

**TRUMP TAJ MAHAL ASSOCIATES, LLC
QUARTERLY REPORT**

FOR THE QUARTER ENDED JUNE 30, 2007

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



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

TRUMP TAJ MAHAL ASSOCIATES, LLC

BALANCE SHEETS

AS OF JUNE 30, 2007 AND 2006

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)	
	<u>ASSETS:</u>				
	Current Assets:				
1	Cash and Cash Equivalents.....		\$32,943	\$32,907	*
2	Short-Term Investments.....				
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2007, \$7,341; 2006, \$6,255).....		31,952	22,518	*
4	Inventories		5,023	6,141	*
5	Other Current Assets.....		8,301	8,093	*
6	Total Current Assets.....		78,219	69,659	*
7	Investments, Advances, and Receivables.....		23,940	20,476	
8	Property and Equipment - Gross.....		954,144	808,204	*
9	Less: Accumulated Depreciation and Amortization.....		(65,576)	(35,032)	*
10	Property and Equipment - Net.....		888,568	773,172	*
11	Other Assets.....	4	187,291	193,884	*
12	Total Assets.....		\$1,178,018	\$1,057,191	*
	<u>LIABILITIES AND EQUITY:</u>				
	Current Liabilities:				
13	Accounts Payable.....		\$23,767	\$11,215	*
14	Notes Payable.....				
	Current Portion of Long-Term Debt:				
15	Due to Affiliates.....				
16	External.....	5	2,770	9,925	
17	Income Taxes Payable and Accrued.....	6	3,470	8,214	
18	Other Accrued Expenses.....		21,584	21,058	*
19	Other Current Liabilities.....	4, 7	92,710	8,706	*
20	Total Current Liabilities.....		144,301	59,118	*
	Long-Term Debt:				
21	Due to Affiliates.....	5	564,327	564,327	
22	External.....	5	97	2,476	
23	Deferred Credits	6	16,817	17,211	*
24	Other Liabilities.....	6	6,252	400	*
25	Commitments and Contingencies.....	9			
26	Total Liabilities.....		731,794	643,532	*
27	Stockholders', Partners', or Proprietor's Equity.....		446,224	413,659	*
28	Total Liabilities and Equity.....		\$1,178,018	\$1,057,191	*

* Reclassifications to conform to present 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.

Amended 5/1/2008

TRUMP TAJ MAHAL ASSOCIATES, LLC

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	Revenue:			
1	Casino.....		\$243,939	\$253,116
2	Rooms.....		17,832	16,693 *
3	Food and Beverage.....		26,853	27,415
4	Other.....		7,787	8,617 *
5	Total Revenue.....		296,411	305,841 *
6	Less: Promotional Allowances.....		58,802	63,169
7	Net Revenue.....		237,609	242,672 *
	Costs and Expenses:			
8	Cost of Goods and Services.....	*	138,071	146,421 *
9	Selling, General, and Administrative.....	*	41,172	37,325 *
10	Provision for Doubtful Accounts.....		1,910	1,167
11	Total Costs and Expenses.....		181,153	184,913 *
12	Gross Operating Profit.....		56,456	57,759 *
13	Depreciation and Amortization.....		14,136	16,963
	Charges from Affiliates Other than Interest:			
14	Management Fees.....			
15	Other.....	7	4,325	3,185 *
16	Income (Loss) from Operations.....		37,995	37,611
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	5	(23,141)	(24,277) *
18	Interest Expense - External.....	5	(1,093)	(1,603) *
19	CRDA Related Income (Expense) - Net.....		(781)	(1,077)
20	Nonoperating Income (Expense) - Net.....	8	791	1,117
21	Total Other Income (Expenses).....		(24,224)	(25,840)
22	Income (Loss) Before Taxes and Extraordinary Items.....		13,771	11,771
23	Provision (Credit) for Income Taxes.....	6	200	1,517
24	Income (Loss) Before Extraordinary Items.....		13,571	10,254
25	Extraordinary Items (Net of Income Taxes - 2007, \$0; 2006, \$0).....			
26	Net Income (Loss).....		\$13,571	\$10,254

* Reclassifications to conform to present 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.

