TRUMP TAJ MAHAL ASSOCIATES, LLC

QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2009

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

DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL

TRUMP TAJ MAHAL ASSOCIATES, LLC
BALANCE SHEETS

AS OF MARCH 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)	
	ASSETS:				
	Current Assets:				
1	Cash and Cash Equivalents		$32,859	$33,244	
2	Short-Term Investments				
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2009, $24,791; 2008, $10,822)		31,718	27,322	*
4	Inventories		2,757	2,808	*
5	Other Current Assets		7,546	6,720	*
6	Total Current Assets		74,880	70,094	*
7	Investments, Advances, and Receivables	9	29,919	28,544	
8	Property and Equipment - Gross		1,228,599	1,101,896	
9	Less: Accumulated Depreciation and Amortization		(126,885)	(87,931)	
10	Property and Equipment - Net		1,101,714	1,013,965	
11	Other Assets	3	46,505	142,732	*
12	Total Assets		$1,253,018	$1,255,335	*
	LIABILITIES AND EQUITY:				
	Current Liabilities:				
13	Accounts Payable		$16,561	$38,793	*
14	Notes Payable				
	Current Portion of Long-Term Debt:				
15	Due to Affiliates	2 & 4	814,327	0	
16	External	4	191	440	
17	Income Taxes Payable and Accrued	5	3,470	3,470	
18	Other Accrued Expenses		20,576	20,166	
19	Other Current Liabilities	7	64,588	27,061	*
20	Total Current Liabilities		919,713	89,930	*
	Long-Term Debt:				
21	Due to Affiliates	2 & 4	0	718,166	
22	External	4	5,896	5,909	
23	Deferred Credits	5	13,440	14,285	
24	Other Liabilities	5	5,816	6,252	
25	Commitments and Contingencies	9			
26	Total Liabilities		944,865	834,542	*
27	Stockholders', Partners', or Proprietor's Equity		308,153	420,793	
28	Total Liabilities and Equity		$1,253,018	$1,255,335	*

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 MARCH 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	Revenue:			
1	Casino		$117,245	$117,922
2	Rooms		10,785	9,208
3	Food and Beverage		12,484	14,207
4	Other		4,554	5,551
5	Total Revenue		145,068	146,888
6	Less: Promotional Allowances		36,759	32,838
7	Net Revenue		108,309	114,050
	Costs and Expenses:			
8	Cost of Goods and Services		69,242	70,113
9	Selling, General, and Administrative		16,806	17,923
10	Provision for Doubtful Accounts		1,878	932
11	Total Costs and Expenses		87,926	88,968
12	Gross Operating Profit		20,383	25,082
13	Depreciation and Amortization		10,413	8,618
	Charges from Affiliates Other than Interest:			
14	Management Fees			
15	Other	7	3,161	3,602
16	Income (Loss) from Operations		6,809	12,862
	Other Income (Expenses):			
17	Interest Expense - Affiliates	4	(17,304)	(12,530)
18	Interest Expense - External	4 & 5	(536)	(684)
19	CRDA Related Income (Expense) - Net	9	(493)	(495)
20	Nonoperating Income (Expense) - Net	8	(4,375)	320
21	Total Other Income (Expenses)		(22,708)	(13,389)
22	Income (Loss) Before Taxes and Extraordinary Items		(15,899)	(527)
23	Provision (Credit) for Income Taxes	5	0	0
24	Income (Loss) Before Extraordinary Items		(15,899)	(527)
25	Extraordinary Items (Net of Income Taxes - 2009, $0; 2008, $0)			
26	Net Income (Loss)		($15,899)	($527)

