TRUMP TAJ MAHAL ASSOCIATES, LLC
QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 2008

**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 DECEMBER 31, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)	
	ASSETS:				
	Current Assets:				
1	Cash and Cash Equivalents	3	$32,343	$47,692	
2	Short-Term Investments		0	0	
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2008, $21,872; 2007, $10,847)	3	26,054	27,434	*
4	Inventories	3	3,356	2,756	*
5	Other Current Assets	8	8,686	6,486	*
6	Total Current Assets		70,439	84,368	*
7	Investments, Advances, and Receivables	16	28,933	27,557	
8	Property and Equipment - Gross	3&4	1,224,455	1,051,468	
9	Less: Accumulated Depreciation and Amortization	3&4	(116,329)	(82,260)	
10	Property and Equipment - Net	3&4	1,108,126	969,208	
11	Other Assets	5&8	52,234	143,501	*
12	Total Assets		$1,259,732	$1,224,634	*
	LIABILITIES AND EQUITY:				
	Current Liabilities:				
13	Accounts Payable		$22,164	$39,332	*
14	Notes Payable		0	0	
	Current Portion of Long-Term Debt:				
15	Due to Affiliates	2&6	814,327	0	
16	External	6	194	1,548	
17	Income Taxes Payable and Accrued	7	3,470	3,470	
18	Other Accrued Expenses	11	18,320	19,482	
19	Other Current Liabilities	12	52,067	21,261	*
20	Total Current Liabilities		910,542	85,093	*
	Long-Term Debt:				
21	Due to Affiliates	2&6	0	697,766	
22	External	6	5,924	8	
23	Deferred Credits	7	13,440	14,285	
24	Other Liabilities	7	5,816	6,252	
25	Commitments and Contingencies	16	0	0	
26	Total Liabilities		935,722	803,404	*
27	Stockholders', Partners', or Proprietor's Equity	13	324,010	421,230	
28	Total Liabilities and Equity		$1,259,732	$1,224,634	*

* Amounts indicated with an asterisk have been restated to conform to the current 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 TWELVE MONTHS ENDED DECEMBER 31, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)	
	Revenue:				
1	Casino		$476,706	$504,090	
2	Rooms		41,218	38,048	
3	Food and Beverage		57,460	57,979	
4	Other		22,400	21,503	
5	Total Revenue		597,784	621,620	
6	Less: Promotional Allowances	3&9	137,096	132,107	
7	Net Revenue		460,688	489,513	
	Costs and Expenses:				
8	Cost of Goods and Services		279,964	286,509	
9	Selling, General, and Administrative	3&9	69,726	78,784	*
10	Provision for Doubtful Accounts		11,355	4,627	
11	Total Costs and Expenses		361,045	369,920	*
12	Gross Operating Profit		99,643	119,593	*
13	Depreciation and Amortization		36,680	29,335	
	Charges from Affiliates Other than Interest:				
14	Management Fees		0	0	
15	Other	13	14,571	10,888	*
16	Income (Loss) from Operations		48,392	79,370	
	Other Income (Expenses):				
17	Interest Expense - Affiliates	6	(54,193)	(48,002)	
18	Interest Expense - External	6&7	(2,723)	(2,108)	
19	CRDA Related Income (Expense) - Net	16	(782)	(1,907)	
20	Nonoperating Income (Expense) - Net	5&14	(89,292)	(25,019)	
21	Total Other Income (Expenses)		(146,990)	(77,036)	
22	Income (Loss) Before Taxes and Extraordinary Items		(98,598)	2,334	
23	Provision (Credit) for Income Taxes	7	(1,053)	(2,540)	
24	Income (Loss) Before Extraordinary Items		(97,545)	4,874	
	Extraordinary Items (Net of Income Taxes -				
25	2008, $0; 2007, $0)		0	0	
26	Net Income (Loss)		($97,545)	$4,874	

* Amounts indicated with an asterisk have been restated to conform to the current presentation.

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TRUMP TAJ MAHAL ASSOCIATES, LLC
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)	
	Revenue:				
1	Casino		$116,661	$114,375	
2	Rooms		10,724	9,422	
3	Food and Beverage		12,902	14,612	
4	Other		4,346	6,340	
5	Total Revenue		144,633	144,749	
6	Less: Promotional Allowances	3&9	36,854	32,564	
7	Net Revenue		107,779	112,185	
	Costs and Expenses:				
8	Cost of Goods and Services		68,481	70,795	
9	Selling, General, and Administrative	3&9	18,683	17,707	*
10	Provision for Doubtful Accounts		7,947	1,568	
11	Total Costs and Expenses		95,111	90,070	*
12	Gross Operating Profit		12,668	22,115	*
13	Depreciation and Amortization		10,129	7,015	
	Charges from Affiliates Other than Interest:				
14	Management Fees		0	0	
15	Other	13	3,502	3,108	*
16	Income (Loss) from Operations		(963)	11,992	
	Other Income (Expenses):				
17	Interest Expense - Affiliates	6	(15,566)	(12,576)	
18	Interest Expense - External	6&7	(677)	(548)	
19	CRDA Related Income (Expense) - Net	16	749	(514)	
20	Nonoperating Income (Expense) - Net	5&14	(6,387)	(26,364)	
21	Total Other Income (Expenses)		(21,881)	(40,002)	
22	Income (Loss) Before Taxes and Extraordinary Items		(22,844)	(28,010)	
23	Provision (Credit) for Income Taxes	7	(593)	(2,740)	
24	Income (Loss) Before Extraordinary Items		(22,251)	(25,270)	
25	Extraordinary Items (Net of Income Taxes - 2008, $0; 2007, $0)		0	0	
26	Net Income (Loss)		($22,251)	($25,270)	

* Amounts indicated with an asterisk have been restated to conform to the current 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, 2007
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2006.........**		$387,353	$45,255		$432,608
2	Net Income (Loss) - 2007.........			4,874		4,874
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........					0
6	Prior Period Adjustments...........					0
7	Restricted Stock Awards	13	167			167
8	Non-cash transactions with					0
9	TER Holdings		(16,419)			(16,419)
10	**Balance, December 31, 2007.........**		371,101	50,129	0	421,230
11	Net Income (Loss) - 2008.........			(97,545)		(97,545)
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions...........					0
15	Prior Period Adjustments...........					0
16	Restricted Stock Awards	13	325			325
17						0
18						0
19	**Balance, December 31, 2008.........**		$371,426	($47,416)	$0	$324,010

