BORGATA HOTEL CASINO & SPA

QUARTERLY REPORT

FOR THE QUARTER ENDED JUNE 30, 2010

**SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**

**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

BORGATA HOTEL CASINO & SPA
BALANCE SHEETS

AS OF JUNE 30, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$21,939	$24,146
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2010, $23,541; 2009, $23,844)	2, 5	29,649	32,604
4	Inventories		5,212	4,741
5	Other Current Assets		10,722	9,418
6	Total Current Assets		67,522	70,909
7	Investments, Advances, and Receivables		28,202	25,987
8	Property and Equipment - Gross		1,778,967	1,762,552
9	Less: Accumulated Depreciation and Amortization		(441,365)	(368,321)
10	Property and Equipment - Net		1,337,602	1,394,231
11	Other Assets		11,777	16,941
12	Total Assets		$1,445,103	$1,508,068
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$5,963	$8,120
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	6,954	2,956
18	Other Accrued Expenses	3	53,672	59,454
19	Other Current Liabilities	4, 5	17,722	27,479
20	Total Current Liabilities		84,311	98,009
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	6	626,872	666,778
23	Deferred Credits		13,700	8,725
24	Other Liabilities		26,655	14,198
25	Commitments and Contingencies		0	0
26	Total Liabilities		751,538	787,710
27	Stockholders', Partners', or Proprietor's Equity		693,565	720,358
28	Total Liabilities and Equity		$1,445,103	$1,508,068

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, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	Revenue:			
1	Casino		$318,306	$342,686
2	Rooms		54,106	53,164
3	Food and Beverage		70,357	68,483
4	Other		20,539	19,607
5	Total Revenue		463,308	483,940
6	Less: Promotional Allowances		101,350	104,537
7	Net Revenue		361,958	379,403
	Costs and Expenses:			
8	Cost of Goods and Services		233,188	233,367
9	Selling, General, and Administrative		43,065	45,120
10	Provision for Doubtful Accounts	2	1,712	4,084
11	Total Costs and Expenses		277,965	282,571
12	Gross Operating Profit		83,993	96,832
13	Depreciation and Amortization		36,615	40,131
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		47,378	56,701
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	6	(11,132)	(15,458)
19	CRDA Related Income (Expense) - Net		(2,298)	(2,381)
20	Nonoperating Income (Expense) - Net		(798)	(1,559)
21	Total Other Income (Expenses)		(14,228)	(19,398)
22	Income (Loss) Before Taxes and Extraordinary Items		33,150	37,303
23	Provision (Credit) for Income Taxes	1	3,343	2,593
24	Income (Loss) Before Extraordinary Items		29,807	34,710
25	Extraordinary Items (Net of Income Taxes - 2010, $0; 2009, $0)		0	0
26	Net Income (Loss)		$29,807	$34,710

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, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	Revenue:			
1	Casino		$164,530	$173,837
2	Rooms		27,704	27,123
3	Food and Beverage		35,994	34,490
4	Other		10,696	10,302
5	Total Revenue		238,924	245,752
6	Less: Promotional Allowances		52,032	54,239
7	Net Revenue		186,892	191,513
	Costs and Expenses:			
8	Cost of Goods and Services		118,616	117,626
9	Selling, General, and Administrative		22,718	22,297
10	Provision for Doubtful Accounts	2	1,010	1,789
11	Total Costs and Expenses		142,344	141,712
12	Gross Operating Profit		44,548	49,801
13	Depreciation and Amortization		18,236	20,040
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		26,312	29,761
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	6	(5,588)	(7,447)
19	CRDA Related Income (Expense) - Net		(1,193)	(1,247)
20	Nonoperating Income (Expense) - Net		(407)	(1,245)
21	Total Other Income (Expenses)		(7,188)	(9,939)
22	Income (Loss) Before Taxes and Extraordinary Items		19,124	19,822
23	Provision (Credit) for Income Taxes	1	1,837	1,561
24	Income (Loss) Before Extraordinary Items		17,287	18,261
	Extraordinary Items (Net of Income Taxes -			
25	2010, $0; 2009, $0)		0	0
26	Net Income (Loss)		$17,287	$18,261

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, 2009
AND THE SIX MONTHS ENDED JUNE 30, 2010

