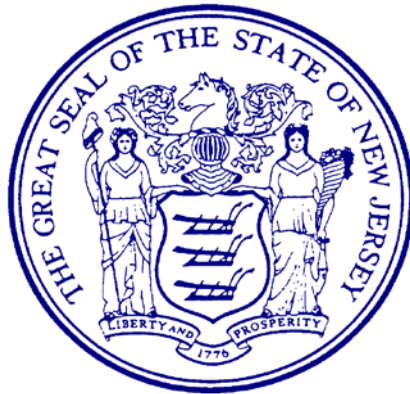


**TRUMP TAJ MAHAL ASSOCIATES, LLC  
QUARTERLY REPORT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

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



**OFFICE OF FINANCIAL INVESTIGATIONS  
REPORTING MANUAL**

# TRUMP TAJ MAHAL ASSOCIATES, LLC

## BALANCE SHEETS

AS OF SEPTEMBER 30, 2014 AND 2013

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	1	\$25,034	\$21,772
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2014, \$7,036; 2013, \$8,114).....		7,607	14,331
4	Inventories .....		1,092	1,049
5	Other Current Assets.....		5,468	3,323
6	Total Current Assets.....		39,201	40,475
7	Investments, Advances, and Receivables.....	7 & 8	8,409	24,230
8	Property and Equipment - Gross.....		384,920	383,798
9	Less: Accumulated Depreciation and Amortization.....		(79,381)	(61,779)
10	Property and Equipment - Net.....		305,539	322,019
11	Other Assets.....		11,046	11,469
12	Total Assets.....		\$364,195	\$398,193
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$15,272	\$10,747
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....	2 & 8	225,470	0
16	External.....	2	780	854
17	Income Taxes Payable and Accrued.....	4	0	0
18	Other Accrued Expenses.....		21,479	13,683
19	Other Current Liabilities.....	3 & 5	22,078	18,246
20	Total Current Liabilities.....		285,079	43,530
	Long-Term Debt:			
21	Due to Affiliates.....	2 & 8	0	210,400
22	External.....		5,294	6,075
23	Deferred Credits .....		0	0
24	Other Liabilities.....	3	0	6,417
25	Commitments and Contingencies.....		0	0
26	Total Liabilities.....		290,373	266,422
27	Stockholders', Partners', or Proprietor's Equity.....		73,822	131,771
28	Total Liabilities and Equity.....		\$364,195	\$398,193

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 NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	Revenue:			
1	Casino.....		\$171,541	\$202,648
2	Rooms.....		37,050	37,605
3	Food and Beverage.....		22,353	27,441
4	Other.....		9,201	10,207
5	Total Revenue.....		240,145	277,901
6	Less: Promotional Allowances.....		67,494	74,027
7	Net Revenue.....		172,651	203,874
	Costs and Expenses:			
8	Casino.....		52,115	63,423 *
9	Rooms, Food and Beverage.....		43,583	47,751 *
10	General, Administrative and Other.....		72,590	70,631 *
11	Total Costs and Expenses.....		168,288	181,805
12	Gross Operating Profit.....		4,363	22,069
13	Depreciation and Amortization.....		13,141	13,161
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	0
15	Other.....	5	5,418	4,528 *
16	Income (Loss) from Operations.....		(14,196)	4,380
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	2	(20,235)	(19,222)
18	Interest Expense - External.....	2	(575)	(667)
19	CRDA Related Income (Expense) - Net.....	7	(8,554)	(837)
20	Nonoperating Income (Expense) - Net.....	6	251	386
21	Total Other Income (Expenses).....		(29,113)	(20,340)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(43,309)	(15,960)
23	Provision (Credit) for Income Taxes.....	4	0	0
24	Income (Loss) Before Extraordinary Items.....		(43,309)	(15,960)
25	Extraordinary Items (Net of Income Taxes - 2014, \$0; 2013, \$0).....			0
26	Net Income (Loss).....		(\$43,309)	(\$15,960)

