

# QUARTERLY REPORT

LICENSEE TRUMP MARINA ASSOCIATES, L.P.

FOR THE QUARTER ENDED SEPTEMBER 30, 2004

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY



## BALANCE SHEETS

AS OF SEPTEMBER 30, 2004 and 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	<b>ASSETS</b>		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$23,564	\$19,156
2	Short-Term Investments .....	--	--
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2004, \$2,055; 2003, \$2,760) .....	9,176	10,537
4	Inventories .....	2,699	2,737
5	Prepaid Expenses and Other Current Assets.....	2,980	2,510
6	Total Current Assets .....	38,419	34,940
7	Investments, Advances, and Receivables .....	6,390	4,484
8	Property and Equipment - Gross .....	588,003	580,173
9	Less: Accumulated Depreciation and Amortization .....	(142,215)	(123,958)
10	Property and Equipment - Net.....	445,788	456,215
11	Other Assets .....	15,704	17,107
12	Total Assets .....	\$506,301	\$512,746
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:		
13	Accounts Payable .....	\$11,069	\$9,140
14	Notes Payable.....	--	--
	Current Portion of Long-Term Debt:		
15	Due to Affiliates .....	--	--
16	Other .....	7,235	5,959
17	Income Taxes Payable and Accrued .....	3,177	2,025
18	Other Accrued Expenses .....	12,376	13,996
19	Other Current Liabilities .....	22,240	10,961
20	Total Current Liabilities.....	56,097	42,081
	Long-Term Debt:		
21	Due to Affiliates .....	340,470	340,470
22	Other .....	7,785	7,487
23	Deferred Credits .....	--	--
24	Other Liabilities .....	1,313	1,900
25	Commitments And Contingencies		
26	Total Liabilities .....	405,665	391,938
27	Stockholders', Partners', Or Proprietor's Equity .....	100,636	120,808
28	Total Liabilities and Equity .....	\$506,301	\$512,746

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

## STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 and 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	Revenue:		
1	Casino.....	\$198,990	\$200,571
2	Rooms .....	14,055	13,908
3	Food and Beverage .....	25,005	24,727
4	Other .....	9,154	8,590
5	Total Revenue .....	247,204	247,796
6	Less: Promotional Allowances .....	56,667	52,737
7	Net Revenue .....	190,537	195,059
	Costs And Expenses:		
8	Cost of Goods and Services .....	115,107	117,806
9	Selling, General, and Administrative .....	32,534	34,618
10	Provision for Doubtful Accounts .....	922	1,170
11	Total Costs and Expenses .....	148,563	153,594
12	Gross Operating Profit .....	41,974	41,465
13	Depreciation and Amortization .....	16,306	16,660
	Charges from Affiliates Other than Interest:		
14	Management Fees .....	--	--
15	Other ....., (Note 4).....	2,806	2,921
16	Income (Loss) From Operations .....	22,862	21,884
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates..... (Notes 2 & 3).....	(33,038)	(40,717)
18	Interest (Expense) - External ....., (Note 3).....	(1,291)	(1,307)
19	Investment Alternative Tax and Related Income (Expense) - Net.....	(837)	(1,640)
20	Nonoperating Income (Expense) - Net .....	117	112
21	Total Other Income (Expenses) .....	(35,049)	(43,552)
22	Income (Loss) Before Income Taxes And Extraordinary Items .....	(12,187)	(21,668)
23	Provision (Credit) for Income Taxes .....	1,115	988
24	Income (Loss) Before Extraordinary Items .....	(13,302)	(22,656)
	Extraordinary Items (Net of Income Taxes -		
25	2004, \$ -; 2003, \$ -) ....., (Note 2).....	--	9,751
26	Net Income (Loss) .....	(\$13,302)	(\$12,905)

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

## STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004 and 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	Revenue:		
1	Casino.....	\$71,761	\$68,395
2	Rooms .....	5,286	5,041
3	Food and Beverage .....	9,888	9,459
4	Other .....	3,835	4,142
5	Total Revenue .....	90,770	87,037
6	Less: Promotional Allowances .....	20,734	18,711
7	Net Revenue .....	70,036	68,326
	Costs And Expenses:		
8	Cost of Goods and Services .....	40,952	41,213
9	Selling, General, and Administrative .....	11,316	11,490
10	Provision for Doubtful Accounts .....	258	406
11	Total Costs and Expenses .....	52,526	53,109
12	Gross Operating Profit .....	17,510	15,217
13	Depreciation and Amortization .....	5,265	6,017
	Charges from Affiliates Other than Interest:		
14	Management Fees .....	--	--
15	Other .....	947	832
16	Income (Loss) From Operations .....	11,298	8,368
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates..... (Notes 2 & 3).....	(11,246)	(10,603)
18	Interest (Expense) - External .....	(565)	(475)
19	Investment Alternative Tax and Related Income (Expense) - Net.....	(302)	(287)
20	Nonoperating Income (Expense) - Net .....	47	7
21	Total Other Income (Expenses) .....	(12,066)	(11,358)
22	Income (Loss) Before Income Taxes And Extraordinary Items .....	(768)	(2,990)
23	Provision (Credit) for Income Taxes .....	940	388
24	Income (Loss) Before Extraordinary Items .....	(1,708)	(3,378)
	Extraordinary Items (Net of Income Taxes -		
25	2004, \$ -; 2003, \$ -) .....	--	--
26	Net Income (Loss) .....	(\$1,708)	(\$3,378)

