BORGATA HOTEL CASINO & SPA
QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

BORGATA HOTEL CASINO & SPA
BALANCE SHEETS

AS OF SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents	9	$35,350	$32,303
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts-2013, $21,231; 2012, $23,684	3, 11	28,982	33,267
4	Inventories		3,973	4,144
5	Other Current Assets	2	13,236	20,578
6	Total Current Assets		81,541	90,292
7	Investments, Advances, and Receivables	2.9	3,830	33,475
8	Property and Equipment - Gross	4	1,821,477	1,835,995
9	Less: Accumulated Depreciation and Amortization	4	(600,110)	(566,465)
10	Property and Equipment - Net	4	1,221,367	1,269,530
11	Other Assets		10,251	13,125
12	Total Assets		$1,316,989	$1,406,422
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$3,985	$4,174
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	0	515
18	Other Accrued Expenses	5	81,287	88,522
19	Other Current Liabilities	6, 11	18,151	19,021
20	Total Current Liabilities		103,423	112,232
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	2, 5, 7, 9	753,481	786,054
23	Deferred Credits		10,864	13,214
24	Other Liabilities		20,288	27,567
25	Commitments and Contingencies		0	0
26	Total Liabilities		888,056	939,067
27	Stockholders', Partners', or Proprietor's Equity		428,933	467,355
28	Total Liabilities and Equity		$1,316,989	$1,406,422

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	Revenue:			
1	Casino		$472,042	$470,285
2	Rooms		87,688	89,693
3	Food and Beverage		108,211	112,350
4	Other		34,779	32,902
5	Total Revenue		702,720	705,230
6	Less: Promotional Allowances	2	164,148	166,573
7	Net Revenue		538,572	538,657
	Costs and Expenses:			
8	Cost of Goods and Services	2	360,778	358,828
9	Selling, General, and Administrative	10, 11	70,935	71,132
10	Provision for Doubtful Accounts	3	2,174	2,612
11	Total Costs and Expenses		433,887	432,572
12	Gross Operating Profit		104,685	106,085
13	Depreciation and Amortization	4	46,273	47,162
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		58,412	58,923
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	5, 7	(61,899)	(61,885)
19	CRDA Related Income (Expense) - Net		(1,712)	(3,433)
20	Nonoperating Income (Expense) - Net	2	(11,376)	3,984
21	Total Other Income (Expenses)		(74,987)	(61,334)
22	Income (Loss) Before Taxes and Extraordinary Items		(16,575)	(2,411)
23	Provision (Credit) for Income Taxes	2	(763)	170
24	Income (Loss) Before Extraordinary Items		(15,812)	(2,581)
25	Extraordinary Items (Net of Income Taxes - 2013, $0; 2012, $0		0	0
26	Net Income (Loss)		($15,812)	($2,581)

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	Revenue:			
1	Casino		$176,982	$162,360
2	Rooms		33,417	33,705
3	Food and Beverage		39,153	40,234
4	Other		13,858	13,324
5	Total Revenue		263,410	249,623
6	Less: Promotional Allowances	2	63,359	62,532
7	Net Revenue		200,051	187,091
	Costs and Expenses:			
8	Cost of Goods and Services	2	128,615	126,899
9	Selling, General, and Administrative	10, 11	23,692	24,917
10	Provision for Doubtful Accounts	3	528	857
11	Total Costs and Expenses		152,835	152,673
12	Gross Operating Profit		47,216	34,418
13	Depreciation and Amortization	4	14,565	16,069
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		32,651	18,349
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	5, 7	(20,281)	(20,754)
19	CRDA Related Income (Expense) - Net		(578)	(1,180)
20	Nonoperating Income (Expense) - Net	2	(5,897)	1,759
21	Total Other Income (Expenses)		(26,756)	(20,175)
22	Income (Loss) Before Taxes and Extraordinary Items		5,895	(1,826)
23	Provision (Credit) for Income Taxes	2	715	(14)
24	Income (Loss) Before Extraordinary Items		5,180	(1,812)
	Extraordinary Items (Net of Income Taxes -			
25	2013, $0; 2012, $0		0	0
26	Net Income (Loss)		$5,180	($1,812)

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, 2012
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2013

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	______ ______ ______ (e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2011..........**		$446,700	$23,236	$0	$469,936
2	Net Income (Loss) - 2012..........			(25,191)		(25,191)
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........					0
6	Prior Period Adjustments..........					0
7	______________________					0
8	______________________					0
9	______________________					0
10	**Balance, December 31, 2012..........**		446,700	(1,955)	0	444,745
11	Net Income (Loss) - 2013..........			(15,812)		(15,812)
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions...........					0
15	Prior Period Adjustments..........					0
16	______________________					0
17	______________________					0
18	______________________					0
19	**Balance, September 30, 2013........**		$446,700	($17,767)	$0	$428,933

