

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

FOR THE QUARTER ENDED MARCH 31, 2012

**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, 2012 AND 2011

(UNAUDITED)

(\$ IN THOUSANDS)

| Line (a) | Description (b) | Notes | 2012 (c) | 2011 (d) |
|-------------|---|--------|-------------|-------------|
| | <u>ASSETS:</u> | | | |
| | Current Assets: | | | |
| 1 | Cash and Cash Equivalents..... | | \$25,646 | \$21,688 |
| 2 | Short-Term Investments..... | | 0 | 0 |
| 3 | Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2012, \$8,197; 2011, \$6,641)..... | | 15,380 | 14,767 |
| 4 | Inventories | | 1,218 | 1,742 |
| 5 | Other Current Assets..... | 6 & 7 | 3,586 | 8,357 |
| 6 | Total Current Assets..... | | 45,830 | 46,554 |
| 7 | Investments, Advances, and Receivables..... | 9 & 11 | 20,782 | 18,605 |
| 8 | Property and Equipment - Gross..... | 1 | 379,318 | 379,666 |
| 9 | Less: Accumulated Depreciation and Amortization..... | 1 | (35,741) | (16,645) |
| 10 | Property and Equipment - Net..... | 1 | 343,577 | 363,021 |
| 11 | Other Assets..... | | 13,385 | 14,244 |
| 12 | Total Assets..... | | \$423,574 | \$442,424 |
| | <u>LIABILITIES AND EQUITY:</u> | | | |
| | Current Liabilities: | | | |
| 13 | Accounts Payable..... | | \$9,032 | \$8,140 |
| 14 | Notes Payable..... | | 0 | 0 |
| | Current Portion of Long-Term Debt: | | | |
| 15 | Due to Affiliates..... | | 0 | 0 |
| 16 | External..... | 4 | 324 | 384 |
| 17 | Income Taxes Payable and Accrued..... | 6 | 701 | 3,470 |
| 18 | Other Accrued Expenses..... | | 14,596 | 17,142 |
| 19 | Other Current Liabilities..... | | 15,224 | 20,652 |
| 20 | Total Current Liabilities..... | | 39,877 | 49,788 |
| | Long-Term Debt: | | | |
| 21 | Due to Affiliates..... | 4 & 11 | 226,549 | 241,806 |
| 22 | External..... | 4 | 5,550 | 5,860 |
| 23 | Deferred Credits | 6 | 32 | 32 |
| 24 | Other Liabilities..... | 6 | 0 | 5,816 |
| 25 | Commitments and Contingencies..... | 9 | 0 | 0 |
| 26 | Total Liabilities..... | | 272,008 | 303,302 |
| 27 | Stockholders', Partners', or Proprietor's Equity..... | | 151,566 | 139,122 |
| 28 | Total Liabilities and Equity..... | | \$423,574 | \$442,424 |

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, 2012 AND 2011

(UNAUDITED)
(\$ IN THOUSANDS)

| Line (a) | Description (b) | Notes | 2012 (c) | 2011 (d) |
|-------------|--|---------|-------------|-------------|
| | Revenue: | | | |
| 1 | Casino..... | | \$78,618 | \$82,255 |
| 2 | Rooms..... | | 11,989 | 10,872 |
| 3 | Food and Beverage..... | | 11,141 | 10,636 |
| 4 | Other..... | | 3,245 | 3,754 |
| 5 | Total Revenue..... | | 104,993 | 107,517 |
| 6 | Less: Promotional Allowances..... | | 29,903 | 28,147 |
| 7 | Net Revenue..... | | 75,090 | 79,370 |
| | Costs and Expenses: | | | |
| 8 | Cost of Goods and Services..... | | 55,779 | 60,395 |
| 9 | Selling, General, and Administrative..... | | 10,817 | 9,031 |
| 10 | Provision for Doubtful Accounts..... | | 183 | 847 |
| 11 | Total Costs and Expenses..... | | 66,779 | 70,273 |
| 12 | Gross Operating Profit..... | | 8,311 | 9,097 |
| 13 | Depreciation and Amortization..... | | 4,265 | 5,604 |
| | Charges from Affiliates Other than Interest: | | | |
| 14 | Management Fees..... | | 0 | 0 |
| 15 | Other..... | 7 | 1,997 | 2,821 |
| 16 | Income (Loss) from Operations..... | | 2,049 | 672 |
| | Other Income (Expenses): | | | |
| 17 | Interest Expense - Affiliates..... | 4 | (6,715) | (7,212) |
| 18 | Interest Expense - External..... | 4 | (179) | (534) |
| 19 | CRDA Related Income (Expense) - Net..... | 9 | (331) | (328) |
| 20 | Nonoperating Income (Expense) - Net..... | 3,5 & 8 | 1,611 | 47 |
| 21 | Total Other Income (Expenses)..... | | (5,614) | (8,027) |
| 22 | Income (Loss) Before Taxes and Extraordinary Items..... | | (3,565) | (7,355) |
| 23 | Provision (Credit) for Income Taxes..... | 6 | 0 | 0 |
| 24 | Income (Loss) Before Extraordinary Items..... | | (3,565) | (7,355) |
| 25 | Extraordinary Items (Net of Income Taxes - 2012, \$0; 2011, \$0)..... | | 0 | 0 |
| 26 | Net Income (Loss)..... | | (\$3,565) | (\$7,355) |

