TRUMP TAJ MAHAL ASSOCIATES, LLC

QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2016

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 MARCH 31, 2016 AND 2015

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)	
	ASSETS:				
	Current Assets:				
1	Cash and Cash Equivalents	1	$13,146	$12,837	
2	Short-Term Investments		0	0	
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2016, $352; 2015, $6,949)	2	4,301	4,531	
4	Inventories		1,020	968	
5	Other Current Assets	6	2,765	7,186	
6	Total Current Assets		21,232	25,522	
7	Investments, Advances, and Receivables	8, 9	10,997	9,304	
8	Property and Equipment - Gross	2, 5	155,108	180,858	
9	Less: Accumulated Depreciation and Amortization	2, 5	(33,855)	(33,301)	
10	Property and Equipment - Net	2, 5	121,253	147,557	
11	Other Assets	2, 5	9,938	10,432	
12	Total Assets		$163,420	$192,815	
	LIABILITIES AND EQUITY:				
	Current Liabilities:				
13	Accounts Payable	5	$5,907	$14,597	
14	Notes Payable		0	0	
	Current Portion of Long-Term Debt:				
15	Due to Affiliates	3, 5, 9	0	226,861	
16	External	3	52	815	
17	Income Taxes Payable and Accrued	4	0	0	
18	Other Accrued Expenses	5, 8, 10	7,975	37,944	*
19	Other Current Liabilities	5, 6	34,906	11,642	*
20	Total Current Liabilities		48,840	291,859	
	Long-Term Debt:				
21	Due to Affiliates		0	0	
22	External	3	0	5,071	
23	Deferred Credits		0	0	
24	Other Liabilities		0	0	
25	Commitments and Contingencies		0	0	
26	Total Liabilities		48,840	296,930	
27	Stockholders', Partners', or Proprietor's Equity	2, 5	114,580	(104,115)	
28	Total Liabilities and Equity		$163,420	$192,815	

* 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 MARCH 31, 2016 AND 2015

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)
	Revenue:			
1	Casino		$37,483	$38,477
2	Rooms		8,060	7,904
3	Food and Beverage		3,658	3,946
4	Other		1,948	1,724
5	Total Revenue		51,149	52,051
6	Less: Promotional Allowances		14,489	16,884
7	Net Revenue		36,660	35,167
	Costs and Expenses:			
8	Casino		13,604	13,809
9	Rooms, Food and Beverage		8,411	9,186
10	General, Administrative and Other		19,242	20,905
11	Total Costs and Expenses		41,257	43,900
12	Gross Operating Profit		(4,597)	(8,733)
13	Depreciation and Amortization		1,139	2,504
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other	6	0	1,696
16	Income (Loss) from Operations		(5,736)	(12,933)
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	2	(82)	(403)
19	CRDA Related Income (Expense) - Net	8	(157)	(64)
20	Nonoperating Income (Expense) - Net	5, 7	274,949	52
21	Total Other Income (Expenses)		274,710	(415)
22	Income (Loss) Before Taxes		268,974	(13,348)
23	Provision (Credit) for Income Taxes	4	0	0
24	Net Income (Loss)		$268,974	($13,348)

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, 2015
AND THE THREE MONTHS ENDED MARCH 31, 2016

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	________ (e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2014.........**		$160,090	($250,857)		($90,767)
2	Net Income (Loss) - 2015.........			(56,999)		(56,999)
3	Capital Contributions................					0
4	Capital Withdrawals.................					0
5	Partnership Distributions...........					0
6	Prior Period Adjustments...........					0
7	Equitization of Intercompany		(6,628)			(6,628)
8						0
9						0
10	**Balance, December 31, 2015.........**		153,462	(307,856)	0	(154,394)
11	Net Income 1/1/16 - 2/29/16.....	5		270,621		270,621
12	Capital Contributions................					0
13	Capital Withdrawals.................					0
14	Partnership Distributions...........					0
15	Prior Period Adjustments...........					0
16	Elimination Predecessor Deficit	5	(37,235)	37,235		0
17	Net Loss 3/1/16 - 3/31/16			(1,647)		(1,647)
18						0
19	**Balance, March 31, 2016..............**		$116,227	($1,647)	$0	$114,580

The accompanying notes are an integral part of the financial statements.
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TRUMP TAJ MAHAL ASSOCIATES, LLC
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$1,160	($9,298)
	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..........................		(808)	(24)
5	Proceeds from Disposition of Property and Equipment...........		0	0
6	CRDA Obligations	8	(464)	(528)
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	....		0	0
11	....		0	0
12	Net Cash Provided (Used) By Investing Activities....................		(1,272)	(552)
	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		0	0
16	Costs of Issuing Debt...		0	0
17	Payments to Settle Long-Term Debt.....................................	3	(83)	(295)
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, 3	0	9,989
22	....		0	0
23	Net Cash Provided (Used) By Financing Activities...................		(83)	9,694
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(195)	(156)
25	Cash and Cash Equivalents at Beginning of Period..................		13,341	12,993
26	Cash and Cash Equivalents at End of Period............................		$13,146	$12,837