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES...		$47,791	$48,839
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments		0	0
3	Proceeds from the Sale of Short-Term Investments		0	0
4	Cash Outflows for Property and Equipment........	4	(16,410)	(34,018)
5	Proceeds from Disposition of Property and Equipment........	4	12	24
6	CRDA Obligations		(5,428)	(5,858)
7	Other Investments, Loans and Advances made........		0	0
8	Proceeds from Other Investments, Loans, and Advances	2, 9	22,500	0
9	Cash Outflows to Acquire Business Entities........		0	0
10	Insurance Proceeds for Replacement Assets	2	0	3,809
11	....		0	0
12	Net Cash Provided (Used) By Investing Activities........		674	(36,043)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		0	0
14	Payments to Settle Short-Term Debt........		0	0
15	Proceeds from Long-Term Debt	7	297,100	515,300
16	Costs of Issuing Debt........		(2,546)	(217)
17	Payments to Settle Long-Term Debt........	7	(300,800)	(541,800)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock........		0	0
20	Payments of Dividends or Capital Withdrawals........		0	0
21	Payments to Repurchase Sr. Secured Notes	2, 7	(40,994)	0
22	....			
23	Net Cash Provided (Used) By Financing Activities........		(47,240)	(26,717)
24	Net Increase (Decrease) in Cash and Cash Equivalents........		1,225	(13,921)
25	Cash and Cash Equivalents at Beginning of Period........		34,125	46,224
26	Cash and Cash Equivalents at End of Period........	9	$35,350	$32,303

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)........	5	$58,876	$58,396
28	Income Taxes........			

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)........		($15,812)	($2,581)
30	Depreciation and Amortization of Property and Equipment...	4	45,610	46,845
31	Amortization of Other Assets........		663	317
32	Amortization of Debt Discount or Premium........	7	2,969	2,746
33	Deferred Income Taxes - Current	2	(39)	(99)
34	Deferred Income Taxes - Noncurrent	2	(1,416)	(162)
35	(Gain) Loss on Disposition of Property and Equipment........		204	41
36	(Gain) Loss on CRDA-Related Obligations........		1,712	3,396
37	(Gain) Loss from Other Investment Activities........		2	27
38	(Increase) Decrease in Receivables and Patrons' Checks	3	7,909	745
39	(Increase) Decrease in Inventories		(109)	159
40	(Increase) Decrease in Other Current Assets........		(3,220)	(12,138)
41	(Increase) Decrease in Other Assets........		189	2,957
42	Increase (Decrease) in Accounts Payable........		343	(4,248)
43	Increase (Decrease) in Other Current Liabilities	6	563	14,950
44	Increase (Decrease) in Other Liabilities		657	(307)
45	Gain From Insurance Recoveries	2	0	(3,809)
46	Non Cash Write-Downs and Other Losses*	2, 7	7,566	0
47	Net Cash Provided (Used) By Operating Activities........		$47,791	$48,839

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment........	4	($16,410)	($34,018)
49	Less: Capital Lease Obligations Incurred........		0	0
50	Cash Outflows for Property and Equipment........		($16,410)	($34,018)
	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

* Includes Non Cash Asset Write-Downs of $5,032 and Loss on Early Extinguishments of Debt of $2,5

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013
(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	463,950	$54,091	0	0
2	Food	1,077,783	24,829	916,900	$9,169
3	Beverage	4,522,883	14,700	0	0
4	Travel	0	0	15,636	3,909
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	2,089,014	52,225	0	0
7	Complimentary Cash Gifts	399,871	9,997	0	0
8	Entertainment	101,534	4,061	1,640	164
9	Retail & Non-Cash Gifts	33,413	1,670	23,232	5,808
10	Parking	0	0	0	0
11	Other	67,318	2,575		2,652
12	Total	8,755,766	$164,148	957,408	$21,702

*Promotional Allowances - Other includes $2,019K of Spa comps, $644K of Comp room incidentals, and ($88K) change in Comp and Slot dollars earned but not redeemed.

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	171,992	$20,097	0	0
2	Food	422,950	9,415	323,500	$3,235
3	Beverage	1,618,915	5,262	0	0
4	Travel	0	0	5,140	1,285
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	861,764	21,544	0	0
7	Complimentary Cash Gifts	155,321	3,883	0	0
8	Entertainment	43,684	1,747	750	75
9	Retail & Non-Cash Gifts	11,204	560	8,192	2,048
10	Parking	0	0	0	0
11	Other	24,218	851	421,673	1,032
12	Total	3,310,048	$63,359	759,255	$7,675

*Promotional Allowances - Other includes $726K of Spa comps, $245K of Comp room incidentals, and ($120K) change in Comp and Slot dollars earned but not redeemed.

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Division's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.S.A. 5:12-84a(1)-(5) during the quarter.

