

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2015

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



**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

TRUMP TAJ MAHAL ASSOCIATES, LLC

BALANCE SHEETS

AS OF SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	1	\$14,258	\$25,034
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2015, \$6,027; 2014, \$7,042).....		5,139	7,607
4	Inventories		1,108	1,092
5	Other Current Assets.....	4	9,891	5,468
6	Total Current Assets.....		30,396	39,201
7	Investments, Advances, and Receivables.....	6 & 7	10,373	8,409
8	Property and Equipment - Gross.....		181,090	384,920
9	Less: Accumulated Depreciation and Amortization.....		(38,181)	(79,381)
10	Property and Equipment - Net.....		142,909	305,539
11	Other Assets.....		10,160	11,046
12	Total Assets.....		\$193,838	\$364,195
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$13,818	\$15,272
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....	2 & 7	212,666	225,470
16	External.....	2	296	780
17	Income Taxes Payable and Accrued.....	3	0	0
18	Other Accrued Expenses.....	6 & 8	73,356	21,479
19	Other Current Liabilities.....		12,462	22,078
20	Total Current Liabilities.....		312,598	285,079
	Long-Term Debt:			
21	Due to Affiliates.....	2	0	0
22	External.....	2	0	5,294
23	Deferred Credits		0	0
24	Other Liabilities.....		0	0
25	Commitments and Contingencies.....		0	0
26	Total Liabilities.....		312,598	290,373
27	Stockholders', Partners', or Proprietor's Equity.....		(118,760)	73,822
28	Total Liabilities and Equity.....		\$193,838	\$364,195

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

TRUMP TAJ MAHAL ASSOCIATES, LLC

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	Revenue:			
1	Casino.....		\$141,094	\$171,541
2	Rooms.....		31,478	37,050
3	Food and Beverage.....		15,032	22,353
4	Other.....		7,320	9,201
5	Total Revenue.....		194,924	240,145
6	Less: Promotional Allowances.....		60,521	67,494
7	Net Revenue.....		134,403	172,651
	Costs and Expenses:			
8	Casino.....		43,352	52,115
9	Rooms, Food and Beverage.....		31,158	43,583
10	General, Administrative and Other.....		53,313	72,590
11	Total Costs and Expenses.....		127,823	168,288
12	Gross Operating Profit.....		6,580	4,363
13	Depreciation and Amortization.....		7,383	13,141
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	0
15	Other.....	4	5,259	5,418
16	Income (Loss) from Operations.....		(6,062)	(14,196)
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	2	0	(20,235)
18	Interest Expense - External.....	2	(995)	(575)
19	CRDA Related Income (Expense) - Net.....	6	(289)	(8,554)
20	Nonoperating Income (Expense) - Net.....	5	(20,647)	251
21	Total Other Income (Expenses).....		(21,931)	(29,113)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(27,993)	(43,309)
23	Provision (Credit) for Income Taxes.....	3	0	0
24	Income (Loss) Before Extraordinary Items.....		(27,993)	(43,309)
25	Extraordinary Items (Net of Income Taxes - 2015, \$0; 2014, \$0).....		0	0
26	Net Income (Loss).....		(\$27,993)	(\$43,309)

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	Revenue:			
1	Casino.....		\$53,951	\$63,313
2	Rooms.....		12,881	14,652
3	Food and Beverage.....		5,512	8,645
4	Other.....		3,138	3,991
5	Total Revenue.....		75,482	90,601
6	Less: Promotional Allowances.....		20,840	26,425
7	Net Revenue.....		54,642	64,176
	Costs and Expenses:			
8	Casino.....		14,982	18,283
9	Rooms, Food and Beverage.....		10,891	16,106
10	General, Administrative and Other.....		12,554	24,030
11	Total Costs and Expenses.....		38,427	58,419
12	Gross Operating Profit.....		16,215	5,757
13	Depreciation and Amortization.....		2,345	4,315
	Charges from Affiliates Other than Interest:			
14	Management Fees.....			
15	Other.....	4	1,812	1,777
16	Income (Loss) from Operations.....		12,058	(335)
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	2	0	(6,809)
18	Interest Expense - External.....	2	(379)	(195)
19	CRDA Related Income (Expense) - Net.....	6	(18)	(287)
20	Nonoperating Income (Expense) - Net.....	5	204	82
21	Total Other Income (Expenses).....		(193)	(7,209)
22	Income (Loss) Before Taxes and Extraordinary Items.....		11,865	(7,544)
23	Provision (Credit) for Income Taxes.....	3	0	0
24	Income (Loss) Before Extraordinary Items.....		11,865	(7,544)
	Extraordinary Items (Net of Income Taxes -			
25	2015, \$0; 2014, \$0).....		0	0
26	Net Income (Loss).....		\$11,865	(\$7,544)

