BORGATA HOTEL CASINO AND SPA
QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2008

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

DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL

BORGATA HOTEL CASINO AND SPA
BALANCE SHEETS

AS OF SEPTEMBER 30, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$22,418	$36,213
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2008, $22,712; 2007, $18,521)	2	48,146	72,298
4	Inventories		6,065	4,376
5	Other Current Assets		7,402	11,779
6	Total Current Assets		84,031	124,666
7	Investments, Advances, and Receivables	5	23,620	16,936
8	Property and Equipment - Gross		1,758,033	1,570,957
9	Less: Accumulated Depreciation and Amortization		(310,119)	(242,192)
10	Property and Equipment - Net		1,447,914	1,328,765
11	Other Assets		6,557	8,534
12	Total Assets		$1,562,122	$1,478,901
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$41,028	$40,134
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		2,792	2,937
18	Other Accrued Expenses	3	64,237	60,275
19	Other Current Liabilities	4	26,800	15,329
20	Total Current Liabilities		134,857	118,675
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	7	702,900	655,900
23	Deferred Credits		9,415	6,145
24	Other Liabilities		14,378	13,189
25	Commitments and Contingencies		0	0
26	Total Liabilities		861,550	793,909
27	Stockholders', Partners', or Proprietor's Equity		700,572	684,992
28	Total Liabilities and Equity		$1,562,122	$1,478,901

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 AND SPA
STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
	Revenue:			
1	Casino		$564,510	$569,120
2	Rooms		83,701	76,816
3	Food and Beverage		113,787	107,931
4	Other		39,947	33,052
5	Total Revenue		801,945	786,919
6	Less: Promotional Allowances		154,939	151,002
7	Net Revenue		647,006	635,917
	Costs and Expenses:			
8	Cost of Goods and Services		396,750	362,525
9	Selling, General, and Administrative		81,843	79,028
10	Provision for Doubtful Accounts	2	4,948	4,183
11	Total Costs and Expenses		483,541	445,736
12	Gross Operating Profit		163,465	190,181
13	Depreciation and Amortization		55,585	51,080
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		107,880	139,101
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	7	(20,878)	(23,424)
19	CRDA Related Income (Expense) - Net		(4,181)	(3,900)
20	Nonoperating Income (Expense) - Net		(4,871)	(1,727)
21	Total Other Income (Expenses)		(29,930)	(29,051)
22	Income (Loss) Before Taxes and Extraordinary Items		77,950	110,050
23	Provision (Credit) for Income Taxes	1	4,900	(1,870)
24	Income (Loss) Before Extraordinary Items		73,050	111,920
25	Extraordinary Items (Net of Income Taxes - 2008, $0; 2007, $0)		0	0
26	Net Income (Loss)		$73,050	$111,920

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 AND SPA
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
	Revenue:			
1	Casino		$207,352	$203,885
2	Rooms		34,261	27,560
3	Food and Beverage		44,146	39,803
4	Other		16,636	12,013
5	Total Revenue		302,395	283,261
6	Less: Promotional Allowances		62,474	53,173
7	Net Revenue		239,921	230,088
	Costs and Expenses:			
8	Cost of Goods and Services		149,940	127,951
9	Selling, General, and Administrative		27,721	27,479
10	Provision for Doubtful Accounts	2	1,399	1,417
11	Total Costs and Expenses		179,060	156,847
12	Gross Operating Profit		60,861	73,241
13	Depreciation and Amortization		19,445	17,348
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		41,416	55,893
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	7	(8,691)	(7,908)
19	CRDA Related Income (Expense) - Net		(1,381)	(1,006)
20	Nonoperating Income (Expense) - Net		(529)	(361)
21	Total Other Income (Expenses)		(10,601)	(9,275)
22	Income (Loss) Before Taxes and Extraordinary Items		30,815	46,618
23	Provision (Credit) for Income Taxes	1	1,616	(1,104)
24	Income (Loss) Before Extraordinary Items		29,199	47,722
25	Extraordinary Items (Net of Income Taxes - 2008, $0; 2007, $0)		0	0
26	Net Income (Loss)		$29,199	$47,722

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 AND SPA
STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	______ (e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2006.........**		$477,507	$189,226		$666,733
2	Net Income (Loss) - 2007..........			141,332		141,332
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........			(141,140)		(141,140)
6	Prior Period Adjustments..........					0
7	Change in Accounting Principle	8		(244)		(244)
8						0
9						0
10	**Balance, December 31, 2007.........**		477,507	189,174	0	666,681
11	Net Income (Loss) - 2008..........			73,050		73,050
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions...........			(39,159)		(39,159)
15	Prior Period Adjustments..........					0
16						0
17						0
18						0
19	**Balance, September 30, 2008........**		$477,507	$223,065	$0	$700,572

