REGIONS FINANCIAL CORP
Form DEF 14A
April 10, 2002

SCHEDULE 14A
(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement

[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

[X] Definitive Proxy Statement

[ ] Definitive Additional Materials

[ ] Soliciting Material under Rule 14a-12

REGIONS FINANCIAL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

[ ] Fee paid previously with preliminary materials:

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

(Regions Logo)

REGIONS FINANCIAL CORPORATION
POST OFFICE BOX 10247
BIRMINGHAM, ALABAMA 35202-0247
TELEPHONE 205 944-1300

To the Stockholders:

You are cordially invited to attend the thirty-first annual meeting of the stockholders of Regions Financial Corporation to be held at 10:00 a.m. local time, on May 20, 2002, at the Regions Bank Building, 8 Commerce Street, Montgomery, Alabama.

We hope you will plan to attend the stockholders' meeting. However, in order that we may be assured of a quorum, we urge you to sign and return the enclosed proxy in the postage-paid envelope provided as promptly as possible, whether or not you plan to attend the meeting in person. If you do attend the meeting, you may withdraw your proxy.

A reception and coffee will be held from 9:00 a.m. until 10:00 a.m., on the fourth floor of the Regions Bank Building. We hope you will find it convenient to come early enough to enjoy this social time prior to the stockholders' meeting. To help us plan for the meeting and the reception, please complete and return the accompanying postage-paid postcard if you plan to attend the annual meeting.

/s/ Carl E. Jones, Jr.

Carl E. Jones, Jr.
Chairman of the Board

April 10, 2002

REGIONS FINANCIAL CORPORATION
POST OFFICE BOX 10247
BIRMINGHAM, ALABAMA 35202-0247
TELEPHONE 205 944-1300

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be held May 20, 2002

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of Regions Financial Corporation (Regions or Company), a Delaware corporation, will be held at the Regions Bank Building, 8 Commerce Street, Montgomery, Alabama, on Monday, May 20, 2002, at 10:00 a.m. local time, for the purpose of considering and acting on the following:

1. To elect the three nominees named in the Proxy Statement as directors to serve for three year terms or until their successors have been elected and qualified.

2. Proposal to ratify the Board of Directors' selection of Ernst & Young LLP as independent auditors of the Company for the year ending December 31, 2002.

3. To transact such other business as may properly come before the meeting or any adjournment thereof.

Only stockholders of record at the close of business on April 1, 2002, are entitled to receive notice of and to vote at the meeting. A complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder shall be open to examination by any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting at the main office of Regions Bank, 417 North 20th Street, Birmingham, Alabama. Stockholders are invited to attend the meeting in person.

Please sign and date the accompanying proxy card and return it promptly in the enclosed postage-paid envelope whether or not you plan to attend the meeting in person. Alternatively, you may vote your shares by telephone or via the Internet. Instructions are included with the proxy card. If you attend the annual meeting, you may vote in person if you wish, even if you previously have returned your proxy card or voted by telephone or on the Internet. The proxy may be revoked at any time prior to its exercise.

By Order of the Board of Directors

/s/ SAMUEL E. UPCHURCH, JR.

Samuel E. Upchurch, Jr.
Corporate Secretary

April 10, 2002

REGIONS FINANCIAL CORPORATION
POST OFFICE BOX 10247
BIRMINGHAM, ALABAMA 35202-0247
TELEPHONE 205 944-1300

PROXY STATEMENT
FOR 2002 ANNUAL MEETING OF STOCKHOLDERS

Regions Financial Corporation (Regions or the Company) is furnishing this Proxy Statement to the stockholders in connection with the 2002 annual meeting of stockholders to be held on Monday, May 20, 2002, at 10:00 a.m. local time at the Regions Bank Building, 8 Commerce Street, Montgomery, Alabama, and at any adjournment thereof. The matters to be considered and acted upon are (1) the election of three nominees as directors of the corporation, (2) proposal to ratify the Board of Directors' selection of Ernst & Young LLP as independent auditors of the Company for the year ending December 31, 2002, and (3) such other business as may properly come before the meeting.

The enclosed proxy is solicited on behalf of the board of directors of Regions and is revocable by the stockholder at any time prior to the voting of such proxy. All properly executed proxies delivered pursuant to this solicitation will be voted at the meeting and in accordance with instructions, if any.

Participants in Regions' Dividend Reinvestment Plan and Directors' Stock Incentive Plan will note that shares held by the administrator for such plans are shown on the enclosed proxy card in addition to shares held directly by the stockholder in certificate form. Signing and returning the proxy card will enable voting of all shares, including those held in such plans.

The annual report of Regions Financial Corporation for the year 2001, including financial statements, has been mailed to all stockholders. Such report and financial statements are not a part of this proxy statement except as specifically incorporated herein.

The date of this proxy statement is April 10, 2002.

SOLICITATION, VOTING, AND REVOCABILITY OF PROXIES

This is the first mailing of proxy solicitation materials to stockholders. Regions will solicit proxies by mail and also may solicit proxies by telephone or telegram or in person by the directors, officers, and employees of Regions, who will receive no additional compensation for such solicitation but may be reimbursed for out-of-pocket expenses. Brokerage houses, nominees, fiduciaries, and other custodians will be requested to forward solicitation materials to beneficial owners and will be reimbursed for their out-of-pocket expenses. Regions has retained D.F. King & Co., Inc. to assist in the solicitation of proxies. It is anticipated that the fee of such firm will not exceed $7,000 plus reasonable out-of-pocket costs and expenses authorized by Regions.

Stockholders are urged to sign and date the enclosed proxy card and return it as promptly as possible in the envelope enclosed for that purpose. Stockholders of record can also give proxies by calling a toll-free telephone number or by using the Internet. The telephone and Internet voting procedures are designed to authenticate Regions stockholders' identities, to allow Regions stockholders to give their voting instructions, and to confirm that Regions stockholders' instructions have been recorded properly. Regions has been advised by counsel that the procedures that have been put in place for telephone and Internet voting are consistent with the requirements of applicable law. Stockholders who wish to vote over the Internet should be aware that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, and that there may be some risk a stockholder's vote might not be properly recorded or counted because of an unanticipated electronic malfunction.

Any Regions stockholder who has delivered a proxy or voted by telephone or the Internet may revoke it at any time before it is voted by giving notice of revocation in writing or submitting to Regions a signed proxy card bearing a later date, provided that such notice or proxy card is actually received by Regions before the vote of stockholders or in open meeting prior to the taking of stockholder vote at the Regions annual meeting. Any notice of revocation should be sent to Regions Financial Corporation, 417 North 20th Street, Birmingham, Alabama 35203; Attention: Samuel E. Upchurch, Jr., Corporate Secretary. A proxy will not be revoked by death or supervening incapacity of the stockholder executing the proxy unless, before the vote, notice of such death or incapacity is filed with the Corporate Secretary.

The shares of Regions Common Stock represented by properly executed proxies received at or prior to the annual meeting and not subsequently revoked will be voted as directed in such proxies. If instructions are not given, shares represented by proxies received will be voted for the election of the three nominees for director named in this proxy statement, for the proposal to ratify the Board of Directors' selection of Ernst & Young LLP as independent auditors of the Company for the year ending December 31, 2002, and in the discretion of the proxy holder as to any other matters that properly may come before the annual meeting. If necessary, and unless contrary instructions are given, the proxy holder also may vote in favor of a proposal to adjourn the annual meeting to permit further solicitation of proxies in order to obtain sufficient votes to approve the matters presented or any other matter that properly comes before the annual meeting. Proxies representing shares which were voted against any of the matters presented will not be voted in favor of any proposal to adjourn the annual meeting.

Please note that the procedures for voting by telephone or over the Internet differ depending on whether Regions shares are held in your own name or are held for you in a nominee or brokerage account ("street" name).

For Regions shares held in your name:

Any Regions stockholder of record desiring to vote by telephone or over the Internet will be required to enter the unique control number imprinted on such holder's Regions proxy card, and therefore should have the proxy card in hand when initiating the session.