TRUMP TAJ MAHAL ASSOCIATES, LLC

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2007 AND 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	Revenue:			
1	Casino.....		\$122,025	\$132,102
2	Rooms.....		9,495	8,902 *
3	Food and Beverage.....		14,392	14,559
4	Other.....		4,112	4,674 *
5	Total Revenue.....		150,024	160,237 *
6	Less: Promotional Allowances.....		30,851	34,918
7	Net Revenue.....		119,173	125,319 *
	Costs and Expenses:			
8	Cost of Goods and Services.....	*	70,043	73,661 *
9	Selling, General, and Administrative.....	*	21,231	20,467 *
10	Provision for Doubtful Accounts.....		1,069	596
11	Total Costs and Expenses.....		92,343	94,724 *
12	Gross Operating Profit.....		26,830	30,595 *
13	Depreciation and Amortization.....		7,359	8,587
	Charges from Affiliates Other than Interest:			
14	Management Fees.....			
15	Other.....	7	2,296	1,639 *
16	Income (Loss) from Operations.....		17,175	20,369
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	5	(11,606)	(12,058) *
18	Interest Expense - External.....	5	(494)	(759) *
19	CRDA Related Income (Expense) - Net.....		(602)	(570)
20	Nonoperating Income (Expense) - Net.....	8	429	538
21	Total Other Income (Expenses).....		(12,273)	(12,849)
22	Income (Loss) Before Taxes and Extraordinary Items.....		4,902	7,520
23	Provision (Credit) for Income Taxes.....	6	0	641
24	Income (Loss) Before Extraordinary Items.....		4,902	6,879
25	Extraordinary Items (Net of Income Taxes - 2007, \$0; 2006, \$0).....			
26	Net Income (Loss).....		\$4,902	\$6,879

* Reclassifications to conform to present 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.

TRUMP TAJ MAHAL ASSOCIATES, LLC STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006
AND THE SIX MONTHS ENDED JUNE 30, 2007

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2005.....		\$389,338	\$16,092		\$405,430
2	Net Income (Loss) - 2006.....			29,163		29,163
3	Capital Contributions.....					0
4	Capital Withdrawals.....					0
5	Partnership Distributions.....	7	(2,080)			(2,080)
6	Prior Period Adjustments.....					0
7	Restrictive Stock Awards		94			94
8						0
9						0
10	Balance, December 31, 2006.....		387,352	45,255	0	432,607
11	Net Income (Loss) - 2007.....			13,571		13,571
12	Capital Contributions.....					0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....					0
15	Prior Period Adjustments.....					0
16	Restrictive Stock Awards		46			46
17						0
18						0
19	Balance, June 30, 2007.....		\$387,398	\$58,826	\$0	\$446,224

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

TRUMP TAJ MAHAL ASSOCIATES, LLC

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$94,463	\$21,924
	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.....		(89,064)	(17,951)
5	Proceeds from Disposition of Property and Equipment.....		15	
6	CRDA Obligations		(3,102)	(3,124)
7	Other Investments, Loans and Advances made.....			
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.....		(92,151)	(21,075)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....			
15	Proceeds from Long-Term Debt			
16	Costs of Issuing Debt.....			
17	Payments to Settle Long-Term Debt.....		(3,398)	(17,435)
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 Distribution			(2,080)
22	Proceeds to settle inter-company debt			
23	Net Cash Provided (Used) By Financing Activities.....		(3,398)	(19,515)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(1,086)	(18,666)
25	Cash and Cash Equivalents at Beginning of Period.....		34,029	51,573
26	Cash and Cash Equivalents at End of Period.....		\$32,943	\$32,907
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$257	\$25,230
28	Income Taxes.....		\$0	\$175

* Reclassifications to conform to present 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.

TRUMP TAJ MAHAL ASSOCIATES, LLC

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$13,571	\$10,254
30	Depreciation and Amortization of Property and Equipment.....		14,136	16,963 *
31	Amortization of Other Assets.....		567	367
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.....			
36	(Gain) Loss on CRDA-Related Obligations.....		781	1,077
37	(Gain) Loss from Other Investment Activities.....			
38	(Increase) Decrease in Receivables and Patrons' Checks		(2,399)	480 *
39	(Increase) Decrease in Inventories		465	(125) *
40	(Increase) Decrease in Other Current Assets.....		(2,978)	(3,447) *
41	(Increase) Decrease in Other Assets.....		2,154	1,177 *
42	Increase (Decrease) in Accounts Payable.....		5,674	(5,149) *
43	Increase (Decrease) in Other Current Liabilities		62,446	273 *
44	Increase (Decrease) in Other Liabilities			
45	Restrictive Stock Awards		46	54
46				
47	Net Cash Provided (Used) By Operating Activities.....		\$94,463	\$21,924 *

