (Loss)		$7,976	$48,357

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 SEPTEMBER 30, 2011 AND 2010

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
	Revenue:			
1	Casino		$176,738	$176,839
2	Rooms		32,530	34,090
3	Food and Beverage		41,337	43,232
4	Other		12,528	12,687
5	Total Revenue		263,133	266,848
6	Less: Promotional Allowances	1	61,115	59,161
7	Net Revenue		202,018	207,687
	Costs and Expenses:			
8	Cost of Goods and Services	1	125,981	127,031
9	Selling, General, and Administrative	10	23,705	23,896
10	Provision for Doubtful Accounts	2	848	876
11	Total Costs and Expenses		150,534	151,803
12	Gross Operating Profit		51,484	55,884
13	Depreciation and Amortization	3	14,562	16,452
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		36,922	39,432
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	5, 7	(20,995)	(17,275)
19	CRDA Related Income (Expense) - Net	8	(1,274)	(1,276)
20	Nonoperating Income (Expense) - Net	4	(177)	(285)
21	Total Other Income (Expenses)		(22,446)	(18,836)
22	Income (Loss) Before Taxes and Extraordinary Items		14,476	20,596
23	Provision (Credit) for Income Taxes	1	1,550	2,046
24	Income (Loss) Before Extraordinary Items		12,926	18,550
25	Extraordinary Items (Net of Income Taxes - 2011, $0; 2010, $0		0	0
26	Net Income (Loss)		$12,926	$18,550

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 NINE MONTHS ENDED SEPTEMBER 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..................	7	(30,807)			(30,807)
5	Partnership Distributions...........	7		(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..........			7,976		7,976
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, September 30, 2011........**		$446,700	$22,807	$0	$469,507

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 NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$70,403	$128,508
	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	(19,517)	(12,666)
5	Proceeds from Disposition of Property and Equipment	1, 3	29	22
6	CRDA Obligations	8	(5,799)	(5,944)
7	Other Investments, Loans and Advances made	4	0	(935)
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		(25,287)	(19,523)
	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	574,700	1,295,919
16	Costs of Issuing Debt	7	(937)	(5,924)
17	Payments to Settle Long-Term Debt	7	(620,600)	(1,155,262)
18	Cash Proceeds from Issuing Stock or Capital Contributions		0	0
19	Purchases of Treasury Stock			
20	Payments of Dividends or Capital Withdrawals			0
21	Partnership Distributions	7	0	(274,978)
22	Payments on Retirements of Long-Term Debt	7	(8,198)	0
23	Net Cash Provided (Used) By Financing Activities		(55,035)	(140,245)
24	Net Increase (Decrease) in Cash and Cash Equivalents		(9,919)	(31,260)
25	Cash and Cash Equivalents at Beginning of Period		42,099	46,894
26	Cash and Cash Equivalents at End of Period	9	$32,180	$15,634

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)	1, 7	$68,676	$12,311
28	Income Taxes		$0	$4,588

The accompanying notes are an integral part of the financial statements.
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BORGATA HOTEL CASINO & SPA
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 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)		$7,976	$48,357
30	Depreciation and Amortization of Property and Equipment	1, 3	47,038	52,882
31	Amortization of Other Assets		43	185
32	Amortization of Debt Discount or Premium	7	2,507	484
33	Deferred Income Taxes - Current	1	(324)	9
34	Deferred Income Taxes - Noncurrent	1	(711)	(435)
35	(Gain) Loss on Disposition of Property and Equipment	1	924	76
36	(Gain) Loss on CRDA-Related Obligations	8	3,523	3,574
37	(Gain) Loss from Other Investment Activities	4	1,010	1,602
38	(Increase) Decrease in Receivables and Patrons' Checks	2	(395)	2,020
39	(Increase) Decrease in Inventories		402	38
40	(Increase) Decrease in Other Current Assets		1,424	831
41	(Increase) Decrease in Other Assets		1,479	3,822
42	Increase (Decrease) in Accounts Payable		1,827	1,719
43	Increase (Decrease) in Other Current Liabilities	6	2,652	13,309
44	Increase (Decrease) in Other Liabilities		1,081	35
45	Gain on Early Retirement of Debt	7	(53)	0
46				
47	Net Cash Provided (Used) By Operating Activities		$70,403	$128,508

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	($19,517)	($12,666)
49	Less: Capital Lease Obligations Incurred			
50	Cash Outflows for Property and Equipment		($19,517)	($12,666)
	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 SEPTEMBER 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.

