BORGATA HOTEL CASINO & SPA
QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2014

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 MARCH 31, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents	2, 9	$34,972	$36,433
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2014, $20,262; 2013, $22,914)	3, 10	31,990	32,753
4	Inventories		4,192	4,006
5	Other Current Assets	2	13,724	44,342
6	Total Current Assets		84,878	117,534
7	Investments, Advances, and Receivables	2, 9	5,901	31,910
8	Property and Equipment - Gross	4	1,825,110	1,817,269
9	Less: Accumulated Depreciation and Amortization	4	(624,834)	(579,045)
10	Property and Equipment - Net	4	1,200,276	1,238,224
11	Other Assets	7	15,660	11,853
12	Total Assets		$1,306,715	$1,399,521
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$8,572	$3,941
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		0	0
16	External	7	3,800	0
17	Income Taxes Payable and Accrued	2	0	656
18	Other Accrued Expenses	5	66,935	111,600
19	Other Current Liabilities	6, 10	29,865	19,506
20	Total Current Liabilities		109,172	135,703
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	7, 9	793,873	788,307
23	Deferred Credits	2	6,035	11,483
24	Other Liabilities		20,131	27,318
25	Commitments and Contingencies	8	0	0
26	Total Liabilities		929,211	962,811
27	Stockholders', Partners', or Proprietor's Equity		377,504	436,710
28	Total Liabilities and Equity		$1,306,715	$1,399,521

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 MARCH 31, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	Revenue:			
1	Casino		$153,686	$145,679
2	Rooms		25,046	26,206
3	Food and Beverage		31,054	33,935
4	Other		9,094	9,660
5	Total Revenue		218,880	215,480
6	Less: Promotional Allowances	2	51,616	49,836
7	Net Revenue		167,264	165,644
	Costs and Expenses:			
8	Casino		63,464	61,145
9	Rooms, Food and Beverage		18,325	20,091
10	General, Administrative and Other	10	64,434	55,083
11	Total Costs and Expenses		146,223	136,319
12	Gross Operating Profit		21,041	29,325
13	Depreciation and Amortization	4	14,542	15,914
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		6,499	13,411
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	5, 7	(17,690)	(20,774)
19	CRDA Related Income (Expense) - Net	2, 9	(554)	(1,041)
20	Nonoperating Income (Expense) - Net		377	(166)
21	Total Other Income (Expenses)		(17,867)	(21,981)
22	Income (Loss) Before Taxes and Extraordinary Items		(11,368)	(8,570)
23	Provision (Credit) for Income Taxes	2	(704)	(535)
24	Income (Loss) Before Extraordinary Items		(10,664)	(8,035)
	Extraordinary Items (Net of Income Taxes -			
25	2014 $0; 2013, $0)		0	0
26	Net Income (Loss)		($10,664)	($8,035)

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, 2013
AND THE THREE MONTHS ENDED MARCH 31, 2014

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	______ (e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2012..........**		$446,700	($1,955)		$444,745
2	Net Income (Loss) - 2013..........			(56,577)		(56,577)
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........					0
6	Prior Period Adjustments..........					0
7						0
8						0
9						0
10	**Balance, December 31, 2013..........**		446,700	(58,532)	0	388,168
11	Net Income (Loss) - 2014..........			(10,664)		(10,664)
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, March 31, 2014...............**		$446,700	($69,196)	$0	$377,504