\* 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 THREE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	Revenue:			
1	Casino.....		\$63,313	\$74,676
2	Rooms.....		14,652	14,997
3	Food and Beverage.....		8,645	10,245
4	Other.....		3,991	4,408
5	Total Revenue.....		90,601	104,326
6	Less: Promotional Allowances.....		26,425	28,512
7	Net Revenue.....		64,176	75,814
	Costs and Expenses:			
8	Casino.....		18,283	23,264 *
9	Rooms, Food and Beverage.....		16,106	17,596 *
10	General, Administrative and Other.....		24,030	25,493 *
11	Total Costs and Expenses.....		58,419	66,353
12	Gross Operating Profit.....		5,757	9,461
13	Depreciation and Amortization.....		4,315	4,418
	Charges from Affiliates Other than Interest:			
14	Management Fees.....			
15	Other.....	5	1,777	1,525 *
16	Income (Loss) from Operations.....		(335)	3,518
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	2	(6,809)	(6,388)
18	Interest Expense - External.....	2	(195)	(233)
19	CRDA Related Income (Expense) - Net.....	7	(287)	(317)
20	Nonoperating Income (Expense) - Net.....	6	82	108
21	Total Other Income (Expenses).....		(7,209)	(6,830)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(7,544)	(3,312)
23	Provision (Credit) for Income Taxes.....	4	0	0
24	Income (Loss) Before Extraordinary Items.....		(7,544)	(3,312)
	Extraordinary Items (Net of Income Taxes -			
25	2014, \$0; 2013, \$0).....			
26	Net Income (Loss).....		(\$7,544)	(\$3,312)

\* 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, 2013  
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2014

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2012.....		\$160,092	(\$12,361)		\$147,731
2	Net Income (Loss) - 2013.....			(30,600)		(30,600)
3	Capital Contributions.....					0
4	Capital Withdrawals.....					0
5	Partnership Distributions.....					0
6	Prior Period Adjustments.....					0
7	_____					0
8	_____					0
9	_____					0
10	Balance, December 31, 2013.....		160,092	(42,961)	0	117,131
11	Net Income (Loss) - 2014.....			(43,309)		(43,309)
12	Capital Contributions.....					0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....					0
15	Prior Period Adjustments.....					0
16	_____					0
17	_____					0
18	_____					0
19	Balance, September 30, 2014.....		\$160,092	(\$86,270)	\$0	\$73,822

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 NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		(\$5,726)	\$11,390
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments .....		0	0
3	Proceeds from the Sale of Short-Term Investments .....		0	0
4	Cash Outflows for Property and Equipment.....		(588)	(3,413)
5	Proceeds from Disposition of Property and Equipment.....		0	0
6	CRDA Obligations .....		(2,174)	(2,291)
7	Other Investments, Loans and Advances made.....		0	0
8	Proceeds from Other Investments, Loans, and Advances .....		0	0
9	Cash Outflows to Acquire Business Entities.....		0	0
10	Proceeds from CRDA Investments .....	7	9,870	0
11				
12	Net Cash Provided (Used) By Investing Activities.....		7,108	(5,704)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt .....		0	0
14	Payments to Settle Short-Term Debt.....		0	0
15	Proceeds from Long-Term Debt .....	2	0	1,760
16	Costs of Issuing Debt.....		0	0
17	Payments to Settle Long-Term Debt.....	2	(647)	(419)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....		0	0
20	Payments of Dividends or Capital Withdrawals.....		0	0
21	Borrowings/(Repayments) of Grid Note Payable .....	2	5,199	(5,187)
22				
23	Net Cash Provided (Used) By Financing Activities.....		4,552	(3,846)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		5,934	1,840
25	Cash and Cash Equivalents at Beginning of Period.....		19,100	19,932
26	Cash and Cash Equivalents at End of Period.....		\$25,034	\$21,772
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....	2	\$20,871	\$19,810
28	Income Taxes.....		\$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

## STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
29	Net Income (Loss).....		(\$43,309)	(\$15,960)
30	Depreciation and Amortization of Property and Equipment.....		13,141	13,161
31	Amortization of Other Assets.....		0	0
32	Amortization of Debt Discount or Premium.....		0	0
33	Deferred Income Taxes - Current .....		0	0
34	Deferred Income Taxes - Noncurrent .....		0	0
35	(Gain) Loss on Disposition of Property and Equipment.....		(9)	(40)
36	(Gain) Loss on CRDA-Related Obligations.....	7	8,554	837
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks .....		389	10,522
39	(Increase) Decrease in Inventories .....		(36)	(21)
40	(Increase) Decrease in Other Current Assets.....		(784)	(782)
41	(Increase) Decrease in Other Assets.....		(39)	1,126
42	Increase (Decrease) in Accounts Payable.....		6,395	949
43	Increase (Decrease) in Other Current Liabilities .....		8,898	(913)
44	Increase (Decrease) in Other Liabilities .....		1,074	3,140
45	Income from Property Tax Settlement .....		0	(629)
46				
47	Net Cash Provided (Used) By Operating Activities.....		(\$5,726)	\$11,390