- To vote by telephone, dial 1-877-PRX-VOTE (1-877-779-8683) on a touch tone telephone, and follow the simple menu instructions provided. There is no charge for this call.

- To vote over the Internet, log on to the website http://www.eproxyvote.com/rgbk and follow the simple instructions provided. Similar instructions are included on the enclosed Regions proxy card.

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For Regions shares held in nominee accounts ("street" name):

A number of brokerage firms and banks are participating in a program provided through ADP Investor Communication Services that offers telephone and Internet voting options. This program is different than the program for shares registered in the name of the stockholder. If your shares are held in an account at a brokerage firm or bank participating in the ADP program, you may vote those shares telephonically by calling the telephone number referenced on your voting form. Votes submitted via the Internet through the ADP program must be received by May 16, 2002. The giving of such proxy will not affect your right to vote in person should you decide to attend the annual meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As of April 1, 2002, Regions had issued 230,854,787 shares of common stock, of which 1,196,000 shares were held as treasury stock and 229,658,787 shares were outstanding. Stockholders are entitled to one vote for each share on all matters to come before the meeting. Only stockholders of record at the close of business on April 1, 2002, will be entitled to vote at the meeting or any adjournment thereof.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

As of December 31, 2001, all Regions' affiliate banks beneficially held in a fiduciary capacity for others under numerous trust relationships, 10,988,148 shares or 4.8% of Regions' outstanding common stock. Regions' affiliate bank trust departments have sole voting power with respect to 10,356,559 of these shares or 4.5%, shared voting power with respect to 55,392 of these shares, sole dispositive power with respect to 3,559,241 of these shares and shared dispositive power with respect to 1,803,913 of these shares. No entity is known to the Company to be the beneficial owner of more than five percent of any class of voting securities.

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

As of April 1, 2002, Allen B. Morgan, Jr. was the only director or nominee for director who is deemed to beneficially own more than 1% of Regions common stock. As of such date, Mr. Morgan beneficially owned 3,433,040 shares or 1.49% of the Company's outstanding common stock. All directors and executive officers of Regions, as a group, owned beneficially a total of 7,991,228 shares (which includes 1,866,090 shares that are the subject of presently exercisable options) or 3.48% of the Company's outstanding common stock. Information with respect to beneficial ownership is based upon information furnished by each officer, director or nominee, or contained in filings made with the Securities and Exchange Commission.

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The following table presents information concerning the beneficial ownership of Regions' common stock by certain of its executive officers at April 1, 2002. For beneficial ownership information of each director, see "Election of Directors."

		REGIONS STOCK BENEFICIA	
NAME AND ADDRESS	TITLE OF CLASS	NO. OF SHARES(1)	%
Carl E. Jones, Jr. Birmingham, Alabama	Common	873,164	
Richard D. Horsley Birmingham, Alabama	Common	599,460	
Allen B. Morgan, Jr. Memphis, Tennessee	Common	3,433,040	
John I. Fleischauer, Jr. Little Rock, Arkansas	Common	199,399	
Peter D. Miller Gainesville, Georgia	Common	426,582	

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(1) The amounts shown represent the total shares beneficially owned by such individuals, restricted shares (90,641 for Mr. Jones, 37,820 for Mr. Horsley, 35,000 for Mr. Fleischauer, and 35,000 for Mr. Miller) and shares which are issuable upon the exercise of all stock options which are currently exercisable and exercisable within 60 days. Specifically, the following individuals have the right to acquire the shares indicated after their names, upon the exercise of such stock options: Mr. Jones, 362,903; Mr. Horsley, 273,304; Mr. Morgan, 41,666; Mr. Fleischauer, 133,804; and Mr. Miller 238,386.

No change in control of Regions has occurred since January 1, 2001, and no arrangements are known to Regions which may at a later date result in a change in control of the Company.

ELECTION OF DIRECTORS

Regions recommends the election of Sheila S. Blair, Allen B. Morgan, Jr. and C. Kemmons Wilson, Jr. as directors, to hold office for a term of three years expiring with the annual meeting of stockholders to be held in 2005 or until their successors are elected and qualified. The proxy will be voted FOR the nominees, unless otherwise directed. If any nominee is not available for election, the proxies will be voted for such substitute nominee as the board of directors may designate. Regions has no reason to believe that any substitute nominee or nominees will be required. The proxies will not be voted for more than three nominees.

INFORMATION ON DIRECTORS

The following table indicates the age, residence, principal occupation or employment for the last five years of each nominee and director whose term of office continues after the meeting, position and offices held with Regions or its subsidiaries, the year the director was first elected, and the number of shares of common stock of the Company beneficially owned at April 1, 2002.

NAME OF NOMINEE OR DIRECTOR, RESIDENCE, AND AGE	PRESENT OCCUPATION AND PRINCIPAL OCCUPATION FOR LAST FIVE YEARS	POSITION AND OFFICES HELD WITH REGIONS AND SUBSIDIARIES	YEAR FIRST ELECTED AS DIRECTOR	YE TER OFF WI EXP
Sheila S. Blair(1) Birmingham, Alabama 67	Retired, formerly Executive Director, The Greater Birmingham Foundation (Community foundation)	Director, Regions	1989	20
James B. Boone, Jr. Tuscaloosa, Alabama 66	Chairman of the Board, Boone Newspapers, Inc. (Newspaper publishing, management and ownership)	Director, Regions	1985	20
James S.M. French Birmingham, Alabama 62	Chairman and President, Dunn Investment Co. (Construction, construction materials, investments)	Director, Regions	1986	20
Richard D. Horsley	Vice Chairman of the	Director, Regions;	1982	20

Birmingham, Alabama 59	Board and Executive Financial Officer, Regions and Regions Bank	Director, Regions Bank, Regions Agency, Inc., Regions Mortgage, Inc., Regions Life Insurance Company, and EFC Holdings Corporation		
Carl E. Jones, Jr. Birmingham, Alabama 61	Chairman, President, and Chief Executive Officer, Regions and Regions Bank, formerly Regional President, Regions	Director, Regions; Director, Regions Bank, Regions Mortgage, Inc., Regions Interstate Billing Service, Inc., and EFC Holdings Corporation	1997	20
Allen B. Morgan, Jr.(1) Memphis, Tennessee 59	Chairman and Chief Executive Officer, Morgan Keegan, Inc. and Morgan Keegan & Company, Inc.	Chairman and Chief Executive Officer, Morgan Keegan & Company, Inc.	2001	20
Michael W. Murphy El Dorado, Arkansas 54	President, Marmick Oil Company (Oil and gas exploration and production)	Director, Regions	1998	20

NAME OF NOMINEE OR DIRECTOR, RESIDENCE, AND AGE	NUMBER OF SHARES BENEFICIALLY OWNED AT APRIL 1, 2002		
	DIRECTLY	(2) INDIRECTLY	PERCENT OF CLASS
Sheila S. Blair(1) Birmingham, Alabama 67	107,082	17,048	.05%
James B. Boone, Jr. Tuscaloosa, Alabama 66	31,609	11,733	.02
James S.M. French Birmingham, Alabama 62	30,470	103,696	.06
Richard D. Horsley Birmingham, Alabama 59	599,460(3)	0	.26
Carl E. Jones, Jr. Birmingham, Alabama 61	835,990(3)	37,174	.38%
Allen B. Morgan, Jr.(1) Memphis, Tennessee 59	3,167,565(3)	265,475	1.49
Michael W. Murphy El Dorado, Arkansas 54	0	3,639	.00