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, 2011
AND THE THREE MONTHS ENDED MARCH 31, 2012

(UNAUDITED)
(\$ IN THOUSANDS)

| Line (a) | Description (b) | Notes | Contributed Capital (c) | Accumulated Earnings (Deficit) (d) | (e) | Total Equity (Deficit) (f) |
|-------------|---------------------------------|-------|-------------------------------|---|-----|-------------------------------------|
| 1 | Balance, December 31, 2010..... | | \$160,092 | (\$13,615) | | \$146,477 |
| 2 | Net Income (Loss) - 2011..... | | | 8,654 | | 8,654 |
| 3 | Capital Contributions..... | | | | | 0 |
| 4 | Capital Withdrawals..... | | | | | 0 |
| 5 | Partnership Distributions..... | | | | | 0 |
| 6 | Prior Period Adjustments..... | | | | | 0 |
| 7 | _____ | | | | | 0 |
| 8 | _____ | | | | | 0 |
| 9 | _____ | | | | | 0 |
| 10 | Balance, December 31, 2011..... | | 160,092 | (4,961) | 0 | 155,131 |
| 11 | Net Income (Loss) - 2012..... | | | (3,565) | | (3,565) |
| 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, 2012..... | | \$160,092 | (\$8,526) | \$0 | \$151,566 |

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, 2012 AND 2011

(UNAUDITED)

(\$ IN THOUSANDS)

| Line (a) | Description (b) | Notes | 2012 (c) | 2011 (d) |
|-------------|--|-------|-------------|-------------|
| 1 | CASH PROVIDED (USED) BY OPERATING ACTIVITIES.. | | (\$987) | (\$4,797) |
| | 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..... | | (1,340) | (2,757) |
| 5 | Proceeds from Disposition of Property and Equipment..... | | 0 | 0 |
| 6 | CRDA Obligations | 9 | (963) | (1,083) |
| 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 | | | | |
| 11 | | | | |
| 12 | Net Cash Provided (Used) By Investing Activities..... | | (2,303) | (3,840) |
| | 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..... | 4 | (93) | (78) |
| 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 of Grid Note Payable | 4 | 1,020 | 3,909 |
| 22 | | | | |
| 23 | Net Cash Provided (Used) By Financing Activities..... | | 927 | 3,831 |
| 24 | Net Increase (Decrease) in Cash and Cash Equivalents..... | | (2,363) | (4,806) |
| 25 | Cash and Cash Equivalents at Beginning of Period..... | | 28,009 | 26,494 |
| 26 | Cash and Cash Equivalents at End of Period..... | | \$25,646 | \$21,688 |
| | CASH PAID DURING PERIOD FOR: | | | |
| 27 | Interest (Net of Amount Capitalized)..... | | \$5,873 | \$3,508 |
| 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, 2012 AND 2011

(UNAUDITED)