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<b>ACQUISITION OF PROPERTY AND EQUIPMENT:</b>			
48	Additions to Property and Equipment.....		(\$588)	(\$3,413)
49	Less: Capital Lease Obligations Incurred.....		0	0
50	Cash Outflows for Property and Equipment.....		(\$588)	(\$3,413)
	<b>ACQUISITION OF BUSINESS ENTITIES:</b>			
51	Property and Equipment Acquired.....		\$0	\$0
52	Goodwill Acquired.....		0	0
53	Other Assets Acquired - net .....		0	0
54	Long-Term Debt Assumed.....		0	0
55	Issuance of Stock or Capital Invested.....		0	0
56	Cash Outflows to Acquire Business Entities.....		\$0	\$0
	<b>STOCK ISSUED OR CAPITAL CONTRIBUTIONS:</b>			
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**  
**SCHEDULE OF PROMOTIONAL**  
**EXPENSES AND ALLOWANCES**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014  
(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	298,497	\$21,824		
2	Food	246,694	7,226	44,608	2,052
3	Beverage	895,262	5,344		
4	Travel			4,294	1,510
5	Bus Program Cash				
6	Promotional Gaming Credits	1,391,666	26,548		
7	Complimentary Cash Gifts	41,345	4,753		
8	Entertainment	13,846	583	52	86
9	Retail & Non-Cash Gifts	30,181	881	57,752	2,766
10	Parking			159,073	477
11	Other	3,404	335	9,469	318
12	Total	2,920,895	\$67,494	275,248	\$7,209

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	116,984	\$8,497		
2	Food	102,230	2,838	17,902	757
3	Beverage	315,212	1,900		
4	Travel			1,248	353
5	Bus Program Cash				
6	Promotional Gaming Credits	236,431	10,747		
7	Complimentary Cash Gifts	6,693	1,571		
8	Entertainment	7,153	341	15	32
9	Retail & Non-Cash Gifts	12,132	339	27,713	1,190
10	Parking			59,039	177
11	Other	1,330	192	3,310	115
12	Total	798,165	\$26,425	109,227	\$2,624

\*No item in this category (Other) exceeds 5%.



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2014

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Division's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.S.A. 5:12-84a(1)-(5) during the quarter.

11/17/2014

Date



Daniel McFadden

Chief Financial Officer

Title

7167-11

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

Trump Taj Mahal Associates LLC (“Taj Associates” or the “Company”), a New Jersey limited liability corporation, is wholly-owned by Trump Entertainment Resorts Holdings, L.P. (“TER Holdings”), a Delaware limited partnership. TER Holdings is a wholly-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.

Recent Operations, Liquidity and Chapter 11 Proceedings; Anticipated Closing of Taj Mahal

The Company’s results of operations and cash flows for the first nine months of 2014 have been adversely affected, and did not meet management’s projections, due to a variety of factors, including extremely cold winter weather and frequent snowstorms in the Mid-Atlantic United States, increased utility costs, intense competition in our market and surrounding markets, and current economic conditions. The Company’s business is also highly dependent upon discretionary spending by visitors to its casino properties. These conditions, along with the steady decline in consumer spending and gaming revenues in Atlantic City and at the Taj Mahal over the last few years as well as uncertainty among our customer base with respect to Taj Mahal’s future, have adversely affected the Company’s financial condition and liquidity.

As a result, on September 9, 2014 (the “Petition Date”), TER and its subsidiaries, including Taj Associates, (collectively, the “Debtors”) filed voluntary petitions in the United States Bankruptcy court for the District of Delaware in Wilmington, Delaware (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: Trump Entertainment Resorts, Inc., et al., Debtors, Chapter 11 Case Nos.14-12103 through 14-12110 (KG) (the “Chapter 11 Case”)*.

The Company continues to operate its business 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 we will be able to successfully develop, execute, confirm and consummate a plan of reorganization with respect to the Chapter 11 Case that is acceptable to the Bankruptcy Court, creditors and other parties in interest.

The Company’s liquidity and capital resources are significantly affected by the Chapter 11 Case and the bankruptcy proceedings have resulted in various restrictions on its activities, limitations on financing and a need to obtain Bankruptcy Court approval for various matters. On September 10, 2014, the Bankruptcy Court approved various first day motions which have allowed the Company to continue to operate in the normal course of business. 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. 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 will 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 adversely affect the Company.