11/15/2013
Date

[Insert Name Here]

Vice President of Finance
Title

007833-11
License Number

On Behalf of:

BORGATA HOTEL CASINO & SPA
Casino Licensee

Marina District Development Company, LLC and Subsidiary

(A Wholly-Owned Subsidiary of Marina District Development Holding Co., LLC)

Notes to Condensed Consolidated Financial Statements
(Unaudited)

AMENDED 3/26/2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Marina District Development Company, LLC, a New Jersey limited liability company ("MDDC"), is the parent of Marina District Finance Company, Inc., a New Jersey corporation ("MDFC"). MDFC is a 100% owned finance subsidiary of MDDC. MDDC has fully and unconditionally guaranteed MDFC's securities; and accordingly, the condensed consolidated financial statements of MDDC (as parent) are included herein. Unless otherwise indicated or required by the context, the terms "we," "our," "us" and the "Company" refer to MDDC and MDFC.

MDDC was incorporated in July 1998 and has been operating since July 3, 2003. MDFC was incorporated in 2000 and has been a wholly owned subsidiary of MDDC since its inception. We developed, own and operate Borgata Hotel Casino and Spa, including The Water Club at Borgata (collectively, "Borgata"). Borgata is located on a 45.6-acre site at the Marina District in Atlantic City, New Jersey. Borgata is an upscale destination resort and gaming entertainment property.

Borgata was developed as a joint venture between Boyd Atlantic City, Inc. ("BAC"), a wholly owned subsidiary of Boyd Gaming Corporation ("Boyd"), and MAC, Corp. ("MAC"), a second tier, wholly owned subsidiary of MGM Resorts International (the successor-in-interest to MGM MIRAGE) ("MGM"). The joint venture operates pursuant to an operating agreement between BAC and MAC (the "Operating Agreement"), in which BAC and MAC each originally held a 50% interest in Marina District Development Holding Co., LLC, MDDC's parent holding company ("MDDHC").

As managing member of MDDHC pursuant to the terms of the Operating Agreement, BAC, through MDDHC, has responsibility for the oversight and management of our day-to-day operations. We do not presently record a management fee to BAC, as our management team performs these services directly or negotiates contracts to provide for these services. As a result, the costs of these services are directly borne by us and are reflected in our condensed consolidated financial statements. Boyd, the parent of BAC, is a diversified operator of 21wholly owned gaming entertainment properties. Headquartered in Las Vegas, Nevada, Boyd has gaming operations in Nevada, Illinois, Indiana, Iowa, Kansas, Louisiana, and Mississippi and New Jersey.

On March 24, 2010, MAC transferred its 50% ownership interest (the "MGM Interest") in MDDHC, and certain land leased to MDDC, into a divestiture trust, of which MGM and its subsidiaries are the economic beneficiaries (the "Divestiture Trust"), for sale to a third-party in connection with MGM's settlement agreement with the New Jersey Division of Gaming Enforcement ("NJDGE"). MGM has subsequently announced that it had entered into an amended settlement agreement with the NJDGE, as approved by the New Jersey Casino Control Commission ("NJCCC"). The amended agreement provided that until March 24, 2013, MGM had the right to direct the Divestiture Trust to sell the MGM Interest. If a sale was not concluded by that time, the Divestiture Trust was to be responsible for selling MGM's Interest during the following 12-month period, or not later than March 24, 2014. Subsequent to a Joint Petition of MGM, Boyd and MDDC, the NJCCC, on February 13, 2013, approved amendments to the Stipulation of Settlement and Trust Agreement which permits MGM to file an application for a statement of compliance, which, if approved, could permit MGM to reacquire its interest in MDDC. The deadline requiring MGM and the Divestiture Trust to sell the MGM Interest has been tolled to allow the NJCCC to complete a review of the application. BAC has a right of first refusal on any sale of the MGM Interest. We continue to operate under normal business conditions throughout MGM's sales efforts, and do not believe that it has had or will have a material impact on our operations.

Upon the transfer of the MGM Interest into the Divestiture Trust, MGM relinquished all of its specific participating rights under the Operating Agreement, and Boyd effectively obtained control of Borgata. As a result, beginning on March 24, 2010, our financial position and results of operations have been included in the condensed consolidated financial statements of Boyd. This resulting change in control required acquisition method accounting by Boyd in accordance with the authoritative accounting guidance for business combinations; however, there was no resulting direct impact on our condensed consolidated financial statements. Accordingly, our financial position and results of operations as reported herein will differ from the results as consolidated with and separately reported by Boyd, as certain fair value and other acquisition method accounting adjustments have not been pushed down to our stand-alone condensed consolidated financial statements.

Basis of Presentation

Interim Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements of MDDC do not include all information and footnote disclosures necessary for complete financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2012, as filed with the SEC on March 28, 2013.

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

Principles of Consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with GAAP and include the accounts of MDDC and MDFC.