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)....................................	2	$1,699	$403
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 THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		$268,974	($13,348)
30	Depreciation and Amortization of Property and Equipment		1,139	2,504
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		0	0
36	(Gain) Loss on CRDA-Related Obligations	8	157	64
37	(Gain) Loss from Other Investment Activities		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		(195)	(198)
39	(Increase) Decrease in Inventories		136	(139)
40	(Increase) Decrease in Other Current Assets		698	(742)
41	(Increase) Decrease in Other Assets		(6)	230
42	Increase (Decrease) in Accounts Payable		(683)	619
43	Increase (Decrease) in Other Current Liabilities		3,925	425
44	Increase (Decrease) in Other Liabilities		0	1,287
45	Non-Cash Reorganization Gain	5, 7	(272,985)	0
46			0	0
47	Net Cash Provided (Used) By Operating Activities		$1,160	($9,298)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line	Description	Notes	2016	2015
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($808)	($24)
49	Less: Capital Lease Obligations Incurred		0	0
50	Cash Outflows for Property and Equipment		($808)	($24)
	ACQUISITION OF BUSINESS ENTITIES:			
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
	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
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 2016
(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	67,529	$5,201		
2	Food	46,712	1,166	35,271	726
3	Beverage	197,012	1,140		
4	Travel			497	149
5	Bus Program Cash				
6	Promotional Gaming Credits	169,234	5,469		
7	Complimentary Cash Gifts	12,597	1,044		
8	Entertainment	5,865	219	250	17
9	Retail & Non-Cash Gifts	9,299	183	21,334	844
10	Parking			48,532	146
11	Other	801	67	2,295	74
12	Total	509,049	$14,489	108,179	$1,956

FOR THE THREE MONTHS ENDED ___________________, 20

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	67,529	$5,201		
2	Food	46,712	1,166	35,271	726
3	Beverage	197,012	1,140		
4	Travel			497	149
5	Bus Program Cash				
6	Promotional Gaming Credits	169,234	5,469		
7	Complimentary Cash Gifts	12,597	1,044		
8	Entertainment	5,865	219	250	17
9	Retail & Non-Cash Gifts	9,299	183	21,334	844
10	Parking			48,532	146
11	Other	801	67	2,295	74
12	Total	509,049	$14,489	108,179	$1,956

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

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

FOR THE QUARTER ENDED MARCH 31, 2016

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.

5/16/2016
Date

Mimi Jennings-Benvenuti

Director of Finance
Title

004526-35
License Number

On Behalf of:

TRUMP TAJ MAHAL ASSOCIATES, LLC
Casino Licensee

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 "Trump Taj Mahal"), an Atlantic City, New Jersey hotel, casino and convention center complex. Taj Associates derives its revenue primarily from casino operations, room rentals, 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.

Chapter 11 Proceedings

On September 9, 2014 (the "Petition Date"), TER and its subsidiaries, including Taj Associates (collectively, the "Debtors"), filed voluntary Chapter 11 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"). The Debtors' 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) (collectively, the "Chapter 11 Case").

On September 10, 2014, the Bankruptcy Court entered orders approving various first day motions which 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 was not permitted to make any payments on pre-petition liabilities during the pendency of the Chapter 11 Case without prior Bankruptcy Court approval. Under the priority schedule established by the Bankruptcy Code, certain post-petition and pre-petition liabilities were required to be satisfied before general unsecured creditors and equity holders would be entitled to receive any distribution. During 2015 and through February 25, 2016, the Company continued to operate its business as a debtor-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court. The Company's liquidity and capital resources have been significantly affected by the Chapter 11 Case and the bankruptcy proceedings resulted in various restrictions on its activities, limitations on financing, and a need to obtain Bankruptcy Court approval for various matters.

On October 17, 2014, the Bankruptcy Court approved the Debtors' motion to (i) reject the collective bargaining agreement with UNITE HERE Local 54 ("Local 54") and (ii) implement modified terms of a new collective bargaining agreement. This order of the Bankruptcy Court (the "CBA Order") allowed the Debtors to withdraw from the Local 54 Health and Welfare Fund and, instead, substitute with health care coverage under the 2010 Patient Protection and Affordable Care Act (the "Affordable Care Act"). As a result of the CBA Order, full time employees who are members of Local 54 receive additional compensation of $2,000 per year to offset, and in some cases, completely defray the cost of obtaining health insurance now available to them and their families under the Affordable Care Act. In addition, in accordance with the CBA Order, the Debtors ceased making contributions to the Local 54 Pension Fund and instead instituted an employer sponsored 401(k) plan for Local 54 members with the employer matching contributions up to 1% of each employee's compensation per year. Other changes made by the Company in accordance with the CBA Order, among others, included job consolidation, elimination of paid meal time, reduction in holiday pay, reduction in guaranteed payment when sent home early, expansion of subcontractor utilization and increase in minimum number of rooms to be cleaned daily by housekeepers.