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$89,064)	(\$17,996) *
49	Less: Capital Lease Obligations Incurred.....			45
50	Cash Outflows for Property and Equipment.....		(\$89,064)	(\$17,951) *
	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.....			
59	Consideration in Acquisition of Business Entities.....			
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

* Reclassifications to conform to present 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.

Amended 5/1/2008

TRUMP TAJ MAHAL ASSOCIATES, LLC
SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES

FOR THE SIX MONTHS ENDED JUNE 30, 2007

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	135,338	\$10,772		
2	Food	612,839	11,307		
3	Beverage	3,076,311	4,960		
4	Travel			35,482	5,154
5	Bus Program Cash	226,172	3,851		
6	Other Cash Complimentaries	556,538	26,894		
7	Entertainment	0	0	10,694	765
8	Retail & Non-Cash Gifts	20,631	643	46,305	4,670
9	Parking			149,623	449
10	Other	5,830	375	50,968	2,990
11	Total	4,633,659	\$58,802	293,072	\$14,028

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* Promotional Expenses - Other includes \$2,222 of comp dollars earned but not redeemed

** Reclassifications to conform to present year presentation

FOR THE THREE MONTHS ENDED JUNE 30, 2007

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	68,979	\$5,364		
2	Food	312,943	5,793		
3	Beverage	1,545,806	2,496		
4	Travel			16,006	2,384
5	Bus Program Cash	123,053	2,232		
6	Other Cash Complimentaries	307,007	14,469		
7	Entertainment	0	0	2,855	343
8	Retail & Non-Cash Gifts	12,011	317	28,038	2,165
9	Parking			84,426	253
10	Other	2,877	180	26,232	2,332
11	Total	2,372,676	\$30,851	157,557	\$7,477

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* Promotional Expenses - Other includes \$2,222 of comp dollars earned but not redeemed

** Reclassifications to conform to present year presentation

TRUMP TAJ MAHAL ASSOCIATES, LLC STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED JUNE 30, 2007

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.

Aug. 14, 2007

Date



James L. Wright

Director of Finance

Title

003507-11

License Number

On Behalf of:

TRUMP TAJ MAHAL ASSOCIATES, LLC

Casino Licensee

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(Unaudited)

(in thousands)

NOTE 1 - GENERAL

Organization and Operations

Trump Taj Mahal Associates LLC ("Taj Associates" or the "Company"), a New Jersey Limited Liability Corporation is 100% beneficially owned by Trump Entertainment Resorts Holdings, L.P. ("TER Holdings," formerly known as Trump Hotels & Casino Resorts Holdings, L.P. ("THCR")), a Delaware Limited Partnership. Trump Entertainment Resorts, Inc. ("TER," formerly known as Trump Hotels & Casino Resorts, Inc.), a Delaware corporation, currently beneficially owns an approximate 76.5% profits interest in TER Holdings, as both a general and limited partner, and Donald J. Trump ("Mr. Trump") owns directly and indirectly an approximately 23.5% profits interest in TER Holdings, as a limited partner.

Taj Associates owns and operates the Trump Taj Mahal Casino Resort (the "Taj Mahal"), an Atlantic City, New Jersey hotel, casino and convention center complex. Taj Associates derives its revenue from casino operations, room rental, food and beverage sales, and entertainment revenue.

The casino industry in Atlantic City is seasonal in nature with the peak season being the spring and summer months. Accordingly, results of operations for the three and six months ended June 30, 2007 and 2006 are not necessarily indicative of the operating results for a full year.

NOTE 2 – BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with the rules and regulations of the Casino Control Commission of the State of New Jersey (the "CCC"). Accordingly, certain information and note disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States have been condensed or omitted. These financial statements should be read in conjunction with the financial statements and notes thereto included in Taj Associates' December 31, 2006 Quarterly Report as filed with the CCC.