All intercompany accounts and transactions have been eliminated.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CRDA Investments

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

We are required to make quarterly deposits with the CRDA to satisfy our investment obligations. At the date the obligation arises, we record charges to expense (i) pursuant to the respective underlying agreements for obligations with identified qualified investments and (ii) by applying a one-third valuation reserve to our obligations that are available to fund qualified investment to reflect the anticipated below market return on investment. The one-third valuation reserve is adjusted accordingly when a qualified investment is identified. Our deposits with the CRDA, net of valuation reserves held by Borgata, were $3,726,000 and $27,876,000 as of September 30, 2013 and 2012, respectively, and are included in investments, advances, and receivables, on our condensed consolidated balance sheets.

On May 8, 2013, we entered into an agreement with the CRDA that included a 50% donation and a 50% refund of $45,091,000 of our available deposits. As a result, the carrying values of our CRDA-related accounts at June 30, 2013 were reviewed and adjusted to their net realizable values resulting in a charge of $5,032,000 which is included in nonoperating income (expense), net on our condensed consolidated statements of operations. On July 17, 2013, the CRDA disbursed

$45,091,000 from our funds on deposit with the CRDA of which we received a $22,545,000 refund. We used these funds to redeem a portion of our 9.5% Senior Secured Notes (the "2015 Notes").

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, discounts and origination fees, are capitalized on amounts expended for the respective projects using our weighted-average cost of borrowing. Capitalization of interest will cease when the respective project, or discernible portions of the projects, are substantially complete. We amortize capitalized interest over the estimated useful life of the related asset. We did not capitalize interest during the three and nine months ended September 30, 2013. We did not capitalize interest during the three months ended September 30, 2012. Capitalized interest during the nine months ended September 30, 2012 was $469,000.

Income Taxes

As a single member LLC, MDDC is treated as a disregarded entity for federal income tax purposes. As such, it is not subject to federal income tax and its income is treated as earned by its member, MDDHC. MDDHC is treated as a partnership for federal income tax purposes and federal income taxes are the responsibility of its members. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act; therefore, MDDC, considered a casino partnership, is required to record New Jersey state income taxes. In 2004, MDDC was granted permission by the state of New Jersey, pursuant to a ruling request, to file a consolidated New Jersey corporation business tax return with the members of its parent, MDDHC. The amounts reflected in the condensed consolidated financial statements are reported as if MDDC was taxed for state purposes on a stand-alone basis; however, MDDC files a consolidated state tax return with the members of MDDHC.

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

	September 30,	
	2013	**2012**
Amounts payable to members of MDDHC	$ -	$ 1,642,000
Amounts receivable – State	(1,039,000)	(1,127,000)
Income taxes payable (receivable), net	**$ (1,039,000)**	**$ 515,000**

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

Revenue Recognition

Gaming revenue represents the net win from gaming activities, which is the aggregate difference between gaming wins and losses. The majority of our gaming revenue is counted in the form of cash and chips and therefore is not subject to any significant or complex estimation procedures. Cash discounts, commissions and other incentives to customers related to gaming play are recorded as a reduction of gross gaming revenues as promotional allowances.

Room revenue recognition criteria are met at the time of occupancy.

Food and beverage revenue recognition criteria are met at the time of service

Promotional Allowances

The retail value of accommodations, food and beverage, and other services furnished to guests on a complimentary basis is included in gross revenues and then deducted as promotional allowances. Promotional allowances also include incentives such as cash, goods and services (such as complimentary rooms and food and beverages) earned in our loyalty programs. We reward customers, through the use of loyalty programs, with points based on amounts wagered that can be redeemed for a specified period of time, principally for restricted free play slot machine credits and complimentary goods and services. We record the estimated retail value of these goods and services as revenue and then record a corresponding deduction as promotional allowances.

The amounts included in promotional allowances are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Rooms	$ 20,219,000	$ 20,647,000	$ 54,412,000	$ 55,209,000
Food and Beverage	14,608,000	14,889,000	39,341,000	41,299,000
Other	28,532,000	26,996,000	70,394,000	70,065,000
Total promotional allowances	**$ 63,359,000**	**$ 62,532,000**	**$ 164,148,000**	**$ 166,573,000**

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Rooms	$ 5,693,000	$ 6,144,000	$ 16,613,000	$ 17,089,000
Food and Beverage	11,012,000	11,199,000	29,947,000	31,866,000
Other	3,343,000	3,807,000	8,068,000	9,410,000
Total cost of promotional allowances	**$ 20,048,000**	**$ 21,150,000**	**$ 54,628,000**	**$ 58,365,000**

Gaming Taxes

We are subject to taxes based on gross gaming revenues in New Jersey. These gaming taxes are an assessment on our gaming revenues and are recorded as a gaming expense in the condensed consolidated statements of operations. These taxes were $12,894,000 and $11,213,000 during the three months ended September 30, 2013 and 2012, respectively, and $34,697,000 and $34,265,000 during the nine months ended September 30, 2013 and 2012, respectively.