11/15/2011
Date

[Insert Name Here]

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", "our", 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 between BAC and MAC (the "Operating Agreement"), under 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, 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"). MGM has subsequently announced that it has entered into an agreement with the NJDGE, as approved by the New Jersey Casino Control Commission. The amendment provides that the mandated sale of the MGM Interest be increased by an additional 18 months to a total of 48 months. 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

As permitted by the rules and regulations of the Securities and Exchange Commission ("SEC"), 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 are adequate to make the information reliable. These condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto included in our audited financial statements for the year ended December 31, 2010, included in our registration statement on Form S-4, as filed with the SEC on May 19, 2011, and declared effective by the SEC on May 26, 2011. The condensed consolidated balance sheet as of December 31, 2010, as presented herein, has been derived from our audited financial statements.

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

Capitalized Interest

Interest costs, primarily associated with our expansion projects, are capitalized as part of the cost of our constructed assets. Interest costs, which include commitments fees, letter of credit fees and the amortized portion of deferred financing fees, discounts and origination fees, are capitalized on amounts expended for the respective projects using our weighted-average cost of borrowing. Capitalization of interest will cease when the respective project, or discernible portions of the projects, are substantially complete. We amortize capitalized interest over the estimated useful life of the related asset. Capitalized interest for the three and nine months ended September 30, 2011 was $137,000.

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:

	September 30,	
	2011	**2010**
Amounts payable to members of MDDHC	$ 8,609,000	$ 8,215,000
Amounts (receivable) payable – State	(398,000)	635,000
Income taxes payable, net	**$ 8,211,000**	**$ 8,850,000**

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 September 30,		Nine Months Ended September 30,	
	2011	**2010**	**2011**	**2010**
Rooms	$ 19,161,000	$ 19,308,000	$ 53,771,000	$ 53,428,000
Food and Beverage	15,471,000	16,530,000	43,184,000	44,632,000
Other	26,483,000	23,323,000	73,839,000	62,451,000
Total promotional allowances	**$ 61,115,000**	**$ 59,161,000**	**$ 170,794,000**	**$ 160,511,000**

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	**2010**	**2011**	**2010**
Rooms	$ 5,733,000	$ 5,727,000	$ 16,872,000	$ 16,659,000
Food and Beverage	11,217,000	11,624,000	31,728,000	32,263,000
Other	3,784,000	3,312,000	9,254,000	8,558,000
Total cost of promotional allowances	**$ 20,734,000**	**$ 20,663,000**	**$ 57,854,000**	**$ 57,480,000**

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 $12,626,000 and $12,640,000 for the three months ended September 30, 2011, and 2010, respectively, and $35,941,000 and $37,075,000 for the nine months ended September 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.

Accounting Standards Update 2011-04 Fair Value Measurement ("Update 2011-04")
In May, 2011 the FASB issued Accounting Standards Update 2011-04 Fair value Measurement, which is an amendment to Topic ASC 820.

The objective of Update 2011-04 is to more clearly explain how to measure fair value to allow for better comparability between GAAP and International Financial Reporting Standards ("IFRS"). It is not intended to result in a change in the application of the requirements in Topic ASC 820, but instead is intended to amend a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements.

Update 2011-04 does not change the items that must be reported as fair value measurements under Topic ASC 820 but simply how to measure these items and how they should be disclosed. Update 2011-04 should be applied prospectively. Early adoption is not permitted. Update 2011-04 will be effective for our fiscal year, and interim periods within the fiscal year beginning January 1, 2012. Update 2011-04 will not have a material impact on our financial statements.