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, 2014
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2013.....		\$160,090	(\$42,959)		\$117,131
2	Net Income (Loss) - 2014.....			(207,898)		(207,898)
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, 2014.....		160,090	(250,857)	0	(90,767)
11	Net Income (Loss) - 2015.....			(27,993)		(27,993)
12	Capital Contributions.....					0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....					0
15	Prior Period Adjustments.....					0
16	_____					0
17	_____					0
18	_____					0
19	Balance, September 30, 2015.....		\$160,090	(\$278,850)	\$0	(\$118,760)

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

TRUMP TAJ MAHAL ASSOCIATES, LLC
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$7,805	(\$5,726)
	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.....		(256)	(588)
5	Proceeds from Disposition of Property and Equipment.....		0	0
6	CRDA Obligations	6	(1,633)	(2,174)
7	Other Investments, Loans and Advances made.....		0	0
8	Proceeds from Other Investments, Loans, and Advances		0	0
9	Cash Outflows to Acquire Business Entities.....		0	0
10	Proceeds from CRDA Investments		260	9,870
11				
12	Net Cash Provided (Used) By Investing Activities.....		(1,629)	7,108
	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.....	2	(705)	(647)
18	Cash Proceeds from Issuing Stock or Capital Contributions..		0	0
19	Purchases of Treasury Stock.....		0	0
20	Payments of Dividends or Capital Withdrawals.....		0	0
21	Borrowings/(Repayments) of Grid Note Payable	2	(4,206)	5,199
22				
23	Net Cash Provided (Used) By Financing Activities.....		(4,911)	4,552
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		1,265	5,934
25	Cash and Cash Equivalents at Beginning of Period.....		12,993	19,100
26	Cash and Cash Equivalents at End of Period.....		\$14,258	\$25,034
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....	2	\$422	\$20,871
28	Income Taxes.....		\$0	\$0

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

TRUMP TAJ MAHAL ASSOCIATES, LLC

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		(\$27,993)	(\$43,309)
30	Depreciation and Amortization of Property and Equipment.....		7,383	13,141
31	Amortization of Other Assets.....		0	0
32	Amortization of Debt Discount or Premium.....		0	0
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		0	0
35	(Gain) Loss on Disposition of Property and Equipment.....		0	(9)
36	(Gain) Loss on CRDA-Related Obligations.....	6	289	8,554
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		(1,201)	389
39	(Increase) Decrease in Inventories		(280)	(36)
40	(Increase) Decrease in Other Current Assets.....		(3,446)	(784)
41	(Increase) Decrease in Other Assets.....		(290)	(39)
42	Increase (Decrease) in Accounts Payable.....		(159)	6,395
43	Increase (Decrease) in Other Current Liabilities	6 & 7	33,502	8,898
44	Increase (Decrease) in Other Liabilities		0	1,074
45		0	0
46		0	0
47	Net Cash Provided (Used) By Operating Activities.....		\$7,805	(\$5,726)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$256)	(\$588)
49	Less: Capital Lease Obligations Incurred.....		0	0
50	Cash Outflows for Property and Equipment.....		(\$256)	(\$588)
	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 NINE MONTHS ENDED SEPTEMBER 30, 2015
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	272,208	\$19,719		
2	Food	201,662	5,519	110,924	2,293
3	Beverage	636,330	3,759		
4	Travel			2,028	610
5	Bus Program Cash				
6	Promotional Gaming Credits	1,909,943	26,410		
7	Complimentary Cash Gifts	50,425	3,389		
8	Entertainment	22,636	832	261	43
9	Retail & Non-Cash Gifts	32,124	587	60,628	2,517
10	Parking			294,579	884
11	Other	2,966	306	8,142	245
12	Total	3,128,294	\$60,521	476,562	\$6,592

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	108,786	\$7,612		
2	Food	66,110	1,742	41,106	841
3	Beverage	224,335	1,316		
4	Travel			798	227
5	Bus Program Cash				
6	Promotional Gaming Credits	671,297	8,460		
7	Complimentary Cash Gifts	17,520	1,061		
8	Entertainment	11,467	393	142	25
9	Retail & Non-Cash Gifts	9,810	192	18,664	786
10	Parking			65,014	195
11	Other	1,064	64	2,839	93
12	Total	1,110,389	\$20,840	128,563	\$2,167

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

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2015

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

11/16/2015

Date



Daniel McFadden

Chief Financial Officer

Title

7167-11

License Number

On Behalf of:

TRUMP TAJ MAHAL ASSOCIATES, LLC

Casino Licensee

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

NOTE 1 – GENERAL

Organization

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

Taj Associates owns and operates the Trump Taj Mahal Casino Resort (the “Trump 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.