The prior period financial statements presented herein have been revised to reflect the inclusion of Trump Taj Mahal Associates Administration ("Taj Administration"), a separate division of the Company that provides certain shared services to Trump Marina Associates LLC ("Marina Associates"), Trump Plaza Associates LLC ("Plaza Associates") and the Company. The prior periods' statements of income are unchanged as Taj Administration's expenses have historically been allocated to Marina Associates, Plaza Associates and the Company. The balance sheet as of June 30, 2006 has been revised to include Taj Administration's total assets, liabilities and equity. The statements of equity and cash flows have also been revised to include the changes in equity and cash flows associated with Taj Administration for the period from January 1, 2006 through June 30, 2006.

Subject to the foregoing, the accompanying financial statements have been prepared without audit. In the opinion of management, all adjustments, consisting of only normal recurring adjustments necessary to present fairly the financial position, the results of operations, and cash flows for the periods presented, have been made.

Certain reclassifications and disclosures have been made to prior year financial statements in order to conform to the current year presentation.

NOTE 3 – TRUMP ONE UNIFIED PLAYER'S PROGRAM

In June 2007, we implemented the Trump ONE unified player's program ("Trump ONE"), our new, Tri-property customer loyalty program. Under Trump ONE, our customers are able to accumulate complimentary dollars ("comp dollars") based upon their slot machine and table games play which may be redeemed at their discretion for complimentary food, beverage and retail items. Unredeemed comp dollars are subject to the terms of the Trump ONE program, including forfeiture based upon the lapsing of time. We record the cost of comp dollars as a selling, general and administrative expense when earned by our customers. The retail value of the complimentary food, beverage and other retail items is recorded as revenue with an offset to promotional allowances at the time our customers redeem comp dollars. During June 2007, we accrued \$2,094 of selling, general and administrative expense to record the initial comp dollar liability, including consideration of estimated forfeitures.

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(Unaudited)

(in thousands)

In addition to comp dollars, our customers have the ability to earn points based on slot machine or table games play that are redeemable in cash (“cash-back points”). We historically have accrued the cost of cash-back points, after consideration of estimated forfeitures, as they are earned. The cost is recorded in promotional allowances.

Customers may also receive discretionary complimentary rooms, food and beverage and other services which are expensed as incurred.

NOTE 4 – GOODWILL

A rollforward of goodwill for the period from December 31, 2006 to June 30, 2007 is as follows:

Balance December 31, 2006	\$	92,981
Non-cash charge in lieu of income taxes		(200)
Balance, June 30, 2007	\$	<u><u>92,781</u></u>

NOTE 5 - LONG-TERM DEBT

Long-term debt consists of:

	June 30,	
	2007	2006
8.5% Note payable - TER and TER Funding, due June 1, 2015, interest payable semi-annually due June and December	\$ 564,327	\$ 564,327
Capitalized lease obligations - interest rates at 4.43% to 11.25%, secured by equipment financed	<u>2,867</u>	<u>12,401</u>
Total long-term debt	567,194	576,728
Less: current maturities	<u>(2,770)</u>	<u>(9,925)</u>
Long-term debt, net of current maturities	<u><u>\$ 564,424</u></u>	<u><u>\$ 566,803</u></u>

8.5% Note Payable

In May 2005, TER Holdings and Trump Entertainment Resorts Funding, Inc., a wholly owned subsidiary of TER Holdings, (collectively, “the Issuers”), issued \$1,250,000 principal amount of 8.5% Senior Secured Notes due June 1, 2015 (the “TER Notes”). From the proceeds of the issuance of the TER Notes, TER Holdings loaned \$575,000 to Taj Associates. Under the terms of the Debtors’ reorganization plan, any of the TER Notes issued to the Plan’s disbursing agent and not distributed would revert to TER. During 2006, undistributed amounts included \$1,020 in TER Notes. In connection with this matter, the undistributed TER Notes were retired and Taj Associates’ Note Payable was reduced by \$673. Included in accrued interest at June 30, 2007 is \$43,084 payable to TER Holdings.