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2008.........**		$477,507	$233,304		$710,811
2	Net Income (Loss) - 2009..........			108,241		108,241
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........			(120,271)		(120,271)
6	Prior Period Adjustments..........					0
7						0
8						0
9						0
10	**Balance, December 31, 2009.........**		477,507	221,274	0	698,781
11	Net Income (Loss) - 2010..........			29,807		29,807
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions...........			(35,023)		(35,023)
15	Prior Period Adjustments..........					0
16						0
17						0
18						0
19	**Balance, June 30 , 2010.................**		$477,507	$216,058	$0	$693,565

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, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)	
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$75,791	$88,546	
	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...........................		(8,161)	(3,383)	*
5	Proceeds from Disposition of Property and Equipment..........		19	13	*
6	CRDA Obligations		(3,864)	(4,249)	
7	Other Investments, Loans and Advances made.......................		(675)	(1,529)	
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....................		(12,681)	(9,148)	
	CASH FLOWS FROM FINANCING ACTIVITIES:				
13	Proceeds from Short-Term Debt				
14	Payments to Settle Short-Term Debt......................................				
15	Proceeds from Long-Term Debt		343,953	384,183	
16	Costs of Issuing Debt..		(295)	(21)	
17	Payments to Settle Long-Term Debt......................................		(396,700)	(457,941)	
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0	
19	Purchases of Treasury Stock..				
20	Payments of Dividends or Capital Withdrawals......................				
21	Partnership Distributions		(35,023)	(25,163)	
22	....				
23	Net Cash Provided (Used) By Financing Activities..................		(88,065)	(98,942)	
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(24,955)	(19,544)	
25	Cash and Cash Equivalents at Beginning of Period...................		46,894	43,690	
26	Cash and Cash Equivalents at End of Period.............................		$21,939	$24,146	

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................		$9,835	$14,177
28	Income Taxes..		$2,000	($13,213)

* prior year amounts have been restated to reflect current year presentation

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, 2010 AND 2009

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		$29,807	$34,710
30	Depreciation and Amortization of Property and Equipment		36,468	39,116
31	Amortization of Other Assets		147	1,015
32	Amortization of Debt Discount or Premium			
33	Deferred Income Taxes - Current		54	376
34	Deferred Income Taxes - Noncurrent		(382)	(238)
35	(Gain) Loss on Disposition of Property and Equipment		80	61
36	(Gain) Loss on CRDA-Related Obligations		2,298	2,381
37	(Gain) Loss from Other Investment Activities		1,149	1,708
38	(Increase) Decrease in Receivables and Patrons' Checks		2,552	18,174
39	(Increase) Decrease in Inventories		(785)	758
40	(Increase) Decrease in Other Current Assets		1,325	518
41	(Increase) Decrease in Other Assets		1,722	(6,263)
42	Increase (Decrease) in Accounts Payable		(2,898)	(4,203)
43	Increase (Decrease) in Other Current Liabilities		4,266	54
44	Increase (Decrease) in Other Liabilities		(12)	379
45				
46				
47	Net Cash Provided (Used) By Operating Activities		$75,791	$88,546

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line	Description	Notes	2010	2009
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($8,161)	($3,383) *
49	Less: Capital Lease Obligations Incurred		0	
50	Cash Outflows for Property and Equipment		($8,161)	($3,383)
	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

* prior year amounts have been restated to reflect current year presentation

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, 2010

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission'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.A.C. 19:43-4.2(b)1-5 during the quarter.

8/16/2010
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

Basis of Presentation

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". Borgata was developed as a 50%/50% joint venture between Boyd Atlantic City, Inc. ("BAC"), a wholly-owned subsidiary of Boyd Gaming Corporation ("Boyd"), and MAC, Corp. ("MAC," together with BAC, the "Joint Venture Partners"), a second tier, wholly-owned subsidiary of MGM Resorts International (the successor in interest to MGM MIRAGE) ("MGM"). On March 24, 2010, MAC transferred its 50% ownership interest (the "MGM Interest") in Marina District Development Holding Co., LLC, MDDC's parent holding company ("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 and has an option to purchase certain land leased by MDDC from MAC, which land is now held by the Divestiture Trust. We developed, own and operate Borgata Hotel Casino and Spa, including The Water Club Hotel 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.