Pending Chapter 11 Proceedings

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

Those factors, coupled with the seasonal and capital-intensive nature of the Debtors’ (as defined below) businesses, high debt load, significant labor costs and double-digit real estate tax increases, hindered the Debtors’ ability to operate successfully and negatively impacted the Debtors’ liquidity position. As a result, on September 9, 2014 (the “Petition Date”), TER and its subsidiaries, including Taj Associates (collectively, the “Debtors”), filed voluntary Chapter 11 petitions in the United States Bankruptcy Court for the District of Delaware in Wilmington, Delaware (the “Bankruptcy Court”), seeking relief under the provisions of Chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors’ Chapter 11 cases are being jointly administered under the caption In re: Trump Entertainment Resorts, Inc., et al., Debtors, Chapter 11 Case Nos.14-12103 through 14-12110 (KG) (collectively, the “Chapter 11 Case”).

On September 10, 2014, the Bankruptcy Court entered orders approving various first day motions which have allowed the Company to continue to operate in the normal course of business. As a result of the filing of the Chapter 11 Case, the Company is not permitted to make any payments on pre-petition liabilities without prior Bankruptcy Court approval. Under the priority schedule established by the Bankruptcy Code, certain post-petition and pre-petition liabilities need to be satisfied before general unsecured creditors and equity holders are entitled to receive any distribution. The Company continues to operate its business as a debtor-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court. The Company’s liquidity and capital resources have been significantly affected by the Chapter 11 Case and the bankruptcy proceedings have resulted in various restrictions on its activities, limitations on financing, and a need to obtain Bankruptcy Court approval for various matters.

On October 17, 2014, the Bankruptcy Court approved the Debtors’ motion to (i) reject the collective bargaining agreement with UNITE HERE Local 54 (“Local 54”) and (ii) implement modified terms of a new collective bargaining agreement. This order of the Bankruptcy Court (the “CBA Order”) allowed the Debtors to withdraw from the Local 54 Health and Welfare Fund and, instead, substitute with health care

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

coverage under the 2010 Patient Protection and Affordable Care Act (the “Affordable Care Act”). Full time employees who are members of Local 54 receive additional compensation of \$2,000 per year which will enable them to offset, and in some cases, completely defray the cost of obtaining health insurance now available to them and their families under the Affordable Care Act. In addition, in accordance with the CBA Order, the Debtors ceased making contributions to the Local 54 Pension Fund and instead instituted an employer sponsored 401(k) plan with the employer matching contributions up to 1% of each employee’s compensation per year. Other changes made by the Company in accordance with the CBA Order, among others, included job consolidation, elimination of paid meal time, reduction in holiday pay, reduction in guaranteed payment when sent home early, expansion of subcontractor utilization and increase in minimum number of rooms to be cleaned daily by housekeepers.

On October 23, 2014, Local 54 filed a notice of appeal regarding the CBA Order (the “CBA Appeal”). On November 3, 2014, the Debtors and Local 54 jointly sought to have the CBA Appeal determined by the United States Court of Appeals for the Third Circuit (the “Court of Appeals”), and by order dated November 7, 2014, the Bankruptcy Court ordered the certification to the Court of Appeals. On January 21, 2015, the Court of Appeals granted the Debtors’ request to expedite the CBA Appeal and, thereafter, the Court of Appeals held oral argument with respect to the CBA Appeal on March 4, 2015. We currently await a decision on the CBA Appeal. An adverse decision on the CBA Appeal could affect the ability of the Company to operate and implement the Plan as described below.

