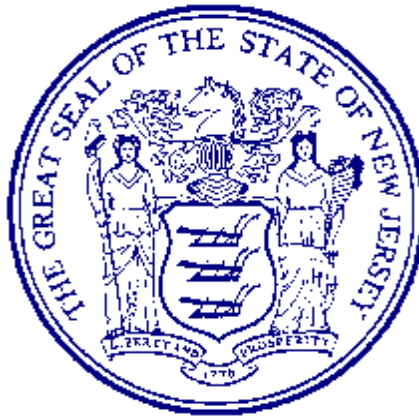


**TRUMP TAJ MAHAL ASSOCIATES, LLC  
QUARTERLY REPORT**

**FOR THE QUARTER ENDED MARCH 31, 2014**

**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, 2014 AND 2013

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	1	\$16,450	\$20,756
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2014, \$7,312; 2013, \$7,590).....		7,647	19,132
4	Inventories .....		1,026	967
5	Other Current Assets.....		3,975	1,803
6	Total Current Assets.....		29,098	42,658
7	Investments, Advances, and Receivables.....	7 & 8	17,328	23,080
8	Property and Equipment - Gross.....		384,630	382,651
9	Less: Accumulated Depreciation and Amortization.....		(70,648)	(52,919)
10	Property and Equipment - Net.....		313,982	329,732
11	Other Assets.....		11,237	12,529
12	Total Assets.....		\$371,645	\$407,999
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$9,595	\$8,769
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....	2	887	856
17	Income Taxes Payable and Accrued.....	4	0	0
18	Other Accrued Expenses.....		11,006	13,617
19	Other Current Liabilities.....	3 & 5	21,381	18,621
20	Total Current Liabilities.....		42,869	41,863
	Long-Term Debt:			
21	Due to Affiliates.....	2 & 8	229,673	215,002
22	External.....	2	5,623	6,451
23	Deferred Credits .....		0	0
24	Other Liabilities.....		523	2,668
25	Commitments and Contingencies.....		0	0
26	Total Liabilities.....		278,688	265,984
27	Stockholders', Partners', or Proprietor's Equity.....		92,957	142,015
28	Total Liabilities and Equity.....		\$371,645	\$407,999

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, 2014 AND 2013

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	Revenue:			
1	Casino.....		\$49,700	\$62,905
2	Rooms.....		10,151	10,528
3	Food and Beverage.....		6,259	8,102
4	Other.....		2,296	2,635
5	Total Revenue.....		68,406	84,170
6	Less: Promotional Allowances.....		18,731	22,179
7	Net Revenue.....		49,675	61,991
	Costs and Expenses:			
8	Casino.....		16,528	19,467
9	Rooms, Food and Beverage.....		12,961	14,268
10	General, Administrative and Other.....		23,379	21,406
11	Total Costs and Expenses.....		52,868	55,141
12	Gross Operating Profit.....		(3,193)	6,850
13	Depreciation and Amortization.....		4,427	4,335
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	0
15	Other.....	5	1,778	1,521
16	Income (Loss) from Operations.....		(9,398)	994
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	2	(6,649)	(6,393)
18	Interest Expense - External.....	2	(194)	(218)
19	CRDA Related Income (Expense) - Net.....	7	(8,016)	(249)
20	Nonoperating Income (Expense) - Net.....	6	83	150
21	Total Other Income (Expenses).....		(14,776)	(6,710)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(24,174)	(5,716)
23	Provision (Credit) for Income Taxes.....	4		0
24	Income (Loss) Before Extraordinary Items.....		(24,174)	(5,716)
	Extraordinary Items (Net of Income Taxes -			
25	2014, \$0; 2013, \$0).....			0
26	Net Income (Loss).....		(\$24,174)	(\$5,716)

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, 2013  
AND THE THREE MONTHS ENDED MARCH 31, 2014