The accompanying notes are an integral part of the financial statements.  
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## STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003  
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2004

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2002.....	\$175,395	(\$171,364)		\$4,031
2	Net Income (Loss) - 2003.....		(19,775)		(19,775)
3	Capital Contributions.....	129,682			129,682
4	Capital Withdrawals.....				
5	Partnership Distributions.....				
6	Prior Period Adjustments.....				
7	.....				
8	.....				
9	.....				
10	Balance, December 31, 2003.....	305,077	(191,139)		113,938
11	Net Income (Loss) - 2004.....		(13,302)		(13,302)
12	Capital Contributions.....				
13	Capital Withdrawals.....				
14	Partnership Distributions.....				
15	Prior Period Adjustments.....				
16	.....				
17	.....				
18	.....				
19	Balance, September 30, 2004.....	\$305,077	(\$204,441)		\$100,636

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

TRADING NAME OF LICENSEE TRUMP MARINA HOTEL · CASINO

**STATEMENTS OF CASH FLOWS**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 and 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES .....	\$10,453	\$3,358
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....	--	--
3	Proceeds from the Sale of Short-Term Investment Securities.....	--	--
4	Cash Outflows for Property and Equipment.....	(2,661)	(3,968)
5	Proceeds from Disposition of Property and Equipment.....	--	--
6	Purchase of Casino Reinvestment Obligations.....	(2,512)	(2,035)
7	Purchase of Other Investments and Loans/Advances made.....	--	--
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	--	--
9	Cash Outflows to Acquire Business Entities.....	--	--
10	.....	--	--
11	.....	--	--
12	Net Cash Provided (Used) By Investing Activities.....	(5,173)	(6,003)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	--	--
14	Payments to Settle Short-Term Debt.....	--	--
15	Cash Proceeds from Issuance of Long-Term Debt.....	--	340,470
16	Costs of Issuing Debt.....	--	(14,000)
17	Payments to Settle Long-Term Debt.....	(5,041)	(330,435)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	--	--
19	Purchases of Treasury Stock.....	--	--
20	Payments of Dividends or Capital Withdrawals.....	--	--
21	Repayment of Note Payable to Affiliate.....	--	--
22	.....	--	--
23	Net Cash Provided (Used) By Financing Activities.....	(5,041)	(3,965)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	239	(6,610)
25	Cash and Cash Equivalents at Beginning of Period.....	23,325	25,766
26	Cash and Cash Equivalents at End of Period.....	\$23,564	\$19,156
	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$32,678	\$34,683
28	Income Taxes.....	\$263	\$88

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

**STATEMENTS OF CASH FLOWS**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 and 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	(\$13,302)	(\$12,905)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	16,306	16,660
31	Amortization of Other Assets.....	1,500	1,715
32	Amortization of Debt Discount or Premium.....	--	1,814
33	Deferred Income Taxes - Current.....	852	900
34	Deferred Income Taxes - Noncurrent.....	--	--
35	(Gain) Loss on Disposition of Property and Equipment.....	--	--
36	(Gain) Loss on Casino Reinvestment Obligations.....	837	1,640
37	(Gain) Loss from Other Investment Activities.....	--	(9,751)
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks.....	475	(1,990)
39	Net (Increase) Decrease in Inventories.....	297	113
40	Net (Increase) Decrease in Other Current Assets.....	(758)	256
41	Net (Increase) Decrease in Other Assets.....	(397)	(811)
42	Net Increase (Decrease) in Accounts Payable.....	3,055	1,552
	Net Increase (Decrease) in Other Current Liabilities		
43	Excluding Debt.....	665	(2,826)
	Net Increase (Decrease) in Other Noncurrent Liabilities.		
44	Excluding Debt.....	1	(2,815)
45	Provision for Losses on Receivables.....	922	1,170
46	Issuance of Debt in exchange for accrued interest.....	--	8,636
47	Net Cash Provided (Used) By Operating Activities.....	\$10,453	\$3,358