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

Also, on January 30, 2015, the Bankruptcy Court entered an order authorizing the Debtors’ to obtain post-petition financing (the “DIP Facility”) pursuant to that certain Superpriority Senior Secured Priming Debtor-in-Possession Credit Agreement (as amended, modified or supplemented from time to time, the “DIP Agreement”) between the Debtors as borrowers, IEH Investments I LLC as initial lender, and Icahn Agency Services, LLC as collateral agent and administrative agent, dated as of February 5, 2015. On March 19, 2015, the Bankruptcy Court entered an order authorizing the Debtors to amend the DIP Agreement. The DIP Agreement, as amended, provides for the Debtors to draw term loans (the “DIP Term Loans”) for certain purposes as set forth in the DIP Agreement, not to exceed \$26,500 in the aggregate. The Debtors shall pay interest on the aggregate outstanding principal amount of the DIP Term Loans at a rate equal to 10% per annum. Accrued and unpaid interest shall be paid-in-kind and automatically capitalized and added to the outstanding principal. The maturity date of the DIP Term Loans was originally set as the earliest of (a) December 31, 2015, (b) March 13, 2015, if a Confirmation Order (as defined in the DIP Agreement) had not been entered on or before said date, (c) the date on which the Plan (as defined below) shall become effective, and (d) the date of acceleration of the DIP Term Loans in accordance with Section 6.01 of the DIP Agreement. On November 5, 2015, the Debtors filed a motion with the Bankruptcy Court for an order approving a further amendment to the DIP Agreement that was entered into as of October 30, 2015 between the Debtors, IEH Investments I LLC and Icahn Agency Services, LLC. This amendment changes the definition of “Maturity Date” as set forth in Article I of the DIP Agreement by replacing December 31, 2015 in clause (a) with June 30, 2016. In addition, the definition of “Material Adverse Effect” set forth in Article I of the DIP Agreement is amended to exclude a potential reversal or modification of the CBA Order. The objection deadline for this motion is November 12, 2015 and a hearing is scheduled for December 10, 2015 at which time the Debtors expect to receive court approval. The Debtors received the initial DIP Term Loan draw in the amount of \$2,500 on February 6, 2015. In addition, the Debtors received \$8,909 on March 31, 2015, \$3,035 on April 7, 2015, \$1,798 on May 1, 2015 and \$3,987 on June 12, 2015. The total outstanding balance of the DIP Term Loans as of September 30, 2015 is \$21,204, which includes \$975 of PIK Interest.

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

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

- The existing pre-petition senior secured debt under the Amended and Restated Credit Agreement (as defined below) in the amount of \$285,590 held by Icahn Partners LP and related entities (the “First Lien Lenders”), will be extinguished and converted into 100% of TER’s New Common Stock (as defined in the Plan). The First Lien Lenders will waive any deficiency claims on account of that debt, and further waive any administrative or priority claims they may have with respect to that debt;
- The commitment by the First Lien Lenders to provide up to \$82,500 in exit financing, consisting of (a) a new senior secured revolving credit facility in the aggregate principal amount of \$40,000, and (b) a new term loan exit facility in the aggregate principal amount of \$16,000 plus the aggregate amount of the DIP Facility outstanding on the Effective Date;
- The funding of the Distribution Trust (as defined in the Plan) with \$3,500 for the benefit of holders of Allowed General Unsecured Claims (as defined in the Plan).

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

As the United States Court of Appeals for the Third Circuit has not rendered a decision on the CBA Appeal, the effective date of the Plan has not occurred.

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, 2014 Quarterly Report as filed with the CCC and DGE.

In preparing the accompanying financial statements, the Company has reviewed, as determined necessary by the Company’s management, events that have occurred after September 30, 2015.

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)

Accounting Impact of Chapter 11 Case

The accompanying financial statements have been prepared in accordance with Topic 852 – “Reorganizations” of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) (“ASC 852”) and on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business. As discussed above, the Company has experienced increased competition and has incurred significant recurring net losses. Further, the filing of the Chapter 11 Case constituted an event of default or otherwise triggered repayment obligations under the Amended and Restated Credit Agreement (as defined). As a result, all indebtedness outstanding became automatically due and payable. The ability of the Company, both during and after the Chapter 11 Case, to continue as a going concern is contingent upon, among other things, (i) a favorable decision on the CBA Appeal, (ii) the effectiveness of the Plan, (iii) the ability of the Company to generate cash from operations and to maintain adequate cash on hand, and (iv) the Company’s ability to regain lost business and to achieve profitability. There can be no assurance that the Company will be able to successfully achieve these objectives in order to continue as a going concern. The accompanying financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

Liabilities subject to compromise 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:

	September 30, 2015
Accounts payable	\$ 7,050
Other current liabilities	2,384
Other accrued expenses	38,933
Current portion LT debt - affiliates	212,666
Total	<u>\$ 261,033</u>

All post-petition liabilities are expected to be satisfied in the ordinary course of business.

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 the Plan does not provide for recovery of interest expense related to the Amended and Restated Credit Agreement (as defined), the Company ceased recording contractual interest expense on the 12% Revolving Grid Note on September 9, 2014, the Petition Date. Total interest expense during the quarter ended September 30, 2015 would have been \$7,138 had the Company recorded interest expense under its contractual agreements.