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 TWELVE MONTHS ENDED DECEMBER 31, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$47,124	$65,213
	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...........................		(175,851)	(173,828)
5	Proceeds from Disposition of Property and Equipment..........		0	15
6	CRDA Obligations	16	(6,004)	(6,467)
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	Proceeds from CRDA Grant			
11	....	16	4,375	0
12	Net Cash Provided (Used) By Investing Activities....................		(177,480)	(180,280)
	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.......................................	6	(1,354)	(4,709)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock...			
20	Payments of Dividends or Capital Withdrawals......................			
21	Borrowings under Revolving Grid Note Payable	6	116,361	133,439
22	....			
23	Net Cash Provided (Used) By Financing Activities..................		115,007	128,730
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(15,349)	13,663
25	Cash and Cash Equivalents at Beginning of Period...................		47,692	34,029
26	Cash and Cash Equivalents at End of Period.............................		$32,343	$47,692

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).......................................		$48,446	$68,362
28	Income Taxes..		$0	$0

* Amounts indicated with an asterisk have been restated to conform to the current 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 TWELVE MONTHS ENDED DECEMBER 31, 2008 AND 2007

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		($97,545)	$4,874
30	Depreciation and Amortization of Property and Equipment		36,680	29,335
31	Amortization of Other Assets	5	735	31,381
32	Amortization of Debt Discount or Premium			
33	Deferred Income Taxes - Current		0	(2,540)
34	Deferred Income Taxes - Noncurrent	7	(1,053)	0
35	(Gain) Loss on Disposition of Property and Equipment			
36	(Gain) Loss on CRDA-Related Obligations	16	782	1,907
37	(Gain) Loss from Other Investment Activities			
38	(Increase) Decrease in Receivables and Patrons' Checks		1,755	512
39	(Increase) Decrease in Inventories		(599)	275
40	(Increase) Decrease in Other Current Assets		(2,053)	(942)
41	(Increase) Decrease in Other Assets		(1,439)	459
42	Increase (Decrease) in Accounts Payable		(13,765)	13,196
43	Increase (Decrease) in Other Current Liabilities	12 & 13	33,036	(13,411)
44	Increase (Decrease) in Other Liabilities			
45	Restricted Stock Awards	13	325	167
46	Asset Impairment Charge	5	90,265	0
47	Net Cash Provided (Used) By Operating Activities		$47,124	$65,213

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line	Description	Notes	2008	2007
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($181,967)	($173,828)
49	Less: Capital Lease Obligations Incurred	6	6,116	0
50	Cash Outflows for Property and Equipment		($175,851)	($173,828)
	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

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
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	311,909	$24,209		
2	Food	1,202,276	22,376		
3	Beverage	2,250,266	10,737		
4	Travel			64,735	11,429
5	Bus Program Cash	386,591	8,435		
6	Promotional Gaming Credits	339,880	6,571		
7	Complimentary Cash Gifts	1,333,066	56,373		
8	Entertainment	17,604	881	21,597	1,579
9	Retail & Non-Cash Gifts	134,268	6,728	122,789	10,247
10	Parking			528,423	1,586
11	Other	16,346	786	110,279	919 *
12	Total	5,992,206	$137,096	847,823	$25,760

* Other includes the change in the outstanding comp dollar liability from 12/31/07 to 12/31/08

FOR THE THREE MONTHS ENDED DECEMBER 31, 2008

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	86,926	$6,653		
2	Food	302,169	4,971		
3	Beverage	447,108	2,254		
4	Travel			17,400	2,426
5	Bus Program Cash	81,644	1,786		
6	Promotional Gaming Credits	306,140	5,548		
7	Complimentary Cash Gifts	374,883	13,626		
8	Entertainment	6,070	252	7,590	407
9	Retail & Non-Cash Gifts	41,372	1,505	43,103	4,183
10	Parking			145,236	436
11	Other	3,667	259	29,158	813 *
12	Total	1,649,979	$36,854	242,487	$8,265

* Other includes the change in the outstanding comp dollar liability from 09/30/08 to 12/31/08

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

FOR THE QUARTER ENDED DECEMBER 31, 2008

1. I have examined this Quarterly Report.

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

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

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

30-Mar-09
Date

James L. Wright

Director of Finance
Title

003507-11
License Number

On Behalf of:

TRUMP TAJ MAHAL ASSOCIATES, LLC
Casino Licensee

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, LP ("TER Holdings"), a Delaware Limited Partnership. TER Holdings is a majority-owned subsidiary of Trump Entertainment Resorts, Inc. ("TER"), a Delaware corporation.

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.

NOTE 2 - CHAPTER 11 PROCEEDINGS

On February 17, 2009 (the "Petition Date"), TER and certain of its direct and indirect subsidiaries, including Taj Associates, (collectively, the "Debtors") filed voluntary petitions in the United States Bankruptcy Court for the District of New Jersey in Camden, New Jersey (the "Bankruptcy Court") seeking relief under the provisions of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). These chapter 11 cases are being jointly administered under the caption *In re: TCI 2 Holdings, LLC, et al Debtors, Chapter 11 Case Nos.: 09-13654 through 09-13656 and 09-13658 through 09-13664 (JHW)* (the "Chapter 11 Case").

On February 20, 2009, the Company obtained court approval to continue to pay its vendors in the ordinary course of business. The Company continues to operate its businesses as a debtor-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court. There can be no assurance that the Company will be able to successfully develop, execute, confirm and consummate one or more plans of reorganization with respect to the Chapter 11 Case that are acceptable to the Bankruptcy Court and its creditors and other parties in interest.

The Company intends to maintain business operations through the reorganization process. The Company's liquidity and capital resources, however, are significantly affected by the Chapter 11 Case. The Company's bankruptcy proceedings have resulted in various restrictions on its activities, limitations on financing and a need to obtain Bankruptcy Court approval for various matters. As a result of the filing of the Chapter 11 Case, the Company is not permitted to make any payments on pre-petition liabilities without prior Bankruptcy Court approval. However, the Company has been granted relief in order to continue wage and salary payments and other benefits to employees as well as other related pre-petition obligations; to continue to honor customer programs as well as certain related pre-petition customer obligations; and to pay certain pre-petition trade claims held by critical vendors. Under the priority schedule established by the Bankruptcy Code, certain post-petition and pre-petition liabilities need to be satisfied before general unsecured creditors and equity holders are entitled to receive any distribution. At this time, it is not possible to predict with certainty the effect of the Chapter 11 Case on the Company's business or various creditors, or when it will emerge from these proceedings. The Company's future results depend upon its confirming and successfully implementing, on a timely basis, a plan of reorganization. The continuation of the Chapter 11 Case, particularly if a plan of reorganization is not timely approved or confirmed, could further adversely affect the Company's operations.

