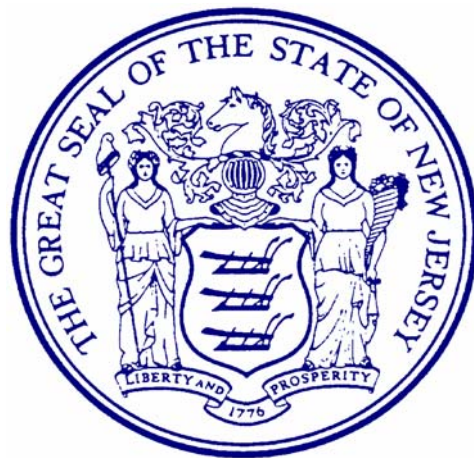


**TRUMP TAJ MAHAL ASSOCIATES, LLC
QUARTERLY REPORT**

FOR THE QUARTER ENDED MARCH 31, 2010

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



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

TRUMP TAJ MAHAL ASSOCIATES, LLC

BALANCE SHEETS

AS OF MARCH 31, 2010 AND 2009

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$25,714	\$32,859
2	Short-Term Investments.....			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2010, \$32,695; 2009, \$24,791).....		22,107	31,718
4	Inventories		2,733	2,757
5	Other Current Assets.....	5 & 7	9,546	7,546
6	Total Current Assets.....		60,100	74,880
7	Investments, Advances, and Receivables.....	9	29,874	29,919
8	Property and Equipment - Gross.....		1,231,579	1,228,599
9	Less: Accumulated Depreciation and Amortization.....		(165,676)	(126,885)
10	Property and Equipment - Net.....		1,065,903	1,101,714
11	Other Assets.....	3	40,853	46,505
12	Total Assets.....		\$1,196,730	\$1,253,018
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$10,815	\$16,561
14	Notes Payable.....			
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....	1,2 & 4	814,327	814,327
16	External.....	4	367	191
17	Income Taxes Payable and Accrued.....	5	3,470	3,470
18	Other Accrued Expenses.....		20,114	20,576
19	Other Current Liabilities.....	7	42,802	64,588
20	Total Current Liabilities.....		891,895	919,713
	Long-Term Debt:			
21	Due to Affiliates.....	2 & 4	0	0
22	External.....	4	6,116	5,896
23	Deferred Credits	5	13,468	13,440
24	Other Liabilities.....	5	5,816	5,816
25	Commitments and Contingencies.....	9		
26	Total Liabilities.....		917,295	944,865
27	Stockholders', Partners', or Proprietor's Equity.....		279,435	308,153
28	Total Liabilities and Equity.....		\$1,196,730	\$1,253,018

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, 2010 AND 2009

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	Revenue:			
1	Casino.....		\$93,945	\$117,245
2	Rooms.....		11,350	10,785
3	Food and Beverage.....		11,635	12,484
4	Other.....		4,748	4,554
5	Total Revenue.....		121,678	145,068
6	Less: Promotional Allowances.....		27,575	36,759
7	Net Revenue.....		94,103	108,309
	Costs and Expenses:			
8	Cost of Goods and Services.....		67,315	69,242
9	Selling, General, and Administrative.....		12,840	16,806
10	Provision for Doubtful Accounts.....		1,892	1,878
11	Total Costs and Expenses.....		82,047	87,926
12	Gross Operating Profit.....		12,056	20,383
13	Depreciation and Amortization.....		9,771	10,413
	Charges from Affiliates Other than Interest:			
14	Management Fees.....			
15	Other.....	7	3,423	3,161
16	Income (Loss) from Operations.....		(1,138)	6,809
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	1 & 4	(5,313)	(17,304)
18	Interest Expense - External.....	4 & 5	(492)	(536)
19	CRDA Related Income (Expense) - Net.....	9	(390)	(493)
20	Nonoperating Income (Expense) - Net.....	8	40	(4,375)
21	Total Other Income (Expenses).....		(6,155)	(22,708)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(7,293)	(15,899)
23	Provision (Credit) for Income Taxes.....	5	0	0
24	Income (Loss) Before Extraordinary Items.....		(7,293)	(15,899)
25	Extraordinary Items (Net of Income Taxes - 2010, \$0; 2009, \$0).....			
26	Net Income (Loss).....		(\$7,293)	(\$15,899)