Cash and Cash Equivalents

The Company considers cash and all highly liquid investments with an original maturity of three months or less to be cash equivalents.

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Cash and cash equivalents include the following:

	September 30,	
	2015	2014
Unrestricted cash and cash equivalents	\$ 14,258	\$ 19,498
Restricted cash - internet gaming patron accounts	-	201
Restricted cash - other	-	5,335
Total	<u>\$ 14,258</u>	<u>\$ 25,034</u>

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

Restricted cash at September 30, 2014 included \$5,335 which represented a portion of the unused net proceeds received during 2014 in connection with a donation of certain of its Casino Reinvestment Development Authority ("CRDA") deposits as further disclosed in Note 6.

NOTE 2 - DEBT

	September 30,	
	2015	2014
12% Revolving Grid Note - TER Holdings, subject to compromise, due December 31, 2015, interest due and payable monthly	\$ 212,666	\$ 225,470
Capitalized lease obligations, payments due through 2015, secured by equipment financed, interest at 12%	2	5,294
Other debt (financed slot machines)	294	780
Total debt	<u>\$ 212,962</u>	<u>\$ 231,544</u>

12% Revolving Grid Note

On July 16, 2010, the Company entered into an Amended and Restated Revolving Grid Note ("12% Grid Note") with TER Holdings. Pursuant to the 12% Grid Note, the Company agreed to repay up to \$250,000 of advances made by TER Holdings, including any accrued unpaid interest on outstanding advances thereon. As disclosed in Note 1 (Accounting Impact of Chapter 11 Case), the Company ceased recording interest on the 12% Grid Note as of September 9, 2014, the Petition Date.

Event of Default

As discussed in Note 1, on September 9, 2014, the Debtors filed voluntary Chapter 11 petitions in the Bankruptcy Court seeking relief under the provisions of Chapter 11 of the Bankruptcy Code. The filing of the Chapter 11 Case constituted an event of default and therefore triggered repayment obligations under the Amended and Restated Credit Agreement (as defined). As a result, all indebtedness outstanding became automatically due and payable. Under the Bankruptcy Code, actions to collect pre-petition indebtedness, as well as most pending litigation, are stayed and other contractual obligations against the Debtors generally may not be enforced. Absent an order of the Bankruptcy Court, substantially all pre-petition liabilities are subject to settlement under the Plan. As described below, the Company guaranteed the indebtedness under

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the Amended and Restated Credit Agreement, therefore, the Company has classified its intercompany indebtedness within current liabilities in the accompanying Balance Sheet as of September 30, 2015.

Guarantees

Taj Associates, along with Trump Plaza Associates LLC (“Plaza Associates”) and Trump Marina Associates LLC (“Marina Associates”) guaranteed TER Holdings’ Amended and Restated Credit Agreement (the “Amended and Restated Credit Agreement”) on a joint and several basis. The Amended and Restated Credit Agreement is secured by substantially all of the assets of TER Holdings, Plaza Associates and Taj Associates on a priority basis. At September 30, 2015, TER Holdings had outstanding borrowings of \$285,590 under the Amended and Restated Credit Agreement, all of which were accelerated as a result of the filing of the Chapter 11 Case.

Taj Associates is a co-borrower under the DIP Agreement, which became effective on February 5, 2015, and is jointly liable with the other Debtors for principal and interest on the DIP Term Loans and all other amounts due thereunder, as described in Note 1 above.

NOTE 3 - INCOME TAXES

Federal Income Taxes

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

State Income Taxes

Under the New Jersey Casino Control Act (the “Act”), the Company is required to file New Jersey corporation business tax returns. At December 31, 2014, the Company had state net operating loss carryforwards of \$536,000 available to offset future taxable income. The New Jersey state net operating loss carryforwards expire from 2015 through 2034.

There was no state income tax provision during the three and nine months ended September 30, 2015 and 2014.

At December 31, 2014, the Company had unrecognized tax benefits of approximately \$509. The Company’s unrecognized tax benefits would not affect its effective tax rate, if recognized.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties as a component of income tax expense. The Company did not recognize any interest associated with uncertain tax positions during the three and nine months ended September 30, 2015 and 2014.

Federal and State Income Tax Audits

Tax years 2011 through 2014 remain subject to examination by federal and state tax authorities.