(\$ IN THOUSANDS)

| Line (a) | Description (b) | Notes | 2012 (c) | 2011 (d) |
|-------------|--|-------|-------------|-------------|
| | CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| 29 | Net Income (Loss)..... | | (\$3,565) | (\$7,355) |
| 30 | Depreciation and Amortization of Property and Equipment..... | 1 | 4,265 | 5,604 |
| 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..... | | (11) | (58) |
| 36 | (Gain) Loss on CRDA-Related Obligations..... | 9 | 331 | 328 |
| 37 | (Gain) Loss from Other Investment Activities..... | | 0 | 0 |
| 38 | (Increase) Decrease in Receivables and Patrons' Checks | | (1,573) | 1,815 |
| 39 | (Increase) Decrease in Inventories | | 144 | 409 |
| 40 | (Increase) Decrease in Other Current Assets..... | | (1,442) | (1,553) |
| 41 | (Increase) Decrease in Other Assets..... | | (1,345) | 60 |
| 42 | Increase (Decrease) in Accounts Payable..... | | (251) | (1,280) |
| 43 | Increase (Decrease) in Other Current Liabilities | | 1,603 | (393) |
| 44 | Increase (Decrease) in Other Liabilities | | (243) | (2,374) |
| 45 | Asset Impairment Charge | 3 | 1,100 | 0 |
| 46 | | | | |
| 47 | Net Cash Provided (Used) By Operating Activities..... | | (\$987) | (\$4,797) |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | | | |
|----|--|--|-----------|-----------|
| | ACQUISITION OF PROPERTY AND EQUIPMENT: | | | |
| 48 | Additions to Property and Equipment..... | | (\$1,340) | (\$2,757) |
| 49 | Less: Capital Lease Obligations Incurred..... | | 0 | 0 |
| 50 | Cash Outflows for Property and Equipment..... | | (\$1,340) | (\$2,757) |
| | 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, 2012
(UNAUDITED)
(\$ IN THOUSANDS)

AMENDED SEPTEMBER 4, 2012

| Line (a) | Description (b) | Promotional Allowances | | Promotional Expenses | |
|-------------|----------------------------|--------------------------------|-------------------------|--------------------------------|-------------------------|
| | | Number of Recipients (c) | Dollar Amount (d) | Number of Recipients (e) | Dollar Amount (f) |
| 1 | Rooms | 100,264 | \$7,383 | 0 | \$0 |
| 2 | Food | 249,900 | 3,931 | 9,024 | 537 |
| 3 | Beverage | 531,739 | 2,578 | 0 | 0 |
| 4 | Travel | 0 | 0 | 7,118 | 1,329 |
| 5 | Bus Program Cash | 0 | 0 | 0 | 0 |
| 6 | Promotional Gaming Credits | 791,872 | 11,541 | 0 | 0 |
| 7 | Complimentary Cash Gifts | 36,020 | 3,942 | 0 | 0 |
| 8 | Entertainment | 3,080 | 39 | 2,680 | 208 |
| 9 | Retail & Non-Cash Gifts | 13,969 | 355 | 38,918 | 813 |
| 10 | Parking | 0 | 0 | 94,356 | 283 * |
| 11 | Other | 1,980 | 134 | 8,119 | 163 * |
| 12 | Total | 1,728,824 | \$29,903 | 160,215 | \$3,333 |

* Amounts indicated with an asterisk have been restated to conform to the current presentation

FOR THE THREE MONTHS ENDED _____, 20

| Line (a) | Description (b) | Promotional Allowances | | Promotional Expenses | |
|-------------|----------------------------|--------------------------------|-------------------------|--------------------------------|-------------------------|
| | | Number of Recipients (c) | Dollar Amount (d) | Number of Recipients (e) | Dollar Amount (f) |
| 1 | Rooms | | | | |
| 2 | Food | | | | |
| 3 | Beverage | | | | |
| 4 | Travel | | | | |
| 5 | Bus Program Cash | | | | |
| 6 | Promotional Gaming Credits | | | | |
| 7 | Complimentary Cash Gifts | | | | |
| 8 | Entertainment | | | | |
| 9 | Retail & Non-Cash Gifts | | | | |
| 10 | Parking | | | | |
| 11 | Other | | | | |
| 12 | Total | 0 | \$0 | 0 | \$0 |

*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, 2012

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.

5/15/2012

Date



Daniel McFadden

Vice President of Finance

Title

7167-11

License Number

On Behalf of:

TRUMP TAJ MAHAL ASSOCIATES, LLC

Casino Licensee

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

NOTE 1 – GENERAL

Organization 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 wholly-owned subsidiary of Trump Entertainment Resorts, Inc. (“TER”), a Delaware corporation.