NOTE 2. RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks consist of the following:

	September 30,	
	2011	**2010**
Casino receivables (net of an allowance for doubtful accounts – 2011 $24,224,000 and 2010 $23,315,000)	$ 25,918,000	$ 22,778,000
NJ tax refund receivable	-	1,948,000
Other (net of an allowance for doubtful accounts – 2011 $39,000 and 2010 $38,000)	4,660,000	4,883,000
Due from related parties (Note 10)	41,000	572,000
Receivables and patrons' checks, net	**$ 30,619,000**	**$ 30,181,000**

NOTE 3. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

	September 30,	
	2011	**2010**
Land	$ 87,301,000	$ 87,301,000
Building and improvements	1,393,394,000	1,390,903,000
Furniture and equipment	299,534,000	292,944,000
Construction in progress	14,339,000	11,007,000
Total property and equipment	1,794,568,000	1,782,155,000
Less accumulated depreciation	510,601,000	456,461,000
Property and equipment, net	**$ 1,283,967,000**	**$ 1,325,694,000**

Depreciation expense was $14,527,000 and $16,413,000 for the three months ended September 30, 2011 and 2010, respectively and $47,037,000 and $52,882,000 for the nine months ended September 30, 2011 and 2010, respectively. Major items included in construction in progress at September 30, 2011 and 2010 consisted of various maintenance capital projects currently in process. We plan to complete renovating and refurbishing all of the remaining rooms at the Borgata hotel by third quarter of 2012.

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 nine months ended September 30, 2011. Our investment in ACES declined to $4,175,000 from $5,185,000 at December 31, 2010.

NOTE 5. OTHER ACCRUED EXPENSES

Other accrued expenses consist of the following:

	September 30,	
	2011	**2010**
Accrued payroll and related expenses	$ 20,387,000	$ 19,524,000
Accrued interest	22,405,000	11,849,000
Accrued expenses and other liabilities	29,741,000	29,731,000
Other accrued expenses	**$ 72,533,000**	**$ 61,104,000**

NOTE 6. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	September 30,	
	2011	**2010**
Casino related liabilities	$ 11,686,000	$ 9,033,000
Due to related parties (see Note 10)	4,556,000	1,231,000
Other	7,261,000	7,318,000
Other current liabilities	**$ 23,503,000**	**$ 17,582,000**

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:

	September 30, 2011			
	Outstanding Principle	**Unamortized Discount**	**Unamortized Origination Fees**	**Long-Term Debt, Net**
Bank credit facility	$ 15,000,000	$ -	$ -	$ 15,000,000
9.50% Senior Secured Notes due 2015	398,000,000	(3,449,000)	(8,099,000)	386,152,000
9.875% Senior Secured Notes due 2018	393,500,000	(2,429,000)	(8,797,000)	382,274,000
	$ 806,500,000	**$ (5,878,000)**	**$ (16,896,000)**	**$ 783,726,000**

	September 30, 2010			
	Outstanding Principle	**Unamortized Discount**	**Unamortized Origination Fees**	**Long-Term Debt, Net**
Bank credit facility	$ 47,100,000	$ -	$ -	$ 47,100,000
9.50% Senior Secured Notes due 2015	400,000,000	(4,131,000)	(9,700,000)	386,169,000
9.875% Senior Secured Notes due 2018	400,000,000	(2,706,000)	(9,803,000)	387,491,000
	$ 847,100,000	**$ (6,837,000)**	**$ (19,503,000)**	**$ 820,760,000**

Bank Credit Facility

Significant Terms

On November 11, 2011, MDFC entered into a First Amendment to Credit Agreement (the Amendment"), among MDFC, MDDC, certain financial institutions (each a "Lender", and collectively the "Lenders") and Wells Fargo Bank, National Association ("Wells Fargo"), as administrative agent (in such capacity, "Administrative Agent") for the Lenders. The amendment modifies certain terms of our bank credit facility, among the Company, the Lenders from time to time party thereto, the Administrative Agent, and Wells Fargo.