Donald J. Trump's Abandonment of Limited Partnership Interests in TER Holdings

By letter dated February 13, 2009, Donald J. Trump ("Mr. Trump") notified TER that he had abandoned any and all of his 23.5% direct limited partnership interest in TER Holdings and relinquished any and all rights under the Fourth Amended and Restated Agreement of Limited Partnership of TER Holdings (the "Partnership Agreement") or otherwise with respect to TER Holdings and Mr. Trump's limited partnership interest. Pursuant to the terms of the Partnership Agreement, the prior written consent of TER, as the general partner of TER Holdings, is required for a limited partner to withdraw. TER has not consented to a withdrawal by Mr. Trump from TER Holdings. Accordingly, TER reserves all rights and remedies against Mr. Trump with respect to his purported abandonment of his limited partnership interest.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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") and include the accounts of Taj Associates.

The accompanying financial statements have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business. The ability of the Company, both during and after the Chapter 11 Case, to continue as a going concern is contingent upon, among other things, (i) the ability of the Company to maintain compliance with all terms of its debt structure; (ii) the ability of the Company to generate cash from operations and to maintain adequate cash on hand; (iii) the resolution of the uncertainty as to the amount of claims that will be allowed; (iv) the ability of the Company to confirm a plan of reorganization under the Bankruptcy Code and obtain any debt and equity financing which may be required to emerge from bankruptcy protection; and (v) the Company's ability to achieve profitability. There can be no assurance that the Company will be able to successfully achieve these objectives in order to continue as a going concern. The accompanying financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers cash and all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Revenue Recognition and Allowance for Doubtful Accounts

The majority of our revenue is derived from gaming activities. As our gaming revenues are primarily generated from cash transactions, our revenues do not typically require the use of estimates. Gaming revenues represent the difference between amounts of gaming wins and losses. Revenues from hotel and other services are recognized at the time the related services are performed. The Company extends credit on a discretionary basis to certain qualified patrons. Credit limits are established for approved casino customers following investigations of creditworthiness. The Company maintains an allowance for doubtful accounts based on a specific review of customer accounts as well as a review of the history of write-offs of returned markers. Accounts are written off when it is determined that an account is uncollectible. Recoveries of accounts previously written off are recorded when received. Management believes that the reserve recorded is reasonable; however, these estimates could change based on the actual collection experience with each returned marker.

(in thousands)

Inventories

Inventories of provisions and supplies are carried at the lower of cost (weighted average) or market value.

Property and Equipment

The carrying value of property and equipment acquired prior to May 20, 2005, the date the Plan of Reorganization related to the Company's 2005 reorganization (the "2005 Plan") became effective (the "2005 Effective Date"), is based on its allocation of reorganization value and is being depreciated on the straight-line method using rates based on the estimated remaining useful lives. Property and equipment acquired on or after May 20, 2005 is recorded at cost. Property and equipment is depreciated on the straight-line method using rates based on the estimated annual useful lives as follows:

Buildings and building improvements	40 years
Furniture, fixtures and equipment	3 - 10 years
Leasehold improvements	40 years or remaining life of lease

Depreciation expense includes amortization of assets under capital lease obligations.

Capitalized Interest

The Company capitalizes interest for associated borrowing costs of construction projects. Capitalization of interest ceases when the asset is substantially complete and ready for its intended use. Interest capitalized during the years ended December 31, 2008 and 2007 was $10,847 and $4,151, respectively.

Long-Lived Assets

In accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), when events or circumstances indicate that the carrying amount of long-lived assets to be held and used might not be recoverable, the expected future undiscounted cash flows from the assets is estimated and compared with the carrying amount of the assets. If the sum of the estimated undiscounted cash flows was less than the carrying amount of the assets, an impairment loss would be recorded. The impairment loss would be measured by comparing the fair value of the assets with their carrying amount. Long-lived assets that are held for disposal are reported at the lower of the assets' carrying amount or fair value less costs related to the assets' disposition.

Goodwill and Other Intangible Assets

In accordance with the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), intangible assets are amortized over their estimated useful lives unless their lives are determined to be indefinite. Goodwill and other intangible assets with indefinite lives are not amortized but are subject to tests for impairment at least annually. SFAS 142 requires that impairment tests be performed more frequently than annually if events or circumstances indicate that the value of goodwill or intangible assets with indefinite lives might be impaired. Goodwill represents the Company's reorganization value in excess of amounts allocable to identifiable assets. See Note 4 regarding intangible asset impairment charges recorded during 2008 and 2007 resulting from the annual impairment testing.

Deferred Financing Costs

Financing costs, including underwriters' discounts and direct transactional fees (including accounting, legal and printing) associated with the issuance of debt have been capitalized as deferred financing costs in the accompanying balance sheets and are being amortized to interest expense over the terms of the related debt.

(in thousands)

Self-Insurance Reserves

Self-insurance reserves represent the estimated amounts of uninsured claims related to employee health medical costs, workers' compensation and personal injury claims that have occurred in the normal course of business. These reserves are established by management based upon specific review of open claims, with consideration of incurred but not reported claims as of the balance sheet date. The costs of the ultimate disposition of these claims may differ from these reserve amounts.

Promotional Allowances

The retail value of accommodations, food, beverage, and other services provided to patrons without charge is included in revenue and deducted as promotional allowances. The estimated costs of providing such promotional allowances are included in cost of goods & services in the accompanying statements of income and consist of the following:

	Years Ended December 31,	
	2008	2007
Rooms	$ 12,311	$ 11,210
Food and Beverage	31,197	34,299
Other	4,913	4,601
	$ 48,421	$ 50,110

Cash discounts based upon a negotiated amount with each affected patron are recognized as promotional allowances on the date the related revenue is recorded. Cash-back program awards based upon earning points for future redemption that are given to patrons are accrued as the patron earns the points. The amount is recorded as promotional allowances in the statements of income.

Taj Associates offers other incentive programs. These programs include gift giveaways and other promotional programs. Management elects the type of gift and the person to whom it will be offered. Since these awards are not cash awards, Taj Associates records them as costs of goods and services in the statements of income. Such amounts are expensed on the date the award is utilized by the patron.

Gaming Taxes

Atlantic City casinos are required to pay an annual tax of 8.0% on their gross casino revenues. Taj Associates gross revenue tax, net of promotional gaming credit deductions, was $38,242 and $40,675 for the years ended December 31, 2008 and 2007, respectively, and is included on the accompanying statements of income.

Stock-based Compensation

The Company recognizes stock-based compensation in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"). SFAS 123R requires the fair value of equity awards to be recognized in the financial statements. Compensation expense is recognized on a straight-line basis over the vesting period for awards granted to employees of the Company by TER.

Advertising Expense

Taj Associates expenses advertising costs as they are incurred. Advertising expense was $7,929 and $6,160 for the years ended December 31, 2008 and 2007, respectively.