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$8,653	\$9,799
49	Less: Capital Lease Obligations Incurred.....	(5,992)	(5,831)
50	Cash Outflows for Property and Equipment.....	\$2,661	\$3,968
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....	--	--
52	Goodwill Acquired.....	--	--
	Net Assets Acquired Other than Cash, Goodwill, and		
53	Property and Equipment.....	--	--
54	Long-Term Debt Assumed.....	--	--
55	Issuance of Stock or Capital Invested.....	--	--
56	Cash Outflows To Acquire Business Entities.....	--	--
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....	--	129,682
58	Less: Issuances to Settle Long-Term Debt.....	--	(129,682)
59	Consideration in Acquisition of Business Entities.....	--	--
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....	--	--

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

## SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004

Line (a)	(b)	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	129,338	\$9,313	--	--
2	Food	699,816	12,176	--	--
3	Beverage	1,071,162	4,554	--	--
4	Travel	--	--	12,511	\$2,198
5	Bus Program Cash	84,548	1,265	--	--
6	Other Cash Complimentaries	1,037,787	28,377	--	--
7	Entertainment	4,391	166	2,763	199
8	Retail & Non-Cash Gifts	27,221	680	--	--
9	Parking	--	--	--	--
10	Other	5,415	136	15,008	750
11	Total	3,059,678	\$56,667	30,282	\$3,147

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004

Line (a)	(b)	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	49,661	\$3,454	--	--
2	Food	263,670	4,501	--	--
3	Beverage	391,292	1,664	--	--
4	Travel	--	--	5,025	\$818
5	Bus Program Cash	31,789	489	--	--
6	Other Cash Complimentaries	370,122	10,244	--	--
7	Entertainment	1,634	83	885	72
8	Retail & Non-Cash Gifts	10,093	252	--	--
9	Parking	--	--	--	--
10	Other	1,913	47	5,540	277
11	Total	1,120,174	\$20,734	11,450	\$1,167

Note: No complimentary service or item in the "Other" categories of Promotional Expenses or Promotional Allowances exceed 5% of that column's total.

**TRUMP MARINA ASSOCIATES, L.P.**  
**NOTES TO FINANCIAL STATEMENTS**  
(unaudited)

**(1) Organization and Operations**

The accompanying financial statements are those of Trump Marina Associates L.P., a New Jersey limited partnership (the "Partnership"). The Partnership owns and operates Trump Marina Hotel Casino and is wholly owned by Trump Casino Holdings, LLC, a Delaware single member limited liability company ("TCH"), and its subsidiary, Trump Casino Funding, Inc., a Delaware corporation ("TCF"). TCH's wholly-owned subsidiaries include: (i) TCF, (ii) the Partnership, (iii) Trump Marina, Inc., (iv) Trump Indiana, Inc. ("Trump Indiana"), (v) Trump Indiana Realty, LLC ("Trump Indiana Realty") and (vi) THCR Management Holdings, LLC ("THCR Management Holdings") and its subsidiary, THCR Management Services, LLC ("Trump 29 Services").

The sole member of TCH (the "Company") is Trump Hotels & Casino Resorts Holdings, L.P., a Delaware limited partnership ("THCR Holdings"). THCR Holdings is owned approximately 63.4% by Trump Hotels & Casino Resorts, Inc., a Delaware corporation ("THCR"), as both a general and limited partner, and approximately 36.6% by Donald J. Trump as a limited partner.

On March 25, 2003, TCH was capitalized. Simultaneously, the Partnership, Trump Marina, Inc., Trump Indiana, Trump Indiana Realty, THCR Management, and Trump 29 Services became wholly-owned subsidiaries of TCH (See Note 2).

The Company has incurred recurring operating losses which totaled \$22.1 million, \$15.7 million and \$27.1 million for the years ended December 31, 2001, 2002 and 2003, respectively, and \$31.3 million for the nine months ended September 30, 2004. The Company had a working capital deficit of \$37.2 million at September 30, 2004. The recurring operating losses are primarily the result of substantial debt service obligations on outstanding indebtedness. For the year ending December 31, 2004, the Company's debt service obligation is expected to be approximately \$70 million. Additionally, the Company has experienced increased competition and other challenges in its markets. The Company's liquidity situation continues to be constrained, due to the Company's diminished cash flows, increased trade payables, limited capacity to raise additional capital and minimal cash reserves beyond those required to fulfill gaming regulatory requirements. Due to these factors, the Company has not been able to expand its operations or reinvest in the maintenance of its owned properties at desired levels. Furthermore, the Company does not currently have any short-term borrowing capacity available. Although the Company anticipates that it will have sufficient funds on hand to provide for the scheduled debt service obligations on its outstanding indebtedness during 2004, there can be no assurances such funds will be available if the Recapitalization Plan (as defined) is not consummated. Additionally, there can be no assurance that THCR will have funds available to provide for scheduled debt service obligations on its consolidated indebtedness and the impact, if any, on the Company if such funds were insufficient.