As managing member of MDDHC pursuant to the terms of the operating agreement of MDDHC 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.

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 annual financial statements for the year ended December 31, 2009.

In our opinion, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly our financial position as of June 30, 2010 and December 31, 2009, the results of our operations for the three and six months ended June 30, 2010 and 2009, and our cash flows for the six months ended June 30, 2010 and 2009. Our operating results for the three and six months ended June 30, 2010 and 2009 and our cash flows for the six months ended June 30, 2010 and 2009 are not necessarily indicative of the results that would be achieved during a full year of operations or in future periods.

Income Taxes

We are treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of BAC and MAC. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act; therefore, we are required to record New Jersey state income taxes. In 2004, we were granted permission by New Jersey, pursuant to a ruling request, to file a consolidated New Jersey corporation business tax return with the BAC and MAC. The amounts reflected in our condensed consolidated financial statements are on a stand-alone basis; however, we file a consolidated state tax return with BAC and MAC. The amounts due to BAC and the Divestiture Trust are a result of the tax attributes BAC and MAC have contributed to the consolidated state tax return. A reconciliation of the components of our stand-alone state income taxes payable is presented below:

	June 30,	
	2010	2009
Amounts payable (receivable) - state	(1,023,000)	1,095,000
Amounts payable to BAC and the Divestiture Trust	7,977,000	1,861,000
Income taxes payable	**$ 6,954,000**	**$ 2,956,000**

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, estimated useful lives for depreciable and amortizable assets, measurement of our equity interest in Atlantic City Express Service, LLC ("ACES"), estimated cash flows in assessing the recoverability of long-lived assets, certain tax liabilities, self-insured liability reserves, various bonus 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

Accruals for Casino Jackpot Liabilities - In April 2010, the Financial Accounting Standards Board issued authoritative accounting guidance for companies that generate revenue from gaming activities that involve base jackpots, which requires companies to accrue for a liability at the time the company has the obligation to pay the jackpot and record such obligation as a reduction of gaming revenue accordingly. The guidance is effective for interim and annual reporting periods beginning on or after December 15, 2010. Base jackpots are currently not accrued for by the Company until it has the obligation to pay such jackpots. As such, the application of this guidance will not have a material effect on the Company's financial condition, results of operations or cash flows.

A variety of 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.

Subsequent Events

We have evaluated all events or transactions that occurred after June 30, 2010. During this period, the Company had the following subsequent events, the effects of which did not require adjustment to the Company's financial position or results of operations as of and for the three and six months ended June 30, 2010.

Issuance of High Yield Debt and Entry into Credit Facility

As discussed in Note 6, *Long-Term Debt, Net of Current Maturities*, below, on August 6, 2010, MDFC issued $400,000,000 of 9.50% senior secured notes due 2015 and $400,000,000 of 9.875% senior secured notes due 2018 in a private placement to institutional buyers and entered into a new $150,000,000 payment priority secured revolving credit facility ("the New Credit Facility"). We received gross proceeds of $800,000,000 upon issuance of the senior secured notes, a portion of the proceeds of which were used to pay off in full and terminate our First Amended and Restated Credit Agreement as in existence at June 30, 2010 ("Existing Credit Facility") and to make a one-time distribution of approximately $240,000,000 to the Joint Venture Partners. In addition, we requested a draw of $75,000,000 from the New Credit Facility upon closing of the transaction.

The Existing Credit Facility was to mature on January 31, 2011 and the outstanding balance was historically presented in current maturities of long-term debt on the condensed consolidated balance sheet. However as a result of our issuance of the senior secured notes and our entry into the New Credit Facility discussed above, and in accordance with the authoritative accounting guidance for refinancing long-term debt, we reclassified the current maturities of our Existing Credit Facility from current maturities of long-term debt to long-term debt, net of current maturities on our condensed consolidated balance sheet as of June 30, 2010. Further, subsequent to June 30, 2010, we will write-off approximately $2,000,000 of unamortized debt issuance costs associated with the Existing Credit Facility as such facility was paid off in full and terminated.