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, 2009
AND THE THREE MONTHS ENDED MARCH 31, 2010

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2008.....		\$371,426	(\$47,416)		\$324,010
2	Net Income (Loss) - 2009.....			(37,467)		(37,467)
3	Capital Contributions.....					0
4	Capital Withdrawals.....					0
5	Partnership Distributions.....					0
6	Prior Period Adjustments.....					0
7	Restricted Stock Awards	12	185			185
8						0
9						0
10	Balance, December 31, 2009.....		371,611	(84,883)	0	286,728
11	Net Income (Loss) - 2010.....			(7,293)		(7,293)
12	Capital Contributions.....					0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....					0
15	Prior Period Adjustments.....					0
16						0
17						0
18						0
19	Balance, March 31, 2010.....		\$371,611	(\$92,176)	\$0	\$279,435

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, 2010 AND 2009
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		(\$3,446)	\$14,115
	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.....		(903)	(12,090)
5	Proceeds from Disposition of Property and Equipment.....			
6	CRDA Obligations	9	(1,250)	(1,478)
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		0	0
11			
12	Net Cash Provided (Used) By Investing Activities.....		(2,153)	(13,568)
	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	(99)	(31)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....			
21	Borrowings under Revolving Grid Note Payable		0	0
22			
23	Net Cash Provided (Used) By Financing Activities.....		(99)	(31)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(5,698)	516
25	Cash and Cash Equivalents at Beginning of Period.....		31,412	32,343
26	Cash and Cash Equivalents at End of Period.....		\$25,714	\$32,859
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$15,914	\$168
28	Income Taxes.....		\$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, 2010 AND 2009
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		(\$7,293)	(\$15,899)
30	Depreciation and Amortization of Property and Equipment.....		9,771	10,413
31	Amortization of Other Assets.....	3	0	250
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.....	9	390	493
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		1,650	(5,664)
39	(Increase) Decrease in Inventories		181	599
40	(Increase) Decrease in Other Current Assets.....		(357)	1,140
41	(Increase) Decrease in Other Assets.....		(87)	789
42	Increase (Decrease) in Accounts Payable.....		(624)	2,343
43	Increase (Decrease) in Other Current Liabilities		(1,835)	2,256
44	Increase (Decrease) in Other Liabilities	7	(5,242)	12,664
45	Restrictive Stock Awards	7	0	42
46	Impairment Charges & Reorganization Expense	8	0	4,689
47	Net Cash Provided (Used) By Operating Activities.....		(\$3,446)	\$14,115

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$903)	(\$12,090)
49	Less: Capital Lease Obligations Incurred.....		0	0
50	Cash Outflows for Property and Equipment.....		(\$903)	(\$12,090)
	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

0

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

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

FOR THE QUARTER ENDED MARCH 31, 2010

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.

17-May-10

Date



James L. Wright

Director of Finance

Title

003507-11

License Number

On Behalf of:

TRUMP TAJ MAHAL ASSOCIATES, LLC

Casino Licensee

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

NOTE 1 - GENERAL

Organization and Operations

Trump Taj Mahal Associates LLC (“Taj Associates” or the “Company”), a New Jersey limited liability corporation, is 100% beneficially owned by Trump Entertainment Resorts Holdings, LP (“TER Holdings”), a Delaware limited partnership. TER Holdings is a majority-owned subsidiary of Trump Entertainment Resorts, Inc. (“TER”), a Delaware corporation.

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

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, 2009 Quarterly Report as filed with the CCC.

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, 2010.

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. The Company has experienced increased competition and has incurred significant recurring losses from operations. Further, the filing of the Chapter 11 Case constituted an event of default or otherwise triggered repayment obligations under the indenture governing the Senior Notes issued by TER Holdings and TER Funding and TER Holdings’ senior secured term loan agreement. The ability of the Company, both during and after the Chapter 11 Case (See Note 2), 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; (ii) the resolution of the uncertainty as to the amount of claims that will be allowed; (iii) the ability of the Company to confirm the AHC/Debtors Plan under the Bankruptcy Code and obtain any debt and equity financing which may be required to emerge from bankruptcy protection; and (iv) the Company’s ability to achieve profitability. There can be no assurance that the Company will be able to successfully achieve these objectives in order to continue as a going concern. The accompanying financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

Liabilities subject to compromise in the Balance Sheets relate 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	
	2010	2009
8.5% Note Payable	\$ 564,327	\$ 564,327
8.5% Revolving Grid Note Payable	250,000	250,000
Accrued interest payable related to Note Payable and Grid Note	23,556	21,302
	<u>\$ 837,883</u>	<u>\$ 835,629</u>

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

All other liabilities are expected to be satisfied in the ordinary course of business. Accordingly, the Company has not reflected any of these liabilities as subject to compromise in the accompanying Balance Sheets. The Company believes this classification provides an appropriate presentation of liabilities that are subject to compromise and not subject to compromise.