Taj Associates owns and operates the Trump Taj Mahal Casino Resort (the “Taj Mahal”), an Atlantic City, New Jersey hotel, casino and convention center complex. Taj Associates derives its revenue primarily from casino operations, room rental, food and beverage sales, and entertainment revenue. The casino industry in Atlantic City is seasonal in nature with the peak season being the spring and summer months.

Chapter 11 Case

On February 17, 2009 (the “Petition Date”), TER and certain of its direct and indirect subsidiaries, including the Company, (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 were 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 May 7, 2010, the Bankruptcy Court entered an order (the “Confirmation Order”) confirming the Supplemental Modified Sixth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Proposed by the Debtors and the Ad Hoc Committee of Holders of 8.5% Senior Secured Notes Due 2015, as filed with the Bankruptcy Court, in final form, on May 7, 2010 (the “Plan of Reorganization”).

On July 16, 2010 (the “Consummation Date”), the Plan of Reorganization became effective and the transactions contemplated by the Plan of Reorganization were consummated.

On January 10, 2012, the Bankruptcy Court issued its final decree and order closing the Chapter 11 Case.

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, 2011 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, 2012.

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.

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

Assets Held for Sale

Long-lived assets are considered held for sale when certain criteria are met, including whether management (having the authority to approve the action) has committed to a plan to sell the asset, whether the asset is available for sale in its present condition and whether a sale of the asset is probable within one year of the reporting date. Long-lived assets that are classified as held for sale are reported at the lower of the assets' carrying amount or fair value less costs related to the assets' disposition and are no longer depreciated. See Note 3 for additional information regarding assets classified as held for sale as of March 31, 2012.

NOTE 2 - RECENTLY ADOPTED 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 became 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 adoption of this guidance on January 1, 2011 had no impact on the Company's financial statements.

During March 2011, certain amendments to the New Jersey Casino Control Act (the "Act") became effective which, among other things, allowed a casino licensee to terminate a progressive slot machine jackpot or in-house linked progressive slot machine jackpots by providing a minimum of thirty days' notice to patrons provided that such game is permanently removed from all of its casino floors. In connection with this amendment, in March 2011, the Company recognized \$965 of income representing the reversal of progressive slot machine jackpot accruals in accordance with the guidance issued by the FASB. Such amount is included in Casino revenues during the three months ended March 31, 2011.

NOTE 3 – ASSETS HELD FOR SALE – OFF-SITE WAREHOUSE

On May 8, 2012, the Company completed the sale of its off-site warehouse (the "EHT Property") located in Egg Harbor Township, New Jersey to Schoffer Enterprises, LLC pursuant to the terms of the Agreement of Sale dated as of February 6, 2012. The net cash proceeds of the transaction of \$1,949 are required to be used in a manner permitted under the Amended and Restated Credit Agreement (see Note 4).

The Company classified the EHT Property within assets held for sale at March 31, 2012. In accordance with ASC 360, long-lived assets that are held for sale are reported at the lower of the assets' carrying amount or fair value less costs related to the assets' disposition and are no longer depreciated. The Company recorded a non-cash asset impairment charge of \$1,100 to record the EHT Property at its fair value less costs to sell. Such amount is reflected in Nonoperating Expense in the statement of income during the three months ended March 31, 2012.

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

NOTE 4 - DEBT

| | March 31, | |
|--|------------------|-------------|
| | 2012 | 2011 |
| 12% Revolving Grid Note - TER Holdings, due December 31, 2015, interest due and payable monthly | \$ 226,549 | \$ 241,806 |
| Capitalized lease obligations, payments due in 2012, secured by equipment financed, interest at 8.5% to 12% | 5,874 | 6,244 |
| | 232,423 | 248,050 |
| Less: current maturities | (324) | (384) |
| Long-term debt, net of current maturities | \$ 232,099 | \$ 247,666 |

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.

Guarantees

Taj Associates, along with Trump Plaza Associates LLC (“Plaza Associates”) and Trump Marina Associates LLC (“Marina Associates”) guarantees TER Holdings’ Amended and Restated Credit Agreement on a joint and several basis. The Amended and Restated Credit Agreement is secured by substantially all of the assets of TER Holdings and Taj Associates on a priority basis. At March 31, 2012, TER had outstanding borrowings of \$294,586 under the Amended and Restated Credit Agreement.