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 AND SPA
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$159,235	$140,836
	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		(124,838)	(161,014)
5	Proceeds from Disposition of Property and Equipment			
6	CRDA Obligations		(2,914)	(3,227)
7	Other Investments, Loans and Advances made		(2,972)	(1,845)
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		(130,724)	(166,086)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt			
15	Proceeds from Long-Term Debt		616,100	623,300
16	Costs of Issuing Debt		0	(227)
17	Payments to Settle Long-Term Debt		(635,900)	(522,000)
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		(39,159)	(93,417)
22				
23	Net Cash Provided (Used) By Financing Activities		(58,959)	7,656
24	Net Increase (Decrease) in Cash and Cash Equivalents		(30,448)	(17,594)
25	Cash and Cash Equivalents at Beginning of Period		52,866	53,807
26	Cash and Cash Equivalents at End of Period		$22,418	$36,213

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)		$22,719	$10,402
28	Income Taxes		($13,652)	($7,146)

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 AND SPA
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		$73,050	$111,920
30	Depreciation and Amortization of Property and Equipment		54,883	50,211
31	Amortization of Other Assets		702	869
32	Amortization of Debt Discount or Premium			
33	Deferred Income Taxes - Current			
34	Deferred Income Taxes - Noncurrent			
35	(Gain) Loss on Disposition of Property and Equipment		1	518
36	(Gain) Loss on CRDA-Related Obligations		4,181	3,900
37	(Gain) Loss from Other Investment Activities		83	26
38	(Increase) Decrease in Receivables and Patrons' Checks		17,429	(9,173)
39	(Increase) Decrease in Inventories		(1,679)	(314)
40	(Increase) Decrease in Other Current Assets		1,651	(6,327)
41	(Increase) Decrease in Other Assets		928	2,089
42	Increase (Decrease) in Accounts Payable		11,778	(5,989)
43	Increase (Decrease) in Other Current Liabilities		(6,584)	(10,234)
44	Increase (Decrease) in Other Liabilities		2,812	3,340
45	Net Loss (Gain) on Derivative Financial Instrum		0	0
46				
47	Net Cash Provided (Used) By Operating Activities		$159,235	$140,836

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line	Description	Notes	2008	2007
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($124,838)	($161,014)
49	Less: Capital Lease Obligations Incurred			
50	Cash Outflows for Property and Equipment		($124,838)	($161,014)
	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 AND SPA
SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

(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	492,121	$51,181		
2	Food	1,397,772	32,489	841,800	8,418
3	Beverage	5,420,841	17,617		
4	Travel			21,312	5,328
5	Bus Program Cash				
6	Promotional Gaming Credits	342,385	8,560		
7	Complimentary Cash Gifts	1,355,635	33,890		
8	Entertainment	150,805	6,032	2,820	282
9	Retail & Non-Cash Gifts	51,385	2,570	32,676	8,169
10	Parking				
11	Other	103,972	2,600	1,219,619	5,053
12	Total	9,314,916	$154,939	2,118,227	$27,250

* Promotional Allowances - Other includes $3,153K of Spa comps and ($585K) change in Comp and Slot dollars earned but not redeemed.
* Promotional Expenses - Other includes $1,582K of comp taxes.

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	177,602	$21,833		
2	Food	532,745	12,520	299,100	2,991
3	Beverage	2,032,042	6,604		
4	Travel			7,284	1,821
5	Bus Program Cash				
6	Promotional Gaming Credits	342,385	8,560		
7	Complimentary Cash Gifts	324,018	8,100		
8	Entertainment	78,126	3,125	890	89
9	Retail & Non-Cash Gifts	17,221	861	10,668	2,667
10	Parking				
11	Other	34,841	871	519,857	1,856
12	Total	3,538,980	$62,474	837,799	$9,424

* Promotional Allowances - Other includes $1,249K of Spa comps and ($379K) change in Comp and Slot dollars earned but not redeemed.
* Promotional Expenses - Other includes $583K of comp taxes.

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2008

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.