Guarantees

The Company, along with Plaza Associates and Marina Associates, guarantees TER Holdings’ and TER Funding’s \$500,000 Credit Facility and TER Notes on a joint and several basis. The Credit Facility is secured by substantially all of the assets of the Issuers and Taj Associates on a priority basis. Therefore, the TER Notes and the guarantee thereof are effectively subordinated to amounts borrowed by TER under the Credit Facility. At June 30, 2007, TER had outstanding borrowings of \$317,000 and \$1,248,969 under the Credit Facility and the TER Notes, respectively. The Credit Facility includes a \$150,000 Term Loan which is restricted for use to fund the Company’s new hotel tower.

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(Unaudited)

(in thousands)

NOTE 6 - INCOME TAXES

Federal Income Taxes

The accompanying financial statements do not include a provision for federal income taxes since Taj Associates is a division of TER Holdings, which is taxed as a partnership for federal income tax purposes. Therefore, Taj Associates income and losses are allocated and reported for federal income tax purposes by TER Holdings' partners.

State Income Taxes

The Predecessor Company's net operating losses utilized to offset taxable income of the Reorganized Company will be recorded in the provision for income taxes as a non-cash charge in lieu of taxes and as a reduction to goodwill, if available, and additional paid-in-capital to the extent goodwill would be reduced to zero.

The state income tax provision attributable to income (loss) from operations before income taxes is as follows:

	<u>Six Months Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>
Current expense	\$ —	\$ 1,150
Deferred expense	—	—
Non-cash charge in lieu of taxes	200	367
	<u>\$ 200</u>	<u>\$ 1,517</u>

The non-cash charge in lieu of income taxes represents the utilization of pre-reorganization tax benefits that are reflected as a reduction to goodwill.

Recently Issued Accounting Pronouncements

On January 1, 2007, Taj Associates adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Incomes Taxes," which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 provides guidance on the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on classification, interest and penalties, accounting in interim periods, disclosures and transition. Taj Associates recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties as a component of income tax expense.

As of June 30, 2007, Taj Associates has unrecognized tax benefits of approximately \$11,671 (including interest) of which \$3,200 would affect its effective tax rate, if recognized. The application of FIN 48 did not have an impact on partner's capital on the date of adoption. It is reasonably possible that certain unrecognized tax benefits related to income tax examinations totaling \$3,470 could be settled during the next twelve months. The application of FIN 48 resulted in reclassifications to Taj Associates' January 1, 2007 income tax related balance sheet accounts.

Federal and State Income Tax Audits

Taj Associates is currently involved in an examination with the Internal Revenue Service (the "IRS") concerning Taj Associates' federal partnership income tax return for the tax years 2002 through 2004. While any adjustment which results from this examination could affect Taj Associates' state income tax return, Taj Associates does not believe that adjustments, if any, will have a material adverse effect on its financial condition or results of operations.

During the years 2002 through 2006 state income taxes for Taj Associates' New Jersey operations were computed under the alternative minimum assessment method which expired in 2006. Taj Associates has asserted its position that New Jersey partnerships are exempt from these taxes and, as such, have not remitted payments of the amounts provided. The New Jersey Division of Taxation has issued an assessment to collect the unpaid taxes for the tax years 2002 and 2003. At June 30, 2007 Taj

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(Unaudited)

(in thousands)

Associates has accrued \$11,671 for taxes and interest relating to this alternative minimum tax assessment for 2002 and 2003, as well as the open years 2004 through 2006. Taj Associates is currently in discussions with the New Jersey Division of Taxation regarding settlement of these issues.

NOTE 7 - TRANSACTIONS WITH AFFILIATES

Taj Associates has engaged in certain transactions with Mr. Trump and entities that are wholly or partially owned by Mr. Trump. Amounts receivable/(payable) at June 30 are as follows:

	June 30,	
	2007	2006
Marina Associates	\$ 3,352	\$ 3,781
Plaza Associates	1,643	2,959
Trump Entertainment Resorts	(37,320)	239
Trump Organization	2	2
	\$ (32,323)	\$ 6,981

Taj Associates engages in various transactions with the other Atlantic City hotel/casinos and related casino entities that are affiliates of Mr. Trump. These transactions are charged at cost or normal selling price in the case of retail items and include certain shared professional fees, insurance, advertising and payroll costs as well as complimentary services offered to customers.