On October 23, 2014, Local 54 filed a notice of appeal regarding the CBA Order (the "CBA Appeal") with the United States Court of Appeals for the Third Circuit (the "Court of Appeals"). On January 15, 2016, the Court of Appeals affirmed the CBA Order issued by the Bankruptcy Court. This ruling allowed the Company to move forward with emergence from bankruptcy. On April 14, 2016, Local 54 filed a petition for certiorari with the United States Supreme Court seeking review of the Court of Appeals' decision.

On January 30, 2015, the Bankruptcy Court entered an order (i) approving the Disclosure Statement for Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code; (ii) establishing procedures for solicitation and tabulation of votes to accept or reject the Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (the "Proposed Plan"); (iii) establishing procedures with respect to, and the deadline for filing objections to (a) confirmation of the Proposed Plan, and (b) the Debtors' proposed cure amounts for unexpired leases and executory contracts to be assumed pursuant to the Proposed Plan; and (iv) granting related relief.

Also, on January 30, 2015, the Bankruptcy Court entered an order authorizing the Debtors' to obtain post-petition financing (the "DIP Facility") pursuant to that certain Superpriority Senior Secured Priming Debtor-in-Possession Credit Agreement (as amended, modified or supplemented from time to time, the "DIP Agreement") between the Debtors as borrowers, IEH Investments I LLC as initial lender, and Icahn Agency Services, LLC as collateral agent and administrative agent, dated as of February 5, 2015. On March 19, 2015, the Bankruptcy Court entered an order authorizing the Debtors to amend the DIP Agreement. The DIP Agreement, as amended, provided for the Debtors to draw term loans (the "DIP Term Loans") for certain purposes as set forth in the DIP Agreement, not to exceed $26,500 in the aggregate. The DIP Agreement required the Debtors to pay interest on the aggregate outstanding principal amount of the DIP Term Loans at a rate equal to 10% per annum, with accrued and unpaid interest automatically capitalized and added to the outstanding principal (the "PIK Interest"). The maturity date of the DIP Term Loans was originally set as the earliest of (a) December 31, 2015, (b) March 13, 2015, if a Confirmation Order (as defined in the DIP Agreement) was not entered on or before said date, (c) the date on which the Plan (as defined below) shall become effective, and (d) the date of acceleration of the DIP Term Loans in accordance with Section 6.01 of the DIP Agreement. The DIP Agreement has been further amended as follows:

- On November 18, 2015, the Bankruptcy Court entered an order approving a second amendment to the DIP Agreement between the Debtors, IEH Investments I LLC and Icahn Agency Services, LLC. This amendment changed the definition of "Maturity Date" as set forth in Article I of the DIP Agreement by replacing December 31, 2015 in clause (a) with June 30, 2016. In addition, the definition of "Material Adverse Effect" set forth in Article I of the DIP Agreement was amended to exclude a potential reversal or modification of the CBA Order.
- On December 3, 2015, the Bankruptcy Court entered an order approving a third amendment to the DIP Agreement which increased the authorized amount of the DIP Facility from $26,500 to $39,100. The increase in the authorized amount of the DIP Facility was to allow the Debtors to pay outstanding 2015 real estate taxes and interest due to the City of Atlantic City.
- On February 17, 2016, the Bankruptcy Court entered an order approving a fourth amendment to the DIP Agreement which increased the authorized amount of the DIP Facility from $39,100 to $44,300. This increase was to allow the Debtors to pay outstanding real estate taxes for the first quarter of 2016.

The total outstanding balance of the DIP Term Loans as of February 26, 2016 was $35,613, which included $2,139 of PIK Interest.

On March 12, 2015, the Bankruptcy Court entered an order (the "Confirmation Order") confirming the Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code As Modified (as amended, modified or supplemented from time to time, the "Plan"). The overall purpose of the Plan is to provide for the restructuring of the Debtors' liabilities in a manner designed to maximize recovery to stakeholders, to enhance the financial viability of the Reorganized Debtors and, most importantly, to preserve the Debtors' businesses and operations on a go-forward basis. Under the Plan, the occurrence of the effective date of the Plan (the "Effective Date") was subject to certain conditions, including a favorable decision on the CBA Appeal, which the Company was entitled to waive with the consent of the First Lien Lenders (as defined below).

As previously disclosed, prior to confirmation of the Plan, the Debtors entered into, and the Bankruptcy Court approved, settlement agreements with certain parties which had objected to the Plan, including Trump AC Casino Marks LLC ("Trump AC") and a New Jersey law firm. The settlement agreements with those parties resolved their objections to confirmation of the Plan.