The Debtors have filed with the Bankruptcy Court a Joint Chapter 11 Plan of Reorganization, as amended (the “Plan”) and a Disclosure Statement related to the Plan (the “Disclosure Statement”). The Disclosure

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

Statement sets forth the procedures for voting to accept or reject the Plan, for filing objections to confirmation of the Plan, the record date for voting purposes and the applicable standards for tabulating ballots. The Plan provides for the resolution of claims against and interests in the Debtors. In addition, the Plan provides that, if the Plan is approved by the required vote of creditors and subsequently confirmed by the Bankruptcy Court and the applicable conditions to effectiveness set forth in the Plan are satisfied or waived, ownership of 100% of TER's common stock would be transferred to our senior secured lender, Icahn Partners and its affiliates, in exchange for partial cancellation of outstanding debt and an investment in new money exit financing. The amount of this investment by Icahn Partners and its affiliates would be \$100 million if the Taj Mahal is open at the time the Plan is confirmed and \$15 million if the Taj Mahal is closed at that time. The proposed Plan on file with the Bankruptcy Court currently provides for a collective distribution of \$1,000 on account of all allowed general unsecured claims and the distribution of interests in a litigating trust to holders of allowed general unsecured claims. To date, the Disclosure Statement and Plan have not been approved by the Bankruptcy Court, and accordingly, the provisions of the Disclosure Statement and Plan are subject to change. Nothing contained herein should be deemed a solicitation of the Plan.

On September 9, 2014, pursuant to the federal and New Jersey Worker Adjustment and Retraining Notification Acts ("WARN Acts"), the Company notified its employees that TER was reviewing strategic alternatives related to Taj Mahal with TER's Board of Directors, but unfortunately the Company had no option other than to file for chapter bankruptcy protection. The notice also indicated that the continued viability of TER and Taj Mahal would be dependent on achieving significant reductions in expenses through the bankruptcy proceeding or otherwise. The notice stated that, absent such expense reductions, TER's Board of Directors expected that the Taj Mahal would close on or shortly after November 13, 2014. Under the WARN Acts, employers with 100 or more employees are required to provide 60 calendar-day advance notification of plant closings and mass layoffs of employees, as defined in the WARN Acts.

On October 27, 2014, pursuant to the WARN Acts, the Company issued an amended notice to its employees stating that the U.S. Bankruptcy court had granted the Company's request to reject its collective bargaining agreement with Local 54, UNITE HERE, and as a result, Taj Mahal had received some relief with regard to certain operating costs. However, the amended notice stated that, absent commitments for additional financial assistance which has been requested from Atlantic City and/or the State of New Jersey and from our existing secured lenders, the Company expected that the Taj Mahal would close on or shortly after December 1, 2014.

As contemplated by the amended WARN Act notices, because commitments for additional financial assistance from Atlantic City and/or the State of New Jersey and from our existing secured lenders have not yet been received, on November 10, 2014, the Company notified representatives of the New Jersey Division of Gaming Enforcement that the Company was taking steps to prepare for a permanent closing of the Taj Mahal on or about December 12, 2014.

*Basis of Presentation*

The accompanying financial statements have been prepared pursuant to the rules and regulations of the Casino Control Commission of the State of New Jersey (the "CCC") and the New Jersey Division of Gaming Enforcement (the "DGE"). Accordingly, certain information and note disclosures normally included in the 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 the Company's December 31, 2013 Quarterly Report as filed with the CCC and DGE.

In preparing the accompanying financial statements, the Company has reviewed, as determined necessary by the Company's management, events that have occurred after September 30, 2014.

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

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

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.

Cash and cash equivalents include the following:

	<b>September 30,</b>	
	<b>2014</b>	<b>2013</b>
Unrestricted cash and cash equivalents	\$ 19,498	\$ 21,772
Restricted cash - internet gaming patron accounts	201	-
Restricted cash - other	5,335	-
Total	\$ 25,034	\$ 21,772

Cash and cash equivalents at September 30, 2014 included restricted cash related to patron deposits associated with the Company's internet gaming operations. Pursuant to New Jersey Administrative Code ("N.J.A.C") 13:690-1.3(j), the Company maintains a separate New Jersey bank account to ensure security of funds held in patrons' internet gaming accounts. On September 30, 2014, the balance in such bank account was \$1,814 and patron deposits in internet gaming accounts were \$201.

Cash and cash equivalents at September 30, 2014 also included restricted cash of \$5,335 of interest bearing cash representing a portion of the unused net proceeds received in connection with the donation of certain of its Casino Reinvestment Development Authority ("CRDA") deposits as further disclosed in Note 7. TER Holdings' Amended and Restated Credit Agreement requires that net proceeds must be reinvested in TER Holdings' casino properties or used to repay borrowings outstanding under the Amended and Restated Credit Agreement.