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NOTE 4 - TRANSACTIONS WITH AFFILIATES

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

	<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>
Plaza Associates	\$ (5,121)	\$ (1,665)
Marina Associates	(1,387)	(1,244)
TER Holdings	605	414
Total	<u>\$ (5,903)</u>	<u>\$ (2,495)</u>

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

Trump Taj Mahal Associates Administration, a separate division of Taj Associates (“Trump Administration”) provides certain shared services to Taj Associates and Plaza Associates. Amounts allocated from Trump Administration to Taj Associates are included in Other Charges from Affiliates on the accompanying Statements of Income. In addition, Trump Administration allocated expenses associated with such services to Plaza Associates totaling \$1,600 during the nine months ended September 30, 2014. There were no expenses allocated to Trump Plaza Associates for the nine months ended September 30, 2015, as Trump Plaza was closed for business effective September 16, 2014. Effective January 1, 2015, Trump Administration’s expenses are allocated entirely to Taj Associates.

NOTE 5 – NON-OPERATING INCOME (EXPENSE)

Non-operating income (expense) for the three and nine months ended September 30 consists of the following:

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Interest Income	\$ 64	\$ 82	\$ 210	\$ 251
Thermal Energy Settlement (See Note 6)	-	-	(20,598)	-
Other	140	-	(259)	-
Total	<u>\$ 204</u>	<u>\$ 82</u>	<u>\$ (20,647)</u>	<u>\$ 251</u>

NOTE 6 - COMMITMENTS & CONTINGENCIES

Chapter 11 Case

On September 9, 2014 (the “Petition Date”), TER and its subsidiaries (collectively, the “Debtors”), filed voluntary Chapter 11 petitions in the United States Bankruptcy Court for the District of Delaware in Wilmington, Delaware (the “Bankruptcy Court”), seeking relief under the provisions of Chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors’ Chapter 11 cases are being jointly administered under the caption In re: Trump Entertainment Resorts, Inc., et al., Debtors, Chapter 11 Case Nos.14-12103 through 14-12110 (KG) (collectively, the “Chapter 11 Case”). See Note 1 for additional information.

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Unfair Labor Practice Charges

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

Prior to the NLRB’s February 18, 2015 determination with respect to the above-referenced ULP, the Union amended its charge to also allege that Trump Taj Mahal and Carl Icahn engaged in surface bargaining, in violation of the NLRA. Further, since January 2015, Local 54 has continued to file numerous additional ULPs (some of which have been withdrawn) against Trump Taj Mahal and Carl Icahn alleging various violations of the collective bargaining agreement, some of which relate to the implementation of the CBA Order but most of which involve questions of contract interpretation. The NLRB is currently investigating the surface bargaining issue as well as certain of the subsequent ULPs filed by Local 54. The Company understands that the NLRB has determined to file complaints against the Company with respect to certain of these subsequent ULP charges but to date no such complaints have been served on the Company.

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

Thermal Energy Settlement Agreement

Prior to the Petition Date, TER Holdings and Thermal Energy Limited Partnership I (“Thermal Energy”), through their respective predecessors in interest, entered into the Thermal Energy Service Agreement, dated as of June 30, 1996 (as may have been amended, modified, extended or supplemented from time to time, the “Taj Mahal Energy Services Agreement”). As a result of an extension agreement, the terms of the Taj Mahal Energy Services Agreement had been extended until the end of December 2027. Pursuant to the Taj Mahal Energy Services Agreement, Thermal Energy sold to TER Holdings steam and chilled water for the Trump Taj Mahal. On February 20, 2015, the Debtors filed a motion (the “Rejection Motion”) with the Bankruptcy Court for the entry of an order authorizing the Debtors to reject the Taj Mahal Energy Services Agreement and no longer requiring Thermal Energy to perform applicable services. Subsequent to the filing of the Rejection Motion, the Debtors reached a global settlement in principle with Thermal Energy regarding the relief requested in the Rejection Motion and the allowance and treatment of certain proofs of claim filed by Thermal Energy against the Debtors in the Chapter 11 Cases and mutual releases in connection therewith. Pursuant to an order of the Bankruptcy Court dated March 12, 2015, to which Thermal Energy consented as part of this global settlement with the Debtors, the Debtors rejected the Taj Mahal Energy Services Agreement effective as of March 31, 2015. On April 21, 2015, an order approving

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terms of the settlement agreement was entered by the Bankruptcy Court. As a result, Thermal Energy is entitled to assert a general unsecured claim against Taj Associates in the aggregate amount of \$27,496 and an Allowed Administrative Expense Claim pursuant to section 503(b)(9) of the Bankruptcy Code in the amount of \$287. In addition, Trump Taj Mahal made payment of \$81 to Thermal Energy which vested the Debtors with all right, title and interest in and to the equipment located in the Thermal Energy production facilities. The approved amounts of the Thermal Energy claims are included in Non-Operating Income/(Expense) on the accompanying Statements of Income for the nine months ended September 30, 2015, and Accrued Expenses on the accompanying Balance Sheet. In addition, the remaining liabilities related to the Taj Mahal Energy Services Agreement were written off in the second quarter 2015 and are included in Non-Operating Income/(Expense) on the Statements of Income for the nine months ended September 30, 2015.