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, 2008
AND THE THREE MONTHS ENDED MARCH 31, 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2007..........**		$371,101	$50,129		$421,230
2	Net Income (Loss) - 2008..........			(97,545)		(97,545)
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........					0
6	Prior Period Adjustments..........					0
7	Restricted Stock Awards	7	325			325
8						0
9						0
10	**Balance, December 31, 2008..........**		371,426	(47,416)	0	324,010
11	Net Income (Loss) - 2009..........			(15,899)		(15,899)
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions...........					0
15	Prior Period Adjustments..........					0
16	Restricted Stock Awards	7	42			42
17						0
18						0
19	**Balance, March 31, 2009...............**		$371,468	($63,315)	$0	$308,153

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 THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$14,115	$14,297
	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...........................		(12,090)	(46,487)
5	Proceeds from Disposition of Property and Equipment..........			
6	CRDA Obligations	9	(1,478)	(1,451)
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...................		(13,568)	(47,938)
	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......................................	4	(31)	(1,207)
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 Grid Note Payable	4	0	20,400
22	....			
23	Net Cash Provided (Used) By Financing Activities..................		(31)	19,193
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		516	(14,448)
25	Cash and Cash Equivalents at Beginning of Period...................		32,343	47,692
26	Cash and Cash Equivalents at End of Period............................		$32,859	$33,244

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................		$168	$8,870
28	Income Taxes..			

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

TRUMP TAJ MAHAL ASSOCIATES, LLC
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		($15,899)	($527)
30	Depreciation and Amortization of Property and Equipment		10,413	8,618
31	Amortization of Other Assets	3	250	184
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	9	493	495
37	(Gain) Loss from Other Investment Activities			
38	(Increase) Decrease in Receivables and Patrons' Checks		(5,664)	(249)
39	(Increase) Decrease in Inventories		599	(52)
40	(Increase) Decrease in Other Current Assets		1,140	105
41	(Increase) Decrease in Other Assets		789	747
42	Increase (Decrease) in Accounts Payable		2,343	956
43	Increase (Decrease) in Other Current Liabilities		2,256	3,930
44	Increase (Decrease) in Other Liabilities	7	12,664	0
45	Restricted Stock Awards	7	42	90
46	Write Down of Deferred Financing Cost	8	4,689	0
47	Net Cash Provided (Used) By Operating Activities		$14,115	$14,297

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($12,090)	($52,487)
49	Less: Capital Lease Obligations Incurred		0	6,000
50	Cash Outflows for Property and Equipment		($12,090)	($46,487)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired			
52	Goodwill Acquired			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed			
55	Issuance of Stock or Capital Invested			
56	Cash Outflows to Acquire Business Entities		$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions		$0	$0
58	Less: Issuances to Settle Long-Term Debt		0	0
59	Consideration in Acquisition of Business Entities		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions		$0	$0

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

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

FOR THE QUARTER ENDED MARCH 31, 2009

1. I have examined this Quarterly Report.

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

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

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

14-May-09	
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
(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, 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 primarily 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.

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, 2008 Quarterly Report as filed with the CCC.

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 (See Note2), 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.

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 cashflows 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 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 – 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 charges are included in Nonoperating Income (Expense) as an Intangible asset impairment charge in the 2008 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.

(in thousands)

A rollforward of goodwill and trademarks for the period from December 31, 2007 to March 31, 2009 is as follows:

	Goodwill	Trademarks
Balance, December 31, 2007	$ 76,362	$ 50,553
Reduction in valuation allowance relating to pre-reorganization deferred tax assets	(218)	—
Goodwill and trademarks impairment charges	(76,144)	(14,121)
Balance, December 31, 2008 and March 31, 2009	$ —	$ 36,432

NOTE 4 - DEBT

The Company's indebtedness consists of:

	March 31, 2009	March 31, 2008
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	153,839
Capitalized lease obligations - interest rates at 8.5% to 12.0%, secured by equipment financed	6,087	6,349
	820,414	724,515
Less: current maturities	(814,518)	(440)
Long-term debt, net of current maturities	$ 5,896	$ 724,075

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 2, 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 March 31, 2009.

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.

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 March 31, 2009, TER had outstanding borrowings of $487,525 and $1,248,969 under the Credit Facility and the TER Notes, respectively.