NAME OF NOMINEE OR DIRECTOR, RESIDENCE, AND AGE	PRESENT OCCUPATION AND PRINCIPAL OCCUPATION FOR LAST FIVE YEARS	POSITION AND OFFICES HELD WITH REGIONS AND SUBSIDIARIES	YEAR FIRST ELECTED AS DIRECTOR	YE TER OFF WI EXP
Henry E. Simpson Birmingham, Alabama 67	Attorney, Lange, Simpson, Robinson & Somerville LLP	Director, Regions	1973	20
W. Woodrow Stewart Gainesville, Georgia 63	Attorney, Stewart, Melvin & Frost	Director, Regions	1999	20
John H. Watson Dothan, Alabama 64	Chairman, Smith, Inc. (Heating and air conditioning)	Director, Regions	1999	20
C. Kemmons Wilson, Jr.(1) Memphis, Tennessee 55	Chairman, Wilson Hotel Management Co., Inc. (Hotel management and franchising)	Director, Regions	1999	20

NAME OF NOMINEE OR DIRECTOR, RESIDENCE, AND AGE	NUMBER OF SHARES BENEFICIALLY OWNED AT APRIL 1, 2002		
	DIRECTLY	(2) INDIRECTLY	PERCENT OF CLASS
Henry E. Simpson Birmingham, Alabama 67	148,202	57,523	.09%
W. Woodrow Stewart Gainesville, Georgia 63	14,750	0	.01
John H. Watson Dothan, Alabama 64	170,604	18,778	.08
C. Kemmons Wilson, Jr.(1) Memphis, Tennessee 55	188,964	0	.08

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(1) Nominee for election at 2002 stockholders' meeting.
(2) Indirect beneficial ownership includes shares, if any, (a) owned as trustee in which the director or any member of his/her immediate family has a beneficial interest, or (b) held in a trust in which the director has a beneficial interest, or (c) owned and traded in the name of the spouse,

minor children or other relative of the director living in his/her home, or (d) owned by a corporation, partnership or other legal organization in which the director has a substantial beneficial interest.

(3) Includes 273,304 shares for Mr. Horsley, 362,903 shares for Mr. Jones, and 41,666 for Mr. Morgan that are the subject of presently exercisable options.

Of the directors or nominees for director, none is a "control person" of the Company by virtue of stock ownership. The only persons who might be considered "control persons" of the Company are Carl E. Jones, Jr., President and Chief Executive Officer and Richard D. Horsley, Vice Chairman and Executive Financial Officer, who gain any control they may exercise by virtue of office.

Of the nominees and directors listed above, two also serve as directors of other companies with a class of securities registered under the Securities Exchange Act of 1934. James S. M. French serves as a director of Energen Corporation, Hilb, Rogal and Hamilton Company, and Protective Life Corporation and Michael W. Murphy as a director of Murphy Oil Company.

THE BOARD AND COMMITTEES OF THE BOARD

Regions held eight directors' meetings during 2001. All directors attended at least 75% of the aggregate of the meetings held by the board and by committees of which they were members, except Michael W. Murphy, who attended 50% of such meetings and James S.M. French, who attended 73% of such meetings. Among other board committees, Regions has an audit committee and a compensation committee that meet as needed. While Regions has no nominating committee designated as such, the functions of a nominating committee are performed by the personnel committee.

AUDIT COMMITTEE. The Audit Committee, which held four meetings in 2001, consists of Sheila S. Blair (Chairman), Henry E. Simpson, and Lee J. Styslinger, Jr. Committee members satisfy the independence requirements of both the Nasdaq listing criteria and the Company's audit committee charter. Duties of the Committee include reviewing with the Company's independent auditors, Ernst & Young LLP, the planning and results of the auditing engagement, reviewing the activities and recommendations of the Company's internal auditors, and reviewing the adequacy of internal accounting controls. Additional information regarding the functions performed by the Committee and its membership is set forth in the "Report of Audit Committee," included immediately below.

AUDIT COMMITTEE REPORT

Regions' audited financial statements at and for the three year period ended December 31, 2001, are included in Regions Annual Report on Form 10-K for the fiscal year 2001. Regions, acting through its management and board of directors, has the primary responsibility for the financial statements and the reporting process, including the systems of internal accounting controls. Ernst & Young LLP, independent auditors engaged by Regions, are responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States.

The Audit Committee oversees Regions' financial reporting process on behalf of the board of directors. In fulfilling its oversight responsibilities, the Committee has reviewed the audited financial statements with Regions' management, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee has reviewed with Ernst & Young LLP their judgments as

to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee under auditing standards generally accepted in the United States.

The Audit Committee has discussed with Ernst & Young LLP their independence in relation to Regions and Regions' management, including the matters addressed in the written disclosures provided to Regions by Ernst & Young, as required by the Independence Standards Board, the standard-setting body governing the independence of auditors in relation to their public company clients. Fees for the last annual audit were $823,000. Fees for audit related services were $964,000 and fees for non-audit services were $3.7 million, totaling $4.7 million for other fees. Audit related services include fees for subsidiary audits, statutory audits, employee benefit plan audits, FDICIA reviews, SAS-70 reviews, and SEC registration statements. Non-audit services included fees for tax services, human resources actuarial services and risk management services. No information technology consulting services were provided by the independent auditors. The Committee has considered whether the provision of non-audit services by Ernst & Young is compatible with maintaining their independence.

The Audit Committee has discussed with the Company's internal auditors and Ernst & Young LLP the overall scope and plans for their respective audits. The Committee regularly meets with Regions' internal auditors and Ernst & Young, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal accounting and financial reporting controls, and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the board of directors that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2001 for filing with the Securities and Exchange Commission.

Sheila S. Blair
Henry E. Simpson
Lee J. Styslinger, Jr.

Compensation Committee. The compensation committee, which held two meetings during 2001, consists of Lee J. Styslinger, Jr. (Chairman), Sheila S. Blair, and C. Kemmons Wilson, Jr.

The role of the compensation committee is to establish and monitor compensation issues within the broad area of human resources management. The compensation committee exercises administrative responsibility in working with Company management on the development and clarification of the Company's compensation philosophy, articulating reasons behind design of the Company's pay and benefits programs and their relationship to corporate objectives and competitive practices.

The functions of the compensation committee are recommending to the board the compensation arrangements for executive management, approving compensation arrangements for senior company officers, making recommendations to the board concerning compensation plans in which officers are eligible to participate and recommending to the board the establishment of or changes in benefit plans in which officers

are eligible to participate, and recommending to the board the establishment of or changes in benefit plans in which officers and employees participate (including the authority to make amendments to tax-qualified plans in which officers participate).

In discharging its responsibility, the compensation committee has, from time to time, used the services of compensation consultants for guidance with respect to competitive data and practices of other banks.

SECTION 16 TRANSACTIONS

Section 16(a) of the Securities Exchange Act of 1934 requires Regions' executive officers and directors to file reports of ownership and changes in ownership of Regions' stock with the Securities and Exchange Commission. Executive officers and directors are required by SEC regulations to furnish Regions with copies of all Section 16(a) forms they file.

Based on a review of the forms filed during 2001, Regions believes that its executive officers and directors complied with all applicable filing requirements.

EXECUTIVE COMPENSATION AND OTHER TRANSACTIONS

The following table is a summary of certain information concerning the compensation earned by Regions' chief executive officer and each of the other four most highly compensated executive officers during the last three fiscal years.