Event of Default

As discussed in Note 1, 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 had 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, were stayed and other contractual obligations against the Debtors generally were not permitted to be enforced.

NOTE 5 – INCOME RELATED TO UTILITY AGREEMENTS

On February 27, 2012, the Company entered into various agreements with one of its utility providers. In consideration for entering into the agreements, the Company received \$1,090 in cash and will receive rate reduction credits totaling approximately \$1,960 which are to be applied against future invoices for services provided in equal monthly increments of \$35 through October 2016. The Company recognized \$2,649 of income, net of related expenses, in connection with entering into these agreements. Such amount is reflected in Nonoperating Income in the statement of income during the three months ended March 31, 2012.

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

NOTE 6 - INCOME TAXES

Federal Income Taxes

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

State Income Taxes

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

There was no state income tax provision during the three months ended March 31, 2012 and 2011.

At March 31, 2012, the Company had unrecognized tax benefits of approximately \$1,666, including interest. In accordance with ASC Topic 805 –“Business Combinations” (“ASC 805”), \$701 of unrecognized tax benefits would affect its effective tax rate, if recognized. During the second quarter of 2012, \$701 of the Company's unrecognized tax benefits at March 31, 2012 were settled as discussed below.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties as a component of income tax expense. The Company recognized interest associated with uncertain tax positions of \$0 and \$330 during the three months ended March 31, 2012 and 2011, respectively.

Federal and State Income Tax Audits

Tax years 2008 through 2011 remain subject to examination by federal and state tax authorities.

From 2002 through 2006, state income taxes for TER's New Jersey operations were computed under the alternative minimum assessment method. During December 2011, the Company entered into a Stipulation and Consent Order (the “Stipulation”) with the State of New Jersey, Department of Treasury and Division of Taxation (the “Division”, and together with the Company, the “Parties”), settling certain claims for unpaid taxes that were asserted by the Division in the Chapter 11 bankruptcy proceedings commenced by the Company in 2004 and the Chapter 11 Case. The Stipulation was approved by order of the Bankruptcy Court and became final and non-appealable on December 19, 2011 (the “Effective Date”).

Under the terms of the Stipulation, the Parties agreed to resolve any and all claims of the Division against the Company relating to New Jersey Corporation Business Tax for periods prior to the 2009 bankruptcy (including the Division's claim for unpaid taxes relating to the years 2002 through 2006 under the alternative minimum assessment method (“AMA”) of determining tax liability). On the Effective Date, pursuant to the Stipulation, the claim asserted by the Division in the Company's 2009 bankruptcy proceedings was reduced to \$2,201 (the “Settlement Payment”) and was deemed to be an allowed priority tax claim, as defined in the Plan of Reorganization, in the amount of \$2,201. The Stipulation provides for the Company to make this Settlement Payment in two installments.

Pursuant to the Stipulation, in December 2011, the Company paid the first installment of the Settlement Payment, totaling \$1,500, to the Division. The second and final installment payment of \$701 was paid by the Company to the Division on April 30, 2012.

Chapter 11 Case Implications

Pursuant to the Plan of Reorganization, on the Consummation Date, TER Holdings realized cancellation of

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

indebtedness income, and as a result, was required to reduce certain tax attributes such as net operating loss carryforwards (“NOLs”) and the tax basis of its assets. Effective January 1, 2011, TER fully reduced its federal NOLs and credit carryforwards generated prior to 2011 as a result of the realized cancellation of indebtedness income pursuant to the applicable provisions of the Internal Revenue Code (the “Code”). The reduction of tax attributes and the application of Section 382 of the Code, as a result of the ownership change occurring on the Consummation Date, could result in increased future tax liabilities for TER Holdings’ partners. TER Holdings is also currently reviewing the technical merits of a potential tax reporting position as a result of the Plan of Reorganization and related transactions that may result in a substantial additional step-up in the tax basis of the its assets. The additional tax basis step-up in its assets resulting from this tax reporting position, if any, would be subject to the application of Section 382 of the Code as a result of the ownership change which occurred on the Consummation Date. Any increased deferred tax assets, if any, from this tax reporting position would be offset by a full valuation allowance for financial statement purposes.

