

**TRUMP TAJ MAHAL ASSOCIATES, LLC
QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

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



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

TRUMP TAJ MAHAL ASSOCIATES, LLC

BALANCE SHEETS

AS OF SEPTEMBER 30, 2007 AND 2006

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)	
	<u>ASSETS:</u>				
	Current Assets:				
1	Cash and Cash Equivalents.....		\$37,006	\$38,455	*
2	Short-Term Investments.....				
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2007, \$8,064; 2006, \$6,319).....		31,840	28,359	*
4	Inventories		4,743	5,790	*
5	Other Current Assets.....		9,285	7,918	*
6	Total Current Assets.....		82,874	80,522	*
7	Investments, Advances, and Receivables.....		25,150	21,701	
8	Property and Equipment - Gross.....		996,401	829,855	*
9	Less: Accumulated Depreciation and Amortization.....		(73,759)	(43,796)	*
10	Property and Equipment - Net.....		922,642	786,059	*
11	Other Assets.....	4	186,614	192,108	*
12	Total Assets.....		\$1,217,280	\$1,080,390	*
	<u>LIABILITIES AND EQUITY:</u>				
	Current Liabilities:				
13	Accounts Payable.....		\$25,413	\$9,158	*
14	Notes Payable.....				
	Current Portion of Long-Term Debt:				
15	Due to Affiliates.....				
16	External.....	5	1,922	7,405	
17	Income Taxes Payable and Accrued.....	6	3,470	8,777	
18	Other Accrued Expenses.....		22,945	22,216	*
19	Other Current Liabilities.....		22,935	19,433	*
20	Total Current Liabilities.....		76,685	66,989	*
	Long-Term Debt:				
21	Due to Affiliates.....	5	654,633	568,327	
22	External.....	5	31	1,593	
23	Deferred Credits	6	16,817	17,211	*
24	Other Liabilities.....	6	6,252	400	*
25	Commitments and Contingencies.....	9			
26	Total Liabilities.....		754,418	654,520	*
27	Stockholders', Partners', or Proprietor's Equity.....		462,862	425,870	*
28	Total Liabilities and Equity.....		\$1,217,280	\$1,080,390	*

* Reclassifications to conform to present year presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRUMP TAJ MAHAL ASSOCIATES, LLC

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	Revenue:			
1	Casino.....		\$389,715	\$401,481
2	Rooms.....		28,626	26,802 *
3	Food and Beverage.....		43,367	43,968
4	Other.....		15,164	17,238 *
5	Total Revenue.....		476,872	489,489 *
6	Less: Promotional Allowances.....		99,543	106,409
7	Net Revenue.....		377,329	383,080 *
	Costs and Expenses:			
8	Cost of Goods and Services.....	*	215,714	228,668 *
9	Selling, General, and Administrative.....	*	61,077	57,257 *
10	Provision for Doubtful Accounts.....		3,059	1,879
11	Total Costs and Expenses.....		279,850	287,804 *
12	Gross Operating Profit.....		97,479	95,276 *
13	Depreciation and Amortization.....		22,320	25,943
	Charges from Affiliates Other than Interest:			
14	Management Fees.....			
15	Other.....	7	7,780	5,136 *
16	Income (Loss) from Operations.....		67,379	64,197
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	5	(35,426)	(36,339) *
18	Interest Expense - External.....	5	(1,560)	(2,297) *
19	CRDA Related Income (Expense) - Net.....		(1,393)	(1,702)
20	Nonoperating Income (Expense) - Net.....	8	1,345	1,459
21	Total Other Income (Expenses).....		(37,034)	(38,879)
22	Income (Loss) Before Taxes and Extraordinary Items.....		30,345	25,318
23	Provision (Credit) for Income Taxes.....	6	200	2,880
24	Income (Loss) Before Extraordinary Items.....		30,145	22,438
25	Extraordinary Items (Net of Income Taxes - 2007, \$0; 2006, \$0).....			
26	Net Income (Loss).....		\$30,145	\$22,438