On February 26, 2016, the Effective Date of the Plan occurred and the transactions contemplated by the Plan were consummated. The following is a summary of transactions that occurred pursuant to the Plan. This summary only highlights certain of the substantive provisions of the Plan and is not intended to be a complete description of, or a substitute for a full and complete reading of, the Plan. This summary is qualified in its entirety by reference to the full text of the Plan.

Pursuant to the Plan, on the Effective Date, the following occurred:

- The existing pre-petition senior secured debt under the Amended and Restated Credit Agreement (as defined below) in the amount of $285,590 held by Icahn Partners LP and related entities (the "First Lien Lenders"), was extinguished and converted into 100% of TER's New Common Stock (as defined in the Plan). The First Lien Lenders waived any deficiency claims on account of that debt, and further waived any administrative or priority claims they may have had with respect to that debt. As a result of the above, IEH Investments I LLC, a subsidiary of Icahn Enterprises, LP, became the 100% owner of reorganized TER.
- TER entered into a new Credit Agreement (the "Credit Agreement") with IEH Investments I LLC as Initial Lender (the "Lender") and Icahn Agency Services, LLC, as Collateral Agent and Administrative Agent. Per the Credit Agreement, the Lender agreed to provide up to $91,613 in new term loans (the "Exit Financing"), consisting of (a) a new senior secured revolving credit facility (the "Revolving Loan") in the aggregate principal amount of $40,000 (the "Revolving Loan Commitments"), and (b) a new term loan exit facility in the aggregate principal amount of $16,000 plus $35,613, the aggregate amount of the DIP Facility outstanding on the Effective Date (the "Term Loan").
- The funding of the Distribution Trust (as defined in the Plan) with $3,500 for the benefit of holders of Allowed General Unsecured Claims (as defined in the Plan).
- Payments of administrative, priority and secured claims were made (or will be made) in accordance with the Plan.
- A new Board of Directors of TER was appointed as of the Effective Date.

As the transactions described above were not consummated until February 26, 2016, they are not reflected in the historical financial statements of the predecessor company for periods prior to that date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2015 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 March 31, 2016.

(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.

Accounting Impact of Chapter 11 Case

The accompanying financial statements have been prepared in accordance with Topic 852 – "Reorganizations" of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") ("ASC 852") and on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business. As previously disclosed, the Company has experienced significant recurring net losses. Further, the filing of the Chapter 11 Case constituted an event of default or otherwise triggered repayment obligations under the Amended and Restated Credit Agreement (as defined). As a result, all indebtedness outstanding as of the Petition Date became automatically due and payable. Following the Effective Date of the Plan, the ability of the Company to continue as a going concern is contingent upon, among other things, (i) the ability of the Company to generate cash from operations and to maintain adequate cash on hand, and (ii) the Company's ability to regain lost business and 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.

Liabilities subject to compromise in the Balance Sheet as of March 31, 2015 related to certain of the liabilities of the Debtors incurred prior to the Petition Date. In accordance with ASC 852, liabilities subject to compromise are recorded at the estimated amount that is expected to be allowed as pre-petition claims in the Chapter 11 Case, even if they may be settled for lesser amounts in the future. Adjustments may result from negotiations, actions of the Bankruptcy Court, further developments with respect to disputed claims, rejection of executory contracts and unexpired leases, proofs of claim, implementation of a plan of reorganization or other events.

Liabilities subject to compromise consisted of the following:

	March 31, 2015
Accounts payable	$ 8,490
Other current liabilities	2,384
Other accrued expenses	11,050
Current portion LT debt external	181
Current portion LT debt affiliates	226,861
Long term debt external	4,998
Total	$ 253,964

All post-petition liabilities have been, and continue to be, satisfied in the ordinary course of business.

(in thousands)

The following table summarizes the net gain on reorganization and related items and fresh-start adjustments:

		For the Three Months Ended March 31, 2016
Cancellation of indebtedness income	$	(227,384)
Revaluation of assets and liabilities in connection with fresh-start reporting (a)		-
Cancellation of pre-petition liabilities income		(48,013)
Other		480
Total gain on reorganization and fresh-start adjustments	$	(274,917)

(a) Fresh-start valuation in progress. DGE Quarterly Report will be amended when final valuation report is received.

The Company was required to accrue interest expense during the Chapter 11 Case only to the extent that it was probable that such interest would be paid pursuant to the proceedings. Given that the Plan did not provide for recovery of interest expense related to the Amended and Restated Credit Agreement (as defined), the Company ceased recording contractual interest expense on the 12% Revolving Grid Note on September 9, 2014, the Petition Date. If the Company had recorded interest expense under its pre-petition contractual agreements, total interest expense during the quarters ended March 31, 2016 and 2015 would have been $4,234 and $6,830, respectively.