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 THREE MONTHS ENDED MARCH 31, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES...		$4,828	$13,199
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments		0	0
3	Proceeds from the Sale of Short-Term Investments		0	0
4	Cash Outflows for Property and Equipment............................	3	(1,811)	(3,165)
5	Proceeds from Disposition of Property and Equipment...........	3	2	10
6	CRDA Obligations	2, 9	(1,875)	(1,736)
7	Other Investments, Loans and Advances made.......................		0	0
8	Proceeds from Other Investments, Loans, and Advances		0	0
9	Cash Outflows to Acquire Business Entities...........................		0	0
10	Gain from Subrogation Settlement		451	0
11	....			
12	Net Cash Provided (Used) By Investing Activities....................		(3,233)	(4,891)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		0	0
14	Payments to Settle Short-Term Debt......................................		0	0
15	Proceeds from Long-Term Debt	7	116,200	103,600
16	Costs of Issuing Debt...		0	0
17	Payments to Settle Long-Term Debt.......................................	7	(120,350)	(109,600)
18	Cash Proceeds from Issuing Stock or Capital Contributions....		0	0
19	Purchases of Treasury Stock..		0	0
20	Payments of Dividends or Capital Withdrawals......................		0	0
21	....		0	0
22	....			
23	Net Cash Provided (Used) By Financing Activities...................		(4,150)	(6,000)
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(2,555)	2,308
25	Cash and Cash Equivalents at Beginning of Period...................		37,527	34,125
26	Cash and Cash Equivalents at End of Period.............................	2	$34,972	$36,433

Line	Description	Notes	2014	2013
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).......................................	7	$27,271	$19,569
28	Income Taxes..		$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
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)...		($10,664)	($8,035)
30	Depreciation and Amortization of Property and Equipment...	3	14,471	15,695
31	Amortization of Other Assets..		71	219
32	Amortization of Debt Discount or Premium..........................	7	563	983
33	Deferred Income Taxes - Current	2	57	25
34	Deferred Income Taxes - Noncurrent	2	(1,014)	(797)
35	(Gain) Loss on Disposition of Property and Equipment.........		(2)	19
36	(Gain) Loss on CRDA-Related Obligations...........................		554	1,041
37	(Gain) Loss from Other Investment Activities.......................		0	(4)
38	(Increase) Decrease in Receivables and Patrons' Checks	3	1,338	4,446
39	(Increase) Decrease in Inventories		(8)	(142)
40	(Increase) Decrease in Other Current Assets..........................		(2,643)	1,034
41	(Increase) Decrease in Other Assets......................................		1,184	465
42	Increase (Decrease) in Accounts Payable..............................		2,646	299
43	Increase (Decrease) in Other Current Liabilities	6	(1,550)	(2,128)
44	Increase (Decrease) in Other Liabilities		276	79
45	Gain from Subrogation Settlement		(451)	0
46	....			
47	Net Cash Provided (Used) By Operating Activities...................		$4,828	$13,199

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment...................................	4	($1,811)	($3,165)
49	Less: Capital Lease Obligations Incurred..............................			
50	Cash Outflows for Property and Equipment..............................		($1,811)	($3,165)
	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
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 2014
(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	139,572	$16,453	0	$0
2	Food	325,280	7,605	273,300	2,733
3	Beverage	1,418,057	4,609	0	0
4	Travel	0	0	4,964	1,241
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	621,218	15,530	0	0
7	Complimentary Cash Gifts	145,966	3,649	0	0
8	Entertainment	23,700	948	100	10
9	Retail & Non-Cash Gifts	13,223	661	6,212	1,553
10	Parking	0	0	0	0
11	Other	20,639	2,161	322,824	159
12	Total	2,707,655	$51,616	607,400	$5,696

*Promotional Allowances - Other includes $619K of Spa comps, $215K of Comp room incidentals, $(131K) change in Comp and Slot dollars earned but not redeemed and $1,458M in other promotional allowances.

FOR THE THREE MONTHS ENDED MARCH 31, 2014

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	139,572	$16,453	0	$0
2	Food	325,280	7,605	273,300	2,733
3	Beverage	1,418,057	4,609	0	0
4	Travel	0	0	4,964	1,241
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	621,218	15,530	0	0
7	Complimentary Cash Gifts	145,966	3,649	0	0
8	Entertainment	23,700	948	100	10
9	Retail & Non-Cash Gifts	13,223	661	6,212	1,553
10	Parking	0	0	0	0
11	Other	20,639	2,161	322,824	159
12	Total	2,707,655	$51,616	607,400	$5,696

*Promotional Allowances - Other includes $619K of Spa comps, $215K of Comp room incidentals, $(131K) change in Comp and Slot dollars earned but not redeemed and $1,458M in other promotional allowances.