* Reclassifications to conform to present year presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRUMP TAJ MAHAL ASSOCIATES, LLC

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	Revenue:			
1	Casino.....		\$145,776	\$148,365
2	Rooms.....		10,794	10,108 *
3	Food and Beverage.....		16,514	16,553
4	Other.....		7,377	8,621 *
5	Total Revenue.....		180,461	183,647 *
6	Less: Promotional Allowances.....		40,741	43,241 *
7	Net Revenue.....		139,720	140,406 *
	Costs and Expenses:			
8	Cost of Goods and Services.....	*	77,643	82,248 *
9	Selling, General, and Administrative.....	*	19,905	19,930 *
10	Provision for Doubtful Accounts.....		1,149	712
11	Total Costs and Expenses.....		98,697	102,890 *
12	Gross Operating Profit.....		41,023	37,516 *
13	Depreciation and Amortization.....		8,184	8,980
	Charges from Affiliates Other than Interest:			
14	Management Fees.....			
15	Other.....	7	3,455	1,950 *
16	Income (Loss) from Operations.....		29,384	26,586
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	5	(12,285)	(12,062) *
18	Interest Expense - External.....	5	(467)	(695) *
19	CRDA Related Income (Expense) - Net.....		(612)	(625)
20	Nonoperating Income (Expense) - Net.....	8	554	342
21	Total Other Income (Expenses).....		(12,810)	(13,040)
22	Income (Loss) Before Taxes and Extraordinary Items.....		16,574	13,546
23	Provision (Credit) for Income Taxes.....	6	0	1,363
24	Income (Loss) Before Extraordinary Items.....		16,574	12,183
25	Extraordinary Items (Net of Income Taxes - 2007, \$0; 2006, \$0).....			
26	Net Income (Loss).....		\$16,574	\$12,183

* Reclassifications to conform to present year presentation.

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

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

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2007

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2005.....		\$389,338	\$16,092		\$405,430
2	Net Income (Loss) - 2006.....			29,163		29,163
3	Capital Contributions.....					0
4	Capital Withdrawals.....					0
5	Partnership Distributions.....	7	(2,080)			(2,080)
6	Prior Period Adjustments.....					0
7	Restrictive Stock Awards		94			94
8						0
9						0
10	Balance, December 31, 2006.....		387,352	45,255	0	432,607
11	Net Income (Loss) - 2007.....			30,145		30,145
12	Capital Contributions.....					0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....					0
15	Prior Period Adjustments.....					0
16	Restrictive Stock Awards		110			110
17						0
18						0
19	Balance, September 30, 2007.....		\$387,462	\$75,400	\$0	\$462,862

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, 2007 AND 2006

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$47,445	\$50,225
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments			
3	Proceeds from the Sale of Short-Term Investments			
4	Cash Outflows for Property and Equipment.....		(125,838)	(39,534)
5	Proceeds from Disposition of Property and Equipment.....		15	
6	CRDA Obligations		(4,639)	(4,787)
7	Other Investments, Loans and Advances made.....			
8	Proceeds from Other Investments, Loans, and Advances			
9	Cash Outflows to Acquire Business Entities.....		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities.....		(130,462)	(44,321)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....			
15	Proceeds from Long-Term Debt			
16	Costs of Issuing Debt.....			
17	Payments to Settle Long-Term Debt.....		(4,312)	(16,941)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....			
21	Partnership Distribution			(2,080)
22	Note Payable - TER		90,306	
23	Net Cash Provided (Used) By Financing Activities.....		85,994	(19,021)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		2,977	(13,117)
25	Cash and Cash Equivalents at Beginning of Period.....		34,029	51,572
26	Cash and Cash Equivalents at End of Period.....		\$37,006	\$38,455
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$49,963	\$26,541
28	Income Taxes.....		\$0	\$175

* Reclassifications to conform to present year presentation.