**NOTE 2 - DEBT**

	<b>September 30,</b>	
	<b>2014</b>	<b>2013</b>
12% Revolving Grid Note - TER Holdings, due December 31, 2015, interest due and payable monthly	\$ 225,470	\$ 210,400
Capitalized lease obligations, payments due through 2028, secured by equipment financed, interest at 8.5% to 12.0%	5,293	5,470
Other debt (financed slot machines)	781	1,459
Total debt	\$ 231,544	\$ 217,329

12% Revolving Grid Note

On July 16, 2010, the Company entered into an Amended and Restated Revolving Grid Note ("12% Grid Note") with TER Holdings. Pursuant to the 12% Grid Note, the Company agreed to repay up to \$250,000 of advances made by TER Holdings, including any accrued unpaid interest on outstanding advances thereon.

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

Guarantees

Taj Associates, along with Trump Plaza Associates LLC (“Plaza Associates”) and Trump Marina Associates LLC (“Marina Associates”) guarantees TER Holdings’ Amended and Restated Credit Agreement on a joint and several basis. The Amended and Restated Credit Agreement is secured by substantially all of the assets of TER Holdings, Plaza Associates and Taj Associates on a priority basis. At September 30, 2014, TER Holdings had outstanding borrowings of \$285,590 under the Amended and Restated Credit Agreement.

**NOTE 3 - ONLINE GAMING OPERATIONS AGREEMENT**

On June 24, 2013, (the “Effective Date”), Taj Associates entered into an Online Gaming Operations Agreement (the “Agreement”) with Fertitta Acquisitionsco LLC, doing business as Ultimate Gaming (“UG”). Pursuant to the Agreement, UG agreed to host, manage, operate and support internet gambling games in the State of New Jersey (the “Ultimate Gaming Service”) under Taj Associates’ internet gaming permit. Under the Agreement, in exchange for providing the Ultimate Gaming Service, UG received a percentage of the gross online gaming revenues after the deduction of certain player-related costs, gaming taxes and CRDA investment alternative obligations.

On October 16, 2013, the DGE issued an internet gaming permit to Taj Associates which authorizes the Company to conduct internet gaming in the State of New Jersey.

Internet gaming in the State of New Jersey commenced on November 26, 2013 after a five-day test period which began on November 21, 2013. Taj Associates’ share of internet gaming revenues is recognized within Casino revenues (net of amounts due to UG). Expenses related to internet gaming are reflected in Casino costs and expenses, net of amounts reimbursed by UG to Taj Associates. Revenues and expenses associated with internet gaming during the three and nine months ended September 30, 2014 were not material to the Company’s financial statements.

On the Effective Date, UG paid Taj Associates \$8,000 representing a revenue advancement fee under the Agreement. Such amount was recorded as deferred income and is recognized as gaming revenue when earned. Deferred income is included within Other Current Liabilities on the September 30, 2014 Balance Sheet.

In September 2014, UG notified the Company that UG was terminating the Agreement because of the Company’s failure to comply with certain terms of the Agreement and thereafter, UG ceased its internet gaming operations. The Company is in discussions with UG with respect to possible terms of a settlement of the rights and obligations of the parties under the Agreement.

**NOTE 4 - 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, 2013, the Company had state net operating loss carryforwards of approximately \$435,000 available to offset future taxable income. The New Jersey state net operating loss

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carryforwards expire from 2014 through 2033.

There was no state income tax provision during the three and nine months ended September 30, 2014 and 2013.

At September 30, 2014, the Company had unrecognized tax benefits of approximately \$851. The Company's unrecognized tax benefits would not affect its effective tax rate, if recognized.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties as a component of income tax expense. The Company did not recognize any interest associated with uncertain tax positions during the three and nine months ended September 30, 2014 and 2013.

Federal and State Income Tax Audits

Tax years 2010 through 2013 remain subject to examination by federal tax authorities. Tax years 2009 through 2013 remain subject to examination by state tax authorities.

**NOTE 5 - TRANSACTIONS WITH AFFILIATES**

The Company engages in certain transactions with TER Holdings, Plaza Associates and Marina Associates, all of which are affiliates. Amounts due (from)/to affiliates are as follows:

	<b>September 30,</b>	
	<b>2014</b>	<b>2013</b>
Plaza Associates	\$ (1,665)	\$ (1,779)
Marina Associates	(1,244)	(1,195)
TER Holdings	414	3,960
Total	\$ (2,495)	\$ 986

Taj Associates engages in various transactions with related casino entities that are affiliates of TER. These transactions are charged at cost or normal selling price in the case of retail items and include, but are not limited to, certain shared professional fees, insurance, advertising and payroll costs.