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2012.....		\$160,092	(\$12,361)		\$147,731
2	Net Income (Loss) - 2013.....			(30,600)		(30,600)
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, 2013.....		160,092	(42,961)	0	117,131
11	Net Income (Loss) - 2014.....			(24,174)		(24,174)
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, 2014.....		\$160,092	(\$67,135)	\$0	\$92,957

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, 2014 AND 2013

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....		(\$10,830)	\$2,674
	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.....		(299)	(2,306)
5	Proceeds from Disposition of Property and Equipment.....		0	0
6	CRDA Obligations .....	7	(712)	(680)
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.....		(1,011)	(2,986)
	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 .....	2	0	1,760
16	Costs of Issuing Debt.....		0	0
17	Payments to Settle Long-Term Debt.....	2	(211)	(39)
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	9,402	(585)
22				
23	Net Cash Provided (Used) By Financing Activities.....		9,191	1,136
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(2,650)	824
25	Cash and Cash Equivalents at Beginning of Period.....		19,100	19,932
26	Cash and Cash Equivalents at End of Period.....		\$16,450	\$20,756
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....	2	\$6,836	\$6,575
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, 2014 AND 2013

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
29	Net Income (Loss).....		(\$24,174)	(\$5,716)
30	Depreciation and Amortization of Property and Equipment...		4,427	4,335
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.....		(8)	0
36	(Gain) Loss on CRDA-Related Obligations.....	7	8,016	249
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks .....		349	5,614
39	(Increase) Decrease in Inventories .....		30	62
40	(Increase) Decrease in Other Current Assets.....		321	737
41	(Increase) Decrease in Other Assets.....		168	193
42	Increase (Decrease) in Accounts Payable.....		718	(1,028)
43	Increase (Decrease) in Other Current Liabilities .....		1,001	(1,835)
44	Increase (Decrease) in Other Liabilities .....		(1,678)	63
45				
46				
47	Net Cash Provided (Used) By Operating Activities.....		(\$10,830)	\$2,674

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<b>ACQUISITION OF PROPERTY AND EQUIPMENT:</b>			
48	Additions to Property and Equipment.....		(\$299)	(\$2,306)
49	Less: Capital Lease Obligations Incurred.....			0
50	Cash Outflows for Property and Equipment.....		(\$299)	(\$2,306)
	<b>ACQUISITION OF BUSINESS ENTITIES:</b>			
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
	<b>STOCK ISSUED OR CAPITAL CONTRIBUTIONS:</b>			
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, 2014  
(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	83,286	\$6,147		
2	Food	74,861	2,065	14,318	655
3	Beverage	255,735	1,538		
4	Travel			2,154	793
5	Bus Program Cash				
6	Promotional Gaming Credits	514,428	6,993		
7	Complimentary Cash Gifts	16,553	1,660		
8	Entertainment			10	19
9	Retail & Non-Cash Gifts	9,576	254	13,102	655
10	Parking			47,638	143
11	Other	1,086	74	3,480	106
12	Total	955,525	\$18,731	80,702	\$2,371

FOR THE THREE MONTHS ENDED MARCH 31, 2014

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%.

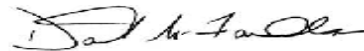
# TRUMP TAJ MAHAL ASSOCIATES, LLC STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 2014

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.

5/15/2014

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 “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.

*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, 2013 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, 2014.

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.

*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.

Cash and cash equivalents include the following:

	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
Unrestricted cash and cash equivalents	\$ 15,945	\$ 20,756
Restricted cash - internet gaming patron accounts	505	-
Total	<u>\$ 16,450</u>	<u>\$ 20,756</u>

Cash and cash equivalents at March 31, 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”) 13:69O-1.3(j), the Company maintains a separate New Jersey bank account to ensure security of funds held in patrons’ internet gaming accounts. On March 31, 2014, the balance in such bank account was \$1,238 and patron deposits in internet gaming accounts were \$505.