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

FOR THE QUARTER ENDED MARCH 31, 2014

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Division'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 regulations contained in N.J.S.A. 5:12-84a(1)-(5) during the quarter.

5/15/2014	
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 Consolidated Financial Statements
(Unaudited)

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

Marina District Development Company, LLC, a New Jersey limited liability company ("MDDC"), is the parent of Marina District Finance Company, Inc., a New Jersey corporation ("MDFC"). MDFC is a 100% owned finance subsidiary of MDDC which has fully and unconditionally guaranteed MDFC's securities.

MDDC was incorporated in July 1998 and has been operating since July 3, 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. Borgata 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 (the successor-in-interest to MGM MIRAGE) ("MGM"). The joint venture operates pursuant to an operating agreement between BAC and MAC (the "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, 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 consolidated financial statements. Boyd, the parent of BAC, is a diversified operator of 21 wholly owned gaming entertainment properties. Headquartered in Las Vegas, Nevada, Boyd has other gaming operations in Nevada, Illinois, Indiana, Iowa, Kansas, Louisiana and Mississippi.

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 New Jersey Division of Gaming Enforcement ("NJDGE"). MGM has subsequently announced that it had entered into an amended settlement agreement with the NJDGE, as approved by the New Jersey Casino Control Commission ("NJCCC"). The amended agreement provided that until March 24, 2013, MGM had the right to direct the Divestiture Trust to sell the MGM Interest. If a sale was not concluded by that time, the Divestiture Trust was to be responsible for selling MGM's Interest during the following 12-month period, or not later than March 24, 2014. Subsequent to a Joint Petition of MGM, Boyd and MDDC, the NJCCC, on February 13, 2013, approved amendments to the Stipulation of Settlement and Trust Agreement which permits MGM to file an application for a statement of compliance, which, if approved, could permit MGM to reacquire its interest in MDDC. The deadline requiring MGM and the Divestiture Trust to sell the MGM Interest has been tolled to allow the NJCCC to complete a review of the application. 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. Accordingly, our financial position and results of operations as reported herein will differ from the results as consolidated with and separately reported by Boyd, as certain fair value and other acquisition method accounting adjustments have not been pushed down to our stand-alone consolidated financial statements.

Basis of Presentation

Interim Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements of MDDC have been prepared in accordance with the instructions to the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all information and footnote disclosures necessary for complete financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP").

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

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2013, as filed with the U.S. Securities and Exchange Commission ("SEC") on March 28, 2014.

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 intercompany accounts and transactions have been eliminated.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with maturities of three months or less at their date of purchase, and are on deposit with high credit quality financial institutions. The carrying values of these instruments approximate their fair values due to their short maturities.

Cash and cash equivalents consist of the following:

	March 31, 2014	March 31, 2013
Unrestricted cash and cash equivalents	$ 29,001,000	$ 36,433,000
Restricted cash	5,971,000	-
Total cash and cash equivalents	**$ 34,972,000**	**$ 36,433,000**

Cash and cash equivalents at March 31, 2014 included restricted cash of $5,971,000 primarily related to the balances of patrons' internet gaming accounts as of the previous day. Pursuant to N.J.A.C. 13:69O-1.3(j), we maintain separate New Jersey bank accounts to ensure the security of funds held in patrons' internet gaming accounts. Restricted cash balances are invested in highly liquid instruments with a maturity of 90 days or less.

CRDA Investments

Pursuant to the New Jersey Casino Control Act ("Casino Control Act"), as a casino licensee, we are assessed an amount equal to 1.25% of our land-based gross gaming revenues in order to fund qualified investments. This assessment is made in lieu of an investment alternative tax equal to 2.5% of land-based gross gaming revenues. The Casino Control Act also provides for an assessment of licensees equal to 2.5% of online gross gaming revenues, which is made in lieu of an investment alternative tax equal to 5.0% of online gross gaming revenues. Once our funds are deposited with the New Jersey Casino Reinvestment Development Authority ("CRDA"), qualified investments may be satisfied by: (i) the purchase of bonds issued by the CRDA at below market rates of interest; (ii) direct investment in CRDA-approved projects; or (iii) a donation of funds to projects as determined by the CRDA. According to the Casino Control Act, funds on deposit with the CRDA are invested by the CRDA and the resulting income is shared two-thirds to the casino licensee and one-third to the CRDA. Further, the Casino Control Act requires that CRDA bonds be issued at statutory rates established at two-thirds of market value.