Upon emergence from Chapter 11, we adopted fresh-start reporting in accordance with ASC 852. Under fresh-start reporting, a new entity was deemed to have been created for financial reporting purposes and the recorded amounts of assets and liabilities were adjusted to reflect their estimated fair values. The term “Predecessor Company” refers to TER and its subsidiaries for periods prior to and including February 26, 2016 and the new “Reorganized Company” refers to TER and its subsidiaries for periods on and subsequent to February 26, 2016. Since the Effective Date was within several days of February month end, TER and its subsidiaries used the convenience date of February 29, 2016 as the Effective Date for purposes of closing the books of the Predecessor Company.

As a result of the adoption of fresh-start reporting, the Reorganized Company’s post-emergence financial statements are generally not comparable with the financial statements of the Predecessor Company prior to its emergence from bankruptcy, including the historical financial statements included in this report. Due to the adoption of fresh-start reporting, the Predecessor Company and the Reorganized Company financial statements are prepared on different bases of accounting.

<u>Cash and Cash Equivalents</u>

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:

	March 31, 2016		March 31, 2015	
Unrestricted cash and cash equivalents	$	13,146	$	12,229
Restricted cash - other		-		608
Total	$	13,146	$	12,837

Restricted cash of $608 at March 31, 2015 represented a portion of the unused net proceeds the Company received during 2014 in connection with a donation of certain of its Casino Reinvestment Development Authority ("CRDA") deposits. TER Holdings' Amended and Restated Credit Agreement (as defined) required that net proceeds be reinvested in TER Holdings' casino properties or used to repay borrowings outstanding under the Amended and Restated Credit Agreement. Such amounts were used in 2015 for capital expenditures and property maintenance.

(in thousands)

Revenue Recognition and Allowance for Doubtful Accounts

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

As discussed in Note 5, the Company adopted fresh-start reporting upon its emergence from Chapter 11 on the Effective Date, which required the Company to record its accounts receivable at net realizable value. As of the Effective Date, the net realizable value of accounts receivable was determined to be the carrying amount, net of previously established allowances for doubtful accounts. Therefore, previously established allowances for doubtful accounts were eliminated as of the Effective Date.

3. DEBT

	March 31, 2016	March 31, 2015
12% Revolving Grid Note - TER Holdings, subject to compromise, due December 31, 2015, interest due and payable monthly	$ -	$ 226,861
Capitalized lease obligations, payments due through 2028, secured by equipment financed, interest at 8.5% to 12%	-	5,196
Other debt (financed slot machines)	52	690
Total debt	$ 52	$ 232,747

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. As disclosed in Note 2 (Accounting Impact of Chapter 11 Case), the Company ceased recording interest on the 12% Grid Note as of September 9, 2014, the Petition Date.

Event of Default

As discussed in Note 1, on September 9, 2014, the Debtors filed voluntary Chapter 11 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

Amended and Restated Credit Agreement (as defined). As a result, all indebtedness outstanding 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 were subject to settlement under the Plan. As described below, the Company guaranteed the indebtedness under the Amended and Restated Credit Agreement, therefore, the Company has classified its intercompany indebtedness within current liabilities in the accompanying Balance Sheet as of March 31, 2015.

Guarantees

Taj Associates, along with Trump Plaza Associates LLC ("Plaza Associates") and Trump Marina Associates LLC ("Marina Associates") guaranteed TER Holdings' Amended and Restated Credit Agreement (the "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 March 31, 2015, TER Holdings had outstanding borrowings of $285,590 under the Amended and Restated Credit Agreement, all of which were accelerated as a result of the filing of the Chapter 11 Case.

DIP Facility

As discussed in Note 1, the Bankruptcy Court entered an order which authorized the Debtors' to obtain post-petition financing through the DIP Facility. The DIP Agreement, as amended, provided for the Debtors to draw DIP Term Loans at an interest rate equal to 10% per annum, with accrued and unpaid interest automatically capitalized and added to the outstanding principal. The total outstanding balance of the DIP Term Loans as of February 26, 2016 was $35,613, which included $2,139 of PIK Interest.

Taj Associates, along with Plaza Associates and Marina Associates, guaranteed all amounts outstanding under the DIP Agreement on a joint and several basis. The DIP Agreement is secured by substantially all of the assets of TER Holdings and its subsidiaries, including Taj Associates, on a priority basis. The indebtedness under the DIP Agreement was repaid through term loans made on the Effective Date under the new Credit Agreement described in Note 1.

New Credit Agreement

As discussed in Note 1, upon emergence from bankruptcy, TER entered into the new Credit Agreement with IEH Investments I LLC as Lender and Icahn Agency Services, LLC, as Collateral Agent and Administrative Agent. Per the Credit Agreement, the Lender agreed to provide up to $91,613 in Exit Financing consisting of (a) a Revolving Loan in the aggregate principal amount of $40,000, and (b) a Term Loan in the aggregate principal amount of $16,000 plus $35,613, the aggregate amount of the DIP Facility outstanding on the Effective Date. Interest on both the Term Loan and the Revolving Loan is calculated at a rate of 8% per annum, with accrued and unpaid interest automatically capitalized and added to the outstanding principal of each of the respective loans.