Nonoperating Income (Expense) – Net

Nonoperating Income (Expense) – Net, for the three months ended September 30, 2013 includes a $2,132,000 adjustment for self-insurance reserves related to prior periods, $2,536,000 loss on early extinguishments of debt, $415,000 in online gaming preopening expenses and $147,000 in disposals. For the three months ended September 30, 2012, Nonoperating Income (Expense) – Net, includes a $1,606,000 gain on a subrogated insurance settlement related to the fire that occurred during the construction of The Water Club in 2007.

During the nine months ended September 30, 2013, Nonoperating Income (Expense) – Net, totaled $11,376,000 and included a $5,032,000 adjustment to the realizable values of our CRDA related accounts, a $2,132,000 adjustment for self-insurance reserves related to prior periods, $2,536,000 loss on early extinguishments of debt, $469,000 for online gaming preopening expenses and $204,000 in disposals. Nonoperating Income (Expense) – Net, for the nine months ended September 30, 2012 included a gain of $3,750,000 related to the subrogated insurance settlement.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated into our condensed consolidated financial statements include the estimated allowance for doubtful accounts receivable, the estimated useful lives for depreciable and amortizable assets, value of certain funds deposited with the CRDA, estimated cash flows in assessing the recoverability of long-lived assets, certain tax liabilities, self-insured liability reserves, various loyalty point programs, fair values of assets and liabilities measured at fair value, fair values of assets and liabilities disclosed at fair value, contingencies and litigation, claims and assessments. Actual results could differ from these estimates.

NOTE 3. RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks consist of the following:

	September 30, 2013	September 30, 2012
Casino receivables (net of an allowance for doubtful accounts – 2013 $21,213,000 and 2012 $23,620,000)	$ 23,825,000	$ 28,048,000
Other (net of an allowance for doubtful accounts – 2013 $18,000 and 2012 $64,000)	4,773,000	4,647,000
Due from related parties (Note 11)	384,000	572,000
Receivables and patrons' checks, net	**$ 28,982,000**	**$ 33,267,000**

NOTE 4. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

	September 30, 2013	September 30, 2012
Land	$ 87,301,000	$ 87,301,000
Building and improvements	1,415,706,000	1,408,724,000
Furniture and equipment	311,286,000	329,616,000
Construction in progress	7,184,000	10,354,000
Total property and equipment	1,821,477,000	1,835,995,000
Less accumulated depreciation	600,110,000	566,465,000
Property and equipment, net	**$ 1,221,367,000**	**$ 1,269,530,000**

Construction in progress primarily relates to costs capitalized in conjunction with major improvements that have not yet been placed into service, and accordingly, such costs are not currently being depreciated.

Depreciation expense was $14,326,000 and $15,826,000 during the three months ended September 30, 2013 and 2012, respectively, and $45,610,000 and $46,845,000 during the nine months ended September 30, 2013 and 2012, respectively.

NOTE 5. OTHER ACCRUED EXPENSES

Other accrued expenses consist of the following:

	September 30, 2013	September 30, 2012
Accrued payroll and related expenses	$ 22,161,000	$ 21,950,000
Accrued interest	20,662,000	22,409,000
Accrued expenses and other liabilities	38,464,000	44,163,000
Other accrued expenses	**$ 81,287,000**	**$ 88,522,000**

NOTE 6. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	September 30, 2013	September 30, 2012
Casino related liabilities	$ 10,219,000	$ 11,792,000
Due to related parties (see Note 11)	238,000	440,000
Other	7,694,000	6,789,000
Other current liabilities	**$ 18,151,000**	**$ 19,021,000**

NOTE 7. LONG-TERM DEBT, NET

Long-term debt, net consists of the following:

	September 30, 2013			
	Outstanding Principle	**Unamortized Discount**	**Unamortized Origination Fees**	**Long-Term Debt, Net**
New Credit Facility	$ 16,300,000	$ -	$ -	$ 16,300,000
9.50% Senior Secured Notes due 2015	358,200,000	(1,731,000)	(4,064,000)	352,405,000
9.875% Senior Secured Notes due 2018	393,500,000	(1,887,000)	(6,837,000)	384,776,000
	$ 768,000,000	**$ (3,618,000)**	**$ (10,901,000)**	**$ 753,481,000**

	September 30, 2012			
	Outstanding Principle	**Unamortized Discount**	**Unamortized Origination Fees**	**Long-Term Debt, Net**
Prior Credit Facility	$ 13,700,000	$ -	$ -	$ 13,700,000
9.50% Senior Secured Notes due 2015	398,000,000	(2,720,000)	(6,387,000)	388,893,000
9.875% Senior Secured Notes due 2018	393,500,000	(2,171,000)	(7,868,000)	383,461,000
	$ 805,200,000	**$ (4,891,000)**	**$ (14,255,000)**	**$ 786,054,000**

Bank Credit Facility

On July 24, 2013, MDFC entered into an Amended and Restated Credit Agreement (the “New Credit Facility”) with MDDC, certain financial institutions, and Wells Fargo Bank, National Association, as administrative agent, letter of credit issuer and swing line lender. The New Credit Facility replaces the Credit Agreement, dated as of August 6, 2010, among MDFC, MDDC, various lenders and Wells Fargo Bank, National Association, as administrative agent, letter of credit issuer and swing line lender, as amended (the “Prior Credit Facility”), which provided for the amended credit facility.