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION			LONG TERM COMPENS	
					AWARDS	
NAME AND PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION	RESTRICTED STOCK(1)	STOCK OPTIONS
Carl E. Jones, Jr..........	2001	$750,000	$ 871,875	0	$1,532,500	200,000
Chairman, President and	2000	650,000	459,225	0	703,281	100,000
Chief Executive Officer	1999	650,000	184,860	0	0	33,750
Richard D. Horsley..........	2001	357,000	375,388	0	558,100	80,000
Vice Chairman and	2000	326,999	206,473	0	301,406	60,000
Executive Financial Officer	1999	317,000	67,616	0	0	26,250
Allen B. Morgan, Jr.(4).....	2001	130,000	1,370,000	0	0	125,000
John I. Fleischauer, Jr.....	2001	320,000	334,404	0	558,100	80,000
Regional President	2000	302,702	127,000	0	301,406	60,000
	1999	282,703	108,762	0	0	18,804
Peter D. Miller............	2001	310,000	266,009	0	558,100	80,000
Regional President	2000	280,000	135,303	0	301,406	60,000
	1999	240,000	87,106	0	0	26,250

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(1) The Terms of the Restricted Stock awards are determined by the compensation committee. Under the terms of the currently outstanding Restricted Stock

awards, the named executives must remain employed with Regions for the duration of the restrictive period at the same or higher level in order for the shares to be released. During the restriction period, the named executive is eligible to receive dividends and exercise voting privileges on such restricted shares. If any of the restrictions are removed at the discretion of the compensation committee, the named executive officer will receive a stock certificate for some percentage or all of the awarded restricted shares. The restricted shares are not transferable by the named executive during the restriction period. The compensation committee has the discretion to modify the terms of the Restricted Stock awards. The restrictive period for the restricted stock awarded in 2000 is seven years from the date of grant, but the restrictions will automatically lapse sooner if specified performance criteria are met. The performance criteria relate to total stockholder return objectives relative to a group of peer institutions. At December 31, 2001, Mr. Jones had 90,641 shares of Restricted Stock with a fair market value of $2.7 million, Mr. Horsley had 37,820 shares of Restricted Stock with a fair market value of $1.1 million, Mr. Morgan had no shares of Restricted Stock, Mr. Fleischauer had 35,000 shares of Restricted Stock with a fair market value of $1.1 million, and Mr. Miller had 35,000 shares of Restricted Stock with a fair market value of $1.1 million.

(2) Includes $72,092 allocated to Mr. Jones in 2001 under the 401k plan; $37,404 allocated to Mr. Jones in 2001 under the profit sharing plan; and $58,879 representing the estimated term component of the premium paid and the estimated interest cost to Regions in 2001 resulting from premium payments for a life insurance benefit plan for Mr. Jones. This plan serves as an offset to an existing supplemental retirement plan.

(3) Includes $32,846 allocated to Mr. Horsley in 2001 under the 401k plan; $17,821 allocated to Mr. Horsley in 2001 under the profit sharing plan; and $79,858 representing the estimated term component of the premium paid and the estimated interest cost to Regions in 2001 resulting from premium payments for a life insurance benefit plan for Mr. Horsley. This plan serves as an offset to an existing supplemental retirement plan.

(4) Mr. Morgan became employed by Regions on March 30, 2001; all amounts were accrued and paid after that date.

(5) Represents the amount allocated to Mr. Morgan in 2001 under the 401k plan.

(6) Includes $25,146 allocated to Mr. Fleischauer in 2001 under the 401k plan and $16,649 allocated to Mr. Fleischauer in 2001 under the profit sharing plan.

(7) Includes $26,580 allocated to Mr. Miller in 2001 under the 401k plan and $15,471 allocated to Mr. Miller in 2001 under the profit sharing plan.

STOCK OPTIONS

The following table presents information concerning individual grants of options to purchase Regions' common stock made during 2001 to the named executive officers.

OPTION GRANTS IN THE LAST FISCAL YEAR

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN 2001	EXERCISE PRICE (PER SHARE)	EXPIRATI
Carl E. Jones, Jr.	150,000	1.7%	$27.905	1/16

	50,000	.6	30.65	4/18
Richard D. Horsley........	80,000	.9	27.905	1/16
Allen B. Morgan, Jr.	125,000	1.4	28.81	3/30
John I. Fleischauer, Jr.	80,000	.9	27.905	1/16
Peter D. Miller...........	80,000	.9	27.905	1/16

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(1) Based on the Black-Scholes option pricing model adapted for use in valuing executive stock options. The actual value, if any, an executive may realize depends on the excess of the stock price over the exercise price on the date the option is exercised, so there is no assurance the value realized by an executive will be at or near the value estimated by the Black-Scholes model. The estimated values under that model are based on the assumptions of expected stock price volatility of .222, risk-free rate of return of 4.3%, dividend yield of 3.7% and expected time to exercise of 5 years.

(2) All options granted in 2001 become exercisable graduated over a three year period, with 50% exercisable after 12 months, 25% exercisable after 24 months, and 25% exercisable after 36 months, except that exercisability is delayed for an additional 12 months to the extent the value of incentive stock options (determined as of the date of grant) first exercisable in a calendar year exceeds $100,000 as to any recipient.

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The following table presents information concerning exercises of stock options to purchase Regions' common stock during 2001 and the number and value of unexercised options and stock appreciation rights (SAR) held by the named executive officers.

AGGREGATED OPTION/SAR EXERCISES IN 2001

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT 12-31-01 EXERCISABLE/ UNEXERCISABLE(1)	VALUE OF UNEX IN-THE-MO OPTIONS/S AT 12-31- EXERCISAB UNEXERCISAB
Carl E. Jones, Jr.	12,080	$147,731	262,903/204,976	$2,002,070/$
Richard D. Horsley...........	0	0	228,328/ 84,976	1,961,615/
Allen B. Morgan, Jr.	0	0	0/125,000	0/
John I. Fleischauer, Jr.	0	0	93,804/ 80,000	600,975/
Peter D. Miller.............	0	0	142,500/ 80,000	722,400/

----

(1) None of the currently exercisable options were granted with tandem SARs.

LONG-TERM INCENTIVE PLAN AWARDS IN 2001

No performance shares were awarded to Regions' named executive officers in 2001. Information concerning restricted stock awards during 2001 is included in the summary compensation table on page 9.

RETIREMENT PLANS

The named executive officers are covered by the Regions Financial Corporation Retirement Plan, a qualified defined benefit retirement plan, as complimented by retirement compensation agreements pursuant to its supplemental executive retirement program.

The following table shows estimated annual benefits payable at retirement, including both qualified plan benefits and supplemental benefits, based on combinations of final compensation and age at retirement.

PENSION PLAN TABLE

	AGE AT RETIREMENT					
COMPENSATION	55	60	62	63	64	65
$125,000	$ 50,000	$ 62,500	$ 67,500	$ 70,000	$ 72,500	$ 75,
150,000	60,000	75,000	81,000	84,000	87,000	90,
175,000	70,000	87,500	94,500	98,000	101,500	105,
200,000	80,000	100,000	108,000	112,000	116,000	120,
250,000	100,000	125,000	135,000	140,000	145,000	150,
300,000	120,000	150,000	162,000	168,000	174,000	180,
350,000	140,000	175,000	189,000	196,000	203,000	210,
400,000	160,000	200,000	216,000	224,000	232,000	240,
450,000	180,000	225,000	243,000	252,000	261,000	270,
500,000	200,000	250,000	270,000	280,000	290,000	300,
550,000	220,000	275,000	297,000	308,000	319,000	330,
600,000	240,000	300,000	324,000	336,000	348,000	360,
650,000	260,000	325,000	351,000	364,000	377,000	390,
700,000	280,000	350,000	378,000	392,000	406,000	420,
750,000	300,000	375,000	405,000	420,000	435,000	450,

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In 2001, compensation covered by the plans for the five highest paid executive officers was as follows: Mr. Jones, $750,000; Mr. Horsley, $357,000; Mr. Morgan, $130,000; Mr. Fleischauer, $320,000; and Mr. Miller, $310,000.

Benefits are based on average compensation (limited to base salary) over the three years prior to retirement, and are payable as a single life annuity for single participants and a joint and 50% survivor annuity for married participants. Other forms of payment are available on an actuarially equivalent basis. Amounts shown are subject to offset for Company-sponsored long-term disability payments and executive life insurance program cash values exceeding premiums paid. Benefits are not offset by Social Security benefits. Benefits will be reduced or eliminated if the participant terminates employment voluntarily before age 55.

CHANGE OF CONTROL AGREEMENTS

Certain executive officers of Regions, including the five executive officers named in the compensation table, have change of control agreements with Regions which became effective in 2001. The terms of the agreements, which are identical with respect to all the signatories, are summarized as follows.