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

**NOTE 2 - DEBT**

	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
12% Revolving Grid Note - TER Holdings, due December 31, 2015, interest due and payable monthly	\$ 229,673	\$ 215,002
Capitalized lease obligations, payments due through 2028, secured by equipment financed, interest at 8.5% to 12.0%	5,384	5,550
Other long-term debt (financed slot machines)	1,126	1,757
	236,183	222,309
Less: current maturities	(887)	(856)
Long-term debt, net of current maturities	\$ 235,296	\$ 221,453

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, Plaza Associates and Taj Associates on a priority basis. At March 31, 2014, TER had outstanding borrowings of \$286,456 under the Amended and Restated Credit Agreement.

**NOTE 3 - ONLINE GAMING OPERATIONS AGREEMENT**

On June 24, 2013, (the “Effective Date”), Taj Associates entered into an Online Gaming Operations Agreement (the “Agreement”) with Fertitta Acquisitionsco LLC, doing business as Ultimate Gaming (“UG”). Pursuant to the Agreement, UG hosts, manages, operates and supports internet gambling games in the State of New Jersey (the “Ultimate Gaming Service”) under Taj Associates’ internet gaming permit. Under the Agreement, in exchange for providing the Ultimate Gaming Service, UG receives a percentage of the gross online gaming revenues after the deduction of certain player-related costs, gaming taxes and CRDA investment alternative obligations.

On October 16, 2013, the DGE issued an internet gaming permit to Taj Associates which authorizes the Company to conduct internet gaming in the State of New Jersey. The permit expires on October 16, 2014 and is renewable annually.

Internet gaming in the State of New Jersey commenced on November 26, 2013 after a five-day test period which began on November 21, 2013. Taj Associates’ share of internet gaming revenues is recognized within Casino revenues (net of amounts due to UG). Expenses related to internet gaming are reflected in Casino costs and expenses, net of amounts reimbursed by UG to Taj Associates. Revenues and expenses associated with internet gaming during the three months ended March 31, 2014 were not material to the Company’s financial statements.

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

On the Effective Date, UG paid Taj Associates \$8,000 representing a revenue advancement fee under the Agreement. Such amount was recorded as deferred income and is recognized as gaming revenue when earned. Deferred income is included within Other Current Liabilities and Other Liabilities on the March 31, 2014 Balance Sheet.

**NOTE 4 - INCOME TAXES**

*Federal Income Taxes*

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

*State Income Taxes*

Under the New Jersey Casino Control Act, the Company is required to file New Jersey corporation business tax returns. At December 31, 2013, the Company had state net operating loss carryforwards of approximately \$436,000 available to offset future taxable income. The New Jersey state net operating loss carryforwards expire from 2014 through 2033.

There was no state income tax provision during the three months ended March 31, 2014 and 2013.

At March 31, 2014, the Company had unrecognized tax benefits of approximately \$851. The Company's unrecognized tax benefits would not affect its effective tax rate, if recognized.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties as a component of income tax expense. The Company did not recognize any interest associated with uncertain tax positions during the three months ended March 31, 2014 and 2013.

*Federal and State Income Tax Audits*

Tax years 2010 through 2013 remain subject to examination by federal tax authorities. Tax years 2009 through 2013 remain subject to examination by state tax authorities.

**NOTE 5 - 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:

	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
Plaza Associates	\$ (1,272)	\$ (1,507)
Marina Associates	(1,226)	(1,091)
TER Holdings	392	3,886
Total	\$ (2,106)	\$ 1,288

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, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
(unaudited)  
(in thousands)

Trump Taj Mahal Associates Administration, a separate division of Taj Associates (“Trump Administration”) provides certain shared services to Taj Associates and Plaza Associates. Trump Administration allocated expenses associated with such services to Plaza Associates totaling \$525 and \$622 during the three months ended March 31, 2014 and 2013, respectively. Plaza Associates reimburses Trump Administration for these allocated expenses.

**NOTE 6 – NON-OPERATING INCOME (EXPENSE)**

Non-operating income (expense) includes interest income of \$83 and \$150 for the three months ended March 31, 2014 and 2013, respectively.

**NOTE 7 - COMMITMENTS & CONTINGENCIES**

*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.