The Company, in March 2009, wrote off as reorganization expense unamortized deferred financing costs totaling \$4,567 related to its 8.5% Note Payable in order to record the debt at the amount of the claim expected to be allowed by the Bankruptcy Court in accordance with ASC 852.

The Company is required to accrue interest expense during the Chapter 11 Case only to the extent that it is probable that such interest will be paid pursuant to the proceedings. Given that neither the Original Debtors' Plan nor the AHC Plan provided for any recovery of interest expense related to the Senior Notes, the Company ceased recording contractual interest expense on the 8.5% Note Payable on October 7, 2009, the date on which the Bankruptcy Court approved both the Original Debtors' Disclosure Statement and the AHC Disclosure Statement. The Company continues to record interest expense under the contractual terms of its Revolving Grid Note Payable (as defined below). Total interest expense during the three months ended March 31, 2010 would have been \$17,796 had the Company recorded interest expense under its contractual agreements. For the three months ended March 31, 2009, the Company recognized interest expense in accordance with the terms of its debt and capitalized lease obligations.

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

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

NOTE 2 - CHAPTER 11 PROCEEDINGS

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

On February 20, 2009, the Company obtained court approval to continue to pay its vendors in the ordinary course of business. The Company continues to operate its businesses as a debtor-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court.

On August 3, 2009, the Debtors filed their joint chapter 11 plan of reorganization with the Bankruptcy Court (as thereafter amended, the "Original Debtors' Plan") and the Disclosure Statement relating thereto (the "Original Debtors' Disclosure Statement"). Following the termination of the Purchase Agreement, dated August 3, 2009 (as thereafter amended as of October 5, 2009), among TER, TER Holdings, BNAC, Inc. and Donald J. Trump ("Mr. Trump") by Mr. Trump on November 16, 2009, and subsequent negotiations with their principal creditor constituencies, the Debtors decided to withdraw the Original Debtors' Plan. Further, the Debtors decided to endorse and become co-proponents of the plan of reorganization proposed by the ad hoc committee (the "Ad Hoc Committee") of the holders of the \$1,250,000 8.5% Senior Secured Notes due 2015 issued by TER Holdings and its wholly owned finance subsidiary, Trump Entertainment Resorts Funding, Inc. ("TER Funding") (the "Senior Notes") filed on August 11, 2009, and thereafter amended (the "AHC Plan") and the Disclosure Statement relating thereto (the "AHC Disclosure Statement"). On December 24, 2009, the Debtors and the Ad Hoc Committee filed with the Bankruptcy Court a revised AHC Plan and revised AHC Disclosure Statement (as thereafter amended on January 5, 2010, the "AHC/Debtors Plan" and "AHC/Debtors Disclosure Statement", respectively), reflecting the Debtors' support of and co-proponent role with respect to such plan.

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

On May 7, 2010, the Bankruptcy Court entered an order (the “DIP Financing Order”) approving, among other things, \$45,000 in debtor-in-possession financing (the “DIP Facilities”) in accordance with the terms and conditions of the \$24,000 Secured Debtor-In-Possession Facility (the “Initial DIP Note Purchase Agreement”) and the \$21,000 Secured Supplemental Debtor-In-Possession Facility (the “Supplemental DIP Note Purchase Agreement”, and together with the Initial DIP Note Purchase Agreement, the “DIP Note Purchase Agreements”), by and among the Debtors, Wilmington Trust FSB, as administrative agent under each of the DIP Note Purchase Agreements, and the respective lenders party to each of the DIP Note Purchase Agreements. Pursuant to the DIP Financing Order, the Debtors are immediately authorized to execute the DIP Note Purchase Agreements, each of which have been approved by the Bankruptcy Court, in accordance with and subject to the terms of the DIP Financing Order; provided, however, that the Debtors shall not execute or deliver the Supplemental DIP Note Purchase Agreement or incur any obligations thereunder until the New Jersey Casino Control Commission (“CCC”) has granted any necessary regulatory approvals or the relevant DIP Note Purchasers (as defined in the applicable DIP Note Purchase Agreements) have received evidence satisfactory to the relevant DIP Note Purchasers that such regulatory approvals are not required. The Initial DIP Note Purchase Agreement has not yet been executed. The Debtors anticipate entering into the Initial DIP Note Purchase Agreement shortly and TER will file such agreement with the Securities and Exchange Commission on a Current Report on Form 8-K.