TER's outstanding balance of the Term Loan as of March 31, 2016 is $52,008 which includes $395 of PIK interest. TER received Revolving Loan draws of $23,463 on March 2, 2016 and $5,142 on March 4, 2016. The outstanding balance of the Revolving Loan as of March 31, 2016 is $28,790 which includes $185 of PIK Interest.

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 "Act"), the Company is required to file New Jersey corporation business tax returns. At December 31, 2015, the Company had state net operating loss carryforwards of $609,000 available to offset future taxable income. The New Jersey state net operating loss carryforwards expire from 2029 through 2035.

There was no state income tax provision during the three months ended March 31, 2016 and 2015.

At December 31, 2015, the Company had unrecognized tax benefits of approximately $525. 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 months ended March 31, 2016 and 2015.

State Income Tax Audits

Tax years 2011 through 2015 remain subject to examination by state tax authorities.

Potential Chapter 11 Case Implications

The Company's debt was restructured as a result of the Chapter 11 Case. The Company anticipates that it would recognize "cancellation of indebtedness" income and as a result, the Company could be required to reduce certain tax attributes such as NOLs and the tax basis of its assets. Any such reduction could result in increased future tax liabilities for the Company.

5. FRESH START REPORTING

The fresh-start valuation is currently being performed by an independent valuation firm. When the final fresh-start valuation report is received, the Company will amend the DGE quarterly report to include all necessary fresh-start adjustments.

We adopted fresh-start reporting upon our emergence from Chapter 11 on the Effective Date in accordance with ASC 852. We were required to apply the fresh-start reporting provisions of ASC 852 to our financial statements because (i) the reorganization value of the assets of the emerging entity immediately before the date of confirmation was less than the total of all post-petition liabilities and allowed claims and (ii) holders of existing voting shares of TER's common stock immediately before confirmation (i.e. the holders of shares of the common stock of the Predecessor Company that were issued and outstanding prior to the commencement of the Chapter 11 proceedings) received less than 50 percent of the voting shares of the emerging entity. Under ASC 852, application of fresh-start reporting is required on the date on which a plan of reorganization is confirmed by a bankruptcy court, but ASC 852 further provides that fresh-start reporting should not be applied until all material conditions to the plan of reorganization are satisfied. All material conditions to the Plan were satisfied as of February 26, 2016 or shortly thereafter.

Fresh-start reporting required us to adjust the historical cost bases of our assets and liabilities to their fair value as determined by the reorganization value of the Debtors as set forth in the Plan. For purposes of the Plan, the range of reorganization value of the Reorganized Debtors was estimated to be between $170,000 and $207,000 by using a variety of analyses and methodologies, including comparable public company analysis, transaction multiple analysis and discounted cash flow analysis. As set forth in the Disclosure

(in thousands)

Statement, as approved by the Bankruptcy Court, the reorganization value was estimated to be $188,500. The reorganization value will be allocated among Reorganized TER's net assets in conformity with procedures specified by ASC 805 – "Business Combinations" ("ASC 805"). TER engaged an independent valuation firm to assist us in the allocation of reorganization value to our assets and liabilities and we will use the valuation firm's analysis and other information to make the allocations as of the Effective Date. The adoption of fresh-start reporting resulted in the following adjustments to Taj Associates' balance sheet as of February 26, 2016.

	Predecessor Company February 26, 2016	Effects of the Plan of Reorganization		Fresh-start Adjustments		Reorganized Company February 26, 2016
Current assets:						
Cash and cash equivalents	$ 13,787	$ 45	(a)	$ -		$ 13,832
Accounts receivable. net	4,355	(45)	(b)	-		4,310
Other current assets	3,868	(75)	(b)	-		3,793
Total current assets	22,010	(75)		-		21,935
Net property and equipment	121,185	-		-		121,185
Other long-term assets:						
Intangible assets	7,500	-		-		7,500
Other assets, net	13,389	(50)	(b)	-		13,339
Total assets	**$ 164,084**	**$ (125)**		**$ -**		**$ 163,959**
Current liabilities:						
Accounts payable and accrued expenses	$ 93,622	$ (47,658)	(c)	$ -		$ 45,964
Accrued interest payable	1,681	-		-		1,681
Current maturiities of long-term debt	227,471	(227,384)	(d)	-		87
Total current liabilities	322,774	(275,042)		-		47,732
Total (deficit) equity	(158,690)	274,917	(e)	-	(e)	116,227
Total liabilities and (deficit) equity	**$ 164,084**	**$ (125)**		**$ -**		**$ 163,959**

Adjustments to Record the Effects of the Plan of Reorganization

(a) This adjustment represents elimination of outstanding check liability related to unclaimed property.
(b) These adjustments are related to the reduction of various assets based on contract cure settlements and pre-petition liability set-offs.
(c) These adjustments represent the elimination of pre-petition liabilities netted with court approved claim payments made on or shortly after the Effective Date.
(d) Extinguishment of 12% Grid Note with TER Holdings.
(e) These adjustments to equity reflect the capitalization of the Reorganized Company and related fresh-start reporting adjustments on the Effective Date.