NOTE 5 - 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.

There was no state income tax provision during the three months ended March 31, 2009 and 2008.

At March 31, 2009, the Company had unrecognized tax benefits of approximately $14,349, including interest. In accordance with SFAS 141(R), which the Company adopted on January 1, 2009, $9,286 of unrecognized tax benefits would affect the Company’s effective tax rate, if recognized. 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 Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties as a component of income tax expense. During the three months ended March 31, 2009 and 2008, the Company recognized approximately $246 and $289, respectively, in potential interest associated with uncertain tax positions. At March 31, 2009, the Company had approximately $4,299 accrued for the payment of interest on uncertain tax positions. In accordance with SFAS 141(R), 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.

Federal and State Income Tax Audits

Tax years 2005 through 2008 remain subject to examination by the federal tax authority. The Company has received notification that the Internal Revenue Service ("IRS") has started an examination of tax year 2005. Tax years 1997 through 2008 remain subject to examination by state tax jurisdictions. The Company has received notification that the New Jersey Division of Taxation has started an examination of tax years 2004 through 2007.

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 March 31, 2009, the Company has accrued $13,585 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 6 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In April 2008, the FASB issued FASB Staff Position FAS 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP 142-3"). FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS 142. The intent of FSP 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R) and other GAAP. FSP 142-3 is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008. Early adoption of the standard is prohibited. FASB 142-3 became effective for our fiscal year beginning January 1, 2009. The adoption of the standard did not have an impact on the Company's financial statements.

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 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 FSP 157-2 did not impact our financial statements.

(in thousands)

NOTE 7 - 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:

	March 31, 2009	March 31, 2008
Marina Associates	$ (239)	$ 1,127
Plaza Associates	(132)	1,128
TER **	(24,764)	121
	$ (25,135)	$ 2,376

** 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 $3,715 and $4,210 during the three months ended March 31, 2009 and 2008, respectively. Marina Associates and Plaza Associates reimburse Trump Administration for these allocated expenses.

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:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Minimum Monthly Fees	$ —	$ 150
Cost Savings Commissions	—	99
	$ —	$ 249

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

Taj Associates utilizes certain facilities or services owned by Mr. Trump to entertain high-end customers. Taj Associates incurred approximately $75 during the three months ended March 31, 2009 for customer costs associated with such utilization. There were no such costs incurred during the three months ended March 31, 2008.

Occasionally, TER has awarded restricted shares of TER common stock to employees of Taj Associates. At March 31, 2009, the remaining unrecognized compensation expense for nonvested restricted stock to be recognized over the remaining contractual life was $142. The weighted-average remaining contractual life of outstanding restricted stock grants at March 31, 2009 was approximately 1 year.

(in thousands)

NOTE 8 - NON-OPERATING INCOME (EXPENSE)

Non-operating income (expense) for the three months ended March 31, 2009 and 2008 consists of:

	2009	2008
Interest income	$ 192	$ 320
Reorganization Expense *	(4,567)	—
	$ (4,375)	$ 320

* The Company wrote off as reorganization expense its deferred financing costs related to TER Holdings and TER Fundings 8.5% Note Payable in order to record its debt instruments at the amount of claim expected to be allowed by the Bankruptcy Court in accordance with AICPA Statement of Position ("SOP") No. 90-7, "Financial Reporting by Entities in Reorganization under the Bankruptcy Code" ("SOP90-7").

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.

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.

2005 Chapter 11 Case

Effective as of March 17, 2009, the Bankruptcy Court ordered that all of the remaining open cases pertaining to the 2005 Chapter 11 Case be closed.

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 three months ended March 31, 2009 and 2008, the Company charged to operations $493 and $495,, respectively, to give effect to the below market interest rates associated with CRDA deposits and bonds. 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.

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.

Construction Commitments

At March 31, 2009, the Company had outstanding construction payment obligations of approximately $5,900 primarily due 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.