Legal Proceedings

Superstorm Sandy

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

The Company filed a claim for approximately \$9,600 with its insurance carriers relating to losses incurred through March 31, 2013 in connection with Superstorm Sandy. The Company has also calculated the adverse impact that it believes the storm had on its results of operations subsequent to March 31, 2013 for further submission to the insurance carriers. While the Company has insurance that covers losses related to property damage and business interruptions, losses sustained may either be subject to significant deductibles or unfavorable coverage interpretation by the insurance carriers, or a combination of both. No payment has been received to date, nor have the carriers approved our claim.

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

Other Legal Proceedings

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

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Casino License Resubmission

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

In June 2007, the CCC renewed the Company's license to operate Trump Taj Mahal for the following five-year period through June 2012. During 2012, the Company and certain individuals resubmitted the required documentation supporting a renewal of their qualification and licensure and were authorized to continue to operate while the DGE performed its investigations. The DGE completed its resubmission investigation of the Company and certain individuals and determined that no information was revealed that would affect the Company's casino license. Upon revocation, suspension for more than 120 days, or failure to renew the casino license, the Casino Control Act provides for the mandatory appointment of a conservator to take possession of the hotel and casino's business and property, subject to all valid liens, claims and encumbrances.

Casino Reinvestment Development Authority Obligations

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

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

For the nine months ended September 30, 2015 and 2014, the Company charged to operations \$289 and \$8,554, respectively, to reflect reductions in the estimated net realizable value of certain CRDA deposits due to certain transactions and to give effect to the below market interest rates associated with CRDA deposits and bonds.

In 1995, the CRDA passed a resolution establishing a Donation Credit Policy to serve as a guide regarding donations made by casino licensees from their available CRDA Payments. During March 2014, and in conformance with that policy, the Company requested that the CRDA approve a cash-back credit in the amount of \$9,870 in exchange for a donation of \$29,563 of gross deposits previously made by Trump Taj Mahal to the CRDA Atlantic City Housing and Community Development Fund and the Atlantic City Tourism District and Community Development Fund (the "CRDA Transaction"). By resolution dated March 18, 2014, the CRDA approved the CRDA Transaction. On April 23, 2014, the Company received \$9,870 from the CRDA representing the cash-back donation credit. The Company recognized \$7,800 of expense during 2014 to record the deposits donated at their net realizable value.

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Atlantic City Tourism District

In February 2011, as part of the State of New Jersey’s plan to revitalize Atlantic City’s casino and tourism industries, a law was enacted requiring the creation of a tourism district (the “Tourism District”) to be administered and managed by the CRDA. The Tourism District includes each of the Atlantic City casino properties, along with certain other tourism related areas of Atlantic City. The law requires, among other things, the creation of a public-private partnership between the CRDA and a private entity that represents existing and future casino licensees. The private entity, known as The Atlantic City Alliance (the “ACA”), was established in the form of a not-for-profit corporation, of which the Company is a member. The public-private partnership established between the ACA and the CRDA is for an initial term of five years. Its general purpose is to revitalize and market the Tourism District. The law requires the casinos to make an annual contribution of \$30,000 commencing January 1, 2012 for a term of five years. Each casino’s portion of the annual contributions will equate to the percentage representing its gross gaming revenue for the prior calendar quarter compared to the aggregate gross gaming revenues for that period for all casinos. During the three and nine months ended September 30, 2015, the Company recognized \$574 and \$1,735, respectively, of expense related to its portion of the \$30,000 contribution for 2015. During the three and nine months ended September 30, 2014, the Company recognized \$671 and \$1,850, respectively, of expense related to its portion of the \$30,000 contribution for 2014. The Company has made payments for all periods billed through June 30, 2014. Unpaid amounts for July 2014 through September 2015 have been accrued and are included in Other Accrued Expenses on the accompanying Balance Sheet.

NOTE 7 – FAIR VALUE MEASUREMENTS

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

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

Balances Measured at Fair Value on a recurring basis

	September 30, 2015				September 30, 2014			
	Balance	Level 1	Level 2	Level 3	Balance	Level 1	Level 2	Level 3
CRDA bonds and deposits	\$ 10,373	-	\$ 10,373	-	\$ 8,409	-	\$ 8,409	-

The amounts recorded related to CRDA bonds and deposits are classified within Investments, Advances and Receivables, net on the Balance Sheets as of September 30, 2015 and 2014. CRDA investments are discussed further in Note 6.