Fresh-Start Reporting Adjustments

The determination of fair value of assets and liabilities is subject to significant estimation and assumptions and there can be no assurances that the estimates, assumptions and values reflected in the valuations will be realized and actual results could vary materially.

(in thousands)

The above schedule will be revised and the DGE report will be amended when the Company's final fresh-start valuation report is received.

6. 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:

	March 31, 2016		March 31, 2015	
Plaza Associates	$	(142)	$	(4,562)
Marina Associates		14		(1,357)
TER Holdings (a)		26,441		442
Total	$	26,313	$	(5,477)

(a) Due primarily to borrowings from TER Holdings in order to satisfy outstanding real estate taxes from 2014 and 2016.

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") provided certain shared services to Taj Associates and Plaza Associates. Amounts allocated from Trump Administration to Taj Associates are included in Other Charges from Affiliates on the accompanying 2015 Statement of Income. There were no expenses allocated to Trump Plaza Associates for the three months ended March 31, 2015, as Trump Plaza was closed for business effective September 16, 2014. Effective January 1, 2015, Trump Administration's expenses were allocated entirely to Taj Associates. Effective January 1, 2016, Trump Administration employees and all related payroll and operating expenses were transferred to Taj Associates. As such, all expenses are included in Taj Associates' financials and are no longer reported as Charges from Affiliates in the accompanying 2016 Statement of Income.

7. NON-OPERATING INCOME (EXPENSE)

Non-operating income (expense) for the three months ended March 31 consists of the following:

	Three months ended March 31, 2016		Three months ended March 31, 2015	
Interest Income	$	62	$	82
Debt Extinguishment		227,384		-
Reorganization income		47,533		-
Other		(30)		(30)
Total	$	274,949	$	52

8. COMMITMENTS & CONTINGENCIES

Chapter 11 Case

On September 9, 2014 (the "Petition Date"), TER and its subsidiaries (collectively, the "Debtors"), filed voluntary Chapter 11 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"). The Debtors' 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) (collectively, the "Chapter 11 Case"). See Note 1 for additional information.

Unfair Labor Practice Charges

In addition to appealing the CBA Order, which (as discussed above in Note 1) authorized the Company and the other Debtors to reject the collective bargaining agreement with Local 54 and implement modified terms of employment for Local 54 members, Local 54 also filed an unfair labor practice charge ("ULP") with the National Labor Relations Board ("NLRB") on December 23, 2014, challenging the Company's actions taken in accordance with the CBA Order. This ULP named both Trump Taj Mahal and Carl Icahn as employers, alleging the existence of a joint employer relationship. Local 54 asserted that the employers unilaterally, and without bargaining to impasse, changed the terms and conditions of employment for Local 54's members in violation of the National Labor Relations Act (the "NLRA"). The Company responded to these allegations by calling the NLRB's attention to the Bankruptcy Court's CBA Order, which expressly authorized Trump Taj Mahal to take the actions it did. On February 18, 2015, notwithstanding the CBA Order, the NLRB issued a determination that Trump Taj Mahal violated Section 8(a)(5) of the NLRA by unilaterally implementing changes to the terms and conditions of employment for members of Local 54. However, the Regional Director of the NLRB submitted the case to the NLRB's Division of Advice in Washington for a determination as to when to issue a complaint against the Company in light of Local 54's pending appeal of the CBA Order before the United States Court of Appeals for the Third Circuit. The Company has been advised that the NLRB is holding in abeyance the filing of a complaint with respect to this ULP charge pending resolution of the appeal. The NLRB staff also sought advice from Washington with respect to the issue of whether Carl Icahn and Trump Taj Mahal are joint employers and the NLRB's Division of Advice reached a determination that Mr. Icahn and Trump Taj Mahal should be considered joint employers. The Company intends to contest this determination if the NLRB proceeds with a complaint in this matter.

Prior to the NLRB's February 18, 2015 determination with respect to the above-referenced ULP, the Union amended its charge to also allege that Trump Taj Mahal and Carl Icahn engaged in surface bargaining, in violation of the NLRA. Further, since January 2015, Local 54 has continued to file numerous additional ULPs (some of which have been withdrawn) against Trump Taj Mahal and Carl Icahn alleging various violations of the collective bargaining agreement, some of which relate to the implementation of the CBA Order but most of which involve questions of contract interpretation. The NLRB has upheld all of the charges filed and not withdrawn by Local 54 but to date no complaints have been served on the Company.