Note 2. Receivables and Patrons' Checks

Receivables and patrons' checks consist of the following:

	June 30, 2010	June 30, 2009
Casino receivables (net of an allowance for doubtful accounts – 2010 $23,493,000 and 2009 $23,800,000)	$ 22,123,000	$ 27,842,000
NJ tax refund receivable	1,948,000	-
Other (net of an allowance for doubtful accounts – 2010 $48,000 and 2009 $44,000)	5,165,000	4,597,000
Due from related parties (Note 5)	413,000	165,000
Receivables and patrons' checks, net	**$ 29,649,000**	**$ 32,604,000**

Note 3. Other Accrued Expenses

Other accrued expenses consist of the following:

	June 30, 2010	June 30, 2009
Payroll and related	$ 24,442,000	$ 25,085,000
Other	29,230,000	34,369,000
Other accrued expenses	**$ 53,672,000**	**$ 59,454,000**

Note 4. Other Current Liabilities

Other current liabilities consist of the following:

	June 30, 2010	June 30, 2009
Deferred gain on insurance liabilities	$ -	$ 11,597,000
Casino related liabilities	9,133,000	6,402,000
Due to related parties (see Note 5)	221,000	1,094,000
Other	8,368,000	8,386,000
Other current liabilities	**$ 17,722,000**	**$ 27,479,000**

Note 5. Related Parties

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 $138,000 and $109,000 at June 30, 2010 and 2009, respectively. Reimbursable expenditures incurred were $86,000 and $320,000 for the three and six months ended June 30, 2010 respectively and $121,000 and $257,000 for the three and six months ended June 30, 2009, respectively.

Boyd reimburses us for expenses relating to investigative services for our casino license and other expenses. The related amounts due from Boyd for these types of expenditures were $275,000 and $56,000 at June 30, 2010 and 2009, respectively. Reimbursable expenditures incurred were $65,000 and $152,000 for the three and six months ended June 30, 2010 and $58,000 and $119,000 for the three and six months ended June 30, 2009, respectively.

We entered into a series of ground lease agreements with MAC totaling 19.6 acres that provides the land on which our existing employee parking garage, the Public Space Expansion, the Rooms Expansion, and a modified surface parking lot reside. The lease terms extend until December 31, 2070 with the exception of the surface parking lot lease which is on a month-to-month term and may be terminated by either party effective on the last day of the month that is six months after notice is given. In addition, the surface parking lot ground lease will terminate on any termination of the Divestiture Trust, unless the New Jersey Casino Control Commission approves an extended term of such lease. The related amounts due to the Divestiture Trust for these types of expenditures were $0 at June 30, 2010 and 2009, respectively. Related rent incurred $1,255,000 and $2,875,000 for the three and six months ended June 30, 2010 respectively, and $1,620,000 and $3,229,000 for the three and six months ended June 30, 2009, respectively.

Pursuant to the ground lease agreements, we are responsible for reimbursing the Divestiture Trust for related property taxes paid on our behalf. The related amounts due to the Divestiture Trust for these types of expenditures were $0 at June 30, 2010 and 2009, respectively. Related property tax incurred was $2,990,000 and $5,981,000 for the three and six months ended June 30, 2010 respectively and $3,151,000 and $6,297,000 for the three and six months ended June 30, 2009, respectively.

We reimburse BAC for compensation paid to employees performing services for us on a full-time basis 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 legal fees, investigative fees, and other. The related amounts due to BAC for these types of expenditures paid by BAC were $221,000 and $1,094,000 at June 30, 2010 and 2009, respectively. Reimbursable expenditures were $1,240,000 and $1,686,000 for the three and six months ended June 30, 2010 respectively. Reimbursable expenditures were $1,710,000 and $3,980,000 for three and six months ended June 30, 2009, respectively.

These related party balances are non-interest bearing and are included in accounts receivable or accrued liabilities, as applicable, on the condensed consolidated balance sheets.