The change of control agreement provides to each signatory executive

officer certain protections in the event a "change of control" in Regions occurs. For this purpose, the agreement defines "change of control" to include, generally, the acquisition by any person or group of beneficial ownership of more than 50% of the combined voting power of Regions; a change in composition of the board of directors such that incumbent directors make up less than a majority of the board; completion of a merger, consolidation, or reorganization (subject to exceptions for certain noncontrol transactions); and a liquidation or dissolution of Regions or sale of all or substantially all of its assets.

Commencing on the date of a change of control and for the three year period following, each signatory executive officer agrees to remain employed by Regions, subject to the terms of the agreement, and to devote reasonable time and attention and reasonable best efforts to perform the responsibilities of the position. Regions agrees that the authority, duties, and responsibilities of each signatory executive officer shall be at least commensurate with those in effect prior to the change of control.

Also, during such three year period, the base salary of each signatory executive officer may not be less than the base salary in effect prior to the change of control, and the bonus may not be less than the highest bonus in the preceding three years. Each signatory executive will be entitled to participate in all incentive and retirement plans on terms comparable to other peer executives, and to participate in all welfare benefit plans on comparable terms.

During such three year period following a change of control, Regions may terminate the employment of a signatory executive officer only for "cause," defined generally as willfully failing to perform reasonably assigned duties, or engaging in illegal conduct or gross misconduct which materially injures Regions. The signatory executive officer may terminate employment for "good reason," which includes Regions' reduction of the officer's duties or status, and includes breach of the agreement by Regions.

If the signatory executive officer terminates employment for good reason, or if the Company terminates employment for other than cause, the Company must pay the executive officer accrued compensation and benefits plus an amount equal to three times the aggregate base salary and highest annual bonus within the past three years. If the executive officer's employment is terminated by death or disability, Regions' liability is limited to benefits and accrued compensation.

The signatory executive officer may resign for any reason during the 30 day period following the first anniversary of a change of control. In that event, the Company must pay the executive officer accrued compensation and benefits plus an amount equal to three times the aggregate base salary and highest annual bonus within the past three years.

If any payment under the agreement causes the signatory executive officer to become subject to the excise tax imposed under section 4999 of the Internal Revenue Code, then Regions must make an additional

payment such that, after tax on the additional payment, the executive will retain an amount of the additional payment equal to the excise tax.

DIRECTORS' COMPENSATION

In 2001, directors of Regions were paid an annual directors' fee retainer of $25,000, plus an additional annual retainer of $4,000 for each committee of the board on which a director serves (or $6,000 in the case of the credit committee), and an additional annual chairman's retainer of $2,000 for each

committee chairman. Directors who are employees of Regions or its subsidiaries receive no fees for company board membership or attendance at company board or board committee meetings. Directors are reimbursed for the reasonable cost of travel and lodging for attendance at board and committee meetings.

Non-employee directors of Regions are eligible to participate in Regions directors' deferred stock plan, under which a participating director may elect to defer receipt of the participant's directors' fee retainer, which is invested in Regions common stock and maintained in a rabbi trust. Regions contributes 25% of the amount contributed by each participating director. Receipt and taxability of benefits are deferred until the later of the time the participant reaches age 65 or terminates as a director.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The compensation committee of the Regions board consisted in 2001 of Mr. Styslinger, Ms. Blair, and Mr. Wilson. In reaching compensation decisions concerning executive officers other than Mr. Jones, the chief executive officer, the committee took into account discussions with and recommendations by Mr. Jones and Regions' senior personnel officer. There is no other involvement by Regions' executive personnel in the committee's deliberations. Mr. Jones did not participate in deliberations and decisions regarding his own compensation.

COMPENSATION COMMITTEE EXECUTIVE COMPENSATION REPORT

Set forth below is the Executive Compensation Committee Report of the Compensation Committee.

EXECUTIVE COMPENSATION REPORT

General. Under the direct control of the compensation committee of the Regions board, Regions has developed and installed compensation policies, plans, and procedures that seek to enhance the profitability of Regions. Stockholder value is aligned with the financial interests of Regions' senior managers as financial goals are set for each year. Regions recognizes the importance of annual and long-term incentive compensation plans to attract and retain corporate officers and other key employees who are accordingly motivated to perform to the best of their abilities. Both forms of incentive compensation are variable and accordingly reflect corporate, strategic business unit, and individual performance levels that encourage an explicit and continuing focus on increasing profitability and stockholder value.

The committee's methodology and approach incorporate both qualitative and quantitative considerations, which are reflected in the committee's determinations concerning executive compensation and the specific components thereof. In particular, the total compensation of the executive officers of Regions can be divided into the categories of (i) annual base salary, (ii) annual incentive compensation, and (iii) long-term incentive compensation. In general, and as set forth in greater detail below, annual base salary is intended to be comparable with executive base compensation paid by other similar financial institutions; annual incentive compensation is intended to be tied quantitatively to the achievement by Regions of pre-determined, objective financial performance goals; and share-based grants for long-term incentive compensation are intended to reward the executive recipients with incremental value commensurate with long-term increases in value of Regions Common Stock. The compensation decisions of the committee relative to Regions' principal executive officers, including the five officers named above in the compensation tables, are described below as to each of the three categories.

Base Salary. Annual base salaries are generally set at competitive levels with similar financial institutions. Specifically the committee considers peer group comparisons from survey data for other financial companies, recommendations from an independent compensation consultant, and individual performance assessments. For executives other than the chief executive officer, the committee also considers the chief executive officer's recommendations. While these factors are fully considered and discussed by the committee, the committee members are not required to express or record the weight they assign to any particular factor. In each instance the committee members reach a consensus and the committee sets a base salary level for each executive.

In evaluating and establishing the base salaries of the executive officers, the committee, in conjunction with its independent compensation consultant, surveys the base salaries of the corresponding officers of other bank holding companies in a survey group consisting of 18 companies closest to Regions in asset size and deposit size, and also including the two other largest bank holding companies headquartered in Alabama. The committee attempts to establish the base salaries of the named executive officers to be competitive with the base salaries of the corresponding executive officers of the companies in the survey group, based on the most recent information available. Based on data as of October 1, 2000, the information most recently available, the actual base salaries of Regions named executive officers group was slightly below amounts indicated by the survey comparison.

It should be noted that the survey comparison group is not the same as the group of companies which make up the bank indices presented in the Comparison of Five-year Cumulative Total Return graph included in this Proxy Statement. The committee believes the use of a smaller survey group tailored by asset and deposit size is more valid for salary evaluation purposes, even though not all the survey companies are included in the indices, and even though numerous companies included in the indices are not included in the survey group.

Based on the survey comparison, advice of an independent compensation consultant, recommendations from the chief executive officer, and an inherently subjective assessment of the comparative contributions of the executive personnel to Regions' continued financial and operating success, the 2001 base salaries for the other named officers were determined by the committee.

Annual Incentive Compensation. In the first quarter of 2001, the compensation committee approved Regions' 2001 annual performance goals, as prepared by Regions' comptroller, and as used for the purpose of determining potential annual incentive compensation for the executive officers. The performance goals were quantitative in nature, resulting in an incentive plan formula that was weighted towards their overall importance in attaining Regions' annual profit plan, and focused on the accomplishment of financial objectives, before certain nonrecurring items, in the areas of: earnings per share, minimizing growth in non-interest expense, consolidated interest margin, total non-interest income, and combined revenues of Regions' securities subsidiaries Morgan Keegan and Regions Investment Company. Regions exceeded threshold levels in all five company-wide performance goals. Regions exceeded target performance in three of the goals. Based on the various levels of goal achievement, the chief executive and the other named officers received cash incentive awards as a formula driven percentage of 2001 base salary levels.