The New Credit Facility provides for a $60,000,000 senior secured revolving credit facility (the “Revolving Credit Facility”) which matures in February 2018 (or earlier upon the occurrence or non-occurrence of certain events). A portion of the availability under the New Credit Facility was used to repay obligations outstanding under the Prior Credit Facility.

The New Credit Facility includes an accordion feature which permits: (a) an increase in the Revolving Credit Facility in an amount not to exceed $15,000,000 and (b) the issuance of senior secured term loans to refinance the 2015 Notes and, concurrently with or after the 2015 Notes have been refinanced, to refinance MDFC's 9.875% Senior Secured Notes due 2018 (the “2018 Notes”) outstanding pursuant to the Indenture, in each case, subject to the satisfaction of certain conditions.

The New Credit Facility is guaranteed on a senior secured basis by MDDC and any future subsidiaries of MDDC and is secured by a first priority lien on substantially all of the assets of MDFC, MDDC and any future subsidiaries of MDDC, subject to certain exceptions. The obligations under the Revolving Credit Facility will have priority in payment to the payment of the 2015 Notes and the 2018 Notes.

Outstanding borrowings under the Revolving Credit Facility accrue interest, at the option of MDFC, at a rate based upon either: (i) the highest of (a) the agent bank's quoted prime rate, (b) the one-month Eurodollar rate plus 1.00%, and (c) the daily federal funds rate plus 0.50%, or (ii) the Eurodollar rate, plus with respect to each of clause (i) and (ii), an applicable margin as specified in the New Credit Facility. In addition, a commitment fee is incurred on the unused portion of the Revolving Credit Facility ranging from 0.50% per annum to 0.75% per annum.

The blended interest rate for outstanding borrowings under our New Credit Facility was 4.1% at September 30, 2013. At September 30, 2013, approximately $16,300,000 was outstanding under the credit facility, with $3,200,000 allocated to support letters of credit, leaving contractual availability of $40,500,000. The blended interest rate for the outstanding borrowings under the Prior Credit Facility was 4.4% at September 30, 2012.

Neither BAC, its parent, its affiliates, nor the Divestiture Trust are guarantors of our New Credit Facility.

The New Credit Facility contains customary affirmative and negative covenants, including but not limited to, (i) establishing a minimum Consolidated EBITDA (as defined in the New Credit Facility) of $110,000,000 over each trailing twelve-month period ending on the last day of each calendar quarter; (ii) imposing limitations on MDFC's and MDDC's ability to incur additional debt, create liens, enter into transactions with affiliates, merge or consolidate, and engage in unrelated business activities; and (iii) imposing restrictions on MDDC's ability to pay dividends.

We believe we were in compliance with the amended credit facility covenants at September 30, 2013.

Senior Secured Notes
9.5% Senior Secured Notes Due 2015.
Significant Terms
The notes are guaranteed on a senior secured basis by MDDC and any future restricted subsidiaries of MDDC. The notes contain covenants that, among other things, limit MDFC's ability and the ability of MDDC to (i) incur additional indebtedness or liens; (ii) pay dividends or make distributions; (iii) make certain investments; (iv) sell or merge with other companies; and (v) enter into certain types of transactions. We believe we were in compliance with these covenants at September 30, 2013.

In August 2013, MDFC redeemed $39,800,000 of its 9.5% Senior Secured Notes at a premium of 103.00% and recognized a loss on early extinguishments of debt of approximately $2,002,000.

9.875% Senior Secured Notes Due 2018.
Significant Terms
The notes are guaranteed on a senior secured basis by MDDC and any future restricted subsidiaries of MDDC. The notes contain covenants that, among other things, limit MDFC's ability and the ability of MDDC to (i) incur additional indebtedness or liens;(ii) pay dividends or make distributions; (iii) make certain investments; (iv) sell or merge with other companies; and (v) enter into certain types of transactions. We believe we were in compliance with these covenants at September 30, 2013.

Original Issue Discount
The original issue discounts have been recorded as offsets to the principal amounts of these notes and are being accreted to interest expense over the terms of the notes using the effective interest method. At September 30, 2013, the effective interest rates on the 2015 Notes and the 2018 Notes were 10.6% and 10.3%, respectively.