**TRUMP MARINA ASSOCIATES, L.P.**  
**NOTES TO FINANCIAL STATEMENTS**  
(unaudited)

To address these factors, management and the board of directors of THCR reviewed various financing and restructuring alternatives, including the previously announced potential recapitalization transaction that contemplated an equity investment in THCR by DLJ Merchant Banking Partners III, L.P. ("DLJMB") and Mr. Trump and a restructuring of the debt securities of THCR's subsidiaries (the "DLJMB Transaction"). Although, in connection with the DLJMB Transaction, THCR held discussions with a committee comprised of holders of the Company's notes, no agreement was then arrived at with such committee. On September 22, 2004, by mutual agreement, THCR and DLJMB announced that they had terminated discussions regarding the DLJMB Transaction. After the termination of this proposal, THCR continued to pursue other potential transactions, including debt restructuring and recapitalization alternatives with certain of its debt holders and/or the sale of certain assets.

As discussed in Note 7, on October 21, 2004, THCR announced that THCR, TCH, Trump Atlantic City Associates ("TAC", an affiliate of TCH), Mr. Trump and holders of approximately 57% of the Trump Atlantic City Associates' 11.25% First Priority Mortgage Notes due 2006 (the "Trump AC Mortgage Notes" and, such holders, the "TAC Note Group") and approximately 68% and 81% of the Company's 11.625% First Priority Mortgage Notes (the "TCH First Priority Mortgage Notes") and 17.625% Second Priority Mortgage Notes (the "TCH Second Priority Mortgage Notes"), respectively, (collectively, the "TCH Notes," and such holders, the "TCH Note Group") have entered into a restructuring support agreement (the "Support Agreement") in connection with the recapitalization of THCR and its subsidiaries pursuant to a negotiated plan of reorganization (the "Plan"). The term sheet appended to the Support Agreement contemplates, among other things, a restructuring of THCR's approximately \$1.8 billion aggregate principal amount of public indebtedness, including a reduction in the principal amount thereof to approximately \$1.25 billion, and a reduction of the weighted average rate of interest thereon from approximately 12% per annum to 8.5% per annum, representing an estimated annual interest expense savings of approximately \$98 million (excluding any interest related to borrowings on the \$500 million Financing). The Plan also permits an exit financing of up to \$500 million, secured by a first priority lien on substantially all of THCR's assets (the "Financing"). This exit facility is expected to allow THCR to refurbish and expand its current properties and permit THCR to enter into new and emerging jurisdictions, among other uses.

THCR intends to implement the Plan through a voluntary chapter 11 proceeding. Under the Support Agreement, THCR is required to commence its case no later than November 29, 2004. If the Plan is not consummated, THCR will be required to seek alternative sources of financing to make its debt service, including interest payments on the TCH Notes. There can be no assurance that the general state of the economy, the status of the capital markets, generally, or the receptiveness of the capital markets to the gaming industry or to TCH and its subsidiaries, specifically, will be conducive

**TRUMP MARINA ASSOCIATES, L.P.**  
**NOTES TO FINANCIAL STATEMENTS**  
(unaudited)

to refinancing debt on reasonable terms, or at all.

Subject to the foregoing, 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 "Commission"). 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.

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.

These financial statements should be read in conjunction with the financial statements and notes thereto included in the Quarterly Report for the quarter ended December 31, 2003, as filed with the Commission by the Partnership.

The casino industry in Atlantic City is seasonal in nature; therefore, results of operations for the three and nine months ended September 30, 2004 are not necessarily indicative of the operating results for a full year.

*Reclassifications*

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

**(2) TCH Notes Offering**

On March 25, 2003, TCH and TCF consummated an offering, or the TCH Notes Offering, consisting of: (i) \$425.0 million principal amount of TCH First Priority Mortgage Notes due March 15, 2010 bearing interest at a rate of 11.625% per year payable in cash, sold at a price of 94.832% of their face amount for an effective yield of 12.75%, and (ii) \$50.0 million principal amount of TCH Second Priority Mortgage Notes due September 15, 2010 bearing interest at a rate of 11.625% per year payable in cash, plus 6.0% through the issuance of payable-in-kind notes.

**TRUMP MARINA ASSOCIATES, L.P.**  
**NOTES TO FINANCIAL STATEMENTS**  
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In connection with the TCH Notes Offering, Donald J. Trump, purchased in a concurrent private offering \$15.0 million aggregate principal amount of additional TCH Second Priority Mortgage Notes at the same purchase price at which the initial purchasers purchased the TCH Second Priority Mortgage Notes.

Included in the \$96.9 million principal amount (including call premium) of THCR Holdings' 15.5% Senior Notes due 2005 ("THCR Holdings Senior Notes") purchased with the net proceeds of the TCH Notes Offering, \$1.7 million principal amount of THCR Holdings Senior Notes were held by Mr. Trump. THCR Holdings also acquired an additional \$15.0 million principal amount of THCR Holdings Senior Notes on the closing date of the TCH Notes Offering in a private transaction with Donald J. Trump. The purchase price of the aggregate \$16.7 million principal amount of THCR Holdings Senior Notes acquired from Mr. Trump consisted of shares of stock of THCR valued at \$15.0 million, plus a cash amount equal to \$1.7 million, plus the applicable redemption premium of 2.583% (approximately \$430,000) and accrued interest of approximately \$0.7 million on the entire \$16.7 million principal amount of THCR Holdings Senior Notes being sold by Mr. Trump.