Reclassifications

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

(in thousands)

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31, 2008	December 31, 2007
Land and land improvements	$ 196,618	$ 196,618
Buildings and building improvements	885,969	630,726
Furniture, fixtures and equipment	132,367	102,159
Construction-in-progress	9,501	121,965
	1,224,455	1,051,468
Less: accumulated depreciation and amortization	(116,329)	(82,260)
Net property and equipment	$ 1,108,126	$ 969,208

Chairman Tower

The Taj Mahal recently completed construction of a new hotel tower, the "Chairman Tower," which opened in phases starting at the end of August, 2008. The Chairman's Tower features 782 rooms, including 66 suites and 8 penthouse suites.

NOTE 5 – INTANGIBLE ASSETS AND GOODWILL

In accordance with SFAS 142, the Company reviews its indefinite-lived intangible assets for impairment at least annually and more frequently than annually if events or circumstances indicate that indefinite-lived intangible assets might be impaired.

With the assistance of an independent valuation firm, the Company used discounted cash flow, market capitalization and market multiple methodologies in the determination of the estimated fair value of the Company. Based upon the estimated fair value of Taj Associates, it was determined that goodwill was impaired. In addition, the Company determined that the negative effects resulting from continuing regional competition and the weakened economy resulted in an impairment of its trademarks.

As a result, during 2008 the Company recorded a goodwill impairment charge of $76,362 and an intangible asset impairment charge of $14,121 relating to its trademarks. Such charge is included in Nonoperating Income (Expense) as an Intangible asset impairment charge in the 2008 statements of income.

In connection with its 2007 annual impairment testing, the Company recorded an intangible asset impairment charge of $30,447 relating to its trademarks. Such charge is included in Nonoperating Income (Expense) as an Intangible asset impairment charge in the 2007 statements of income.

The impairment test procedures performed in accordance with SFAS 142 require comprehensive estimates of the future cash flows of the Company. Due to uncertainties associated with such estimates, actual results could differ from such estimates. A continuation of the previously mentioned conditions may result in the determination that some or all of the Company's remaining intangible assets have become impaired, which could result in additional impairment charges.

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(in thousands)

Intangible assets consist of the following:

	As of December 31, 2008			As of December 31, 2007		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-Lived Intangible Assets:						
Goodwill	$ —		$ —	$ 76,362	$ -	$ 76,362
Trademarks	$ 36,432		$ 36,432	$ 50,553	$ -	$ 50,553
Other Intangible Assets:						
Customer relationships (weighted average useful life - 7 years)	$ 7,000	$ (3,616)	$ 3,384	$ 7,000	$ (2,616)	$ 4,384
Leasehold interests (weighted average useful life - 1.6 years)	$ 466	$ (466)	$ —	466	(466)	-
Total other intangible assets	$ 7,466	$ (4,082)	$ 3,384	$ 7,466	$ (3,082)	$ 4,384

Taj Associates recorded amortization expense of $1,000 during each of the years ended December 31, 2008 and 2007.

Future amortization expense of our amortizable intangible assets for the next five fiscal years is expected to be as follows:

2009	$ 1,000
2010	1,000
2011	1,000
2012	384
2013	—

A rollforward of goodwill for the period from December 31, 2006 to December 31, 2008 is as follows:

	Goodwill
Balance, December 31, 2006	$ 92,981
Non-cash charge in lieu of income taxes	(200)
Non-cash transactions with TER Holdings	(16,419)
Balance, December 31, 2007	76,362
Reduction in valuation allowance relating to pre-reorganization deferred tax assets	(218)
Goodwill impairment charges	(76,144)
Balance, December 31, 2008	$ -

(in thousands)

NOTE 6 - DEBT

The Company's indebtedness consists of:

	December 31, 2008	December 31, 2007
8.5% Note Payable - TER Holdings and TER Funding, due June 1, 2015, interest payable semi-annually due June and December	$ 564,327	$ 564,327
8.5% Revolving Grid Note - TER Holdings, due January 1, 2013, interest due and payable monthly	250,000	133,439
Capitalized lease obligations - interest rates at 4.4% to 12.0%, secured by equipment financed	6,118	1,556
	820,445	699,322
Less: current maturities	(814,521)	(1,548)
Long-term debt, net of current maturities	$ 5,924	$ 697,774

Event of Default

On December 1, 2008, TER announced that as part of a strategy to maintain sufficient liquidity, it would not make the $53.1 million interest payment due December 1, 2008 on the TER Notes. TER Holdings did not make the interest payment within the thirty-day grace period allowable under the terms of the TER Notes which constituted an event of default. TER obtained forbearance agreements from its lenders on December 31, 2008 which were subsequently extended through various amendments until February 18, 2009. As discussed in Note 1, on February 17, 2009, the Debtors filed voluntary petitions in the Bankruptcy Court seeking relief under the provisions of chapter 11 of the Bankruptcy Code. The filing of the Chapter 11 Case constituted an event of default and therefore triggered repayment obligations under the TER Notes and the Credit Facility. As a result, all indebtedness outstanding under the TER Notes and the Credit Facility (which has a cross-default provision with the TER Notes) became automatically due and payable. Under the Bankruptcy Code, actions to collect pre-petition indebtedness, as well as most pending litigation, are stayed and other contractual obligations against the Debtors generally may not be enforced. Absent an order of the Bankruptcy Court, substantially all pre-petition liabilities are subject to settlement under a plan of reorganization to be approved by the Bankruptcy Court. As described below, the Company guarantees the indebtedness under the TER Notes and Credit Facility; therefore, the Company has classified its intercompany indebtedness with TER Holdings within current liabilities in its Balance Sheet as of December 31, 2008.

8.5% Note Payable

In May 2005, TER Holdings and Trump Entertainment Resorts Funding, Inc. ("TER Funding"), 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 $1,038 in TER Notes. In connection with this matter, the undistributed TER Notes were retired and Taj Associates' Note Payable was reduced by $674.

8.5% Revolving Grid Note

In July 2007, Taj Associates entered into a Revolving Grid Note ("Grid Note") with TER Holdings. Pursuant to the Grid Note, Taj Associates agreed to repay up to $250,000 of advances made by TER Holdings, including any accrued unpaid interest on outstanding advances thereon. Upon execution of the Grid Note, outstanding amounts due to TER Holdings relating to intercompany borrowings and unpaid interest due on the 8.5% Note Payable were refinanced through the Grid Note.

(in thousands)

Capitalized Lease Obligations

During January 2008, in connection with the construction of the Chairman Tower at Trump Taj Mahal, Taj Associates entered into an amendment to its thermal energy service agreement with a subsidiary of a local utility company which provides thermal energy services (steam heating and chilled water cooling services) to the Trump Taj Mahal. The Amendment (i) required the supplier to design, install and construct certain additions which enable the Trump Taj Mahal's existing thermal energy production facilities to provide the heating and cooling requirements of the Chairman Tower, (ii) extends the term of the original thermal energy service agreement to December 31, 2027 and (iii) changes the fixed monthly thermal energy fees. The estimated cost of the additions was $6 million and has been recorded as a capital lease obligation.