NOTE 7 - TRANSACTIONS WITH AFFILIATES

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

| | March 31, | |
|-------------------|------------------|-------------|
| | 2012 | 2011 |
| Plaza Associates | \$ (1,397) | \$ (2,294) |
| Marina Associates | 75 | (1,092) |
| TER | 151 | 29 |
| Total | \$ (1,171) | \$ (3,357) |

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, but are not limited to, certain shared professional fees, insurance, advertising and payroll costs.

Trump Taj Mahal Associates Administration, a separate division of Taj Associates (“Trump Administration”) provides certain shared services to Taj Associates, Plaza Associates and Marina Associates. Trump Administration allocated expenses associated with such services to Plaza Associates and Marina Associates totaling \$847 and \$2,415 during the three months ended March 31, 2012 and 2011, respectively. Plaza Associates and Marina Associates reimburse Trump Administration for these allocated expenses.

On May 24, 2011, TER and Marina Associates completed the sale of the Trump Marina Hotel Casino (“Trump Marina”) to Golden Nugget Atlantic City, LLC (“Golden Nugget”), an affiliate of Landry’s Restaurants, Inc., pursuant to the Asset Purchase Agreement dated as of February 11, 2011, (as amended, the “Asset Purchase Agreement”). Pursuant to the Asset Purchase Agreement, at the closing, Golden Nugget acquired substantially all of the assets of, and assumed certain liabilities related to, the business conducted at Trump Marina.

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NOTE 8 – NON-OPERATING INCOME (EXPENSE)

| | Three Months Ended | |
|---|--------------------|-------|
| | March 31, | |
| | 2012 | 2011 |
| Interest income | \$ 62 | \$ 47 |
| Income related to Utility Agreements (Note 5) | 2,649 | - |
| Impairment charge - Off-Site Warehouse (Note 3) | (1,100) | - |
| Total | \$ 1,611 | \$ 47 |

NOTE 9 - COMMITMENTS & CONTINGENCIES

Casino License Renewal

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.

In June 2007, the CCC renewed the Company’s license to operate the Taj Mahal for the next five-year period through June 2012. The Company and certain individuals will be required to resubmit documentation supporting a renewal of their qualification and licensure prior to 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.

Legal Proceedings

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

Chapter 11 Case

As described in Note 1, on the Petition Date, the Debtors filed voluntary petitions in the Bankruptcy Court seeking relief under the Bankruptcy Code. These chapter 11 cases were 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 May 7, 2010, the Bankruptcy Court entered the Confirmation Order confirming the Supplemental Modified Sixth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Proposed by the Debtors and the Ad Hoc Committee of Holders of 8.5% Senior Secured Notes Due 2015, as filed with the Bankruptcy Court, in final form, on May 7, 2010.

On July 16, 2010, the Plan of Reorganization became effective and the transactions contemplated by the Plan of Reorganization were consummated.

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On January 10, 2012, the Bankruptcy Court issued its final decree and order closing the Chapter 11 Case.

Notwithstanding the entry of the final decree and order closing the Chapter 11 Case, the Bankruptcy Court has retained jurisdiction to determine the allowance of the claims filed against the Company. An interim distribution has been made in 2012 to holders of certain allowed Class 5 and Class 7 Claims as defined in the Plan of Reorganization. A number of disputed claims have yet to be resolved. If and when these claims are allowed, the claimants will receive distributions pursuant to the Plan of Reorganization.

Casino Reinvestment Development Authority Obligations

As required by the provisions of the Casino Control Act, a casino licensee must pay an investment alternative tax of 2.5% of its gross casino revenues as defined in the New Jersey Casino Control Act. However, pursuant to a contract with the Casino Reinvestment Development Authority (“CRDA”), the Company pays 1.25% of its gross 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. 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. We recognized expense of \$331 and \$328 during the three months ended March 31, 2012 and 2011, respectively, to give effect to the below market interest rates associated with CRDA deposits and bonds.

NJSEA Subsidy Agreement

In August 2008, the casinos located in Atlantic City (the “Casinos”) entered into a Purse Enhancement Agreement (the “2008 Subsidy Agreement”) with the NJSEA and the CRDA in the interest of further deferring or preventing the proliferation of competitive gaming at New Jersey racing tracks through December 31, 2011. In addition to the continued prohibition of casino gaming in New Jersey outside of Atlantic City, legislation was enacted to provide for the deduction of certain promotional gaming credits from the calculation of the tax on casino gross revenue.