Financing costs, including underwriters' discounts of 2.5% to the purchasers of the TCH First Priority Mortgage Notes and 10% to the purchasers of the TCH Second Priority Mortgage Notes and direct transactional fees (including accounting, legal and printing), have been capitalized as deferred bond and loan issuance costs in the accompanying balance sheet and are being amortized to interest expense over the term of the debt.

In connection with the TCH Notes Offering, TCH recorded a net gain of \$7,931,000 for the nine months ended September 30, 2003, which consists of a net gain of \$10,451,000 on the retirement of the Trump's Castle Funding's 11.75% Mortgage Notes due 2003 (the "Castle Mortgage Notes"), and Trump's Castle Funding's 13.875% Pay-In-Kind Notes due 2005 (the "Castle PIK Notes"), the settlement of Trump Indiana's interest swap for \$851,000 and the write-off of unamortized loan costs of approximately \$1,669,000.

Pursuant to the indentures governing the TCH Notes, the interest rate on TCH's First Priority Mortgage Notes increases by 0.5% per annum if the First Priority Leverage Ratio for any fiscal year, commencing with the year ending December 31, 2003, exceeds 4.8 to 1.0, and by 1.0% per annum if the First Priority Leverage Ratio exceeds 5.3 to 1.0. Similarly, the rate of interest payable in cash on TCH's Second Priority Mortgage Notes increases by 0.5% per annum or 1.0% per annum if the First Priority Leverage Ratio for any fiscal year, commencing with the year ending December 31, 2003, exceeds 4.8 to 1.0 or 5.3 to 1.0, respectively. For these purposes, the term "First Priority Leverage Ratio" for any year is defined generally as the ratio of (a) the total outstanding principal amount of TCH First Priority Mortgage Notes (plus other indebtedness, if any, ranking pari passu

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**NOTES TO FINANCIAL STATEMENTS**  
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with TCH's First Priority Mortgage Notes) as of December 31, of such year to (b) the Consolidated EBITDA of TCH without duplication, the sum of consolidated net income, plus consolidated income tax expense, plus consolidated depreciation and amortization expense, plus consolidated fixed charges and non-cash charges related to regulatory write-downs for the year.

The First Priority Leverage Ratio for the year ended December 31, 2003 resulted in an increase in the interest rates on the TCH Notes of 1.0%. Such increase is effective from and after March 15, 2004 to March 14, 2005, at which point the rates of interest payable on the TCH Notes would be restored to their original levels, unless the First Priority Leverage Ratio computation for fiscal 2004 results in an increase. The estimated impact on our interest expense for the period March 15, 2004 through March 14, 2005 will be approximately \$4,900,000.

Interest payments on the TCH Notes are payable on a semi-annual basis on March 15 and September 15. Pursuant to the terms of the indentures governing the TCH Notes, TCH has a 30-day grace period to make such payment. On October 14, 2004, TCH made the September interest payment on the TCH Notes within the 30-day grace period.

**(3) Long-Term Debt**

Long-term debt consists of:

	September 30,	
	2004	2003
TCH First Priority Mortgage Notes (see Note 2) . . . . .	\$ 340,470,000	\$ 340,470,000
Capital lease obligations . . . . .	15,020,000	13,446,000
Total debt . . . . .	355,490,000	353,916,000
Less current maturities . . . . .	7,235,000	5,959,000
Long-term debt . . . . .	<u>\$ 348,255,000</u>	<u>\$ 347,957,000</u>

The Partnership has entered into various capital leases which are secured by the related equipment. These leases mature on various dates during the years 2004 through 2007.

**TRUMP MARINA ASSOCIATES, L.P.**  
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(unaudited)

The ability of the Partnership to pay its indebtedness when due, will depend on the ability of the Partnership to either generate cash from operations sufficient for such purposes or to refinance such indebtedness on or before the date on which it becomes due. Cash flow from operations will not be sufficient to repay a substantial portion of the principal amount of the debt at maturity. The future operating performance of the Partnership and the ability to refinance this debt will be subject to the then prevailing economic conditions, industry conditions and numerous other financial, business and other factors, many of which are unforeseeable or beyond the control of the Partnership. There can be no assurance that the future operating performance of the Partnership will be sufficient to meet these repayment obligations or that the general state of the economy, the status of the capital markets or the receptiveness of the capital markets to the gaming industry will be conducive to refinancing this debt or other attempts to raise capital.