11/17/2008
Date

Hugh Turner

Vice President of Finance
Title

007833-11
License Number

On Behalf of:

BORGATA HOTEL CASINO AND 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 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". The Company is a wholly-owned subsidiary of Marina District Development Holding Co., LLC ("Holding Company" or "Parent"). Holding Company is jointly owned by MAC, Corp. ("MAC"), a wholly-owned subsidiary of MGM MIRAGE, and Boyd Atlantic City, Inc. ("BAC"), a wholly-owned subsidiary of Boyd Gaming Corporation. Our purpose is to develop, own, and operate a hotel casino and spa facility at Renaissance Pointe in Atlantic City, New Jersey.

In June 2008, operations commenced related to our second expansion ("Rooms Expansion") with an estimated cost of approximately $400,000,000. The centerpiece of the Rooms Expansion is a new hotel tower, The Water Club, a signature hotel by Borgata, containing approximately 800 rooms and suites, built on a portion of the existing surface parking lot, near the existing porte cochere. In addition to the hotel, which has access separate from our existing hotel tower, the Rooms Expansion includes a new spa, additional meeting room space, and a new parking structure. BAC and MAC do not expect to make further capital contributions to us for the expansion project as we expect to finance the project from our cash flow and from our bank credit facility (see Note 7 and Note 9).

Pursuant to the Joint Venture Agreement, BAC, as the managing venturer of the Holding Company, has oversight responsibility for the management of Borgata which includes the design, development, and construction as well as the day-to-day operations. We do not record a management fee to BAC, as our management team directly performs these services or negotiates contracts to provide for these services. As a result, the costs of these services are directly borne by the Company and are reflected in our accompanying condensed consolidated financial statements.

In our opinion, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the results of our operations for the three and nine months ended September 30, 2008 and 2007 and our cash flows for the nine months ended September 30, 2008 and 2007. We suggest reading this report in conjunction with our audited consolidated financial statements for the year ended December 31, 2007. Our operating results for the three and nine months ended September 30, 2008 and 2007 and our cash flows for the nine months ended September 30, 2008 and 2007 are not necessarily indicative of the results that will be achieved for the full year or future periods.

Capitalized Interest

Interest costs associated with our expansion projects are capitalized as part of the cost of our constructed assets. Interest costs, which include commitment fees, letter of credit fees and the amortized portion of deferred financing fees, are capitalized on amounts expended for the respective projects using our weighted average cost of borrowing. Capitalization of interest ceases 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 was $61,000 and $8,690,000 for the three and nine months ended September 30, 2008, respectively, and $3,782,000 and $8,105,000 for the three and nine months ended September 30, 2007, respectively.

Income Taxes

We are treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of MAC and BAC. 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 MAC and BAC. The amounts reflected in our condensed consolidated financial statements are on a stand-alone basis; however, we file a state consolidated tax return with MAC and BAC. The amounts due to MAC and BAC are a result of the tax attributes MAC and BAC have contributed to the consolidated state tax return. A reconciliation of the components of our stand-alone state income taxes payable is presented below:

	September 30,	
	2008	2007
Amounts receivable - state	$ (1,031,000)	$ (699,000)
Amounts payable to MAC and BAC	3,823,000	3,636,000
Income taxes payable	$ 2,792,000	$ 2,937,000

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Significant estimates incorporated into our accompanying condensed consolidated financial statements include the estimated useful lives for depreciable and amortizable assets, the estimated allowance for doubtful accounts receivable, the estimate for available tax credits, the estimated insurance receivable related to the Water Club fire, the estimated liabilities for our self-insured medical plan, slot club programs, contingencies and litigation, claims and assessments. Actual results could differ from those estimates and assumptions.

Preopening Expenses

We expense certain costs of start-up activities as incurred. Preopening expenses were $835,000 and $5,852,000 for the three and nine months ended September 30, 2008, respectively, and $480,000 and $2,498,000 for the three and nine months ended September 30, 2007, respectively, consisting primarily of payroll expenses and ground lease expenses related to our expansion project.

Recently Issued Accounting Standards

In May 2008, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 162, *Hierarchy of Generally Accepted Accounting Principles* ("SFAS 162"). This statement is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements of nongovernmental entities that are presented in conformity with GAAP. This statement will be effective 60 days following the U.S. Securities and Exchange Commission's approval of the Public Company Accounting Oversight Board amendment to AU Section 411, *The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles*. We have not yet determined the effect, if any, that the adoption of SFAS 162 will have on our consolidated financial statements.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities — An Amendment of FASB Statement No. 133*, ("SFAS 161"). SFAS 161 requires enhanced qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. We do not expect the adoption of SFAS 161 will have a material effect on our consolidated financial statements.