The maturity date of each of the DIP Note Purchase Agreements is the earliest of (1)(x) six months from the closing date and (y) five months after entry of order confirming AHC/Debtors Plan if that certain Amended and Restated Backstop Agreement, dated December 11, 2009, among the Company and members of the Ad Hoc Committee (as thereafter amended by that certain Amendment No. 1 dated as of March 26, 2010 (the “Backstop Agreement”) is not amended to extend the termination provisions thereunder), (2) the effective date of the AHC/Debtors Plan, (3) the date of confirmation of a plan of reorganization other than the AHC/Debtors Plan and (4) the acceleration of the loans and termination of the commitments.

The DIP Note Purchase Agreements contain various representations, warranties and covenants by the Debtors that are customary for transactions of this nature, including reporting requirements. The DIP Note Purchase Agreements provide for the payment of interest at a rate per annum equal to 10% payable on the earlier of the termination date or the date on which an event of default occurs under the applicable DIP Note Purchase Agreements.

On May 7, 2010, the Bankruptcy Court entered an order (the “Confirmation Order”) confirming the AHC/Debtors Plan. A copy of the Confirmation Order, with a copy of the AHC/Debtors Plan as confirmed attached thereto, is attached as Exhibit 2.1 to this Quarterly Report on Form 10-Q. A copy of the original AHC/Debtors Disclosure Statement is attached as Exhibit 99.1 to TER’s Current Report on Form 8-K filed on December 28, 2009.

The following is a summary of the transactions expected to occur pursuant to the AHC/Debtors Plan. This summary only highlights certain of the substantive provisions of the AHC/Debtors Plan and is not intended to be a complete description of, or a substitute for a full and complete reading of, the AHC/Debtors Plan. This summary is qualified in its entirety by reference to the full text of the AHC/Debtors Plan.

The key terms of the AHC/Debtors Plan are as follows:

- a capital contribution of \$225,000 in new equity capital (in exchange for 70% of the new common stock in the reorganized Company) in the form of a rights offering to holders of the Senior Notes and general unsecured claims backstopped by members of the Ad Hoc Committee or their affiliates (the “Backstop Parties”) (who will receive 20% of the new common stock in the reorganized Company as a backstop fee in consideration for their agreement to provide such backstop);
- On the effective date, the lenders under the 2007 Credit Agreement will be entitled to receive, in full and final satisfaction of their claims, (i) \$125,000 in cash from the proceeds of the rights offering, (ii) 100% of the net sale proceeds from the sale of the Trump Marina (should a sale occur prior to the Effective Date), and (iii) a secured term loan on modified terms approved by the Bankruptcy Court;
- In exchange for the waiver of certain claims held by Donald and Ivanka Trump against the Debtors, and in consideration of Donald and Ivanka Trump entering into an amended license agreement and amended services agreement with certain of the Reorganized Debtors, 5% of the new common stock in the reorganized Company and warrants to purchase up to an additional 5% of such new common stock will be issued to Mr. Trump, which

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

warrants will be exercisable for five years commencing on the effective date of the AHC/Debtors Plan at a price per share equivalent to the \$1,250,000 principal amount of the Senior Notes plus all interest accrued thereon as of the petition date divided by the total number of shares of new common stock to be outstanding on the effective date;

- a pro rata distribution of 5% of the new common stock in the reorganized Company to holders of Senior Notes and general unsecured claims; and
- no recovery for current stockholders or any other holder of old equity and all equity interests in TER and all limited partnership interests in TER Holdings will be canceled.

The AHC/Debtors Plan provides that administrative expense claims and priority claims will be paid in full.