**(4) Related Party Transactions**

*Executive Agreement*

On April 10, 2003, Mr. Trump, THCR and THCR Holdings entered into an amended and restated Executive Agreement (the "Amended Executive Agreement"). The Amended Executive Agreement amends and restates the Executive Agreement and was effective retroactive to January 1, 2003. The Amended Executive Agreement was again amended on September 17, 2003 to add Trump Atlantic City Associates ("Trump AC"), as a party. Pursuant to the Amended Executive Agreement, Mr. Trump has agreed to act as the President and Chief Executive Officer of THCR and its subsidiaries, if requested. THCR has agreed to nominate Mr. Trump to serve as a director of THCR and, if elected, to appoint him as its Chairman. The initial term of the Amended Executive Agreement is three years and, thereafter, it is automatically extended so that the remaining term on any date is always three years, until such time during such rolling term that either party gives written notice to the other of its election not to continue extending such term, in which case the term shall end three years from the date of which such notice is given. THCR can terminate the Amended Executive Agreement if Mr. Trump fails to maintain various material casino gaming licenses and authorizations and the loss of such licenses has a material adverse effect on THCR and its subsidiaries.

Under the Amended Executive Agreement, Mr. Trump's annual base salary is \$1.5 million per year, beginning January 1, 2003. In addition, from and after January 1, 2003, Mr. Trump will be paid additional fixed compensation of \$1.5 million per year if THCR achieves consolidated EBITDA (as defined) of \$270 million in any year and incentive compensation equal to 5.0% of

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THCR's consolidated EBITDA in excess of \$270 million. The term "Consolidated EBITDA" means, with respect to THCR and its consolidated subsidiaries, for any period, an amount equal to the sum of (i) the net income (or loss) of THCR and its consolidated subsidiaries for such period determined in accordance with generally accepted accounting principles, consistently applied, excluding any extraordinary, unusual or non-recurring gains or losses, plus (ii) all amounts deducted in computing such net income (or loss) in respect of interest (including the imputed interest portions of rentals under capitalized leases), depreciation, amortization and taxes based upon or measured by income, plus (iii) other non-cash charges arising from market value adjustments and adjustments pertaining to contributions of deposits in each case in respect to New Jersey Casino Reinvestment Development Authority bonds. Additional fixed compensation and incentive compensation for a given year shall not be deducted in determining net income of THCR for such year.

*Transactions with Affiliates*

At September 30, 2004 and 2003, amounts due to affiliates were \$17,084,000 and \$6,293,000, respectively. These amounts are included in other current liabilities in the attached balance sheets. The Partnership has engaged in limited intercompany transactions with Trump Plaza Associates ("Plaza Associates"), Trump Taj Mahal Associates ("Taj Associates"), Trump Administration, a division of Taj Associates ("Trump Administration"), TCH, Trump Indiana, THCR, and the Trump Organization, all of which are affiliates of Trump.

*Trump Administration*

Trump Administration was formed for the purpose of realizing cost savings and operational synergies by consolidating certain administrative functions of, and providing certain services to the Partnership, Plaza Associates, and Taj Associates. Charges from Trump Administration for the nine months ended September 30, 2004 and 2003 were approximately \$2,806,000 and \$2,921,000, respectively.

**(5) Recent Accounting Pronouncements**

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an interpretation of ARB 51." The primary objectives of this interpretation are to provide guidance on the identification of entities for which control is achieved through means other than through voting rights ("variable interest entities") and how to determine when and which business enterprise (the "primary beneficiary")

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should consolidate the variable interest entity. This new model for consolidation applies to an entity in which either: (i) the equity investors (if any) do not have a controlling financial interest; or (ii) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. In addition, FIN 46 requires that the primary beneficiary, as well as all other enterprises with a significant variable interest in a variable interest entity, make additional disclosures. Adoption of this pronouncement had no material impact on the Partnership's financial position, results of operations, or liquidity.

**(6) NJSEA Subsidy Agreement**

On April 12, 2004, the twelve Atlantic City casino properties, including Trump Marina, executed an agreement with the New Jersey Sports & Exposition Authority ("NJSEA") and the New Jersey Casino Reinvestment Development Authority ("CRDA") to, among other things, enhance purses, fund breeders' awards, and establish account wagering at New Jersey horse racing tracks ("NJSEA Subsidy Agreement" or "Agreement").

The Agreement provides that the casinos, pro rata according to their gross revenues, shall: (a) pay \$34 million to the NJSEA in cash, in four yearly payments through October 15, 2007 and donate \$52 million to the NJSEA from the regular payment of their CRDA obligations for use by the NJSEA through 2008 to enhance such purses, fund such breeders' awards, and establish such account wagering; and (b) donate \$10 million from the regular payment of their CRDA obligations for use by the CRDA as grants to such other North Jersey projects as the CRDA shall determine. The \$62 million donation of CRDA obligations is conditioned upon the timely enactment and funding of the Casino Expansion Fund Act. The Partnership has estimated its portion of the industry obligation at approximately 5.0%.