We are required to make quarterly deposits with the CRDA to satisfy our investment obligations. At the date the obligation arises, we record charges to expense (i) pursuant to the respective underlying agreements for obligations with identified qualified investments and (ii) by applying a one-third valuation reserve to our obligations that are available to fund qualified investments to reflect the anticipated below market return on investment. The one-third valuation reserve is adjusted accordingly, if necessary, when a qualified investment is identified. Our deposits with the CRDA, net of valuation reserves held by us, were $5,547,000 and $29,101,000 as of March 31, 2014 and 2013, respectively, and are included in investments, advances, and receivables, on our condensed consolidated balance sheets.

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 March 31,	
	2014	**2013**
Rooms	$ 16,560,000	$ 16,987,000
Food and beverage	12,152,000	12,411,000
Other	22,904,000	20,438,000
Total promotional allowances	**$ 51,616,000**	**$ 49,836,000**

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

	Three Months Ended March 31,	
	2014	**2013**
Room	$ 5,106,000	$ 5,466,000
Food and beverage	9,672,000	9,571,000
Other	2,474,000	2,219,000
Total	**$ 17,252,000**	**$ 17,256,000**

Gaming Taxes

In New Jersey we are subject to an annual tax assessment based on gross gaming revenues of 8% on our land-based gross gaming revenues and 15% on our online gross gaming revenues. These gaming taxes are recorded as a gaming expense in the condensed consolidated statements of operations. These taxes were $12,092,000 and $10,821,000 during the three months ended March 31, 2014 and 2013, respectively.

Income Taxes

As a single member LLC, MDDC is treated as a disregarded entity for federal income tax purposes. As such, it is not subject to federal income tax and its income is treated as earned by its member, MDDHC. MDDHC is treated as a partnership for federal income tax purposes and federal income taxes are the responsibility of its members. In New Jersey, casino partnerships are subject to state income taxes under the 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 consolidated state tax return with the members of MDDHC.

The amounts due to these members are a result of each member's respective tax attributes included in the consolidated state tax return. A reconciliation of the components of our stand-alone state income taxes payable (receivable) is presented below:

	March 31, 2014	March 31, 2013
Amounts payable to members of MDDHC	$ -	$ 1,695,000
Amounts receivable - State	(1,037,000)	(1,039,000)
Income taxes payable (receivable), net	**$ (1,037,000)**	**$ 656,000**

Income taxes receivable is included in other current assets on our condensed consolidated balance sheets.

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

NOTE 3. RECEIVABLES AND PATRONS' CHECKS
Receivables and patrons' checks consist of the following:

	March 31, 2014	March 31, 2013
Casino receivables (net of an allowance for doubtful accounts – 2014 $20,234,000 and 2013 $22,886,000)	$ 25,153,000	$ 25,751,000
Other (net of an allowance for doubtful accounts – 2014 $28,000 and 2013 $28,000)	6,543,000	5,800,000
Due from related parties (Note 10)	294,000	1,202,000
Receivables and patrons' checks, net	**$ 31,990,000**	**$ 32,753,000**

NOTE 4. PROPERTY AND EQUIPMENT, NET
Property and equipment consists of the following:

	March 31, 2014	March 31, 2013
Land	$ 87,301,000	$ 87,301,000
Building and improvements	1,417,205,000	1,411,136,000
Furniture and equipment	316,293,000	311,182,000
Construction in progress	4,311,000	7,650,000
Total property and equipment	1,825,110,000	1,817,269,000
Less accumulated depreciation	624,834,000	579,045,000
Property and equipment, net	**$ 1,200,276,000**	**$ 1,238,224,000**

Depreciation expense was $14,471,000 and $15,695,000 during the three months ended March 31, 2014 and 2013, respectively. Construction in progress presented in the table above primarily relates to costs capitalized in conjunction with major improvements that have not yet been placed into service, and accordingly, such costs are not currently being depreciated.