Although the Bankruptcy Court entered the Confirmation Order on May 7, 2010, the AHC/Debtors Plan is not yet effective. The AHC/Debtors Plan provides that it will become effective upon the satisfaction or waiver of certain conditions precedent, including, but not limited to, (i) occurrence of all actions and execution of all documents and agreements necessary to implement the AHC/Debtors Plan, each in form and substance reasonably satisfactory to the Ad Hoc Committee, and the transactions contemplated thereby shall have been effected or executed, (ii) the Confirmation Order, in form and substance reasonably acceptable to the Ad Hoc Committee, shall have been entered, and there shall have been no modification or stay of the Confirmation Order or entry of other court order prohibiting transactions contemplated by the AHC/Debtors Plan from being consummated; (iii) Debtors' receipt of the funding under the rights offering and/or the Backstop Agreement, (iv) receipt of all necessary regulatory approvals, including approval of the CCC, (v) distribution of the new common stock distributable pursuant to the rights offering and the Backstop Agreement, and (vi) payment of the reasonable fees and expenses of the Ad Hoc Committee, the Backstop Parties and the indenture trustee for the Senior Notes, in each case in full in cash to the extent applied for and approved by the Bankruptcy Court. The Company anticipates that the effective date of the AHC/Debtors Plan will occur during the third quarter of 2010.

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

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

By letter dated February 13, 2009, Mr. Trump notified TER that he had abandoned any and all of his 23.5% direct limited partnership interest in TER Holdings and relinquished any and all rights under the Fourth Amended and Restated Agreement of Limited Partnership of TER Holdings (the "Partnership Agreement") or otherwise with respect to TER Holdings and Mr. Trump's limited partnership interest.

NOTE 3 – INTANGIBLE ASSETS AND GOODWILL

In accordance with ASC Topic 350 – "Intangibles – Goodwill and Other ("ASC 350") , the Company reviews its indefinite-lived intangible assets for impairment at least annually and more frequently than annually if events or circumstances indicate that indefinite-lived intangible assets might be impaired.

During 2009, due to certain circumstances, including the continuing negative effects of regional competition and a weakened economy on the Company's results, the Company, with the assistance of an independent valuation firm, performed interim impairment testing related to its intangible assets during the second quarter of 2009. Based upon the results of the impairment testing, the Company determined that its trademarks were impaired. As a result, the Company recorded an

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

intangible asset impairment charge totaling \$3,720. The non-cash impairment charge is included in Nonoperating Income (Expense) in the June 2009 Statements of Income.

A rollforward of trademarks for the period from December 31, 2008 to March 31, 2010 is as follows:

	<u>Trademarks</u>
Balance, December 31, 2008	\$ 36,432
Trademarks impairment charges	(3,720)
Balance, December 31, 2009 and March 31, 2010	<u>\$ 32,712</u>

NOTE 4 - DEBT

The Company's indebtedness consists of:

	March 31	
	<u>2010</u>	<u>2009</u>
8.5% Note Payable – TER Holdings and TER Funding, subject to compromise, due June 1, 2015, interest payable semi-annually due June and December	\$ 564,327	\$ 564,327
8.5% Revolving Grid Note – TER Holdings, subject to compromise, due January 1, 2013, interest due and payable monthly	250,000	250,000
Capitalized lease obligations – interest rates at 8.5% to 12.0% secured by equipment financed	<u>6,483</u>	<u>6,087</u>
	820,810	820,414
Less: current maturities	(814,694)	(814,518)
Long-term debt, net of current maturities	<u>\$ 6,116</u>	<u>\$ 5,896</u>

Debtor-in-Possession Facility

On May 7, 2010, the Bankruptcy Court entered an order (the "DIP Financing Order") approving, among other things, \$45,000 in debtor-in-possession financing (the "DIP Facilities") in accordance with the terms and conditions of the \$24,000 Secured Debtor-In-Possession Facility (the "Initial DIP Note Purchase Agreement") and the \$21,000 Secured Supplemental Debtor-In-Possession Facility (the "Supplemental DIP Note Purchase Agreement", and together with the Initial DIP Note Purchase Agreement, the "DIP Note Purchase Agreements"), by and among the Debtors, Wilmington Trust FSB, as administrative agent under each of the DIP Note Purchase Agreements, and the respective lenders party to each of the DIP Note Purchase Agreements. Pursuant to the DIP Financing Order, the Debtors are immediately authorized to execute the DIP Note Purchase Agreements, each of which have been approved by the Bankruptcy Court, in accordance with and subject to the terms of the DIP Financing Order; provided, however, that the Debtors shall not execute or deliver the Supplemental DIP Note Purchase Agreement or incur any obligations thereunder until the New Jersey Casino Control Commission ("CCC") has granted any necessary regulatory approvals or the relevant DIP Note Purchasers (as defined in the applicable DIP Note Purchase Agreements) have received evidence satisfactory to the relevant DIP Note Purchasers that such regulatory approvals are not required. The Initial DIP Note Purchase Agreement has not yet been executed. The Debtors anticipate entering into the Initial DIP Note Purchase Agreement shortly and TER will file such agreement with the Securities and Exchange Commission on a Current Report on Form 8-K.