In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, *Effective Date of FASB Statement No. 157*, which defers the effective date of Statement of Financial Accounting Standards No. 157 ("SFAS 157"), *Fair Value Measurements*, to fiscal years beginning after November 15, 2008 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Early adoption of SFAS 157 is permitted. We have not yet determined the effect, if any, that the adoption of SFAS 157 will have on our consolidated financial statements.

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 whether implementation of such proposed standards would be material to the Company's consolidated financial statements.

Note 2. Receivables and Patrons' Checks

Receivables and patrons' checks consist of the following:

	September 30,	
	2008	2007
Casino receivables (net of an allowance for doubtful accounts – 2008 $22,617,000 and 2007 $18,446,000)	$ 26,855,000	$ 26,600,000
Insurance receivable	-	11,265,000
NJ tax refund receivable	14,334,000	22,062,000
Other (net of an allowance for doubtful accounts – 2008 $95,000 and 2007 $75,000)	6,845,000	6,082,000
ANP tax receivable	-	5,707,000
Due from related parties (Note 6)	112,000	582,000
Receivables and patrons' checks, net	**$ 48,146,000**	**$ 72,298,000**

Note 3. Other Accrued Expenses

Other accrued expenses consist of the following:

	September 30, 2008	September 30, 2007
Payroll and related	$ 20,164,000	$ 21,548,000
Other	44,073,000	38,727,000
Other accrued expenses	**$ 64,237,000**	**$ 60,275,000**

Note 4. Other Current Liabilities

Other current liabilities consist of the following:

	September 30, 2008	September 30, 2007
Due to related parties (Note 6)	$ 444,000	$ 75,000
Other	26,356,000	15,254,000
Other current liabilities	**$ 26,800,000**	**$ 15,329,000**

Note 5. Investment in ACES

In 2006, we entered into an agreement with two other Atlantic City casinos 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. The responsibilities of the managing member will rotate annually among the members. Our anticipated investment in ACES will be approximately $6,500,000. ACES is currently in the development stage and is expected to be operational by early 2009.

We account for our share of ACES under the equity method of accounting. As of September 30, 2008 and 2007, we have invested $5,302,000 and $2,274,000 respectively, which is included on the accompanying condensed consolidated balance sheet. Our share of ACES' net loss was $21,000 and $83,000 for the three and nine months ended September 30, 2008, respectively, and $22,000 and $26,000 for the three and nine months ended September 30, 2007, respectively, and is included in nonoperating expenses on the accompanying condensed consolidated statements of operations.

Note 6. Related Parties

Pursuant to the Joint Venture 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 MAC for these types of expenditures incurred by us were $103,000 and $107,000 at September 30, 2008 and 2007, respectively. Reimbursable expenditures incurred were $134,000 and $396,000 for the three and nine months ended September 30, 2008, respectively, and $151,000 and $353,000 for the three and nine months ended September 30, 2007, 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 $9,000 and $475,000 for the nine months ended September 30, 2008 and 2007, respectively. Reimbursable expenditures incurred were $313,000 and $372,000 for the three and nine months ended September 30, 2008, respectively, and $338,000 and $429,000 for the three and nine months ended September 30, 2007, respectively.

In 2005, we entered into a series of ground lease agreements with MAC related to our expansion projects which increase our leased premises from a total of 15.5 acres to a total of 19.0 acres. These new ground lease agreements and the modified existing employee parking garage ground lease agreement provide 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 can be terminated by either party upon 18 months written notice. MAC has provided us with written notice to terminate this lease effective April 2009. The related amounts due to MAC for these types of expenditures were $0 at September 30, 2008 and 2007, respectively. Related rent incurred was $1,527,000 and $4,554,000 for the three and nine months ended September 30, 2008, respectively, and $1,514,000 and $4,491,000 for the three and nine months ended September 30, 2007, respectively, portions of which were included in preopening expenses on the accompanying condensed consolidated statements of operations.

Pursuant to the ground lease agreements, we are responsible for reimbursing MAC for related property taxes paid on our behalf. The related amounts due to MAC for these types of expenditures were $0 at September 30, 2008 and 2007, respectively. Related property tax incurred was $1,560,000 and $4,680,000 for the three and nine months ended September 30, 2008, respectively, and $1,831,000 and $4,503,000 for the three and nine months ended September 30, 2007, respectively, portions of which were capitalized on the accompanying condensed consolidated balance sheets and portions of which were included in the accompanying condensed consolidated statements of operations.