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TRUMP TAJ MAHAL ASSOCIATES, LLC

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$30,145	\$22,438
30	Depreciation and Amortization of Property and Equipment.....		22,320	25,943 *
31	Amortization of Other Assets.....		750	551
32	Amortization of Debt Discount or Premium.....			
33	Deferred Income Taxes - Current			
34	Deferred Income Taxes - Noncurrent			
35	(Gain) Loss on Disposition of Property and Equipment.....			
36	(Gain) Loss on CRDA-Related Obligations.....		1,393	1,702
37	(Gain) Loss from Other Investment Activities.....			
38	(Increase) Decrease in Receivables and Patrons' Checks		(2,286)	(5,367) *
39	(Increase) Decrease in Inventories		745	226 *
40	(Increase) Decrease in Other Current Assets.....		(3,965)	(3,267) *
41	(Increase) Decrease in Other Assets.....		2,408	(3,042) *
42	Increase (Decrease) in Accounts Payable.....		3,003	(5,639) *
43	Increase (Decrease) in Other Current Liabilities		(7,178)	16,599 *
44	Increase (Decrease) in Other Liabilities			
45	Restrictive Stock Awards		110	81
46				
47	Net Cash Provided (Used) By Operating Activities.....		\$47,445	\$50,225 *

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$125,838)	(\$39,579) *
49	Less: Capital Lease Obligations Incurred.....			45
50	Cash Outflows for Property and Equipment.....		(\$125,838)	(\$39,534) *
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....			
52	Goodwill Acquired.....			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed.....			
55	Issuance of Stock or Capital Invested.....			
56	Cash Outflows to Acquire Business Entities.....		\$0	\$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions.....		\$0	\$0
58	Less: Issuances to Settle Long-Term Debt.....			
59	Consideration in Acquisition of Business Entities.....			
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

* Reclassifications to conform to present year presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

Amended 5/1/2008

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	218,863	\$17,102		
2	Food	1,019,189	19,146		
3	Beverage	4,690,488	7,583		
4	Travel			61,584	7,847
5	Bus Program Cash	362,378	6,407		
6	Other Cash Complimentaries	947,092	46,073		
7	Entertainment	4,404	663	14,033	994
8	Retail & Non-Cash Gifts	32,216	2,007	75,326	6,818
9	Parking			218,502	656
10	Other	10,008	562	79,587	4,634
11	Total	7,284,638	\$99,543	449,032	\$20,949

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* Promotional Expenses - Other includes \$3,351 of comp dollars earned but not redeemed

** Reclassifications to conform to present year presentation

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	83,525	\$6,330		
2	Food	406,350	7,839		
3	Beverage	1,614,177	2,623		
4	Travel			26,102	2,693
5	Bus Program Cash	136,206	2,556		
6	Other Cash Complimentaries	390,554	19,179		
7	Entertainment	4,404	663	3,339	229
8	Retail & Non-Cash Gifts	11,585	1,364	29,021	2,147
9	Parking			68,879	207
10	Other	4,178	187	28,619	1,644
11	Total	2,650,979	\$40,741	155,960	\$6,920

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* Promotional Expenses - Other includes \$1,130 of comp dollars earned but not redeemed

** Reclassifications to conform to present year presentation

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2007

1. I have examined this Quarterly Report
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

15-Nov-07

Date



James L. Wright

Director of Finance

Title

003507-11

License Number

On Behalf of:

TRUMP TAJ MAHAL ASSOCIATES, LLC

Casino Licensee

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007
(Unaudited)
(in thousands)

NOTE 1 - GENERAL

Organization and Operations

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

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

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

NOTE 2 – BASIS OF PRESENTATION

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

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

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

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

NOTE 3 – TRUMP ONE UNIFIED PLAYER'S PROGRAM

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

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007
(Unaudited)
(in thousands)

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

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

NOTE 4 – GOODWILL

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

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

NOTE 5 - LONG-TERM DEBT

Long-term debt consists of:

	<u>September 30,</u>	
	<u>2007</u>	<u>2006</u>
8.5% Note Payable - TER and TER Funding, due June 1, 2015, interest payable semi-annually due June and December	\$ 564,327	\$ 568,327
8.5% Revolving Grid Note Payable - TER Holdings, due January 1, 2013, interest payable monthly beginning August, 2007	90,306	—
Capitalized lease obligations - interest rates at 4.43% to 11.25%, secured by equipment financed	<u>1,953</u>	<u>8,998</u>
Total long-term debt	656,586	577,325
Less: current maturities	(1,922)	(7,405)
Long-term debt, net of current maturities	<u>\$ 654,664</u>	<u>\$ 569,920</u>

8.5% Note Payable – TER and TER Funding

In May 2005, TER Holdings and Trump Entertainment Resorts Funding, Inc., a wholly owned subsidiary of TER Holdings, (collectively, “the Issuers”), issued \$1,250,000 principal amount of 8.5% Senior Secured Notes due June 1, 2015 (the “TER Notes”). From the proceeds of the issuance of the TER Notes, TER Holdings loaned \$575,000 to Taj Associates. Under the terms of the Debtors’ reorganization plan, any of the TER Notes issued to the Plan’s disbursing agent and not distributed would revert to TER. During 2006, undistributed amounts included \$1,020 in TER Notes. In connection with this matter, the undistributed TER Notes were retired and Taj Associates’ Note Payable was reduced by \$673. Included in accrued interest at September 30, 2007 is \$7,559 payable to TER Holdings.

8.5% Revolving Grid Note Payable – TER Holdings

In July 2007 Taj Associates entered into a Revolving Grid Note Agreement with TER Holdings, due January 1, 2013, in the principal amount of \$250,000 or so much thereof as may have been advanced hereunder from time to time and remains outstanding on the maturity date, together with any accrued unpaid interest thereon. Interest accrues at a rate of 8.5% and is payable monthly beginning August 2007. Borrowings under the Revolving Grid Note are primarily associated with the construction of a new hotel tower at the Taj Mahal.

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007
(Unaudited)
(in thousands)

Guarantees

The Company, along with Plaza Associates and Marina Associates, guarantees TER Holdings' and TER Funding's \$500,000 Credit Facility and TER Notes on a joint and several basis. The Credit Facility is secured by substantially all of the assets of the Issuers and Taj Associates on a priority basis. Therefore, the TER Notes and the guarantee thereof are effectively subordinated to amounts borrowed by TER under the Credit Facility. At September 30, 2007, TER had outstanding borrowings of \$316,250 and \$1,248,969 under the Credit Facility and the TER Notes, respectively. The Credit Facility includes a \$150,000 Term Loan which is restricted for use to fund the Company's new hotel tower.

NOTE 6 - INCOME TAXES

Federal Income Taxes

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

State Income Taxes

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

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

	Nine Months Ended September 30,	
	2007	2006
Current expense	\$ —	\$ 1,713
Deferred expense	—	—
Non-cash charge in lieu of taxes	200	1,167
	\$ 200	\$ 2,880

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

Recently Issued Accounting Pronouncements

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

As of September 30, 2007, Taj Associates has unrecognized tax benefits of approximately \$11,776 (including interest) of which \$3,200 would affect its effective tax rate, if recognized. The application of FIN 48 did not have an impact on partner's capital on the date of adoption. It is reasonably possible that certain unrecognized tax benefits related to income tax examinations totaling \$3,470 could be settled during the next twelve months. The application of FIN 48 resulted in reclassifications to Taj Associates' January 1, 2007 income tax related balance sheet accounts.

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007
(Unaudited)
(in thousands)

Federal and State Income Tax Audits

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

During the years 2002 through 2006 state income taxes for Taj Associates' New Jersey operations were computed under the alternative minimum assessment method which expired in 2006. Taj Associates has asserted its position that New Jersey partnerships are exempt from these taxes and, as such, have not remitted payments of the amounts provided. The New Jersey Division of Taxation has issued an assessment to collect the unpaid taxes for the tax years 2002 and 2003. At September 30, 2007 Taj Associates has accrued \$11,776 for taxes and interest relating to this alternative minimum tax assessment for 2002 and 2003, as well as the open years 2004 through 2006. Taj Associates is currently in discussions with the New Jersey Division of Taxation regarding settlement of these issues.