The Amendment: (i) reduces the aggregate commitments under the bank credit facility to a maximum amount of $75,000,000; (ii) decreases the minimum consolidated EBITDA (as defined in the bank credit facility) to $125,000,000 for a trailing twelve-month period ending the last day of each calendar quarter; (iii) eliminates the covenant requiring the Company to have a minimum amount of cash, cash equivalents, and unused commitments; and (iv) adds covenant prohibiting the Company from borrowing under the bank credit facility to purchase its senior secured notes at any time when the total amount outstanding under the bank credit facility is $65,000,000 or more.

As amended, our bank credit facility provides for a $75,000,000 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.

Neither BAC, its parent, nor the Divestiture Trust are guarantors 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 September 30, 2011, the outstanding balance under the bank credit facility was $15,000,000 which bore an interest rate of 4.4%.

Financial and Other Covenants
The bank credit facility, as amended, 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 $125,000,000 over each trailing twelve-month period ending on the last day of each calendar quarter; (ii) imposing limitations on MDFC's ability to incur additional debt; and (iii) imposing restrictions on 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; and (iv) prohibits us from borrowing under our bank credit facility to purchase our senior secured notes at any time when the total amount outstanding under our bank credit facility is $65,000,000 or more.

Compliance with Financial Covenants
We believe that we are compliance with the covenants of our bank credit facility at September 30, 2011, including minimum consolidated EBITDA, which at such date, was $155,354,000; 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, (the "9.5% notes") at an issue price of 98.943%, resulting in a discount at issuance of $4,228,000. The 9.5% notes require semi-annual interest payments on April 15 and October 15, commencing April 15, 2011. The 9.5% 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 September 30, 2011.

At any time prior to October 15, 2013, the 9.5% 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 9.5% 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 9.5% 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 9.5% 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, (the "9.875% notes"), at an issue price of 99.315%, resulting in an original issue discount of $2,740,000. The 9.875% notes require semi-annual interest payments on February 15 and August 15, commencing February 15, 2011. The 9.875% notes are guaranteed on a senior secured basis by MDDC and any future restricted subsidiaries of MDDC. The 9.875% 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 September 30, 2011.

At any time prior to August 15, 2014, the 9.875% 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 9.875% 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 9.875% 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 9.875% 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.

Original Issue Discount
Both the 9.5% and 9.875% notes were issued at an original discount. 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 September 30, 2011, the effective interest rate is 10.2% on the 9.50% notes and 10.3% on the 9.875% notes.

Indenture
The indenture governing both the 9.5% notes and the 9.875% notes 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 September 30, 2011, our coverage ratio (as defined in the indentures) is below 2.0 to 1.0. Accordingly, the indenture prohibits us from incurring new indebtedness, however, we may still borrow under our bank credit facility. At September 30, 2011, the outstanding balance under our bank credit facility was $15,000,000.

Repurchase of Senior Secured Notes
During the three and nine months ended September 30, 2011, we repurchased and retired $8,500,000 principal amount of our senior secured notes, representing $2,000,000 of the 9.5% notes and $6,500,00 of the 9.875% notes. The total purchase price of the notes was $8,198,000, resulting in a gain of $53,000, net of associated deferred financing fees.

Registration Rights Agreement
Pursuant to the registration rights agreement entered into with the initial purchasers of the 9.5% notes and the 9.875% notes at the time of private placement, on May 27, 2011, MDFC commenced an offer to exchange all of the outstanding $400,000,000 aggregate principal amount of 9.5% notes and $400,000,000 aggregate principal amount of 9.875% notes for new 9.5% notes and 9.875% notes, 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% notes and $400,000,000 of the 9.875% notes were validly tendered and accepted for exchange. This amount represents approximately 99.1% of the 9.5% notes and 100% of the 9.875% notes.

