BORGATA HOTEL CASINO & SPA
QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2009

**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 MARCH 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$21,525	$37,006
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2009, $22,942; 2008, $20,799)	2, 6	34,430	63,838
4	Inventories		5,084	4,079
5	Other Current Assets		9,481	7,428
6	Total Current Assets		70,520	112,351
7	Investments, Advances, and Receivables	5	25,536	20,546
8	Property and Equipment - Gross		1,764,003	1,695,459
9	Less: Accumulated Depreciation and Amortization		(349,736)	(277,168)
10	Property and Equipment - Net		1,414,267	1,418,291
11	Other Assets		10,323	7,769
12	Total Assets		$1,520,646	$1,558,957
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$6,911	$38,018
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	2,016	4,360
18	Other Accrued Expenses	3	54,911	56,415
19	Other Current Liabilities	4, 9, 6	26,349	21,035
20	Total Current Liabilities		90,187	119,828
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	7	699,936	751,800
23	Deferred Credits		8,705	8,179
24	Other Liabilities		13,964	14,039
25	Commitments and Contingencies		0	0
26	Total Liabilities		812,792	893,846
27	Stockholders', Partners', or Proprietor's Equity		707,854	665,111
28	Total Liabilities and Equity		$1,520,646	$1,558,957

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, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	Revenue:			
1	Casino		$168,849	$178,636
2	Rooms		26,041	24,015
3	Food and Beverage		33,993	34,170
4	Other		9,305	9,921
5	Total Revenue		238,188	246,742
6	Less: Promotional Allowances		50,298	44,718
7	Net Revenue		187,890	202,024
	Costs and Expenses:			
8	Cost of Goods and Services		115,741	117,647
9	Selling, General, and Administrative		22,823	26,220
10	Provision for Doubtful Accounts	2	2,295	1,763
11	Total Costs and Expenses		140,859	145,630
12	Gross Operating Profit		47,031	56,394
13	Depreciation and Amortization		20,091	17,455
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		26,940	38,939
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External		(8,011)	(6,457)
19	CRDA Related Income (Expense) - Net		(1,134)	(1,399)
20	Nonoperating Income (Expense) - Net	5	(314)	(485)
21	Total Other Income (Expenses)		(9,459)	(8,341)
22	Income (Loss) Before Taxes and Extraordinary Items		17,481	30,598
23	Provision (Credit) for Income Taxes		1,032	2,754
24	Income (Loss) Before Extraordinary Items		16,449	27,844
25	Extraordinary Items (Net of Income Taxes - 2009, \$0; 2008, \$0)		0	0
26	Net Income (Loss)		$16,449	$27,844

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, 2008
AND THE THREE MONTHS ENDED MARCH 31, 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2007..........**		$477,507	$189,174	$0	$666,681
2	Net Income (Loss) - 2008..........			83,289		83,289
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........			(39,159)		(39,159)
6	Prior Period Adjustments..........					0
7						0
8						0
9						0
10	**Balance, December 31, 2008..........**		477,507	233,304	0	710,811
11	Net Income (Loss) - 2009..........			16,449		16,449
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions...........			(19,406)		(19,406)
15	Prior Period Adjustments..........					0
16						0
17						0
18						0
19	**Balance, March 31, 2009...............**		$477,507	$230,347	$0	$707,854

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, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$45,110	$44,594
	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.....		(4,319)	(57,429)
5	Proceeds from Disposition of Property and Equipment.....			
6	CRDA Obligations		(2,140)	(806)
7	Other Investments, Loans and Advances made.....		(789)	(1,905)
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.....		(7,248)	(60,140)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....			
15	Proceeds from Long-Term Debt		203,600	226,900
16	Costs of Issuing Debt.....		(21)	0
17	Payments to Settle Long-Term Debt.....		(244,200)	(197,800)
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		(19,406)	(29,414)
22	.....			
23	Net Cash Provided (Used) By Financing Activities.....		(60,027)	(314)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(22,165)	(15,860)
25	Cash and Cash Equivalents at Beginning of Period.....		43,690	52,866
26	Cash and Cash Equivalents at End of Period.....		$21,525	$37,006

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		$6,155	$8,603
28	Income Taxes.....		($12,971)	$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, 2009 AND 2008