Under the terms of the 2008 Subsidy Agreement, the Casinos were required to make scheduled payments to the NJSEA totaling \$90,000 which was to be used for certain authorized purposes (the “Authorized Uses”) as defined by the 2008 Subsidy Agreement. In the event any of the \$90,000 was not used by the NJSEA for the Authorized Uses by January 1, 2012, the unused funds would be returned by the NJSEA to the Casinos on a pro rata basis based upon the share each casino contributed. For each year, each casino's share of the scheduled payments equated to the percentage representing its gross gaming revenue for the prior calendar year compared to the gross gaming revenues for that period for all Casinos. Each casino, solely and individually, was responsible for its respective share of the scheduled amounts due. In the event that any casino failed to make its payment as required, the remaining Casinos had the right, but not the obligation, to cure a payment delinquency.

Pursuant to the Asset Purchase Agreement, as described in Note 7, all promotional gaming credits attributable or related to Marina Associates are to be maintained by Marina Associates or its affiliates. Marina Associates has not yet received the full recovery of its pro rata share of the costs of the 2008 Subsidy Agreement. Subsequent to the sale date, Marina Associates transferred its rights to future

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promotional gaming credits and the associated benefits of such credits to the Company. In connection with this transfer, the Company began to deduct the promotional gaming credits applicable to Marina Associates from the calculation of the tax on casino gross revenue.

The Company expensed its share of the \$90,000, estimated to be approximately \$9,752 based on its actual market share of gross gaming revenue, on a straight-line basis over the term of the 2008 Subsidy Agreement. The Company recorded expense of \$812 during the three months ended March 31, 2011.

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 that a \$5,000 contribution be made to this effort by all casinos prior to 2012, followed by an annual amount of \$30,000 to be contributed by the casinos 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 year compared to the aggregate gross gaming revenues for that period for all casinos. During the three months ended March 31, 2012, we recognized \$789 of expense related to our portion of the \$30,000 contribution to be made during 2012. During the three months ended March 31, 2011, we recognized \$141 of expense related to our portion of the \$5,000 contribution to be made prior to 2012.

NOTE 10 – CITY OF ATLANTIC CITY REAL PROPERTY TAX APPEALS

The Company has filed appeals against the City of Atlantic City (the "City") in the Tax Court of New Jersey related to its real property tax assessments for tax years 2008 through 2012. Trial was scheduled to commence during early April 2012; however, the Tax Court agreed, at the parties' request, to adjourn trial commencement pending the outcome of settlement discussions.

NOTE 11 – 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.

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(in thousands)

Balances Measured at Fair Value

| | March 31, 2012 | | | | March 31, 2011 | | | |
|-----------------------|-----------------------|----------------|----------------|----------------|-----------------------|----------------|----------------|----------------|
| | Balance | Level 1 | Level 2 | Level 3 | Balance | Level 1 | Level 2 | Level 3 |
| Assets held for sale | \$ 1,941 | \$ 1,941 | | | \$ — | \$ — | | |
| CRDA investments, net | \$ 20,782 | | \$ 20,782 | | \$ 18,605 | | \$ 18,605 | |

The fair value measurement related to our assets held for sale was determined using inputs within Level 1 of ASC 820's hierarchy due to the Agreement of Sale. The fair value measurements relating to our CRDA bonds and deposits were determined using inputs within Level 2 of ASC 820's hierarchy. CRDA assets are discussed in Note 9.

Balances Disclosed at Fair Value

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

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

| | March 31, 2012 | | | |
|-------------------------|---------------------------|-----------------------|-----------------------------|-----------------------------|
| | Amount Outstanding | Carrying Value | Estimated Fair Value | Fair Value Hierarchy |
| 12% Revolving Grid Note | \$ 226,549 | \$ 226,549 | \$ 226,549 | Level 2 |

| | March 31, 2011 | | | |
|-------------------------|---------------------------|-----------------------|-----------------------------|-----------------------------|
| | Amount Outstanding | Carrying Value | Estimated Fair Value | Fair Value Hierarchy |
| 12% Revolving Grid Note | \$ 241,806 | \$ 241,806 | \$ 241,806 | Level 2 |

The carrying amount of the Grid Note approximates its fair value. The Company's other long-term debt was not significant at March 31, 2012 and March 31, 2011.