Trump Taj Mahal Associates Administration, a separate division of Taj Associates ("Trump Administration") provides certain shared services to Taj Associates and Plaza Associates. Trump Administration allocated expenses associated with such services to Plaza Associates totaling \$1,600 and \$1,648 during the nine months ended September 30, 2014 and 2013, respectively. Plaza Associates reimburses Trump Administration for these allocated expenses.

**NOTE 6 – NON-OPERATING INCOME (EXPENSE)**

Non-operating income (expense) includes interest income of \$251 and \$386 for the nine months ended September 30, 2014 and 2013, respectively.

**NOTE 7 - COMMITMENTS & CONTINGENCIES**

Bankruptcy Case

See Note 1 for a description of the Company's Bankruptcy Case, which was commenced on September 9, 2014.

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Trump AC Casino Marks, LLC Lawsuit

On August 7, 2014, TER was served with a Complaint and an Order to show Cause filed on behalf of Trump AC Casino Marks, LLC (“Trump AC”) against TER, TER Holdings, Taj Associates, Plaza Associates, Marina Associates (collectively, the “Licensee Entities”) and Icahn Agency Services, LLC (“IAS”), the administrative agent under TER Holdings’ Amended and Restated Credit Agreement, in the Superior Court of New Jersey, Chancery Division, Atlantic County. Trump AC (as successor-in-interest to Donald J. Trump and Ivanka Trump) alleges various breaches (primarily relating to the condition of Trump Plaza) under the Second Amended and Restated Trademark License Agreement entered into between the Licensee Entities and Donald J. Trump and Ivanka Trump on July 16, 2010 (the “Trademark License Agreement”).

The Complaint and Order to show Cause, among other things, seek a mandatory injunction to compel the Licensee Entities to cure the alleged breaches under the Trademark License Agreement or, in the alternative, a declaratory judgment that the Trademark License Agreement has already terminated by reason of the alleged breaches. Among other relief demanded, the complaint and order to show cause seek (i) the termination of the Trademark License Agreement; (ii) the prohibition of the Licensee Entities from further use of the “Trump” name and trademark; (iii) the removal of the “Trump” name and brand from the Trump Plaza and Trump Taj Mahal and (iv) the payment of Trump AC’s legal costs and expenses associated with enforcing its rights under the Trademark License Agreement.

In the event that the Trademark License Agreement terminates or expires for any reason, or an injunction or similar order is granted against any of the Licensee Entities, such event would constitute an event of default under TER Holdings’ Amended and Restated Credit Agreement.

Prior to the deadline for the Licensee Entities to respond to the Complaint, the Company and the other Licensee Entities commenced the Bankruptcy Case, which had the effect of staying any further proceedings in the New Jersey Superior Court with respect to the action by Trump AC. Trump AC has filed a motion in the Bankruptcy Court seeking permission to continue to pursue the legal proceedings in New Jersey Superior Court. This motion, which the Licensee Entities have opposed, is currently pending. In the event the Bankruptcy Court permits Trump AC to continue to pursue the Superior Court proceedings, the Licensee Entities intend to dispute Trump AC’s allegations.

Attorney’s Charging Lien

In connection with legal proceedings brought by the Company to challenge the City of Atlantic City’s real property tax assessments for the Company’s casino property for the periods 2008 through 2012, which (as previously disclosed) were settled during 2012, the Company became obligated to make payments with respect to legal fees owed to the New Jersey law firm that served as counsel to the Company in such proceedings and the related settlement negotiations. At the time of the settlement, the law firm filed documents with the Tax Court by which they asserted an attorney’s charging lien with respect to the settlement proceeds. On August 5, 2014, the law firm filed a motion with the tax court to enforce its alleged attorney’s charging lien and issue judgment and a writ of execution in its favor, and the tax court granted this motion. Pursuant to this judgment, the law firm began efforts to attach the Company’s bank accounts but these efforts were stayed by the commencement of the Bankruptcy Case.

Other Legal Proceedings

In addition, 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,

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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.

Casino License Resubmission

The Company is subject to regulation and licensing by the CCC and the DGE. 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 if the Company were to request a renewal.

In June 2007, the CCC renewed the Company's license to operate the Taj Mahal for the following five-year period through June 2012. During 2012, the Company and certain individuals resubmitted the required documentation supporting a renewal of their qualification and licensure and were authorized to continue to operate while the DGE performed its investigations. The DGE completed its resubmission investigation of the Company and certain individuals and determined that no information was revealed that would affect the Company's casino license. 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.

As noted above, if the Company proceeds to close the Taj Mahal on or about December 12, 2014, as currently contemplated, it is expected that the Company's casino license will be revoked or surrendered shortly thereafter.