In June 2007, the CCC renewed the Company’s license to operate the 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.

*Legal Proceedings*

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

*Casino 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 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

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

interest, direct investment in projects or donation of funds to projects as determined by the CRDA. In addition, the Company must pay an investment alternative tax of 2.5% of the gross casino revenues related to its internet gaming operations.

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

For the three months ended March 31, 2014 and 2013, the Company charged to operations \$8,016 and \$249, respectively, to reflect reductions in the estimated net realizable value of certain CRDA deposits 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.

*Atlantic City Tourism District*

In February 2011, as part of the State of New Jersey's plan to revitalize Atlantic City's casino and tourism industries, a law was enacted requiring the creation of a tourism district (the "Tourism District") to be administered and managed by the CRDA. The Tourism District includes each of the Atlantic City casino properties, along with certain other tourism related areas of Atlantic City. The law requires, among other things, the creation of a public-private partnership between the CRDA and a private entity that represents existing and future casino licensees. The private entity, known as The Atlantic City Alliance (the "ACA"), was established in the form of a not-for-profit corporation, of which the Company is a member. The public-private partnership established between the ACA and the CRDA is for an initial term of five years. Its general purpose is to revitalize and market the Tourism District. The law requires the casinos to make an annual contribution of \$30,000 commencing January 1, 2012 for a term of five years. Each casino's portion of the annual contributions will equate to the percentage representing its gross gaming revenue for the prior calendar quarter compared to the aggregate gross gaming revenues for that period for all casinos. During the three months ended March 31, 2014, the Company recognized \$554 of expense related to its portion of the \$30,000 contribution to be made during 2014. During the three months ended March 31, 2013, the Company recognized \$672 of expense related to its portion of the \$30,000 contribution made during 2013.

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

**NOTE 8 – 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*

	<b>March 31, 2014</b>				<b>March 31, 2013</b>			
	<b>Balance</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Balance</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
CRDA bonds and deposits	\$17,328	—	\$17,328	—	\$23,080	—	\$23,080	—

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 7.

*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:

	<b>March 31, 2014</b>			
	<b>Amount Outstanding</b>	<b>Carrying Value</b>	<b>Estimated Fair Value</b>	<b>Fair Value Heirarchy</b>
12% Grid Note	\$ 229,673	\$229,673	\$229,673	Level 2

	<b>March 31, 2013</b>			
	<b>Amount Outstanding</b>	<b>Carrying Value</b>	<b>Estimated Fair Value</b>	<b>Fair Value Heirarchy</b>
12% Grid Note	\$ 215,002	\$215,002	\$215,002	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, 2014 and 2013.

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

**NOTE 9 – EVACUATION AND CLOSURE OF FACILITIES**

*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 is in the process of calculating the adverse impact that it believes the storm has had on its results of operations subsequent to March 31, 2013 for 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. There can be no assurance that the carriers will agree with our claim and accordingly, may not pay any or part of the claim.

**NOTE 10 – SUBSEQUENT EVENT**

*2014 and 2015 Property Tax Assessment Settlement*

Taj Associates and Plaza Associates have agreed in principle with the City with respect to the real estate tax assessments related to Trump Taj Mahal and Trump Plaza. The settlement terms are set forth in a draft settlement agreement which is expected to be entered into shortly among Taj Associates, Plaza Associates and the City. Under the terms of the draft settlement agreement, Taj Associates, Plaza Associates and the City agreed that the aggregate real estate tax assessment for the 2014 and 2015 tax years will be \$825.0 million for Trump Taj Mahal and \$210.0 million for Trump Plaza. In addition, Taj Associates and Plaza Associates will agree not to appeal or otherwise contest such assessments, provided that the City does not complete a city-wide real property revaluation for the 2015 tax year and/or the assessments for Trump Taj Mahal and Trump Plaza are other than the amounts set forth above. The reduced assessments will become effective as of the beginning of the 2014 tax year. Credits for previously paid 2014 real estate taxes will be applied to future 2014 quarterly amounts due.