Long Term Incentive Compensation. During 2001, the compensation committee evaluated the merits of granting the chief executive officer, the named officers and other key employees, further awards under Regions' long term incentive plans. These plans provide the flexibility to grant long-term incentives in a variety of forms, including stock options, performance shares and restricted stock. With respect to stock-based compensation, the compensation committee placed relatively more reliance on the advice of Regions' independent consultant than in the cases of base salary and non stock-based compensation. As intended

with the establishment of the plans, the committee believes that it is highly desirable to increase management's equity ownership interest in Regions. The committee further believes that its incentive awards under the plans successfully focused and committed Regions' management on building profitability and stockholder value. The primary purpose of LTIP awards is to encourage management members to take long-term steps to achieve and sustain earnings per share and return on equity objectives. Accordingly, the committee further awarded LTIP grants during 2001, including the award of performance accelerated restrictive shares, which

are designed to accelerate vesting in return for an increased level of total shareholder return. The committee, based on information from surveys and its independent consultant, also awarded the overall 2001 grant at a level of approximately 150% that of the 2000 grant. This was done in order to bring the LTIP program to a competitive level with that of other peer institutions. The grants also were issued with a graduated vesting schedule of three years.

In establishing the LTIP awards for the named officers, senior management and other key employees, the committee reviewed with the chief executive officer the recommended individual awards, considering the scope of accountability, financial goals, and anticipated performance requirements and contributions expected of the participants. The committee also took into account the number and size of LTIP awards and stock options already held by executive officers considered for additional awards.

Compensation of Chief Executive Officer. In deliberating the compensation of the Chief Executive Officer, the committee adheres to the same basic methodology and approach applied to executive compensation generally. Accordingly, the base salary determination reflects the peer group survey comparison described above, the annual incentive compensation is based on an objective formula and tied to Regions' achievement of pre-determined, quantitative financial goals, and the realization of long-term incentive compensation, by its nature, is aligned with the realization of long-term stockholder value.

In addition, the committee, in deliberating the chief executive officer's base compensation, takes into account other factors, most notably, total compensation target, individual performance and general market factors. The committee set Mr. Jones' base salary for 2001 at a level it concluded would be appropriate in light of the circumstances the committee considered, while recognizing that his base salary would remain in the low end of the range of salaries of chief executives of comparable bank holding companies.

LTIP awards for Mr. Jones were set separately and independently of his participation, based on ownership and total compensation objectives that reflected data from selected peer companies, his total compensation, and the committee's desire to set appropriate long-term performance objectives.

Summary. The compensation committee of the board of directors remains dedicated to ensuring that Regions' overall compensation program for its executive officers, senior management and other key employees is properly designed to:

- Attract, motivate, and retain outstanding contributors;

- Maintain a base salary structure that is competitive in Regions' marketplace;

- Link annual incentive awards with specific performance targets that yield

superior results; and

- Provide long-term incentive awards that couple management ownership with stockholder value.

Section 162(m) of the Code imposes certain limitations on the deductibility by Regions for federal income tax purposes of compensation amounts paid to highly paid executives. The committee is aware of the potential effects of Section 162(m) of the Code. The committee has concluded that ensuring deductibility under Section 162(m) is not as important as structuring incentive compensation based on methodology and factors it deems appropriate. The committee has chosen not to distort its methodology and application of the factors it believes pertinent so as to ensure that all executive compensation is deductible under Section 162(m). While the committee intends that Regions' compensation plans will meet, to the extent practical, the prerequisites for deductibility under Section 162(m), if it develops that a portion of the compensation of one or more executive officers is not deductible under Section 162(m), then the committee expects that Regions would honor its obligations to the executive officers under the compensation arrangements approved by the committee.

The compensation committee will continue to review and evaluate compensation programs at least annually. When and where appropriate, the committee will consult with independent compensation consultants, legal advisors, and Regions' public accounting firm with respect to the proper design of the program toward achieving Regions' objectives as set forth by the chief executive officer and the Regions board.

This report furnished by:
Lee J. Styslinger, Jr., Chairman
Sheila S. Blair
C. Kemmons Wilson, Jr.

FINANCIAL PERFORMANCE

Set forth below is a graph comparing the yearly percentage change in the cumulative total return of Regions' common stock against the cumulative total return of the S & P 500 Index, the NASDAQ Banks Index, and the S & P Banks Index for the past five years. This presentation assumes that the value of the investment in Regions' common stock and in each index was $100 and that all dividends were reinvested. Regions has not previously included the S & P Banks Index in this presentation. Given Regions' present size, geographic coverage, and Regions' plan to list its common stock on the New York Stock Exchange, Regions believes the S & P Bank Index is now more appropriate for comparison purposes.

(PERFORMANCE GRAPH)

	12/31/96	12/31/97	12/31/98	12/31/99	12/31/00	12/31/
Regions	$100.00	$166.50	$163.00	$104.70	$119.30	$135.9
S&P 500 Index	$100.00	$133.50	$172.20	$208.50	$190.00	$167.6
NASDAQ Bank Index	$100.00	$167.40	$166.30	$159.90	$182.40	$197.4
S & P Banks Index	$100.00	$144.00	$154.00	$134.00	$158.00	$159.0

OTHER TRANSACTIONS

Directors and officers of Regions and their associates were customers of, and had transactions with, the affiliate banks in the ordinary course of business during 2001; additional transactions may be expected to take place in the ordinary course of business. Included in such transactions are outstanding loans and commitments from the affiliate banks, all of which were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectibility or present other unfavorable features.

Regions retained during 2001 and prior years and proposes to retain in the future on behalf of the Company or certain of its subsidiaries the law firms Lange, Simpson, Robinson, & Somerville LLP, of which director Henry E. Simpson is a partner. During 2001, the Company or its subsidiaries paid legal fees of $2.5 million to the firm of Lange, Simpson, Robinson & Somerville LLP.

RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

The Board of Directors and the Audit Committee have selected Ernst & Young LLP as the Company's independent auditors for the year ending December 31, 2002. The Board of Directors recommends that the stockholders ratify the selection of Ernst & Young. Ernst & Young (or its predecessor) has served as the Company's independent auditors since the Company's inception in 1971.

Ernst & Young LLP has been engaged to provide auditing services and also to provide tax services and general accounting advice. In making this selection, the Board of Directors and the Audit Committee considered whether the engagement by the Company of Ernst & Young for services other than audit services is compatible with Ernst & Young's independence.

A representative of the firm will be present at the stockholders' meeting to make a statement if he or she so desires and to respond to appropriate questions from stockholders.

PROPOSALS OF STOCKHOLDERS

Proposals by stockholders intended to be presented at Regions 2003 annual meeting of stockholders must be received by Regions not later than December 11, 2002, for consideration for possible inclusion in the proxy statement relating to that meeting.

OTHER BUSINESS

Regions does not know of any business to be presented for action at the meeting other than those items listed in the notice of the meeting and referred to herein. If any other matters properly come before the meeting or any adjournment thereof, it is intended that the proxies will be voted in respect thereof in accordance with the recommendations of the board of directors.

By Order of the Board of Directors

/s/ Samuel E. Upchurch, Jr.

Samuel E. Upchurch, Jr.
Corporate Secretary

Dated April 10, 2002

REGIONS FINANCIAL CORPORATION
P.O. BOX 10247
BIRMINGHAM, ALABAMA 35202-0247

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THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Carl E. Jones, Jr., Richard D. Horsley, and Samuel E. Upchurch, Jr., and each or any one of them, as Proxies, each with the power to appoint his substitute, and hereby authorizes each to represent and to vote, as designated on the reverse side, all the shares of common stock of Regions Financial Corporation ("Regions") held of record by the undersigned on April 1, 2002, at the Annual Meeting of stockholders to be held May 20, 2002, or any adjournment thereof. This card also constitutes voting instructions for all shares beneficially owned and votable, if any, by the undersigned as a participant in the Regions Financial Corporation Dividend Reinvestment Plan, 401(K) Plan (including the Supplemental 401(K) Plan) and/or Directors Stock Investment Plan and held of record by the administrators and trustees of such Plans. If no direction is made as to the manner of voting, the proxy will be voted for the nominees listed in Item 1 and for Item 2.