Casino Reinvestment Development Authority Obligations

As required by the provisions of the Casino Control Act, a casino licensee must pay an investment alternative tax of 2.5% of its gross land-based casino revenues as defined in the New Jersey Casino Control Act. However, pursuant to a contract with the CRDA, the Company pays 1.25% of its gross land-based casino revenues to the CRDA (the "CRDA Payment") to fund qualified investments as defined in the Casino Control Act and such CRDA Payment entitles the Company to an investment tax credit in an amount equal to twice the amount of the CRDA Payment against the 2.5% investment alternative tax. Qualified investments may include the purchase of bonds issued by the CRDA at a below market rate of interest, direct investment in projects or donation of funds to projects as determined by the CRDA. In addition, the Company must pay an investment alternative tax of 2.5% of the gross casino revenues related to its internet gaming operations.

According to the Act, funds on deposit with the CRDA are invested by the CRDA and the resulting interest income is shared two-thirds to the casino and one-third to the CRDA. Further, the Act requires that CRDA bonds be issued at statutory rates established at two-thirds of the average rate of the Bond Buyer Weekly 25 Revenue Bond Index for bonds available for purchase during the last 26 weeks preceding the date the CRDA issues its bond. The Company records charges to expense equal to one-third of its obligation to reflect the lower return on investment at the date the obligation arises. Pursuant to the contract with the CRDA, the Company is required to make quarterly deposits with the CRDA to satisfy its investment obligations.

For the nine months ended September 30, 2014 and 2013, the Company charged to operations \$8,554 and \$837, respectively, to reflect reductions in the estimated net realizable value of certain CRDA deposits and to give effect to the below market interest rates associated with CRDA deposits and bonds.

In 1995, the CRDA passed a resolution establishing a Donation Credit Policy to serve as a guide regarding donations made by casino licensees from their available CRDA Payments. During March 2014, and in conformance with that policy, the Company requested that the CRDA approve a cash-back credit in the



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amount of \$9,870 in exchange for a donation of \$29,563 of gross deposits previously made by Trump Taj Mahal to the CRDA Atlantic City Housing and Community Development Fund and the Atlantic City Tourism District and Community Development Fund (the “CRDA Transaction”). By resolution dated March 18, 2014, the CRDA approved the CRDA Transaction.

On April 23, 2014, the Company received \$9,870 from the CRDA representing the cash-back donation credit. The Company recognized \$7,800 of expense during 2014 to record the deposits donated at their net realizable value.

*Atlantic City Tourism District*

In February 2011, as part of the State of New Jersey’s plan to revitalize Atlantic City’s casino and tourism industries, a law was enacted requiring the creation of a tourism district (the “Tourism District”) to be administered and managed by the CRDA. The Tourism District includes each of the Atlantic City casino properties, along with certain other tourism related areas of Atlantic City. The law requires, among other things, the creation of a public-private partnership between the CRDA and a private entity that represents existing and future casino licensees. The private entity, known as The Atlantic City Alliance (the “ACA”), was established in the form of a not-for-profit corporation, of which the Company is a member. The public-private partnership established between the ACA and the CRDA is for an initial term of five years. Its general purpose is to revitalize and market the Tourism District. The law requires the casinos to make an annual contribution of \$30,000 commencing January 1, 2012 for a term of five years. Each casino’s portion of the annual contributions will equate to the percentage representing its gross gaming revenue for the prior calendar quarter compared to the aggregate gross gaming revenues for that period for all casinos. During the three and nine months ended September 30, 2014, the Company recognized \$671 and \$1,850, respectively, of expense related to its portion of the \$30,000 contribution to be made during 2014. During the three and nine months ended September 30, 2013, the Company recognized \$688 and \$1,968, respectively, of expense related to its portion of the \$30,000 contribution made during 2013. The Company has made payments for all periods billed through June 30, 2014.

**NOTE 8 – FAIR VALUE MEASUREMENTS**

ASC Topic 820 – “Fair Value Measurements and Disclosures” (“ASC 820”) establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach). The levels of the hierarchy are described below:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting entity’s own assumptions.

*Balances Measured at Fair Value*

	<u>September 30, 2014</u>				<u>September 30, 2013</u>			
	<u>Balance</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Balance</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
CRDA bonds and deposits	\$ 8,409	—	\$ 8,409	—	\$ 24,230	—	\$ 24,230	—

The fair value measurements relating to our CRDA bonds and deposits were determined using inputs within Level 2 of ASC 820’s hierarchy. CRDA assets are discussed in Note 7.