Indenture
The indenture governing both the 2015 Notes and the 2018 Notes allows for the incurrence of additional indebtedness, if after giving effect to such incurrence, our coverage ratio (as defined in the indenture, essentially a ratio of Consolidated EBITDA, as defined, to fixed charges, including interest) for a trailing four-quarter period on a pro forma basis would be at least 2.0 to 1.0. Such pro forma coverage ratio was above 2.0 to 1.0 at the dates in which these respective tranches of senior secured notes were issued; however, at September 30, 2013, our coverage ratio (as defined in the indenture) is below 2.0 to 1.0. Accordingly, except as specifically allowed under the indenture, including the occurrence of debt to refinance existing indebtedness, we are prohibited from incurring additional indebtedness; however, we may still borrow under the New Credit Facility to the extent there is availability.

NOTE 8. COMMITMENTS AND CONTIGNECIES

Commitments
There have been no material changes to our commitments described under Note 6, Commitments and Contingencies, in our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on March 28, 2

Contingencies
Borgata Property Taxes
We have filed tax appeal complaints, in connection with our property tax assessments for tax years 2009 through 2013, in New Jersey Tax Court (“Court”). The trial for tax years 2009 and 2010 was held during the second quarter of 2013 and a decision was issued on October 18, 2013. The assessor valued our real property at approximately $2,262,000,000. The Court

found in favor of Borgata and reduced our real property valuation to $880,000,000 and $870,000,000 for tax years 2009 and 2010, respectively. The City of Atlantic City has indicated that they will appeal the decision. We have paid our property tax obligations consistent with the assessor's valuation and based on the Court's decision, we estimate the 2009 and 2010 property tax refunds and related statutory interest will be approximately $48,492,000 and $9,429,000, respectively. The trial for tax years 2011 through 2013 is scheduled to be held in January 2014 and we continue to pay our property tax obligations in accordance with the assessor's valuation of $2,262,000,000. We can provide no assurances that the Court's decision will be upheld at the appellate level, nor can we be certain that we will receive a favorable decision in the 2011 through 2013 appeal. Due to the uncertainty surrounding the ultimate resolution of the City's expected appeal, we will not record any gain until a final, non-appealable decision has been rendered. The final resolution of our appeals for the period January 1, 2009 through September 30, 2013 could result in adjustment to our estimated property tax liability.

Legal Matters
We are subject to various claims and litigation in the ordinary course of business. In our opinion, all pending legal matters are either adequately covered by insurance, or, if not insured, will not have a material adverse impact on our financial position, results of operations or cash flows.

NOTE 9. FAIR VALUE MEASUREMENTS
The authoritative accounting guidance for fair value measurements defines fair value, expands disclosure requirements around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions.

These inputs create the following fair value hierarchy:

- *Level 1*: Quoted prices for identical instruments in active markets.

- *Level 2*: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

- *Level 3*: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

As required by the guidance for fair value measurements, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Thus, assets and liabilities categorized as Level 3 may be measured at fair value using inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Balances Measured at Fair Value
The fair value of our cash and cash equivalents was $35,350,000 and $32,303,000 as of September 30, 2013 and 2012, respectively. The fair value of our cash and cash equivalents, classified in the fair value hierarchy as Level 1, is based on statements received from our banks at September 30, 2013 and 2012, respectively. The fair value of our CRDA deposits was $3,726,000 and $27,876,000 as of September 30, 2013 and 2012, respectively. The fair value of our CRDA deposits, classified in the fair value hierarchy as Level 3, is based on estimates of the realizable value applied to the balances on statements received from the CRDA at September 30, 2013 and 2012, respectively.

The following table summarizes the fair value of the Company's Level 3 assets for nine months ended September 30, 2013.

	Three Months Ended September 30, 2013
	CRDA Deposits
Balance at July 1, 2013	$ 25,114,000
Deposits	1,738,000
Included in earnings	(581,000)
Settlements	(22,545,000)
Ending Balance at September 30, 2013	**$ 3,726,000**

	Nine Months Ended September 30, 2013
	CRDA Deposits
Balance at January 1, 2013	$ 28,464,000
Additional deposits, net of reserve	5,145,000
Included in earnings	(7,338,000)
Settlements	(22,545,000)
Ending Balance at September 30, 2013	**$ 3,726,000**

Balances Disclosed at Fair Value

The fair value of our long-term debt consists of the following:

	September 30, 2013			
	Outstanding Face Amount	**Carrying Value**	**Estimated Fair Value**	**Fair Value Hierarchy**
New Credit Facility	$ 16,300,000	$ 16,300,000	$ 16,300,000	Level 2
9.5% Senior Secured Notes due 2015	358,200,000	352,405,000	370,737,000	Level 1
9.875% Senior Secured Notes due 2018	393,500,000	384,776,000	410,224,000	Level 1
Total long-term debt	**$ 768,000,000**	**$ 753,481,000**	**$ 797,261,000**	