NOTE 7 - TRANSACTIONS WITH AFFILIATES

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

	September 30,	
	2007	2006
Marina Associates	\$ 1,427	\$ 2,476
Plaza Associates	567	2,583
Trump Entertainment Resorts	49	473
Trump Organization	—	2
	\$ 2,043	\$ 5,534

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

Trump Taj Mahal Associates Administration, a separate division of Taj Associates ("Trump Administration") provides certain shared services for Taj Associates, Plaza Associates and Marina Associates. Trump Administration allocated and was re-imbursed expenses associated with such services totaling \$18,197 and \$10,809 for the nine months ended September 30, 2007 and 2006, respectively.

During September 2006, TER amended the Right of First Offer Agreement ("ROFO Agreement") with Trump Organization, LLC. The amended ROFO agreement pertains to construction projects greater than \$35,000. Under the terms of the amended ROFO Agreement Taj Associates paid \$1,667 including minimum monthly fees of \$450 and cost saving commissions of \$1,217, to Trump Organization, LLC during the nine months ended September 30, 2007. These amounts were capitalized as part of the construction costs of the Taj Mahal's Hotel Tower.

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

NOTE 8 - NON-OPERATING INCOME (EXPENSE)

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

	2007	2006
Interest income	\$ 1,345	\$ 1,459

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(Unaudited)
(in thousands)

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Legal Proceedings

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

Casino License Renewal

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

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

Casino Reinvestment Development Authority Obligations

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

At September 30, 2007, our qualifying CRDA investments include approximately \$244 in non-performing bonds, net of a reserve of \$143. These bonds are collateralized by equipment and real property. We record interest income on non-performing bonds as cash interest payments are received. We continue to evaluate the collectibility of these bonds. Future events may result in the need to record additional reserves relating to our investment in these bonds.

CAFRA Agreement

Trump Taj Mahal received a permit under the Coastal Area Facilities Review Act ("CAFRA") that initially required Trump Taj Mahal to begin construction of certain improvements on the Steel Pier by October 1992, which improvements were to be completed within 18 months of the commencement of construction. Trump Taj Mahal initially proposed a concept to improve the Steel Pier, the estimated cost of which was \$30,000. Such concept was approved by the New Jersey Department of Environmental Protection, the agency which administers CAFRA. In March 1993, Taj Associates, one of our Predecessor Company's former subsidiaries, obtained a modification of its CAFRA permit providing for an extension of the required commencement and completion dates of the improvements to the Steel Pier for one year, which has been renewed annually, based upon an interim use of the Steel Pier as an amusement park. The pier sublease, pursuant to which Trump Taj Mahal leases the Steel Pier to an amusement park operator, terminates on December 31, 2008. The conditions of the CAFRA permit renewal thereafter are under discussion with the New Jersey Department of Environmental Protection.

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(Unaudited)
(in thousands)

NOTE 10 – SUBSEQUENT EVENT – SETTLEMENT OF PROPERTY TAX APPEALS

On November 2, 2007, we together with Plaza Associates and Marina Associates (the “Trump Properties”) entered into a stipulation of settlement with the City of Atlantic City (“City”) to settle a series of appealed real property tax assessments relating to Trump Taj Mahal, Trump Plaza and Trump Marina for various tax years through 2007. Payment in accordance with the agreement will be made upon approval by the Tax Court of New Jersey (“Tax Court”) and the necessary appropriation by the City. Under the terms of the agreement, the Trump Properties will receive a refund of \$34,000 relating to previously paid taxes consisting of (i) \$12,000 in cash, payable within 30 days of the execution of the agreement, and (ii) \$22,000 in credits to be applied against future real property tax payments as follows: \$4,000 per year in 2009, 2010 and 2011 and \$5,000 per year in 2012 and 2013. Taj Associates estimates its applicable portion at approximately \$4,200.

Our present value of the settlement is estimated to be approximately \$3,800 and will be recorded by the Trump Properties as a reduction to selling, general and administrative expenses once approved by the Tax Court.