Guarantees

Taj Associates, along with Trump Plaza Associates, LLC ("Plaza Associates") and Trump Marina Associates, LLC ("Marina Associates"), guarantees TER Holdings' and TER Funding's $493,250 Credit Facility ("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 December 31, 2008, TER had outstanding borrowings of $488,757 and $1,248,969 under the Credit Facility and the TER Notes, respectively.

As of December 31, 2008, long-term debt and capital lease obligations mature as follows:

	Long-Term Debt	Capital Lease Obligations	Total
2009	$ 814,327	$ 912	$ 815,239
2010	—	875	875
2011	—	793	793
2012	—	793	793
2013	—	793	793
Thereafter	—	11,165	11,165
Total minimum payments	814,327	15,331	829,658
Less: amount representing interest	—	(9,213)	(9,213)
Total value of principal payments	$ 814,327	$ 6.118	$ 820,445

NOTE 7 - INCOME TAXES

Federal Income Taxes

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

State Income Taxes

Under the New Jersey Casino Control Act, the Company is required to file New Jersey corporation business tax returns. At December 31, 2008, the Company has state net operating loss carryforwards of approximately $38,500 available to offset future taxable income. The New Jersey state net operating losses expire from 2009 through 2014.

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 certain intangible assets related to the reorganization to the extent goodwill would be reduced to zero. The term "Predecessor Company" refers to the Company for periods prior to and including May 19, 2005, and the term "Reorganized Company" refers to the Company for periods on and subsequent to May 20, 2005.

(in thousands)

The state income tax provision (benefit) is as follows:

	Year Ended December 31 2008	Year Ended December 31 2007
Current	$ —	$ —
Deferred	(1,053)	(2,740)
Non-cash charge in lieu of taxes	—	200
	$ (1,053)	$ (2,540)

The deferred income tax benefit reflects the impact of a reduction in the Company's net deferred tax liabilities. 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.

At December 31, 2008, the Company had unrecognized tax benefits of approximately $14,103, including interest. At December 31, 2008, $3,205 of unrecognized tax benefits would affect its effective tax rate, if recognized. Upon adoption of SFAS 141(R) on January 1, 2009, $9,286 of unrecognized tax benefits would affect its effective tax rate, if recognized. The application of FIN 48 did not have an impact on partners' 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 following table summarizes the activity related to the Company's unrecognized tax benefits:

Unrecognized tax benefits at December 31, 2007	$ 10,119
Increases (decreases) related to current year tax positions	58
Increases (decreases) related to prior years tax positions	—
Decreases related to settled tax positions	—
Decreases related to expired statutes of limitations	(127)
Unrecognized tax benefits at December 31, 2008	$ 10,050

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties as a component of income tax expense. During the years ended December 31, 2008 and 2007, the Company recognized approximately $1,199 and $1,027, respectively, in potential interest associated with uncertain tax positions. At December 31, 2008, the Company had approximately $4,053 accrued for the payment of interest on uncertain tax positions. At December 31, 2008, to the extent interest is not assessed with respect to uncertain tax positions of the Predecessor Company, amounts accrued would be reduced and the impact would reduce certain intangible assets related to the reorganization by approximately $560 in accordance with Emerging Issues Task Force Issue 93-7, "Uncertainties Related to Income Taxes in a Purchase Business Combination" ("EITF 93-7"). Upon adoption of SFAS 141(R) on January 1, 2009, to the extent interest is not assessed with respect to uncertain tax positions of the Company amounts accrued will be reduced and reflected as a reduction of interest expense.

The tax effects of significant temporary differences representing deferred tax assets and liabilities, subject to valuation allowances are as follows:

(in thousands)

	December 31, 2008	December 31, 2007
Deferred tax assets:		
Accruals and prepayments	$ 7,749	$ 4,174
Basis differences on intangible assets	2,449	2,588
Net operating loss carryforwards	3,468	3,172
	13,666	9,934
Less: Valuation allowance	(12,118)	(8,796)
	1,548	1,138
Deferred tax liabilities:		
Basis differences on property and equipment, net	(10,279)	(9,790)
Trademarks and other	(3,805)	(5,155)
	(14,084)	(14,945)
Net deferred income tax liability	$ (12,536)	$ (13,807)

Federal and State Income Tax Audits

Tax years 2005 through 2008 remain subject to examination by the federal tax authority. Tax years 1997 through 2008 remain subject to examination by state tax jurisdictions.

From 2002 through 2006, state income taxes for the Company's New Jersey operations were computed under the alternative minimum assessment method. The Company has asserted its position that New Jersey partnerships were 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 through 2003. At December 31, 2008, the Company has accrued $13,339 for taxes and interest relating to this alternative minimum tax assessment for 2002 and 2003, as well as the open years 2004 through 2006. The Company is currently in discussions with the New Jersey Division of Taxation regarding settlement of these assessments.

Potential Chapter 11 Case and Limited Partnership Abandonment Implications

If TER Holdings' debt is reduced or restructured as a result of the Chapter 11 Case, TER Holdings could recognize "cancellation of indebtedness" income, and as a result, TER Holdings' partners could be required to reduce certain tax attributes such as NOLs and the tax basis of their assets. Any such reduction could result in increased future tax liabilities for TER Holdings' partners. Additionally, the utilization of NOLs, if any, may be limited pursuant to Section 382 of the Internal Revenue Code. Furthermore, if Mr. Trump's purported abandonment of his limited partnership interest in TER Holdings (as discussed in Note 2) is deemed to be effective for tax purposes, the Company could be required to further reduce certain tax attributes such as NOLs and the tax basis of its assets.

NOTE 8 - SETTLEMENT OF PROPERTY TAX APPEALS

On November 7, 2007, the Company, together with Marina Associates and Plaza Associates (collectively, the "Trump Properties") entered into a stipulation of settlement with the City of Atlantic City ("City") to settle a series of appealed real property tax assessments relating to Trump Taj Mahal, Trump Marina and Trump Plaza for various tax years through 2007. Under the terms of the agreement, the Trump Properties will receive a refund of $34,000 relating to previously paid taxes consisting of (i) $12,000 in cash, which was received on December 7, 2007, and (ii) $22,000 in credits to be applied against future real property tax payments as follows: $4,000 per year in 2009, 2010 and 2011 and $5,000 per year in 2012 and 2013.

Taj Associates' portion of the total refund was $4,234, consisting of (i) $1,494 in cash and (ii) $2,740 in credits to be applied against future real property tax payments as follows: $498 per year in 2009, 2010 and 2011 and $623 per year in 2012 and 2013.