Note 6. Long-Term Debt, Net of Current Maturities

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

	June 30,	
	2010	2009
Revolving line of credit	$ 626,872,000	$ 666,678,000
Less current maturities	-	-
Total long-term debt, net	**$ 626,872,000**	**$ 666,678,000**

Existing Credit Facility

At June 30, 2010, our Existing Credit Facility consisted of a $740,000,000 revolving credit facility, with the availability of such revolving credit facility subject to quarterly reductions of $10,000,000, thereby reducing availability under the revolving credit facility to $720,000,000 on December 31, 2010. At June 30, 2010, the outstanding balance under our Existing Credit Facility was $626,872,000, leaving availability under the facility of $113,128,000. The Existing Credit Facility was to mature on January 31, 2011 and the outstanding balance was historically presented in current maturities of long-term debt on the condensed consolidated balance sheet. However as a result of our issuance of the senior secured notes and our entry into the New Credit Facility discussed below, and in accordance with the authoritative accounting guidance for refinancing long-term debt, we reclassified the current maturities of our Existing Credit Facility from current maturities of long-term debt to long-term debt, net of current maturities on our condensed consolidated balance sheet as of June 30, 2010. As discussed below, we terminated the Existing Credit Facility on August 6, 2010.

The interest rate on the Existing Credit Facility was based, at our option, upon either the “base rate” or the Eurodollar rate, plus, in each case, an applicable margin. The applicable margin was a percentage per annum (which ranged from 1.00% to 2.50% if we elected to use the base rate, and 2.25% to 3.75% if we elected to use the Eurodollar rate) determined in accordance with a specified pricing grid based upon our predefined total leverage ratio. In addition, we incurred commitment fees on the unused portion of the Existing Credit Facility that ranged from 0.25% to 0.50% per annum. The Existing Credit Facility was secured by substantially all of our real and personal property and was non-recourse to the Joint Venture Partners.

The blended interest rates for outstanding borrowings under the Existing Credit Facility at June 30, 2010 and December 31, 2009 were 2.8% and 2.7%, respectively.

Our Existing Credit Facility contained certain financial and other covenants, including, without limitation, (i) establishing a maximum permitted Total Leverage Ratio (as defined in our Existing Credit Facility) of 4.25 to 1.00, (ii) establishing a minimum required Fixed Charge Coverage Ratio (as defined in our Existing Credit Facility) of 1.75 to 1.00, (iii) imposing limitations on the incurrence of additional secured indebtedness, and (iv) imposing restrictions on investments, dividends and certain other payments. We believe that we were in compliance with our Existing Credit Facility covenants at June 30, 2010, including the Total Leverage Ratio and Fixed Charge Coverage Ratio, which, at June 30, 2010, were 2.91 to 1.00 and 3.00 to 1.00, respectively.

In connection with MDFC's issuance of $400,000,000 of senior secured notes due 2015 and $400,000,000 of senior secured notes due 2018 and our entry into the New Credit Facility on August 6, 2010, as described below, we repaid all amounts outstanding under the Existing Credit Facility, which amounted to approximately $604,396,000, together with accrued interest and related expenses. As discussed above, we reclassified the current maturities of our Existing Credit Facility from current maturities of long-term debt to long-term debt, net of current maturities on our condensed consolidated balance sheet as of June 30, 2010. Further, subsequent to June 30, 2010, we will write-off approximately $2,000,000 of unamortized debt issuance costs associated with the Existing Credit Facility as such facility was paid off in full and terminated.

Senior Secured Notes Due 2015 and 2018

On August 6, 2010, MDFC issued $400,000,000 of 9.50% senior secured notes due 2015 in a private placement to institutional buyers at an issue price of 98.943% and $400,000,000 of 9.875% senior secured notes due 2018 in a private placement to institutional buyers at an issue price of 99.315% of the principal amount.

The $400,000,000 notes due 2015 bear interest at the rate of 9.50% per year and the $400,000,000 notes due 2018 bear interest at the rate of 9.875% per year, payable semi-annually in cash in arrears, which interest payments commence on April 15, 2011 for the notes due 2015 and on February 15, 2011 for the notes due 2018. The notes are guaranteed on a senior secured basis by MDDC and any future restricted subsidiaries of MDDC.

The notes and the guarantees will be secured by a first-priority lien on substantially all of MDDC's, MDFC's and any future subsidiary guarantor's assets, subject to certain exceptions and to permitted liens (the "Collateral"). The notes will be MDFC's senior secured obligations and the guarantee will be MDDC's senior secured obligation and, in each case, will rank together with indebtedness under the New Credit Facility and any other first lien secured obligations, effectively senior in right of payment to all of our and any future subsidiary guarantor's existing and future unsecured obligations to the extent of the value of the Collateral; senior in right of payment to any of our and any future subsidiary guarantor's future obligations that are expressly subordinated in right of payment to the notes or the guarantees, as applicable; equal in right of payment with all of our and any future subsidiary guarantor's unsecured and unsubordinated obligations to the extent that the value of the Collateral is less than the obligations secured thereby; and structurally junior to all obligations of any of MDDC's future subsidiaries that are not guarantors.