The Company intends to vigorously defend the ULP charges asserted by Local 54. The Company cannot predict what action the NLRB may ultimately take with regard to these matters or the impact on the Company of any such action.

Legal Proceedings

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 has also calculated the adverse impact that it believes the storm had on its results of operations subsequent to March 31, 2013 for further 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.

As a result, on October 29, 2015, TER and its subsidiaries (including the Company) filed a lawsuit in the Superior Court of New Jersey–Atlantic County against the two insurance carriers for benefits under the insurance policies, as a result of Superstorm Sandy, which have not been paid. The lawsuit alleges Breach of Contract and Breach of Implied Covenant of Good Faith and Fair Dealing against both insurance carriers. TER is seeking compensatory damages, consequential damages, pre-judgment interest and post-judgment interest, cost of suit, attorneys' fees and such other relief as the court may deem equitable and just. We are currently in the early stages of discovery requests.

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, 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 Trump 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.

Casino Reinvestment Development Authority Obligations

As required by the provisions of the 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 three months ended March 31, 2016 and 2015, the Company charged to operations $157 and $64, respectively, to reflect reductions in the estimated net realizable value of certain CRDA deposits due to certain transactions and to give effect to the below market interest rates associated with CRDA deposits and bonds.

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 months ended March 31, 2016 and 2015, the Company recognized expense of $504 and $622, respectively, related to its portion of the $30,000 contribution to be made during those years.

9. 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.

(in thousands)

Balances Measured at Fair Value on a recurring basis

	March 31, 2016				March 31, 2015			
	Balance	Level 1	Level 2	Level 3	Balance	Level 1	Level 2	Level 3
CRDA bonds and deposits	$ 10,997	-	-	$ 10,997	$ 9,304	-	-	$ 9,304

The amounts recorded related to CRDA bonds and deposits are classified within Investments, Advances and Receivables, net on the Balance Sheets as of March 31, 2016 and 2015. CRDA investments are discussed further in Note 8.

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 bonds and deposits approximate their fair value as a result of allowances established to give effect to below-market interest rates.

Due to the intercompany nature of the 12% Grid Note, the fair value at March 31, 2015 cannot be calculated. The Company's other long-term debt was not significant at March 31, 2016 and 2015.

10. PROPERTY TAXES

Property Tax Expense

Property taxes of $4,410 and $6,909 are recorded within General, Administrative and Other Expenses on the accompanying Statements of Income for the three months ended March 31, 2016 and 2015.

2014 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 assessed values 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 assessed values for the 2014 and 2015 tax years to $825 million for Trump Taj Mahal and $210 million for Trump Plaza. Taj Associates and Plaza Associates would have been precluded by the terms of the draft settlement agreement 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 assessed values were to become effective as of the beginning of the 2014 tax year.

The Company did not and will not enter into the above settlement agreement with the City, due in part to the significant and unanticipated increase in the 2014 property tax rate and also due to other material provisions of the proposed agreement. As a result, the Company's appeal of the 2014 real estate assessments is still pending.

2015 Property Tax Assessment Reduction

In February 2015, the Company received its Notices of Property Tax Assessments for 2015 from the Atlantic City Assessor, which reduced the aggregate real estate assessed values to $500 million for Trump Taj Mahal. However, the Company appealed this assessment and that appeal is still pending.

2016 Property Tax Assessment Reduction

In February 2016, the Company received its Notices of Property Tax Assessments for 2016 from the Atlantic City Assessor, which further reduced the aggregate real estate assessed values to $225 million for Trump Taj Mahal. The Company has also appealed this assessment.

11. SUBSEQUENT EVENTS

Tropicana Entertainment Management Agreement

On March 2, 2016, Trump Taj Mahal Associates, LLC and TEI Management Services LLC ("TEI") filed a joint petition with the Division of Gaming Enforcement for approval of a management agreement dated March 1, 2016, by and between Taj Associates, TEI and IEH Investments I LLC. The petition was approved by the DGE on April 13, 2016, the management agreement became effective and the Company is now managed by TEI, a subsidiary of Tropicana Entertainment Inc., which runs eight casinos, including Tropicana in Atlantic City.

Credit Agreement Amendment

As discussed in Note 1, upon emergence from bankruptcy, TER entered into the Credit Agreement dated February 26, 2016. Per the Credit Agreement, the Lender agreed to provide up to $91,613 in Exit Financing consisting of (a) a Revolving Loan in the aggregate principal amount of $40,000, and (b) a Term Loan in the aggregate principal amount of $16,000 plus $35,613, the aggregate amount of the DIP Facility outstanding on the Effective Date.

A meeting of the Independent Directors (the "Independent Directors") of the Board of Directors of TER was held on April 28, 2016. At that meeting, the Independent Directors approved an amendment to the Credit Agreement which increased the amount of the Revolving Loan Commitments by $10,000, from $40,000 to $50,000.