The maturity date of each of the DIP Note Purchase Agreements is the earliest of (1)(x) six months from the closing date and (y) five months after entry of order confirming AHC/Debtors Plan if that certain Amended and Restated Backstop Agreement, dated December 11, 2009, among the Company and members of the Ad Hoc Committee (as thereafter amended by that certain Amendment No. 1 dated as of March 26, 2010 (the "Backstop Agreement") is not amended to extend the termination provisions thereunder), (2) the effective date of the AHC/Debtors Plan, (3) the date of confirmation of a plan of reorganization other than the AHC/Debtors Plan and (4) the acceleration of the loans and termination of the commitments.

The DIP Note Purchase Agreements contain various representations, warranties and covenants by the Debtors that are customary for transactions of this nature, including reporting requirements. The DIP Note Purchase Agreements provide for the payment of interest at a rate per annum equal to 10% payable on the earlier of the termination date or the date on which an event of default occurs under the applicable DIP Note Purchase Agreements.

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

Event of Default

As discussed in Note 2, on February 17, 2009, the Debtors filed voluntary petitions in the Bankruptcy Court seeking relief under the provisions of chapter 11 of the Bankruptcy Code. The filing of the Chapter 11 Case constituted an event of default and therefore triggered repayment obligations under the \$493,250 senior secured facility entered into by TER and TER Holdings on December 21, 2007 (the "2007 Credit Agreement") and the Senior Notes. As a result, all indebtedness outstanding under the Senior Notes and the 2007 Credit Agreement (which has a cross-default provision with the Senior Notes) became automatically due and payable. Under the Bankruptcy Code, actions to collect pre-petition indebtedness, as well as most pending litigation, are stayed and other contractual obligations against the Debtors generally may not be enforced. Absent an order of the Bankruptcy Court, substantially all pre-petition liabilities are subject to settlement under a plan of reorganization to be approved by the Bankruptcy Court. As described below, the Company guarantees the indebtedness under the Senior Notes and 2007 Credit Agreement; therefore, the Company has classified its intercompany indebtedness within liabilities subject to compromise in its Balance Sheet as of March 31, 2010 and 2009.

8.5% Note Payable

In May 2005, TER Holdings and TER Funding issued the Senior Notes. From the proceeds of the issuance of the Senior Notes, TER Holdings loaned \$575,000 to Taj Associates.

8.5% Revolving Grid Note

In July 2007, Taj Associates entered into a Revolving Grid Note ("Grid Note") with TER Holdings. Pursuant to the Grid Note, Taj Associates agreed to repay up to \$250,000 of advances made by TER Holdings, including any accrued unpaid interest on outstanding advances thereon.

Capitalized Lease Obligations

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

Guarantees

Taj Associates, along with Trump Plaza Associates, LLC ("Plaza Associates") and Trump Marina Associates, LLC ("Marina Associates"), guarantees TER Holdings' and TER Funding's 2007 Credit Agreement and Senior Notes on a joint and several basis. The 2007 Credit Agreement is secured by substantially all of the assets of TER Holdings, TER Funding and Taj Associates on a priority basis. Therefore, the Senior Notes and the guarantee thereof are effectively subordinated to amounts borrowed by TER under the 2007 Credit Agreement. At March 31, 2010, TER had outstanding borrowings of \$482,603 and \$1,248,969 under the 2007 Credit Agreement and the Senior Notes, respectively.

NOTE 5- INCOME TAXES

Federal Income Taxes

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

State Income Taxes

Under the New Jersey Casino Control Act, the Company is required to file New Jersey corporation business tax returns.

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

There was no state income tax provision during the three months ended March 31, 2010 and 2009.