NOTE 5. OTHER ACCRUED EXPENSES
Other accrued expenses consist of the following:

	March 31, 2014	March 31, 2013
Accrued payroll and related expenses	$ 20,460,000	$ 20,182,000
Accrued interest	5,050,000	22,543,000
Accrued expenses and other liabilities	41,425,000	68,875,000
Other accrued expenses	**$ 66,935,000**	**$ 111,600,000**

NOTE 6. OTHER CURRENT LIABILITIES
Other current liabilities consist of the following:

	March 31, 2014	March 31, 2013
Casino related liabilities	$ 14,511,000	$ 10,736,000
Due to related parties (see Note 10)	2,051,000	489,000
Other	13,303,000	8,281,000
Other current liabilities	**$ 29,865,000**	**$ 19,506,000**

NOTE 7. LONG-TERM DEBT, NET
Long-term debt, net consists of the following:

	March 31, 2014				
	Rates at March 31, 2014	**Outstanding Principal**	**Unamortized Discount**	**Unamortized Origination Fees**	**Long-Term Debt, Net**
Credit Facility	3.86 %	$ 36,700,000	$ -	$ -	$ 36,700,000
Incremental Term Loan	6.75 %	379,050,000	(3,563,000)	-	375,487,000
9.875% Senior Secured Notes due 2018	9.88 %	393,500,000	(1,733,000)	(6,281,000)	385,486,000
		809,250,000	**(5,296,000)**	**(6,281,000)**	**797,673,000**
Less current maturities		3,800,000	-	-	3,800,000
Long-term debt, net		**$ 805,450,000**	**$ (5,296,000)**	**$ (6,281,000)**	**$ 793,873,000**

	March 31, 2013				
	Rates at March 31, 2013	**Outstanding Principal**	**Unamortized Discount**	**Unamortized Origination Fees**	**Long-Term Debt, Net**
Credit Facility	4.90 %	$ 14,000,000	$ -	$ -	$ 14,000,000
9.50% Senior Secured Notes due 2015	9.50 %	398,000,000	(2,328,000)	(5,467,000)	390,205,000
9.875% Senior Secured Notes due 2018	9.88 %	393,500,000	(2,033,000)	(7,365,000)	384,102,000
Long-term debt, net		**$ 805,500,000**	**$ (4,361,000)**	**$ (12,832,000)**	**$ 788,307,000**

At March 31, 2014, $36,700,000 was outstanding under the MDFC Amended and Restated Credit Agreement (the "Credit Facility"), with $3,200,000 allocated to support a letter of credit, leaving remaining contractual availability of $20,100,000.

NOTE 8. COMMITMENTS AND CONTIGENCIES

Commitments

There have been no material changes to our commitments described under Note 6, Commitments and Contingencies, in our Annual Report on Form 10-K for the year ended December 31, 2013, filed with the SEC on March 28, 2014.

Contingencies

Borgata Property Taxes

We have filed tax appeal complaints, in connection with our property tax assessments for tax years 2009 through 2014, in New Jersey Tax Court ("Court"). The trial for tax years 2009 and 2010 was held during the second quarter of 2013 and a decision was issued on October 18, 2013. The assessor valued our real property at approximately $2,262,000,000. The Court found in our favor and reduced our real property valuation to $880,000,000 and $870,000,000 for tax years 2009 and 2010, respectively. The City of Atlantic City filed an appeal in the New Jersey Superior Court - Appellate Division in November 2013. We have paid our property tax obligations consistent with the assessor's valuation and based on the Court's decision, we estimate the 2009 and 2010 property tax refunds and related statutory interest will be approximately $48,000,000 and $9,000,000, respectively. The trial date for tax years 2011 through 2013 was extended and the trial is scheduled to be held in September 2014. We filed an appeal complaint in connection with our 2014 valuation in February 2014 and continue to pay our property tax obligations in accordance with the assessor's valuation. A trial date for the 2014 appeal has not been scheduled. We can provide no assurances that the Court's decision will be upheld at the appellate level, nor can we be certain that we will receive a favorable decision in the 2011 through 2014 appeals. Due to the uncertainty surrounding the ultimate resolution of the City's appeal, we will not record any gain until a final, non-appealable decision has been rendered. The final resolution of our appeals for the period January 1, 2009 through March 31, 2014 could result in adjustment to our estimated property tax liability.