NOTE 8. COMMITMENTS AND CONTIGNECIES

Commitments
Atlantic City Tourism District
As part of the State of New Jersey's plan to revitalize Atlantic City, a new law was enacted in February 2011 requiring that a tourism district (the “Tourism District”) be created and managed by the CRDA. The Tourism District has been established to include each of the Atlantic City casino properties along with certain other tourism related areas of Atlantic City. The law requires that a public-private partnership be created between the CRDA and a private entity that represents existing and future casino licensees. The private entity, known as The Atlantic City Alliance (the “ACA”), has been established in the form of a not-for profit limited liability company, of which MDDC is a member. The public-private partnership between the ACA and CRDA shall be for an initial term of five years and its general purpose shall be to revitalize the Tourism District. The law requires that a $5,000,000 contribution be made to this effort by all casinos prior to 2012 followed by an annual amount of $30,000,000 to be contributed by the casinos commencing January 1, 2012 for a term of five years. Each casino's share of the annual contributions will equate to a percentage representing its gross gaming revenue for the prior calendar year compared to the aggregate gross gaming revenues for that period for all casinos. As a result, we will expense our pro rata share of the $155,000,000 as incurred.

There have been no additional 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

The authoritative accounting guidance for fair value measurements 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.

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 $32,180,000 and $15,634,000 as of September 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 September 30, 2011.

Balances Disclosed at Fair Value

The following table provides the fair value measurement information about our long-term debt at September 30, 2011.

	September 30, 2011			
	Outstanding Face Amount	**Carrying Value**	**Estimated Fair Value**	**Fair Value Hierarchy**
Bank Credit Facility Fee	$ 15,000,000	$ 15,000,000	$ 15,000,000	Level 2
9.5% Senior Secured Notes due 2015	398,000,000	386,452,000	364,170,000	Level 1
9.875% Senior Secured Notes due 2018	393,500,000	382,274,000	348,248,000	Level 1
Total long-term debt	**$ 806,500,000**	**$ 783,726,000**	**$ 727,418,000**	

	September 30, 2010			
	Outstanding Face Amount	**Carrying Value**	**Estimated Fair Value**	**Fair Value Hierarchy**
Bank Credit Facility Fee	$ 47,100,000	$ 47,100,000	$ 47,100,000	Level 2
9.5% Senior Secured Notes due 2015	400,000,000	386,169,000	378,446,000	Level 1
9.875% Senior Secured Notes due 2018	400,000,000	387,491,000	376,836,000	Level 1
Total long-term debt	**$ 847,100,000**	**$ 820,760,000**	**$ 802,382,000**	

The estimated fair value of our bank credit facility at September 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 September 30, 2011.

There were no transfers between Level 1 and Level 2 measurements during the nine months ended September 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 $37,000 and $307,000 at September 30, 2011 and 2010, respectively. Reimbursable expenditures incurred were $58,000 and $333,000 for the three and nine months ended September 30, 2011 respectively and $169,000 and $489,000 for the three and nine months ended September 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 $4,000 and $265,000 at September 30, 2011 and 2010, respectively. Reimbursable expenditures incurred were $72,000 and $297,000 for the three and nine months ended September 30, 2011, respectively and $208,000 and $360,000 for the three and nine months ended September 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 September 30, 2011 or 2010. Related rent incurred was $1,265,000 and 3,794,000 for the three and nine months ending September 30, 2011, respectively and $1,255,000 and $4,130,000 for the three and nine months ended September 30, 2010, 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 September 30, 2011 or 2010. Related property tax incurred was $676,000 and $1,827,000 for the three and nine months ended September 30, 2011, respectively and $3,136,000 and $9,211,000 for the three and nine months ended September 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 $4,556,000 and $1,231,000 at September 30, 2011 and 2010, respectively. Reimbursable expenditures were $2,408,000 and $7,134,000 for the three and nine months ended September 30, 2011, respectively and $1,609,000 and $5,479,000 for the three and nine months ended September 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 September 30, 2011, and have not identified any material subsequent events other than the amendment to our credit facility, see Note 7 for details.