Trump Taj Mahal Associates Administration, a separate division of Taj Associates (“Trump Administration”) provides certain shared services for Taj Associates, Plaza Associates and Marina Associates. Trump Administration allocated and was re-imbursed expenses associated with such services totaling \$9,908 and \$6,675 for the six months ended June 30, 2007 and 2006, respectively.

During September 2006, TER amended the Right of First Offer Agreement (“ROFO Agreement”) with Trump Organization, LLC. The amended ROFO agreement pertains to construction projects greater than \$35,000. Under the terms of the amended ROFO Agreement Taj Associates paid \$1,263 including minimum monthly fees of \$300 and cost saving commissions of \$963, to Trump Organization, LLC during the six months ended June 30, 2007. These amounts were capitalized as part of the construction costs of the Taj Mahal’s Hotel Tower.

Taj Associates made distributions to TER Holdings totaling \$2,080 during the six months ended June 30, 2006.

NOTE 8 - NON-OPERATING INCOME (EXPENSE)

Non-operating income (expense) for the six months ended June 30, 2007 and 2006 consists of:

	2007	2006
Interest income	\$ 791	\$ 1,117

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Legal Proceedings

Taj Associates and certain of its employees are involved from time to time in various legal proceedings incidental to the Company’s business. While any proceeding or litigation contains an element of uncertainty, management believes that the final outcomes of these matters are not likely to have a material adverse effect on the Company’s results of operations or financial condition. In general, the Company has agreed to indemnify such persons, and its directors, against any and all losses, claims, damages, expenses (including reasonable costs, disbursements and counsel fees) and liabilities (including amounts paid or incurred in satisfaction of settlements, judgments, fines and penalties) incurred by them in said legal proceedings absent a showing of such persons’ gross negligence or malfeasance.

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(Unaudited)

(in thousands)

Casino License Renewal

The Company is subject to regulation and licensing by the CCC. The Company's casino license must be renewed periodically, is not transferable, is dependent upon the financial stability of the Company and can be revoked at any time. Due to the uncertainty of any license renewal application, there can be no assurance that the license will be renewed.

In June 2007, the CCC renewed the Company's license to operate Trump Taj Mahal for the next five year period through June 2012. Upon revocation, suspension for more than 120 days, or failure to renew the casino license, the Casino Control Act provides for the mandatory appointment of a conservator to take possession of the hotel and casino's business and property, subject to all valid liens, claims and encumbrances.

Casino Reinvestment Development Authority Obligations

Pursuant to the provisions of the Casino Control Act, the Company must either obtain investment tax credits, as defined in the Casino Control Act, in an amount equivalent to 1.25% of its gross casino revenues, as defined in the Casino Control Act, or pay an alternative tax of 2.5% of its gross casino revenues. Investment tax credits may be obtained by making qualified investments, as defined, or by depositing funds which may be converted to bonds by the Casino Reinvestment Development Authority (the "CRDA"), both of which bear interest at two-thirds of market rates resulting in a fair value lower than cost. The Company is required to make quarterly deposits with the CRDA to satisfy its investment obligations.

At June 30, 2007, our qualifying CRDA investments include approximately \$244 in non-performing bonds, net of a reserve of \$134. These bonds are collateralized by equipment and real property. We record interest income on non-performing bonds as cash interest payments are received. We continue to evaluate the collectibility of these bonds. Future events may result in the need to record additional reserves relating to our investment in these bonds.

CAFRA Agreement

Trump Taj Mahal received a permit under the Coastal Area Facilities Review Act ("CAFRA") that initially required Trump Taj Mahal to begin construction of certain improvements on the Steel Pier by October 1992, which improvements were to be completed within 18 months of the commencement of construction. Trump Taj Mahal initially proposed a concept to improve the Steel Pier, the estimated cost of which was \$30,000. Such concept was approved by the New Jersey Department of Environmental Protection, the agency which administers CAFRA. In March 1993, Taj Associates, one of our Predecessor Company's former subsidiaries, obtained a modification of its CAFRA permit providing for an extension of the required commencement and completion dates of the improvements to the Steel Pier for one year, which has been renewed annually, based upon an interim use of the Steel Pier as an amusement park. The pier sublease, pursuant to which Trump Taj Mahal leases the Steel Pier to an amusement park operator, terminates on December 31, 2007. The conditions of the CAFRA permit renewal thereafter are under discussion with the New Jersey Department of Environmental Protection.