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)	
	CASH FLOWS FROM OPERATING ACTIVITIES:				
29	Net Income (Loss)...		$16,449	$27,844	
30	Depreciation and Amortization of Property and Equipment...		19,606	17,365	
31	Amortization of Other Assets..		485	90	
32	Amortization of Debt Discount or Premium..........................				
33	Deferred Income Taxes - Current		(51)	272	*
34	Deferred Income Taxes - Noncurrent		(258)	890	*
35	(Gain) Loss on Disposition of Property and Equipment.........		(10)	(3)	
36	(Gain) Loss on CRDA-Related Obligations...........................		1,134	1,399	
37	(Gain) Loss from Other Investment Activities.......................		654	(18)	
38	(Increase) Decrease in Receivables and Patrons' Checks		16,348	1,737	
39	(Increase) Decrease in Inventories		415	307	
40	(Increase) Decrease in Other Current Assets..........................		882	1,353	*
41	(Increase) Decrease in Other Assets......................................		885	328	
42	Increase (Decrease) in Accounts Payable..............................		(4,918)	504	
43	Increase (Decrease) in Other Current Liabilities		(6,656)	(8,711)	*
44	Increase (Decrease) in Other Liabilities		145	1,237	
45	....			0	
46	....				
47	Net Cash Provided (Used) By Operating Activities...................		$45,110	$44,594	

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment....................................		($4,319)	($57,429)
49	Less: Capital Lease Obligations Incurred..............................			
50	Cash Outflows for Property and Equipment..............................		($4,319)	($57,429)
	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 MARCH 31, 2009

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.

5/15/2009
Date

Hugh Turner

Vice President of Finance
Title

7833-11
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. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited 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.

Pursuant to the Joint Venture Agreement (the "JV 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 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 and our cash flows for the three months ended March 31, 2009 and 2008. We suggest reading this report in conjunction with our audited consolidated financial statements for the year ended December 31, 2008. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles, or GAAP, have been condensed or omitted. The operating results and cash flows for the three month period ended March 31, 2009 and 2008 are not necessarily indicative of the results that will be achieved for the full year or future periods.

Capitalized Interest

Interest costs, primarily associated with our expansion projects, are capitalized as part of the cost of our constructed assets. Interest costs, which include 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 will cease when the respective project, or discernible portions of the projects, are substantially complete. We amortize capitalized interest over the estimated useful life of the related asset. Capitalized interest was $24,000 and $4,725,000 for the three months ended March 31, 2009 and 2008, 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 (see Note 9). 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 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:

	March 31,	
	2009	2008
Amounts payable (receivable) – state	$ (56,000)	$ 1,108,000
Amounts payable to MAC and BAC	2,072,000	3,252,000
Income taxes payable	**$ 2,016,000**	**$ 4,360,000**

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 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.

Recently Issued Accounting Standards

In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements – An Amendment of ARB No. 51* ("SFAS 160"). SFAS 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, SFAS 160 requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement. SFAS 160 clarifies that changes in a parent's ownership in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. In addition, SFAS 160 requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the noncontrolling equity investment on the deconsolidation date. SFAS 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The adoption of SFAS 160 did not have a material effect 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 the effect, if any, that the implementation of such proposed standards would have on our consolidated financial statements.

Note 2. Receivables and Patrons' Checks

Receivables and patrons' checks consist of the following:

	March 31,	
	2009	2008
Casino receivables (net of an allowance for doubtful accounts – 2009 $22,882,000 and 2008 $20,719,000)	$ 26,831,000	$ 23,925,000
NJ tax refund receivable	-	26,380,000
Other (net of an allowance for doubtful accounts – 2009 $60,000 and 2008 $80,000)	7,435,000	7,667,000
ANP tax receivable	-	5,707,000
Due from related parties (Note 6)	164,000	159,000
Receivables and patrons' checks, net	**$ 34,430,000**	**$ 63,838,000**

Note 3. Other Accrued Expenses

Other accrued expenses consist of the following:

	March 31,	
	2009	2008
Payroll and related	$ 20,334,000	$ 19,868,000
Other	34,577,000	36,547,000
Other accrued expenses	**$ 54,911,000**	**$ 56,415,000**

Note 4. Other Current Liabilities

Other current liabilities consist of the following:

	March 31,	
	2009	2008
Deferred gain on insurance liabilities	$ 11,597,000	$ 1,735,000
Casino related liabilities	6,709,000	6,736,000
Due from related parties (see Note 6)	1,150,000	2,548,000
Other	6,893,000	10,016,000
Other current liabilities	**$ 26,349,000**	**$ 21,035,000**

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. Each member has guaranteed, jointly and severally, liability for all terms, covenants and conditions of the ACES agreement with New Jersey Transit consisting primarily of the necessary operating and capital expenses of ACES. The responsibilities of the managing member will rotate annually among the members.