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 $34,972,000 and $36,433,000 as of March 31, 2014 and 2013, 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 at March 31, 2014 and 2013, respectively. The fair value of our CRDA deposits were $5,547,000 and $29,101,000 as of March 31, 2014 and 2013, respectively. The fair value of our CRDA deposits, classified in the fair value hierarchy as Level 3, is based on estimates of the realizable value applied to the balances on statements received from the CRDA at March 31, 2014 and 2013.

The following table summarizes the fair value of the Company's Level 3 assets:

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Balance at January 1,	$ 4,613,000	$ 28,464,000
Deposits	1,747,000	1,682,000
Included in earnings	(554,000)	(1,045,000)
Settlements	(259,000)	-
Ending balance at March 31,	**$ 5,547,000**	**$ 29,101,000**

Balances Disclosed at Fair Value

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

	March 31, 2014			
	Outstanding Face Amount	**Carrying Value**	**Estimated Fair Value**	**Fair Value Hierarchy**
Credit Facility	$ 36,700,000	$ 36,700,000	$ 36,700,000	Level 2
Incremental Term Loan	379,050,000	375,487,000	384,421,000	Level 2
9.875% Senior Secured Notes due 2018	393,500,000	385,486,000	421,045,000	Level 1
Total long-term debt	**$ 809,250,000**	**$ 797,673,000**	**$ 842,166,000**	

	March 31, 2013			
	Outstanding Face Amount	**Carrying Value**	**Estimated Fair Value**	**Fair Value Hierarchy**
Prior Credit Facility	$ 14,000,000	$ 14,000,000	$ 14,000,000	Level 2
9.5% Senior Secured Notes due 2015	398,000,000	390,205,000	418,059,000	Level 1
9.875% Senior Secured Notes due 2018	393,500,000	384,102,000	414,379,000	Level 1
Total long-term debt	**$ 805,500,000**	**$ 788,307,000**	**$ 846,438,000**	

The estimated fair values of our Credit Facility at March 31, 2014 and March 31, 2013, respectively, approximate its carrying values due to the short-term nature and variable repricing of the underlying Eurodollar loans comprising our Credit Facility. The estimated fair values of our senior secured notes are based on quoted market prices as of March 31, 2014 and March 31, 2013.

There were no transfers between Level 1, Level 2 or Level 3 measurements during the three months ended March 31, 2014.

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 or accrued liabilities, as applicable, on the 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 $241,000 and $338,000 for the three months ended March 31, 2014 and 2013, respectively. Reimbursable expenditures incurred were $197,000 and $232,000 for the three months ended March 31, 2014 and 2013, 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 $53,000 and

$864,000 for the three months ended March 31, 2014 and 2013, respectively. Reimbursable expenditures incurred were $53,000 and $175,000 for the three months ended March 31, 2014 and 2013, respectively.

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, certain advertising and certain financing fees. The related amounts due to BAC for these types of expenditures paid by BAC were $2,051,000 and $489,000 for the three months ended March 31, 2014 and 2013, respectively. Reimbursable expenditures were $2,226,000 and $3,382,000 for the three months ended March 31, 2014 and 2013, respectively. Reimbursable expenses, with the exception of deferred financing fees, are included in selling, general and administrative on the consolidated statements of operations.

NOTE 11. SUBSEQUENT EVENTS

We have evaluated all events or transactions that occurred after March 31, 2014. During this period, up to the filing date, we did not identify any subsequent events, the effects of which would require disclosure or adjustment to our financial position or results of operations.