At any time prior to October 15, 2013 (with respect to the 2015 notes) and August 15, 2014 (with respect to the 2018 notes), the notes may be redeemed at 100% of the principal amount thereof, plus a "makewhole premium" and accrued and unpaid interest. In addition, until October 15, 2013 (with respect to the 2015 notes) and August 15, 2013 (with respect to the 2018 notes), MDFC may redeem up to 35% of each of the 2015 notes and the 2018 notes, respectively, at redemption prices of 109.50% and 109.875%, respectively, 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 (with respect to the 2015 notes) and August 15, 2013 (with respect to the 2018 notes), MDFC may redeem up to an aggregate of 10% of each of the 2015 notes and the 2018 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 may redeem all or a portion of the 2015 notes, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the notes redeemed, to the applicable redemption date, if redeemed during the 12-month period beginning on October 15 of the years indicated below:

Year	Percentage
2013	104.750%
2014 until the day prior to maturity	102.375%

On or after August 15, 2014, MDFC may redeem all or a portion of the 2018 notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the notes redeemed, to the applicable redemption date, if redeemed during the 12-month period beginning on August 15 of the years indicated below:

Year	Percentage
2014	104.938%
2015	102.469%
2016 and thereafter	100.000%

Upon a change of control or, if the notes have investment grade status, a change of control triggering event, MDFC must offer to repurchase the notes at 101% of the principal amount, plus accrued interest, if any, to, but not including, the purchase date.

In connection with the private placement of the notes, we entered into a registration rights agreement with the initial purchasers in which we agreed to file a registration statement with the SEC to permit the holders to exchange or resell the notes. We must use reasonable best efforts to have the registration statement declared effective within 310 days after the issuance of the notes and consummate the exchange offer within 365 days after the issuance of the notes, subject to certain suspension and other rights set forth in the registration rights agreement. In the event that the registration statement is not filed or declared effective or the exchange offer is not consummated within these deadlines, the agreement provides that additional interest will accrue on the principal amount of the notes at a rate of 0.25% per annum during the 90-day period immediately following any of these events and will increase by 0.25% per annum at the end of each subsequent 90-day period, but in no event will the penalty rate exceed 1.00% per annum. There are no other alternative settlement methods and, other than the 1.00% per annum maximum penalty rate, the agreement contains no limit on the maximum potential amount of consideration that could be transferred in the event the Company does not meet the registration statement filing requirements.

New Credit Facility

We entered into the New Credit Facility with certain financial institutions and Wells Fargo Bank, N.A., as administrative agent, on August 6, 2010. The New Credit Facility consists of a $150,000,000 revolving credit facility that matures on August 6, 2014. Upon the execution of the New Credit Facility, we requested a draw of $75,000,000 from the facility.

The interest rate on the New Credit Facility is based, at our option, upon either: (i) the highest of (a) the agent bank's quoted prime rate, (b) the one-month Eurodollar rate plus 1.00%, and (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 an applicable margin. The applicable margin is a percentage per annum (which will range from 2.25% to 3.75% if we elect to use the base rate and 3.25% to 4.75% if we elect to use the Eurodollar rate) determined in accordance with a specified pricing grid based upon our predefined leverage ratio. In addition, we will incur a commitment fee on the unused portion of the New Credit Facility that will range from 0.50% per annum to 1.00% per annum. The New Credit Facility provides for the same guarantees and the same collateral as the guarantees of the senior secured notes and the Collateral securing the notes. The obligations under the New Credit Facility have priority in payment to payment of the senior secured notes.

The New Credit Facility contains covenants requiring us to maintain a minimum consolidated EBITDA over each trailing twelve-month period ending on the last day of each calendar quarter and maintain a minimum liquidity as of the end of each calendar quarter. In addition, the covenants, among other things, limit our ability to incur additional debt, 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.

Note 7. Commitments and Contingencies

Commitments

There have been no material changes to our commitments described in our annual financial statements for the year ended December 31, 2009.

Contingencies

We are subject to various claims and litigation in the normal 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.