At March 31, 2010, the Company had unrecognized tax benefits of approximately \$15,527, including interest. In accordance with ASC Topic 805 – “Business Combinations” (“ASC 805”), \$9,286 of unrecognized tax benefits would affect the Company’s effective tax rate, if recognized. It is reasonably possible that certain unrecognized tax benefits related to income tax examinations totaling \$3,470 could be settled during the next twelve months.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties as a component of income tax expense. During the three months ended March 31, 2010 and 2009, the Company recognized approximately \$249 and \$246, respectively, in potential interest associated with uncertain tax positions. At March 31, 2010, the Company had approximately \$5,315 accrued for the payment of interest on uncertain tax positions. In accordance with ASC 805, to the extent interest is not assessed with respect to uncertain tax positions of the Company, amounts accrued will be reduced and reflected as a reduction of interest expense.

Federal and State Income Tax Audits

Tax years 2005 through 2009 remain subject to examination by the federal tax authority. The Company has received notification that the Internal Revenue Service (“IRS”) has started an examination of tax year 2005. Tax years 1995 through 2009 remain subject to examination by state tax jurisdictions. The Company has received notification that the New Jersey Division of Taxation has started an examination of tax years 2004 through 2007.

From 2002 through 2006, state income taxes for the Company’s New Jersey operations were computed under the alternative minimum assessment method. The Company has asserted its position that New Jersey partnerships were exempt from these taxes and, as such, have not remitted payments of the amounts provided. The New Jersey Division of Taxation has issued an assessment to collect the unpaid taxes for the tax years 2002 through 2003. At March 31, 2010, the Company has accrued \$14,601 for taxes and interest relating to this alternative minimum tax assessment for 2002 and 2003, as well as the open years 2004 through 2006. The Company is currently in discussions with the New Jersey Division of Taxation regarding settlement of these assessments.

Potential Chapter 11 Case and Limited Partnership Abandonment Implications

If TER Holdings’ debt is reduced or restructured as a result of the Chapter 11 Case, TER Holdings could recognize “cancellation of indebtedness” income, and as a result, TER Holdings’ partners could be required to reduce certain tax attributes such as NOLs and the tax basis of their assets. Any such reduction could result in increased future tax liabilities for TER Holdings’ partners. Additionally, the utilization of NOLs, if any, may be limited pursuant to Section 382 of the Internal Revenue Code.

NOTE 6 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In April 2010, the FASB issued guidance on accruing for jackpot liabilities. The guidance clarifies that an entity should not accrue jackpot liabilities (or portions thereof) before a jackpot is won if the entity can avoid paying that jackpot. Jackpots should be accrued and charged to revenue when an entity has the obligation to pay the jackpot. This guidance applies to both base jackpots and the incremental portion of progressive jackpots. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. This guidance should be applied by recording a cumulative-effect adjustment to opening retained earnings in the period of adoption. The Company is currently determining the impact of this guidance on its financial statements.

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

NOTE 7 - TRANSACTIONS WITH AFFILIATES

The Company has engaged in certain transactions with TER, Plaza Associates and Marina Associates. Amounts due to/(from) affiliates are as follows:

	March 31,	
	2010	2009
Marina Associates	\$ (556)	\$ 239
Plaza Associates	(1,098)	132
TER **	(408)	24,764
Total	\$ (2,062)	\$ 25,135

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

Taj Associates engages in various transactions with the other Atlantic City hotel/casinos and related casino entities that are affiliates of TER. 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 expenses associated with such services to Marina Associates and Plaza Associates totaling \$2,799 and \$3,445 during the three months ended March 31, 2010 and 2009, respectively. Marina Associates and Plaza Associates reimburse Trump Administration for these allocated expenses.

Taj Associates utilizes certain facilities or services owned by Mr. Trump to entertain high-end customers. Taj Associates incurred approximately \$75 during the three months ended March 31, 2009 for customer costs associated with such utilization. There were no such costs incurred during the three months ended March 31, 2010.

Occasionally, TER awarded restricted shares of TER common stock to employees of Taj Associates. The Company recognized stock-based compensation expense of \$42 during the three months ended March 31, 2009. There were no restricted shares outstanding as of March 31, 2010.