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 $444,000 and $75,000 at September 30, 2008 and 2007, respectively. Reimbursable expenditures were $426,000 and $5,706,000 for the three and nine months ended September 30, 2008, respectively, and $5,817,000 and $15,077,000 for the three and nine months ended September 30, 2007, respectively, which were included in the accompanying condensed consolidated statement of operations.

The related party balances are non-interest bearing.

Note 7. Debt

Amounts outstanding under each component of our bank credit agreement are as follows:

	September 30,	
	2008	2007
Revolving line of credit	702,900,000	655,900,000
Less current maturities	-	-
Total long – term debt	**$ 702,900,000**	**$ 655,900,000**

Our bank credit agreement consists of an $850,000,000 revolving credit facility that matures on January 31, 2011. At September 30, 2008, $702,900,000 was outstanding under the revolving credit facility and $565,000 was allocated to support a letter of credit, leaving availability under the bank credit facility of $146,535,000.

The interest rate on the revolving credit facility is based upon either (i) the agent bank's quoted base rate or (ii) the Eurodollar rate, plus an applicable margin that is determined by the level of a predefined financial leverage ratio. In addition, we incur a commitment fee on the unused portion of the revolving credit facility that ranges from 0.2% to 0.375% per annum. The bank credit agreement is secured by substantially all of our real and personal property and is non-recourse to MAC and BAC.

The bank credit agreement contains certain financial and other covenants, including, without limitation, various covenants (i) establishing a maximum permitted total leverage ratio, (ii) establishing a minimum required interest coverage ratio, (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 are in compliance with the covenants related to the bank credit agreement at September 30, 2008.

Note 8. Commitments and Contingencies

In June 2004, Borgata and the eleven other casinos in the Atlantic City gaming market entered into a Grant and Donations Agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") and the Casino Reinvestment Development Authority (the "CRDA") in the interest of deferring or preventing the proliferation of competitive gaming at New Jersey racing tracks through January 1, 2009.

In August 2008, Borgata and the ten other casinos in the Atlantic City gaming market (collectively, the "Casinos") entered into a Purse Enhancement Agreement (the "Agreement") with the NJSEA and the CRDA in the interest of further deferring or preventing the proliferation of competitive gaming at New Jersey racing tracks through December 31, 2011. In addition to the continued prohibition of casino gaming in New Jersey outside of Atlantic City, legislation was enacted to provide for the deduction of certain promotional gaming credits from the calculation of the tax on casino gross revenue.

Under the terms of the Agreement, the Casinos shall make scheduled payments to the NJSEA totaling $90,000,000 to be used for certain authorized purposes (the "Authorized Uses") as defined by the Agreement. In the event any of the $90,000,000 is not used by NJSEA for the Authorized Uses by January 1, 2012, the unused funds shall be returned by NJSEA to the Casinos pro rata based upon the share each casino contributed. For each year, each casino's share of the scheduled payments will equate to a percentage representing its gross gaming revenue for the prior calendar year compared to the gross gaming revenues for that period for all Casinos. Each casino, solely and individually, shall be responsible for its respective share of the scheduled amounts due. In the event that any casino shall fail to make its payment as required, the remaining Casinos shall have the right, but not the obligation, to cure a payment delinquency. As a result, we will expense our pro rata share of the $90,000,000, estimated to be approximately $13,275,000 in total using our actual and forecasted market share of gross gaming revenue, on a straight line basis over the applicable term of the Agreement.

Note 9. Insurance Coverage Related to The Water Club Fire

On September 23, 2007, The Water Club, our 800-room boutique hotel expansion then under construction, sustained a fire that caused damage to property with a carrying value of approximately $11,365,000. We carry insurance policies that we believe will cover most of the replacement costs related to property damage, with the exception of minor amounts principally related to insurance deductibles and certain other limitations. As of September 30, 2008, we have received insurance advances related to property damage totaling $21,000,000. We have recorded a deferred gain of $9,735,000 on our condensed consolidated balance sheet at September 30, 2008, representing the amount of insurance advances related to property damage in excess of the $11,265,000 carrying value of assets damaged or destroyed by the fire (after our $100,000 deductible). The deferred gain, and any other deferred gain that may arise from further advances from insurance recoveries related to property damage, will not be recognized on our condensed consolidated statement of operations until final settlement with our insurance carrier. In addition, we have "delay-in-completion" insurance coverage for The Water Club for certain costs, subject to various limitations and deductibles, which may help to offset some of the costs related to the postponement of its opening. Recoveries, if any, from the insurance carrier will be recorded when earned and realized. We continue to work with our insurance carrier on the scope of the claims and can provide no assurance with respect to the ultimate resolution of these matters.