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Balances Disclosed at Fair Value

The carrying amounts of financial instruments included in current assets and current liabilities approximate their fair values due to their short-term nature. The carrying amounts of CRDA investments approximate their fair value as a result of allowances established to give effect to below-market interest rates.

The estimated fair values of other financial instruments are as follows:

	<b>September 30, 2014</b>			
	<b>Amount</b>	<b>Carrying</b>	<b>Estimated</b>	<b>Fair Value</b>
	<b>Outstanding</b>	<b>Value</b>	<b>Fair Value</b>	<b>Heirarchy</b>
12% Grid Note	\$ 225,470	\$ 225,470	\$ 225,470	Level 2

	<b>September 30, 2013</b>			
	<b>Amount</b>	<b>Carrying</b>	<b>Estimated</b>	<b>Fair Value</b>
	<b>Outstanding</b>	<b>Value</b>	<b>Fair Value</b>	<b>Heirarchy</b>
12% Grid Note	\$ 210,400	\$ 210,400	\$ 210,400	Level 2

The carrying amount of the Grid Note approximates its fair value. The Company’s other long-term debt was not significant at September 30, 2014 and 2013.

**NOTE 9 – PROPERTY TAXES**

2013 and 2014 Property Tax Increases

Property taxes reflected within General, Administrative and Other expenses for the three and nine months ended September 30, 2014 include the effect of an expected increase in the 2014 property tax rate of approximately 32%, which is retroactive to January 1, 2014.

Property taxes for the three and nine months ended September 30, 2013 include the effect of a 17.5% increase in the 2013 property tax rate, which was retroactive to January 1, 2013.

2014 and 2015 Property Tax Assessment Settlement

As previously disclosed, during early 2014, Taj Associates and Plaza Associates had agreed in principle with the City of Atlantic City (the “City”) with respect to reductions to the real estate tax assessments related to Trump Taj Mahal and Trump Plaza for 2014 and 2015. Under the terms of a draft settlement agreement, the City reduced the aggregate real estate tax assessments for the 2014 and 2015 tax years to \$825.0 million for Trump Taj Mahal and \$210.0 million for Trump Plaza. Taj Associates and Plaza Associates would have been precluded from appealing or otherwise contesting such assessments for 2014 and 2015, provided that the City did not complete a city-wide real property revaluation for the 2015 tax year and/or the assessments for Trump Taj Mahal and Trump Plaza were consistent with the amounts the City assessed. The reduced assessments were to become effective as of the beginning of the 2014 tax year. The Company paid its second quarter property taxes based upon the reduced assessments.

The Company did not and will not enter into the settlement agreement with the City, due in part to the aforementioned significant, and unanticipated, increase in the 2014 property tax rate and other material provisions of the proposed agreement.

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2014 Third and Fourth Quarter Property Taxes

The Company has determined that rather than paying its third and fourth quarter property taxes when due, it would be beneficial to utilize such funds for other business purposes. Accordingly, the Company did not pay these taxes when due. As a result, the City of Atlantic City has requested approval of the Bankruptcy Court to offer for sale to third parties the tax lien certificates secured by the Taj Mahal.

**NOTE 10 – EVACUATION AND CLOSURE OF FACILITIES**

Superstorm Sandy

During late October 2012, an unusual mix of a hurricane and winter storm (“Superstorm Sandy”) caused widespread property damage and flooding to numerous regions along the Eastern United States. On October 27, 2012, in anticipation of Superstorm Sandy, the Governor of New Jersey ordered the closure of all businesses and the evacuation of Atlantic City, New Jersey. On October 28, 2012, the DGE ordered the temporary suspension of all twelve Atlantic City gaming licenses. The DGE vacated its order on November 2, 2012. Trump Taj Mahal closed to the public on October 28, 2012. Although Superstorm Sandy made landfall in close proximity to Atlantic City, Trump Taj Mahal sustained minor physical damage and was able to reopen on November 2, 2012. The Company’s results of operations were negatively impacted due to the closure and the extensive damage sustained within its primary feeder markets in the Mid-Atlantic Region.

The Company filed a claim for approximately \$9,600 with its insurance carriers relating to losses incurred through March 31, 2013 in connection with Superstorm Sandy. The Company is in the process of calculating the adverse impact that it believes the storm has had on its results of operations subsequent to March 31, 2013 for submission to the insurance carriers. While the Company has insurance that covers losses related to property damage and business interruptions, losses sustained may either be subject to significant deductibles or unfavorable coverage interpretation by the insurance carriers, or a combination of both. No payment has been received to date, nor have the carriers approved our claim. There can be no assurance that the carriers will agree with our claim and accordingly, may not pay any or part of the claim.