The present value of Taj Associates' portion of the settlement was $3,824 and is reflected in the 2007 statement of income as Non-Operating Income from settlement of property tax appeals. The present value of the current real property tax credit is reflected on the balance sheet as a receivable and the long term property tax credits are included in Other Assets. In addition, included in Non-Operating Income and Expenses in 2007 is $239 in legal fees incurred in connection with the settlement.

NOTE 9 – TRUMP ONE UNIFIED PLAYER'S PROGRAM

In June 2007, TER implemented the Trump ONE unified player's program ("Trump ONE"), our company-wide customer loyalty program. Under Trump ONE, 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. The Company records 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 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. As of December 31, 2008, we had $1,328 accrued for the estimated cost of the outstanding comp dollar liability.

In addition to comp dollars, our customers have the ability to earn points based on slot machine play that are redeemable in cash ("cash-back points"). The Company has historically 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 10 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In December 2007, the FASB issued SFAS No. 141 (Revised 2008), "Business Combinations" ("SFAS 141(R)"). This Statement retained the fundamental requirements in SFAS 141 that the acquisition method of accounting (which SFAS 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. SFAS 141(R), which is broader in scope than that of SFAS 141, which applied only to business combinations in which control was obtained by transferring consideration, applies the same method of accounting (the purchase method) to all transactions and other events in which one entity obtains control over one or more other businesses. SFAS 141(R) also makes certain other modifications to SFAS 141. The Company is required to apply the provisions of SFAS 141(R) to business combinations for which the acquisition date is on or after January 1, 2009. The adoption of SFAS 141(R) did not have an effect on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). SFAS 159 permits companies to choose to measure many financial instruments and certain other items at fair value. The fair value option established by SFAS 159 permits all companies to choose to measure eligible items at fair value at specified election dates. At each subsequent reporting date, companies shall report in earnings any unrealized gains and losses on items for which the fair value option has been elected. The Company adopted SFAS 159 effective January 1, 2008 and did not elect the fair value measurement option for any financial assets or liabilities.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157") which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. On February 12, 2008, the FASB issued FASB Staff Position No. FAS 157-2, Effective Date of FASB Statement No. 157 ("FSP 157-2"), delaying the effective date of SFAS 157 to fiscal years beginning after November 15, 2008 for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Non-financial assets and non-financial liabilities for which the Company is required to apply the provisions of SFAS 157 include our goodwill and intangible assets and long-lived assets measured at fair value under the provisions of SFAS 142, "Goodwill and Other Intangible Assets" and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," respectively. The Company adopted SFAS 157 effective January 1, 2008 for financial assets and liabilities. The adoption of SFAS 157 and FSP157-2 did not impact our financial statements.

(in thousands)

NOTE 11 - OTHER ACCRUED EXPENSES

	December 31, 2008	December 31, 2007
Accrued advertising/marketing	$ 558	$ 1,734
Accrued payroll & related	10,997	11,943
Accrued CRDA obligation	1,475	1,450
Gaming tax payable	582	501
Other **	4,708	3,854
Total	$ 18,320	$ 19,482

** None of the individual components of Other exceed 5% of the total.

NOTE 12 – OTHER CURRENT LIABILITIES

	December 31, 2008	December 31, 2007
Accrued Interest	$ 8,051	$ 6,029
Self Insurance	6,277	5,420
Unredeemed Chips and Tokens	2,609	3,527
Advance Deposits	146	1,157
Patron Deposits	1,122	1,525
Trump One Card Liability	1,328	2,720
Due to Affiliates	29,402	—
Other	3,132	883
	$ 52,067	$ 21,261

NOTE 13 - TRANSACTIONS WITH AFFILIATES

The Company has engaged in certain transactions with TER, Plaza Associates and Marina Associates, all of which are affiliates of Trump. Amounts receivable/(payable) are as follows:

	December 31, 2008	December 31, 2007
Marina Associates	$ 601	$ 964
Plaza Associates	1,787	(733)
TER **	(31,790)	47
	$ (29,402)	$ 278

** Includes interest due to TER on inter-company debt and working capital advances for hotel tower construction.

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. Taj Administration allocated expenses associated with such services to Marina Associates and Plaza Associates totaling $15,558 and $12,683 during the years ended December 31, 2008 and 2007, respectively. Marina Associates and Plaza Associates reimburse Taj Administration for these allocated expenses.

(in thousands)

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 million. The amended ROFO Agreement expired during May 2008. Payments under the terms of the amended ROFO Agreement were as follows:

	Year Ended December 31, 2008	Year Ended December 31, 2007
Minimum Monthly Fees	$ 250	$ 600
Cost Savings Commissions	129	1,270
	$ 379	$ 1,870

These amounts were capitalized as part of the construction costs of the Taj Mahal's hotel tower.

Occasionally, TER has awarded restricted shares of TER common stock to employees of Taj Associates. At December 31, 2008, the remaining unrecognized compensation expense for nonvested restricted stock to be recognized over the remaining contractual life was $185. The weighted-average remaining contractual life of outstanding restricted stock grants at December 31, 2008 was approximately 1.1 year.

NOTE 14 - NON-OPERATING INCOME (EXPENSE)

Non-operating income (expense) for the year ended December 31, 2008 and 2007 consists of:

	2008	2007
Interest income	$ 973	$ 1,844
Settlement of Property Tax Appeals, net of expenses	—	3,594
Impairment of Intangible Assets – Goodwill and Trademarks	(90,265)	(30,447)
	$ (89,292)	$ (25,019)

NOTE 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments (other than the 8.5% Note Payable and 8.5% Grid Note) included in current assets and current liabilities approximate their fair values because of their short-term nature. The carrying amounts of CRDA bonds and deposits approximate their fair values as a result of allowances established to give effect to below-market interest rates.

The carrying amount and estimated fair value of our remaining financial instruments at December 31, are as follows:

	2008		**2007**	
	Carrying amount	Fair value	Carrying amount	Fair value
8.5% Note Payable	$ 564,327	$ 69,130	$ 564,327	$ 427,478
8.5% Grid Note	$ 250,000	—	$ 133,439	—

The fair value of the Note Payable is based on quoted market prices on the TER Notes as of December 31, 2008 and 2007. Due to the intercompany nature of the Grid Note, the fair value of the Grid Note can not be calculated.

(in thousands)

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Leases

The Company has entered into leases for certain property, advertising billboards and various equipment under operating leases. Rent expense for the years ended December 31, 2008 and 2007 was $2,868 and $3,862, respectively.

Future minimum lease payments under noncancellable operating leases as of December 31, 2008 are as follows:

2009	$	10,274
2010		8,158
2011		3,977
2012		1,074
2013		793
Thereafter		—
Total minimum payments	$	24,276

Certain of these leases contain options to purchase the leased properties at various prices throughout the leased terms.

Construction Commitments

At December 31, 2008, the Company has outstanding future construction commitments of approximately $20,000 relating primarily to the construction of its new 782-room hotel tower.