The Agreement also anticipated that legislation to establish and fund a \$62 million Casino Expansion Fund would be effective by December 1, 2004 and that the fund will be administered by the CRDA and made available pro rata to each casino for the use in expanding its casino hotel facility in the amounts and at the times it makes its donation payments to the CRDA ("Casino Expansion Fund Act"). The Agreement further provides for a moratorium until January 2009, which casinos may enforce by court injunction, on the conduct of "casino gaming" at any New Jersey racetrack (unless casinos controlling a majority of the hotel rooms controlled by the casinos in Atlantic City otherwise agree) and a moratorium until January 2006 on the authorization of "casino gaming" at any New Jersey racetrack, the violation of which would terminate the Agreement and all further payments to the NJSEA and require the NJSEA to return all undistributed cash and the

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CRDA to return all undistributed donated CRDA obligations to the casinos. The Agreement also grants a license through August 2008 for the display, at no cost to the casino industry, of messages promoting Atlantic City in prominent locations at NJSEA's Meadowlands and Monmouth racetracks.

The Agreement finally provides that, if the Casino Expansion Fund is not established and funded by the New Jersey Legislature by December 1, 2004: (a) the casinos shall provide \$7 million in cash to the NJSEA by December 10, 2004 and donate \$13 million from the regular payment of their CRDA obligations to the NJSEA for use by the NJSEA to enhance such purses, fund such breeders' awards and establish such account wagering; (b) the moratorium on the conduct of "casino gaming" at New Jersey racetracks shall expire as of January 2006; and (c) the Agreement shall otherwise terminate.

The New Jersey Legislature enacted a law effective June 30, 2004 which: (a) establishes the Atlantic City Expansion Fund, identifies the Casino Hotel Room Occupancy Fee as its funding source, and directs the CRDA to provide the Atlantic City Expansion Fund with \$62 million and to make same available to each casino licensee for investment in an eligible project which increases the number of hotel rooms in its casino hotel facility; and (b) fully phases out the 4.25% tax on casino complimentaries as of July 1, 2009.

**(7) Subsequent Events**

*Recapitalization Plan.* As previously disclosed, in the first quarter of 2004, THCR and certain of its subsidiaries entered into various agreements with DLJMB in connection with a proposed recapitalization of THCR. Although, in connection with the DLJMB Transaction, THCR held discussions with a committee comprised of holders of the TCH Notes, no agreement was then arrived at with such committee. On September 22, 2004, by mutual agreement, THCR and DLJMB announced that they had terminated discussions regarding the DLJMB Transaction. After the termination of this proposal, THCR continued to pursue other potential transactions, including debt restructuring and recapitalization alternatives with certain of its debt holders and/or the sale of certain assets.

On October 21, 2004, THCR issued a press release and filed a Current Report on Form 8-K with the SEC announcing that THCR, TAC, the Company, Mr. Trump, the TAC Note Group and the TCH Note Group have entered into the Support Agreement in connection with the Plan. The Support Agreement provides for, among other things, a restructuring of THCR's approximately \$1.8

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billion aggregate principal amount of public indebtedness, including a reduction in the principal amount thereof to approximately \$1.25 billion, and a reduction of the weighted average rate of interest thereon from approximately 12% per annum to 8.5% per annum, representing an estimated annual interest expense savings of approximately \$98 million (excluding any interest related to borrowings on the \$500 million Financing). The Support Agreement and attached term sheet, which include certain terms of the Plan, was filed as an exhibit to the Company's Form 8-K.

As part of the Plan, Mr. Trump would invest approximately \$71.4 million in the recapitalized company, \$55 million of which would be in the form of cash and the remainder of which would be in the form of a contribution of approximately \$16.4 million principal amount of TCH Second Priority Mortgage Notes owned by him (at 90% of the face amount thereof). Upon the consummation of the Plan, Mr. Trump will beneficially own 26.2% of THCR's common stock (and/or common stock equivalents) on a fully-diluted basis, consisting of (i) 9.12% in return for Mr. Trump's \$55.0 million cash investment; (ii) 2.44% in return for Mr. Trump's contribution of approximately \$16.4 million principal amount of TCH Second Priority Mortgage Notes; (iii) 0.08% in return for all accrued interest on Mr. Trump's TCH Second Priority Mortgage Notes; (iv) 11.02% in return for Mr. Trump granting a perpetual, royalty-free trademark license to THCR and for terminating his current trademark license agreement and executive services agreement with THCR; (v) 0.06% representing his existing equity interests after dilution upon the issuance of THCR's new common stock; and (vi) 3.5% issuable upon the exercise of warrants to be issued to Mr. Trump upon the consummation of the Plan, having an exercise price equal to 1.5 times the investment price and a ten-year term. Mr. Trump would also receive a parcel of land owned by THCR in Atlantic City, New Jersey constituting the former World's Fair site, which may be developed for non-gaming related use, and THCR's 25% interest in the Miss Universe pageant. In addition, THCR would enter into a renewable three-year development agreement with Mr. Trump pursuant to which The Trump Organization would have the right of first offer to serve as THCR's general contractor, on commercially reasonable arm's length terms, with respect to construction and development projects for casinos and casino hotels and related lodging at THCR's existing and future properties. Mr. Trump will enter into a new services agreement (the "Services Agreement") having a three-year rolling term and pursuant to which Mr. Trump will be paid \$2.0 million per year, plus a discretionary annual bonus and reasonable and accountable expenses incurred in connection with the Services Agreement.