NOTE 8 - NON-OPERATING INCOME (EXPENSE)

Non-operating income (expense) for the three months ended March 31, 2010 and 2009 consists of:

	2010	2009
Interest income	\$ 40	\$ 192
Reorganization Expense *	—	(4,567)
Total	\$ 40	\$ (4,375)

* The Company wrote off as reorganization expense its deferred financing costs related to TER Holdings and TER Fundings 8.5% Note Payable in order to record its debt instruments at the amount of claim expected to be allowed by the Bankruptcy Court in accordance with ASC Topic 852 - “Reorganizations”.

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

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

losses, claims, damages, expenses (including reasonable costs, disbursements and counsel fees) and liabilities (including amounts paid or incurred in satisfaction of settlements, judgments, fines and penalties) incurred by them in said legal proceedings absent a showing of such persons' gross negligence or malfeasance.

Chapter 11 Case

As described in Note 2, on the Petition Date, the Company filed a voluntary petition in the Bankruptcy Court seeking relief under the Bankruptcy Code.

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

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

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

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

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

On August 3, 2009, the Debtors filed the Original Debtors' Plan and the Original Debtors' Disclosure Statement with the Bankruptcy Court. Following the termination of the Purchase Agreement, dated August 3, 2009 (as thereafter amended as of October 5, 2009), among TER, TER Holdings, BNAC, Inc. and Mr. Trump by Mr. Trump on November 16, 2009, and subsequent negotiations with their principal creditor constituencies, the Debtors decided to withdraw the Original Debtors' Plan. Further, the Debtors decided to endorse and become co-proponents of the AHC Plan and the AHC Disclosure Statement. On December 24, 2009, the Debtors and the Ad Hoc Committee filed with the Bankruptcy Court the AHC/Debtors Plan and AHC/Debtors Disclosure Statement, reflecting the Debtors' support of and co-proponent role with respect to such plan.

On May 7, 2010, the Bankruptcy Court entered an order confirming the AHC/Debtors Plan. The AHC/Debtors Plan will become effective upon the satisfaction or waiver of certain conditions precedent. The Company anticipates that the effective date of the AHC/Debtors Plan will occur during the third quarter of 2010.

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

Coastal Area Facilities Review Act Agreement

Taj Associates received a permit under the Coastal Area Facilities Review Act (“CAFRA”) (which is included as a condition of Taj Associates’ casino license) that initially required Taj Associates to begin construction of certain improvements on the Steel Pier by October 1992, which improvements were to be completed within 18 months of the commencement of construction. Taj Associates initially proposed a concept to improve the Steel Pier, the estimated cost of which was \$30,000. Such concept was approved by the New Jersey Department of Environmental Protection, the agency which administers CAFRA. In March 1993, Taj Associates obtained a modification of its CAFRA permit providing for an extension of the required commencement and completion dates of the improvements to the Steel Pier for one year, which has been renewed annually based upon an interim use of the Steel Pier as an amusement park. The pier sublease, pursuant to which Taj Associates leases the Steel Pier to an amusement park operator, terminates on December 31, 2010. The conditions of the CAFRA permit renewal thereafter are under discussion with the New Jersey Department of Environmental Protection.

Casino Reinvestment Development Authority Obligations

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

For the three months ended March 31, 2010 and 2009, the Company charged to operations \$390 and \$493, respectively, to give effect to the below market interest rates associated with CRDA deposits and bonds.

NJSEA Subsidy Agreement

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

The 2004 NJSEA Subsidy Agreement further provided for a moratorium until January 2009 on the conduct of casino gaming at any New Jersey racetrack and conditioned the donation of the CRDA funds upon the enactment and funding of the Casino Expansion Fund Act which made funds available, on a pro rata basis, to each of the Casinos for investment in eligible projects in Atlantic City approved by the CRDA.

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

The 2008 NJSEA Subsidy Agreement provides that the Casinos will pay the NJSEA \$90,000 to be used solely for purse enhancements, breeder’s purses and expenses to establish off-track wagering facilities which it incurs through 2011. The payments will be made in eleven installments from September 29, 2008 through November 15, 2011 and will total \$22,500 in 2008, \$30,000 in each of 2009 and 2010 and \$7,500 in 2011. Each Casino will pay a share equal to a percentage representing the gross gaming revenue it reported for the prior calendar year compared to that reported by all Casinos for that year. Taj Associates estimates its portion of this industry obligation is approximately 10.8%.

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

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

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

Casino License Renewal

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

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