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Balances Disclosed at Fair Value

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

The carrying amount and estimated fair values of our remaining financial instruments at September 30, are as follows:

	September 30, 2015			
	Amount Outstanding	Carrying Value	Estimated Fair Value	Fair Value Hierarchy
12% Grid Note	\$ 212,666	\$ 212,666	\$ 212,666	Level 2

	September 30, 2014			
	Amount Outstanding	Carrying Value	Estimated Fair Value	Fair Value Hierarchy
12% Grid Note	\$ 225,470	\$ 225,470	\$ 225,470	Level 2

The carrying amount of the Grid Note approximates its fair value. The Company's other long-term debt was not significant at September 30, 2015 and 2014.

NOTE 8 – CITY OF ATLANTIC CITY REAL PROPERTY TAXES

Unpaid Property Taxes

The Company did not pay the balance of 2014 property taxes in the amount of \$17,107 to the City of Atlantic City (the "City") when due. As a result, the City requested and received approval from the Bankruptcy Court to offer for sale to third parties the tax lien certificates secured by Trump Taj Mahal. The Company understands that the tax lien certificates were sold by the City in the fourth quarter 2014. The above balance is included in Other Accrued Expenses on the accompanying Balance Sheets. In addition, although the Company paid its first quarter 2015 taxes, we determined that rather than paying the balance of our 2015 property taxes in the amount of \$10,217, it would be beneficial to utilize such funds for other business purposes. Accordingly, the Company has deferred payment of such property taxes.

2014 Property Tax Assessment Proposed Settlement

As previously disclosed, during early 2014, Taj Associates and Plaza Associates had agreed in principle with the City of Atlantic City (the "City") with respect to reductions to the real estate tax assessments related to Trump Taj Mahal and Trump Plaza for 2014 and 2015. Under the terms of a draft settlement agreement, the City reduced the aggregate real estate tax assessments for the 2014 and 2015 tax years to \$825 million for Trump Taj Mahal and \$210 million for Trump Plaza. Taj Associates and Plaza Associates would have been precluded by the terms of the draft settlement agreement from appealing or otherwise contesting such assessments for 2014 and 2015, provided that the City did not complete a city-wide real property revaluation for the 2015 tax year and/or the assessments for Trump Taj Mahal and Trump Plaza were consistent with the amounts the City assessed. The reduced assessments were to become effective as of the beginning of the 2014 tax year. The Company paid its second quarter 2014 property taxes based upon the reduced assessments.

The Company did not and will not enter into the above settlement agreement with the City, due in part to the significant and unanticipated 32% increase in the 2014 property tax rate and also due to other material provisions of the proposed agreement. As a result, the Company's appeal of the 2014 real estate tax assessments is still pending. In addition, the Company has appealed its 2015 real estate tax assessments.

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2015 Property Tax Assessment Reduction

In February 2015, the Company received its Notices of Property Tax Assessments for 2015 from the Atlantic City Assessor, which reduced the aggregate real estate tax assessment to \$500 million for Trump Taj Mahal. However, 2015 appeals are still pending.

NOTE 9 – SUBSEQUENT EVENTS

DIP Agreement Amendment

As discussed in Note 1, on October 30, 2015, the Company and the other Debtors, along with IEH Investments I LLC, as initial lender, and Icahn Agency Services, LLC, as collateral agent and administrative agent, entered into a Second Amendment to the February 5, 2015 DIP Agreement which, subject to approval by the Bankruptcy Court, changes the definition of “Maturity Date” as set forth in Article I of the DIP Agreement by replacing December 31, 2015 in clause (a) with June 30, 2016. In addition, this amendment modifies the definition of “Material Adverse Effect” set forth in Article I of the DIP Agreement to exclude a potential reversal or modification of the CBA Order. A hearing before the Bankruptcy Court to consider approval of this amendment is scheduled for December 10, 2015. In addition, TER and IEH Investments I LLC entered into an agreement dated November 5, 2015 amending the commitment letter previously entered into by such parties in January 2015 under which IEH Investments I LLC agreed, subject to the conditions set forth therein, to provide up to \$82,500 in exit financing to the Debtors on the Effective Date of the Plan, to extend the expiration date of such financing commitment to June 30, 2016.

Superstorm Sandy

As discussed in Note 6, on October 29, 2015, TER and its subsidiaries (including the Company) commenced a lawsuit against certain insurance carriers relating to unpaid claims arising from Superstorm Sandy.