Under the Plan, the holders of the Trump AC Mortgage Notes and the unaffiliated holders of the TCH Notes would exchange their notes (approximately \$1.8 billion aggregate principal amount) for an aggregate of approximately \$24 million in cash, an aggregate of \$1.25 billion principal amount of a new series of 8.5% senior second priority mortgage notes with a ten-year

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maturity, secured by a lien on substantially all of THCR's assets (the "New Notes") and approximately \$395 million of common stock of THCR valued at the same per share purchase price as Mr. Trump's investment (assuming the unaffiliated stockholders of THCR fully exercise the stockholder warrants discussed below). In addition, THCR's unaffiliated common stockholders would receive one year warrants to purchase up to 8.33% of the fully-diluted common stock of the recapitaized company at a per share purchase price based on an assumed pro forma total equity value of the recapitalized company of approximately \$582.3 million. The proceeds of such warrant exercise, and any shares reserved for issuance of such warrants that have not been exercised, would be distributed to holders of Trump AC Mortgage Notes after the expiration of the exercise period for such warrants. The Plan also permits up to \$100 million of interim financing during the pendency of the chapter 11 proceedings, secured by a first priority lien on substantially all THCR's assets, which would rank senior in right of payment to the liens securing the Trump AC Mortgage Notes and the TCH Notes. In addition, the Plan permits exit financing up to \$500 million, secured by a first priority lien on substantially all of THCR's assets, which is expected to allow THCR to refurbish and expand its current properties and permit THCR to enter into new and emerging jurisdictions, among other uses.

THCR intends to commence its case by November 29, 2004 and expects, but cannot ensure that, the definitive plan contemplated by the Plan will be consummated in the second quarter of 2005. THCR intends to maintain its current level of operations during the proceedings, expects that its patrons and vendors would experience no change in the way THCR does business with them, and anticipates that the proposed plan of reorganization would not impair critical trade creditor claims.

Although the TAC Note Group and the TCH Note Group have agreed in principle to support the Plan, such support does not constitute their official approval of a definitive plan of reorganization that is anticipated to be proposed by THCR. Such approval can be obtained only after a court approved plan disclosure document is distributed to persons entitled to vote on the Plan.

The consummation of the Plan is subject to a number of conditions, the satisfaction of which cannot be assured. There can be no assurances that the Plan will be officially proposed as described herein or approved or consummated.

*Management Changes.* THCR issued a press release on October 28, 2004, and filed a Form 8-K with the SEC on November 1, 2004, announcing, among other things, that Scott C. Butera was appointed as THCR's President and Chief Operating Officer, which appointment will be effective upon receiving the required regulatory approval.

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*Morgan Stanley.* On October 26, 2004, THCR announced that it has retained Morgan Stanley & Co. Incorporated as the joint book-runner and co-lead manager of a proposed \$500 million financing that is expected to be consummated as part of the Plan (the "Financing"). Proceeds from the Financing, which will be secured on a first priority lien on substantially all of THCR's assets, including TCH, are expected to fund immediate capital improvements, as well as certain expansion projects, at THCR's current properties, including the TCH properties. The Financing would also provide financial resources for THCR to potentially invest in additional jurisdictions. UBS Investment Bank, THCR's exclusive financial advisor in connection with the Plan, is expected to joint lead the Financing.

*Beal Bank.* THCR issued a press release on November 1, 2004, and filed a Form 8-K on November 4, 2004, announcing that it has selected Beal Bank as the sole lead arranger of the \$100 million interim financing ("Interim Financing") which is expected to be funded as part of the Plan. Proceeds from the Interim Financing, which will be secured by a lien on substantially all of THCR's assets, are expected to be used to fund certain business costs, including capital expenditures, wages, trade and vendor contracts, and leases.

*Labor Negotiations.* On November 9, 2004, United Here H.E.R.E. Local 54, AFL-CIO ("Local 54," formerly the Hotel Employees & Restaurant Employees International Union) voted to approve a new five-year collective bargaining agreement with each of THCR's Atlantic City properties, including Trump Marina. The prior collective bargaining agreement had expired on September 14, 2004. The new collective bargaining agreement will expire on September 14, 2009.

**STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE**

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



\_\_\_\_\_  
Signature

Vice President of Finance -  
Trump Marina Hotel • Casino

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Title

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License Number

On Behalf Of:

Trump Marina Associates, L.P.

Casino Licensee