Casino License Renewal

The Company is subject to regulation and licensing by the New Jersey Casino Control Commission (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 the 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.

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.

Chapter 11 Case

On February 17, 2009 (the "Petition Date"), the Debtors filed voluntary petitions in the United States Bankruptcy Court for the District of New Jersey in Camden, New Jersey (the "Bankruptcy Court") seeking relief under the provisions of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). These chapter 11 cases are being jointly administered under the caption *In re: TCI 2 Holdings, LLC, et al Debtors, Chapter 11 Case Nos.: 09-13654 through 09-13656 and 09-13658 through 09-13664 (JHW)* (the "Chapter 11 Case").

The Company continues to operate its businesses as a debtor-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court. As a debtor-in-possession, the Company is authorized to continue to operate as an ongoing business, and may pay all debts and honor all obligations arising in the ordinary course of its business after the Petition Date. However, the Company may not pay creditors on account of obligations arising before the Petition Date or engage in transactions outside the ordinary course of business without approval of the Bankruptcy Court, after notice and an opportunity for a hearing.

Under the Bankruptcy Code, actions to collect pre-petition indebtedness, as well as most litigation pending against the Debtors, are stayed. Other pre-petition contractual obligations against the Company generally may not be enforced. Absent an order of the Bankruptcy Court providing otherwise, substantially all pre-petition liabilities are subject to settlement under a plan of reorganization to be voted upon by creditors and other stakeholders, and approved by the Bankruptcy Court.

The Company has received approval from the Bankruptcy Court of its "first day" motions, which were filed as part of the Chapter 11 Case. Among other "first day" relief, the Company received approval to continue wage and salary payments and other benefits to employees as well as certain related pre-petition obligations; to continue to honor customer programs as well as certain related pre-petition customer obligations; and to pay certain pre-petition trade claims held by critical vendors. The Company intends to continue to pay its vendors and suppliers in the ordinary course of business for goods and services delivered post-petition.

Under the priority scheme established by the Bankruptcy Code, certain post-petition and secured or "priority" pre-petition liabilities need to be satisfied before general unsecured creditors and holders of the Company's equity are entitled to receive any distribution. No assurance can be given as to what values, if any, will be ascribed in the bankruptcy proceedings to the claims and interests of each of these constituencies. Additionally, no assurance can be given as to whether, when or in what form unsecured creditors and holders of the Company's equity may receive a distribution on such claims or interests.

Under the Bankruptcy Code, the Company may assume, assume and assign, or reject certain executory contracts and unexpired leases, including, without limitation, leases of real property and equipment, subject to the approval of the Bankruptcy Court and certain other conditions. Any description of an executory contract or unexpired lease herein, including where applicable our express termination rights or a quantification of our obligations, must be read in conjunction with, and is qualified by, any overriding rejection rights we have under the Bankruptcy Code. As of the date of the filing of the Chapter 11 Case, virtually all pending litigation against the Company is stayed as to the Company, and absent further order of the Bankruptcy Court, no party, subject to certain exceptions, may take any action, also subject to certain exceptions, to recover on pre-petition claims against the Company.

(in thousands)

Coastal Area Facilities Review Act Agreement

Taj Associates received a permit under the Coastal Area Facilities Review Act ("CAFRA") (which is included as a condition of Taj Associates' casino license) that initially required Taj Associates 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. Taj Associates 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 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 Taj Associates leases the Steel Pier to an amusement park operator, terminates on December 31, 2010. The conditions of the CAFRA permit renewal thereafter are under discussion with the New Jersey Department of Environmental Protection.

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.

For the year ended December 31, 2008 and 2007, the Company charged to operations $2,023 and $1,907, respectively, to give effect to the below market interest rates associated with CRDA deposits and bonds. In addition, due to the receipt of grant proceeds during 2008 which were funded by certain of our CRDA deposits, we recognized $1,241 of income representing the reversal of previously recognized expense. From time to time, the Company has elected to donate funds it has on deposit with the CRDA for various projects. The Company is not obligated to make donations to any specific project and elects to donate funds based on the specific facts of each potential donation transaction.

CRDA investments reflected on the accompanying balance sheets are comprised of the following:

	December 31,	
	2008	**2007**
CRDA deposits, net of allowances of $13,544 and $12,897, respectively	$ 26,716	$ 25,429
CRDA bonds, net of allowances of $1,274 and $1,436, respectively	2,217	2,128
	$ 28,933	$ 27,557

NJSEA Subsidy Agreement

In April 2004, the casinos located in Atlantic City ("Casinos"), including Trump's Atlantic City Casinos, executed an agreement ("2004 NJSEA Subsidy Agreement") with the New Jersey Sports and Exposition Authority ("NJSEA") and the CRDA. The 2004 NJSEA Subsidy Agreement provided that the Casinos, on a pro rata basis according to their gross revenues, pay in cash and donate from the regular payment of their CRDA obligations a total of $86,000 in four annual installments in October of each of 2004 through 2007 to the NJSEA. It required that the funds be used by the NJSEA through December 31, 2008 to enhance purses, fund breeder's awards and establish account wagering at New Jersey horse racing tracks. Taj Associate's portion of this industry obligation was approximately 10.4%.

The 2004 NJSEA Subsidy Agreement further provided for a moratorium until January 2009 on the conduct of casino gaming at any New Jersey racetrack and conditioned the donation of the CRDA funds upon the enactment and funding of the Casino Expansion Fund Act which made funds available, on a pro rata basis, to each of the Casinos for investment in eligible projects in Atlantic City approved by the CRDA. In September 2006, the CRDA approved the construction of the Chairman Tower at the Trump Taj Mahal as an eligible project and, pursuant to October 2006 agreements, authorized grants to Trump Atlantic City casinos in aggregate amounts of approximately $13,800 from the Atlantic City Expansion Fund and $1,575 from a separate Casino Capital Construction Fund, both administered by the CRDA. During 2008, the Trump Atlantic City Casinos received a combined total of $4,233 of grant proceeds from the Atlantic City Expansion Fund and $677 of grant proceeds from the Casino Capital Construction Fund.

The New Jersey Legislature amended the Casino Control Act, effective April 18, 2008, to permit the Casinos to deduct the amount of certain promotional gaming credits wagered at their slot machines in calculating the tax on gross gaming revenue. The amendment became operative upon the August 14, 2008 certification by the Chair of the CCC to the State Treasurer that the Casinos and Casino Association of New Jersey ("CANJ") had executed a new subsidy agreement with NJSEA for the benefit of the horse racing industry for $30,000 annually for a three year period (“2008 NJSEA Subsidy Agreement”). In addition, the CCC adopted regulations effective September 22, 2008 which establish procedures by which the Casinos may implement the promotional gaming credit tax deduction.