We currently account for our share of ACES under the equity method of accounting. We made capital contributions totaling $6,443,000 and $4,020,000 for the three months ended March 31, 2009 and 2008, respectively, ACES commenced operations in February 2009. Our share of ACES' operating loss was approximately $301,000 for the three months ended March 31, 2009 and is included in Nonoperating Income (Expense) – Net on the accompanying condensed consolidated statements of operations. Our share of ACES' preopening expenses was $353,000 and $18,000 for the three months ended March 31, 2009 and 2008, respectively, and is included in Nonoperating Income (Expense) – Net on the accompanying condensed consolidated statements of operations.

Note 6. Related Parties

Pursuant to the JV 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 $90,000 and $105,000 at March 31, 2009 and 2008, respectively. Reimbursable expenditures incurred were $136,000 and $156,000 for the three months ended March 31, 2009 and 2008, 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 $74,000 and $54,000 for the three months ended March 31, 2009 and 2008, respectively. Reimbursable expenditures incurred were $60,000 and $40,000 for the three months ended March 31, 2009 and 2008, 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 will 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. The related amounts due to MAC for these types of expenditures were $0 at March 31, 2009 and 2008, respectively. Related rent incurred $1,608,000 and $1,514,000 for the years ended March 31, 2009 and 2008, respectively, portions of which were included in preopening expenses on the accompanying 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 March 31, 2009 and 2008, respectively. Related property tax incurred was $3,145,000 and $1,560,000 for the three months ended March 31, 2009 and 2008, respectively, portions of which were capitalized on the accompanying consolidated balance sheets and portions of which were included in the accompanying 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 $1,150,000 and $2,548,000 at March 31, 2009 and 2008, respectively. Reimbursable expenditures were $2,270,000 and $2,734,000 for the three months ended March 31, 2009 and 2008, respectively, which were included in the accompanying consolidated statement of operations.

The related party balances are non-interest bearing and are included in either accounts receivable or accrued and other liabilities on the accompanying consolidated balance sheets.

Note 7. Debt

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

	March 31,	
	2009	2008
Revolving line of credit	699,936,000	751,800,000
Less current maturities	-	-
Total long – term debt	**$ 699,936,000**	**$ 751,800,000**

On February 15, 2006, the First Amendment was made to our First Amended and Restated Credit Agreement among MDFC, MDDC, Canadian Imperial Bank of Commerce and certain other financial institutions (the "Credit Parties"). The amended bank credit agreement modified our existing amended bank credit agreement and consists of a $750,000,000 revolving credit facility that matures on January 31, 2011. Availability under the revolving credit facility was used to repay in full the outstanding term loan component of the previous bank credit agreement. On February 27, 2007, we increased the revolving credit facility to $850,000,000. On December 10, 2008, the Second Amendment was made to our First Amended and Restated Credit Agreement among the Credit Parties. The amended bank agreement modified our existing amended bank credit agreement and provides for adjustments to certain financial covenants. The Second Amendment also reduced the revolving credit facility to $800,000,000 with further reductions of $10,000,000 per quarter commencing on March 31, 2009 and ending on December 31, 2010, resulting in the revolving credit facility of $720,000,000 maturing on January 31, 2011. At March 31, 2009, $699,936,000 was outstanding under the revolving credit facility and $148,000 was allocated to support a letter of credit, leaving availability under the bank credit facility of $89,916,000. The carrying amount of debt approximates its fair value at March 31, 2009 and 2008.

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. The applicable margin is a percentage per annum (which ranges from 1.00% to 2.50% if we elect to use the base rate and 2.25% to 3.75% 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 incur a commitment fee on the unused portion of the revolving credit facility that ranges from 0.25% to 0.5% 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 fixed charge 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 March 31, 2009.

Note 8. Commitments and Contingencies

In June 2004, Borgata and the eleven other casinos in the Atlantic City gaming market (collectively, the "Casinos") entered into a Grant and Donations Agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") and 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 Purse Enhancement 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 $14,404,000 in total using our actual and forecasted market share of gross gaming revenue, on a straight-line basis over the applicable term of the Purse Enhancement 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 March 31, 2009, we have received insurance advances related to property damage totaling $22,862,000. We have recorded a deferred gain of $11,597,000 (see Note 4) on our consolidated balance sheet at March 31, 2009, representing the amount of insurance advances related to property damage in excess of the $11,365,000 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 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. As we continue to work with our insurance carrier on the scope of the claims, negotiations are currently underway to reach a global settlement of the claims; however, we can provide no assurance with respect to the ultimate resolution of these matters.