	September 30, 2012			
	Outstanding Face Amount	**Carrying Value**	**Estimated Fair Value**	**Fair Value Hierarchy**
Prior Credit Facility	$ 13,700,000	$ 13,700,000	$ 13,700,000	Level 2
9.5% Senior Secured Notes due 2015	398,000,000	388,893,000	408,010,000	Level 1
9.875% Senior Secured Notes due 2018	393,500,000	383,461,000	395,468,000	Level 1
Total long-term debt	**$ 806,500,000**	**$ 786,054,000**	**$ 817,178,000**	

The estimated fair value of our New Credit Facility and Prior Credit Facility at September 30, 2013 and 2012, respectively, approximates its carrying value due to the short-term nature and variable repricing of the underlying Eurodollar loans comprising our New Credit Facility and Prior Credit Facility. The estimated fair values of our senior secured notes are based on quoted market prices as of September 30, 2013 and 2012.

There were no transfers between Level 1, Level 2 or Level 3 measurements during the three and nine months ended September 30, 2013.

NOTE 10. EMPLOYEE BENEFIT PLANS

We contribute to multiemployer pension defined benefit plans under terms of collective-bargaining agreements that cover our union-represented employees. These unions cover certain of our culinary, hotel and other trade workers. We are obligated to make defined contributions under these plans.

The significant risks of participating in multiemployer plans include, but are not limited to, the following:

• We may elect to stop participating in our multi-employer plans. As a result, may be required to pay a withdrawal liability based on the underfunded status of the plan as applicable. Our ability to fund such payments would be based on the results of our operations and subject to the risk factors that impact our business. If any of these risks actually occur, our business, financial condition and results of operations could be materially and adversely affected and impact our ability to meet our obligations to the multiemployer plan.

• We may contribute assets to the multiemployer plan for the benefit of our covered employees that are used to provide benefits to employees of other participating employers.

• We may be required to fund additional amounts if other participating employers stop contributing to the multiemployer plan.

Contributions, based on wages paid to covered employees, totaled $1,873,000 and $1,667,000 during the three months ended September 30, 2013 and 2012, respectively, and $5,371,000 and $5,043,000 during the nine months ended September 30, 2013 and 2012, respectively. Our share of unfunded vested liabilities related to certain multiemployer pension plans was $68,389,000 as of January 1, 2011.

We have a retirement savings plan under Section 401(k) of the Internal Revenue Code covering our non-union employees. The plan allows employees to defer up to the lesser of the Internal Revenue Code prescribed maximum amount or 100% of their income on a pre-tax basis through contributions to the plan. We expensed our voluntary contributions to the 401(k) plan of $345,000 and $362,000 during the three months ended September 30, 2013 and 2012, respectively, and $1,044,000 and $1,058,000 during the nine months ended September 30, 2013 and 2012, respectively.

NOTE 11. RELATED PARTY TRANSACTIONS

We engage in transactions with BAC and MAC in the ordinary course of business. Related party balances are non-interest-bearing and are included in accounts receivable or accrued liabilities, as applicable, on the condensed consolidated balance sheets.

Pursuant to the Operating Agreement, MAC is solely responsible for any investigation, analyses, clean-up, detoxification, testing, monitoring, or remediation related to Renaissance Pointe. MAC is also responsible for their allocable share of expenses related to master plan and government improvements at Renaissance Pointe. The related amounts due from the Divestiture Trust for these types of expenditures incurred by us were $286,000 and $246,000 at September 30, 2013 and 2012, respectively. Reimbursable expenditures incurred were $127,000 and $167,000 for the three months ended September 30, 2013 and 2012, respectively, and $508,000 and $424,000 for the nine months ended September 30, 2013 and 2012, 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 $98,000 and $326,000 at September 30, 2013 and 2012, respectively. Reimbursable expenditures incurred were $42,000 and 94,000 for the three months ended September 30, 2013 and 2012, respectively, and $275,000 and $215,000 for the nine months ended September 30, 2013 and 2012, respectively.

Compensation of Certain Employees

We reimburse BAC for compensation paid to employees performing services for us and for out-of-pocket costs and expenses incurred related to travel. BAC is also reimbursed for various payments made on our behalf, primarily related to third party insurance premiums and certain financing fees. The related amounts due to BAC for these types of expenditures paid by BAC were $238,000 and $440,000 at September 30, 2013 and 2012, respectively. Reimbursable expenditures were $1,685,000 and $2,525,000 for the three months ended September 30, 2013 and 2012, respectively, and $6,726,000 and $8,365,000 during the nine months ended September 30, 2013 and 2012, respectively. Reimbursable expenses, with the exception of deferred financing fees, are included in selling, general and administrative on the condensed consolidated statements of operations.

NOTE 12. SUBSEQUENT EVENTS

We have evaluated all events or transactions that occurred after September 30, 2013 through November 15, when these financial statements were available to be issued. During this period, we did not identify any subsequent events, other than those previously discussed in Note 8, *Commitments and Contingencies*, the effects of which would require adjustment to our financial position, disclosure or results of operations.