Should the undersigned be present and elect to vote at the Annual Meeting or at any adjournment thereof and after notification to the Secretary of Regions at the meeting of the stockholder's decision to terminate this proxy, then this proxy shall be deemed terminated and of no further force and effect. This proxy may also be revoked by submission of a properly executed subsequently dated proxy or by written notice to Regions for receipt prior to the Annual Meeting.

SEE REVERSE SIDE

FOLD AND DETACH HERE

[X] PLEASE MARK YOUR VOTES AS IN THIS EXAMPLE.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE NOMINEES LISTED IN ITEM 1 AND FOR ITEM 2.

	FOR	WITHHELD		
1. Election of Directors	[ ]	[ ]	To elect the three nominees for director of Regions listed below: 01 Sheila S. Blair, 02 Allen B. Morgan, Jr. and 03 C. Kemmons Wilson, Jr.	2. To ratify the Boar Directors' selecti Ernst & Young LLP independent audito Regions for the ye December 31, 2002.

For, except vote withheld from the following nominee(s):

3. In their discretio
properly come befo
thereof.

Please sign exactly
signing as attorney,
or guardian, please
held jointly, each h

Please complete, dat
promptly in the encl

SIGNATURE(S)

FOLD AND DETACH HERE

REGIONS FINANCIAL CORPORATION

Regions stockholders can now vote their shares either by telephone or in the Internet. This eliminates the need to return the proxy card. To vote your shares over the telephone or the internet you must have your proxy card and SSN available. The series of numbers that appear in the box above must be used to access the system.

1. To vote over the telephone: On a touch-tone telephone call 1-(877)-PRX-VOTE (1-877-779-8683), 24 hours a day, seven days a week.

2. To vote over the Internet: Log onto the Internet and go the website www.eproxyvote.com/rgbk.

Your vote over the telephone or the internet authorizes the named proxies in the same manner as if you marked, signed, dated and returned your proxy card. If you choose to vote your shares over the telephone or the internet, there is no need for you to mail back the proxy card.

Regions Financial Corporation

RSVP Card for May 20, 2002 Annual Meeting

I am a registered stockholder of Regions Financial Corporation and plan to attend the 2002 Annual Meeting of Stockholders.

NAME(PLEASE PRINT NAME AS SHOWN ON PROXY CARD

MAILING ADDRESS

NUMBER AND STREET

CITY, STATE, AND ZIP CODE

DAYTIME PHONE

EMPLOYEE

/ / yes / / no

I will be accompanied by ___ guest(s) (names and relationships)

="right">5,505 9,660 11,076 16,474

Corporate-related party

641 607 1,305 1,215

Depreciation and amortization

13,909 12,314 27,516 23,903 168,853 177,276 337,932 341,973

Income from operations

9,038 9,563 17,306 24,805

Non-operating income (expense):

Interest income

882 1,638 2,721 2,848

Interest expense

(31,494) (32,417) (65,198) (63,673) (30,612) (30,779) (62,477) (60,825)

Loss before income taxes, minority interests and discontinued operations

(21,574) (21,216) (45,171) (36,020)

Provision for income taxes

(200)

Minority interest

5,071 4,988 10,618 8,516

Loss from continuing operations

(16,503) (16,228) (34,553) (27,704)

(Loss) income from discontinued operations:

Trump Marina

(24,321) 3,626 (25,102) 7,996

Income tax benefit

6,221 6,221

Minority interest

4,782 (852) 4,965 (1,879)

(Loss) income from discontinued operations

(13,318) 2,774 (13,916) 6,117

Net loss

$(29,821) $(13,454) $(48,469) $(21,587)

Basic and diluted net (loss) income per share:

Continuing operations

$(0.52) $(0.52) $(1.09) $(0.89)

Discontinued operations

(0.42) 0.09 (0.44) 0.20

Basic and diluted net loss per share

$(0.94) $(0.43) $(1.53) $(0.69)

Weighted average shares outstanding:

Basic and diluted

31,705,251 31,102,062 31,628,703 31,076,674

See accompanying notes to condensed consolidated financial statements

TRUMP ENTERTAINMENT RESORTS, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

(unaudited)

(in thousands, except share data)

	Shares	Common Stock	Shares	Class B Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders Equity
Balance, December 31, 2007	31,071,021	$ 31	900	$	$ 460,053	$ (233,716)	$ 226,368
Stock-based compensation expense, net of minority interest of $363					1,178		1,178
Issuance of restricted stock, net of forfeitures	654,855	1					1
Reduction in valuation allowance relating to pre-reorganization deferred tax assets, net of minority interest of $1,353					4,404		4,404
Net loss						(48,469)	(48,469)
Balance, June 30, 2008	31,725,876	$ 32	900	$	$ 465,635	$ (282,185)	$ 183,482

See accompanying notes to condensed consolidated financial statements

TRUMP ENTERTAINMENT RESORTS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

	Six Months Ended June 30, 2008	2007
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (48,469)	$ (21,587)
Adjustments to reconcile net loss to net cash flows (used in) provided by operating activities:		
Deferred and non-cash charge in lieu of income taxes	(6,221)	200
Minority interest in net loss	(15,583)	(6,637)
Depreciation and amortization	33,875	31,582
Goodwill and other intangible asset impairment charges	20,943	
Accretion of interest income related to property tax settlement	(475)	
Amortization of deferred financing costs	1,411	1,346
Provisions for losses on receivables	3,617	3,584
Stock-based compensation expense	1,541	2,043
Valuation allowance CRDA investments	1,984	1,952
Gain on sale of assets	(37)	(366)
Other		(120)
Changes in operating assets and liabilities:		
Increase in receivables	(1,292)	(5,410)
(Increase) decrease in inventories	(914)	1,022
Increase in prepaid expenses and other current assets	(3,963)	(3,142)
(Increase) decrease in other assets	(3,407)	3,184
Increase in accounts payable, accrued expenses and other current liabilities	375	18,066
Increase in accrued interest payable	684	2,500
Decrease in other long-term liabilities	(811)	(358)
Net cash flows (used in) provided by operating activities, including discontinued operations	(16,742)	27,859
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment, net	(94,938)	(122,758)
Capitalized interest on construction in process	(5,683)	(1,466)
Decrease (increase) in restricted cash	45,895	(73,403)
Purchases of CRDA investments, net	(5,973)	(6,305)
Net cash flows used in investing activities, including discontinued operations	(60,699)	(203,932)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under revolving credit facility		23,000
Borrowings under term loan	50,000	147,375
Repayments of term loan	(2,091)	(1,125)
Repayments of other long-term debt	(1,509)	(7,330)
Partnership distributions	(430)	(440)
Net cash flows provided by financing activities, including discontinued operations	45,970	161,480
Net decrease in cash and cash equivalents	(31,471)	(14,593)
Cash and cash equivalents at beginning of period, including cash included in assets held for sale	121,309	100,007

Cash and cash equivalents at end of period, including cash included in assets held for sale	$ 89,838	$ 85,414

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	$ 69,262	$ 61,593
Cash paid for income taxes		
Equipment purchased under capital leases	6,000	
Increase in accounts payable for accrued purchases of property and equipment	4,289	5,305
Debt of Reorganized Company issued in exchange for debt and accrued interest of Predecessor Company		7

See accompanying notes to condensed consolidated financial statements

TRUMP ENTERTAINMENT RESORTS HOLDINGS, L.P.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(dollars in thousands)