The 2008 NJSEA Subsidy Agreement provides that the Casinos will pay the NJSEA $90,000 to be used solely for purse enhancements, breeder’s purses and expenses to establish off-track wagering facilities which it incurs through 2011. The payments will be made in eleven installments from September 29, 2008 through November 15, 2011 and will total $22,500 in 2008, $30,000 in each of 2009 and 2010 and $7,500 in 2011. Each Casino will pay a share equal to a percentage representing the gross gaming revenue it reported for the prior calendar year compared to that reported by all Casinos for that year. Taj Associates portion of this industry obligation for 2008 is approximately 10.6%.

The 2008 NJSEA Subsidy Agreement also provides that the NJSEA, all other entities which receive any portion of the payments and affiliates of either shall not operate, conduct, maintain or permit any casino gaming, including video lottery gaming, in any New Jersey location other than Atlantic City prior to 2012 and that the Casinos may bring an action in New Jersey Superior Court against any such entity to enforce this prohibition by specific performance.

The 2008 NJSEA Subsidy Agreement further provides that if, prior to 2011, a statewide public question to authorize casino gaming at any New Jersey location other than Atlantic City is approved by the New Jersey Legislature or if, prior to 2012, any such statewide public question is approved by New Jersey voters or any New Jersey legislation is enacted or other New Jersey governmental action is taken authorizing such gaming or any such gaming is actually operated, conducted or maintained, then the Casinos shall make no further payments to NJSEA and, in certain circumstances, NJSEA shall return some or all of the payments it previously received from the Casinos.

The 2008 NJSEA Subsidy Agreement acknowledges the publicly announced intention of the Governor to, by executive order, create a commission to study and report its recommendations for the long term stability of the horse racing industry to the Governor and the Legislature on or about July 1, 2010 and provides that the Casinos, CANJ and NJSEA will work and cooperate in good faith with any such commission and that the NJSEA shall not support legislation for casino gaming in any New Jersey location other than Atlantic City prior to the commission’s delivery of its report to the Governor and the Legislature.

NOTE 17 - EMPLOYEE BENEFIT PLANS

The Company participates in a retirement savings plan for its nonunion employees under Section 401(k) of the Internal Revenue Code (“401(k) Plan”). The 401(k) Plan is sponsored by TER Holdings. A portion of participant contributions are matched on a quarterly basis in accordance with the 401(k) Plan. Matching contributions under the 401(k) Plan were $1,803 and $1,880 for the years ended December 31, 2008 and 2007, respectively.

The Company makes payments to various trusteed multi-employer pension plans under industry-wide union agreements. The payments are based on the hours worked by, or gross wages paid to, covered employees. Under the Employee Retirement Income Security Act, the Company may be liable for its share of the plans' unfunded liabilities, if any, if the plans are terminated or if the Company withdraws from participation in such plans. Pension expense for the years ended December 31, 2008 and 2007, were $3,760 and $3,448, respectively.

TRUMP TAJ MAHAL

ANNUAL FILINGS

FOR THE YEAR ENDED DECEMBER 31, 2008

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

DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL

TRUMP TAJ MAHAL
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
FOR THE YEAR ENDED DECEMBER 31, 2008

(UNAUDITED)
($ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
Line (a)	**Description (b)**	**Account Balance (c)**	**Allowance (d)**	**Accounts Receivable (Net of Allowance) (e)**
	Patrons' Checks:			
1	Undeposited Patrons' Checks	$10,579		
2	Returned Patrons' Checks	32,556		
3	Total Patrons' Checks	43,135	$21,484	$21,651
4	Hotel Receivables	1,942	388	$1,554
	Other Receivables:			
5	Receivables Due from Officers and Employees	4		
6	Receivables Due from Affiliates			
7	Other Accounts and Notes Receivables	2,845		
8	Total Other Receivables	2,849		$2,849
9	Totals (Form CCC-205)	$47,926	$21,872	$26,054

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	**Description (g)**	**Amount (h)**
10	Beginning Balance (January 1)	$15,267
11	Counter Checks Issued	437,214
12	Checks Redeemed Prior to Deposit	(327,633)
13	Checks Collected Through Deposits	(76,398)
14	Checks Transferred to Returned Checks	(37,871)
15	Other Adjustments	
16	Ending Balance	$10,579
17	"Hold" Checks Included in Balance on Line 16	0
18	Provision for Uncollectible Patrons' Checks	$11,189
19	Provision as a Percent of Counter Checks Issued	2.6%

TRUMP TAJ MAHAL
EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2008

($ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages: Other Employees (d)	Salaries and Wages: Officers & Owners (e)	Salaries and Wages: Totals (f)
	CASINO:				
1	Table and Other Games	1,145			
2	Slot Machines	112			
3	Administration	4			
4	Casino Accounting	191			
5	Simulcasting	8			
6	Other	11			
7	Total - Casino	1,471	$37,703	$0	$37,703
8	ROOMS	425	8,404	311	8,715
9	FOOD AND BEVERAGE	1,102	22,240		22,240
10	GUEST ENTERTAINMENT	168	1,875	73	1,948
11	MARKETING	142	8,305	540	8,845
12	OPERATION AND MAINTENANCE	275	10,239		10,239
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	3	147	611	758
14	Accounting and Auditing	85	4,416	143	4,559
15	Security	204	6,096		6,096
16	Other Administrative and General	109	5,844	296	6,140
	OTHER OPERATED DEPARTMENTS:				
17	Transportation	78	1,369		1,369
18	Health Club	8	253		253
19	Retail Operations	25	584		584
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	4,095	$107,475	$1,974	$109,449

TRUMP TAJ MAHAL CASINO RESORT
ANNUAL GROSS REVENUE TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2008

Line		
	CASINO WIN:	
1.	Table and Other Games..................	$ 186,331,878
2.	Slot Machines	296,075,931
3.	Total Casino Win..................	482,407,809
4.	Adjustments..................	106,186
5.	Gross Revenue (line 3 plus line 4)..................	482,513,995
6.	Deduction for Eligible Promotional Gaming Credits..................	4,380,910
7.	Taxable Gross Revenue (line 5 minus line 6)..................	478,133,085
8.	Tax on Gross Revenue - Reporting Year (8% of line 7)..................	38,250,647
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	3,069
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9)..................	38,253,716
11.	Total Deposits Made for Tax on Reporting Year's Gross Revenue..................	(38,250,647)
12.	Settlement of Prior Years' Tax on Gross Revenue Resulting from Audit or Other Adjustments - (Deposits) Credits	(3,069)
13.	Gross Revenue Taxes Payable (the net of lines 10, 11, and 12)	$ (0)

Under penalties of perjury, I declare that I have examined this Annual Gross Revenue Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

March 10, 2009
Date

Ford Palmer

Casino Controller 4086-11
Title (License Number)