	June 30, 2008	December 31, 2007
Current assets:		
Cash and cash equivalents	$ 80,582	$ 103,931
Accounts receivable, net	43,711	45,053
Accounts receivable, other	5,383	6,366
Property taxes receivable	4,192	
Inventories	12,149	11,235
Deferred income taxes	2,037	1,183
Prepaid expenses and other current assets	17,607	13,644
Assets held for sale	281,756	295,035
Total current assets	447,417	476,447
Net property and equipment	1,439,322	1,356,981
Other assets:		
Restricted cash	2,807	52,702
Goodwill	76,362	76,362
Trademarks	72,710	91,357
Intangible assets, net	3,912	4,415
Deferred financing costs, net	16,314	17,725
Property taxes receivable	15,065	18,782
Other assets, net	70,792	60,396
Total other assets	257,962	321,739
Total assets	$ 2,144,701	$ 2,155,167
Current liabilities:		
Accounts payable	$ 65,878	$ 59,741
Accrued payroll and related expenses	23,487	22,668
Income taxes payable	8,248	8,195
Accrued partner distributions	250	250
Accrued interest payable	18,786	18,102
Self-insurance reserves	16,658	13,016
Other current liabilities	30,728	37,199
Current maturities of long-term debt	4,788	5,481
Liabilities related to assets held for sale	5,357	4,994
Total current liabilities	174,180	169,646
Long-term debt, net of current maturities	1,691,507	1,638,293
Deferred income taxes	18,238	26,198
Other long-term liabilities	31,039	31,849
Partners capital		
Partners capital	603,127	596,259

Accumulated deficit	(373,390)	(307,078)
Total partners capital	229,737	289,181
Total liabilities and partners capital	$ 2,144,701	$ 2,155,167

See accompanying notes to condensed consolidated financial statements

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TRUMP ENTERTAINMENT RESORTS HOLDINGS, L.P.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(dollars in thousands)

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2008	**2007**	**2008**	**2007**
Revenues:				
Gaming	$ 178,291	$ 190,232	$ 362,913	$ 376,342
Rooms	17,077	16,725	32,315	30,712
Food and beverage	22,456	22,339	43,360	41,131
Other	8,269	6,580	15,914	12,046
	226,093	235,876	454,502	460,231
Less promotional allowances	(48,202)	(49,037)	(99,264)	(93,453)
Net revenues	177,891	186,839	355,238	366,778
Costs and expenses:				
Gaming	82,379	88,146	168,085	172,438
Rooms	3,749	3,452	6,885	6,131
Food and beverage	10,834	11,367	19,632	19,776
General and administrative	51,836	51,730	103,433	102,036
Corporate and development	5,505	9,660	11,076	16,474
Corporate-related party	641	607	1,305	1,215
Depreciation and amortization	13,909	12,314	27,516	23,903
	168,853	177,276	337,932	341,973
Income from operations	9,038	9,563	17,306	24,805
Non-operating income (expense):				
Interest income	876	1,628	2,708	2,828
Interest expense	(31,494)	(32,417)	(65,198)	(63,673)
	(30,618)	(30,789)	(62,490)	(60,845)
Loss before income taxes and discontinued operations	(21,580)	(21,226)	(45,184)	(36,040)
Provision for income taxes				(200)
Loss from continuing operations	(21,580)	(21,226)	(45,184)	(36,240)
(Loss) income from discontinued operations:				
Trump Marina	(22,025)	3,626	(22,806)	7,996
Income tax benefit	1,678		1,678	
(Loss) income from discontinued operations	(20,347)	3,626	(21,128)	7,996
Net loss	$ (41,927)	$ (17,600)	$ (66,312)	$ (28,244)

See accompanying notes to condensed consolidated financial statements

TRUMP ENTERTAINMENT RESORTS HOLDINGS, L.P.

CONSOLIDATED STATEMENTS OF PARTNERS   CAPITAL

(unaudited)

(dollars in thousands)

	Partners Capital	Accumulated Deficit	Total Partners Capital
Balance, December 31, 2007	$ 596,259	$ (307,078)	$ 289,181
Stock-based compensation expense, net of forfeitures	1,541		1,541
Partnership distributions	(430)		(430)
Reduction in valuation allowance relating to pre-reorganization deferred tax assets	5,757		5,757
Net loss		(66,312)	(66,312)
Balance, June 30, 2008	$ 603,127	$ (373,390)	$ 229,737

See accompanying notes to consolidated financial statements.

TRUMP ENTERTAINMENT RESORTS HOLDINGS, L.P.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

	Six Months Ended June 30,	
	2008	2007
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (66,312)	$ (28,244)
Adjustments to reconcile net loss to net cash flows (used in) provided by operating activities:		
Deferred and non-cash charge in lieu of income taxes	(1,678)	200
Depreciation and amortization	33,875	31,582
Amortization of deferred financing costs	1,411	1,346
Goodwill and other intangible asset impairment charges	18,647	
Accretion of interest income related to property tax settlement	(475)	
Provisions for losses on receivables	3,617	3,584
Stock-based compensation expense	1,541	2,043
Valuation allowance CRDA investments	1,984	1,952
Gain on sale of assets	(37)	(366)
Other		(120)
Changes in operating assets and liabilities:		
Increase in receivables	(1,292)	(5,410)
(Increase) decrease in inventories	(914)	1,022
Increase in prepaid expenses and other current assets	(3,963)	(3,142)
(Increase) decrease in other assets	(3,407)	3,184
Decrease in accounts payable, accrued expenses and other current liabilities	375	18,066
Decrease in accrued interest payable	684	2,500
Increase in other long-term liabilities	(810)	(357)
Net cash flows (used in) provided by operating activities, including discontinued operations	(16,754)	27,840
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment, net	(94,938)	(122,758)
Capitalized interest on construction in process	(5,683)	(1,466)
Decrease (increase) in restricted cash	45,895	(73,403)
Purchases of CRDA investments, net	(5,973)	(6,305)
Net cash flows used in investing activities, including discontinued operations	(60,699)	(203,932)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under revolving credit facility		23,000
Borrowings under term loan	50,000	147,375
Repayments of term loan	(2,091)	(1,125)
Repayments of other long-term debt	(1,509)	(7,330)
Partnership distributions	(430)	(440)
Net cash flows provided by financing activities, including discontinued operations	45,970	161,480
Net decrease in cash and cash equivalents	(31,483)	(14,612)
Cash and cash equivalents at beginning of period, including cash included in assets held for sale	120,357	99,094

Cash and cash equivalents at end of period, including cash included in assets held for sale	$ 88,874	$ 84,482
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 69,262	$ 61,593
Cash paid for income taxes		
Equipment purchased under capital leases	6,000	
Increase in accounts payable for accrued purchases of property and equipment	4,289	5,305
Debt of Reorganized Company issued in exchange for debt and accrued interest of Predecessor Company		7

See accompanying notes to condensed consolidated financial statements

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(dollars in thousands, except share and per share data)

(1) Organization

The accompanying consolidated financial statements include those of Trump Entertainment Resorts, Inc. (TER), a Delaware corporation, its majority-owned subsidiary, Trump Entertainment Resorts Holdings, L.P. (TER Holdings), a Delaware limited partnership, and their respective subsidiaries. Except where otherwise noted, the words we, us, our and similar terms, as well as Company, refer to TER and all of its subsidiarie Through TER Holdings and its wholly-owned subsidiaries we own and operate the Trump Taj Mahal Casino Resort (Trump Taj Mahal), Trump Plaza Hotel and Casino (Trump Plaza) and Trump Marina Hotel Casino (Trump Marina) in Atlantic City, New Jersey.

TER currently beneficially owns an approximate 76.5% profits interest in TER Holdings, as both a general and limited partner, and Donald J. Trump (Mr. Trump) owns directly and indirectly an approximate 23.5% profits interest in TER Holdings, as a limited partner. Mr. Trump s limited partnership interests in TER Holdings are exchangeable at Mr. Trump s option into 9,377,484 shares of TER s Common Stock, par value $0.001 per share (the TER Common Stock) (subject to certain adjustments), which, if exchanged, would give Mr. Trump ownership of an aggregate of approximately 25.8% of the TER Common Stock (including shares currently held directly by Mr. Trump) or approximately 28.3% assuming currently exercisable warrants held by Mr. Trump were exercised. Mr. Trump also holds 900 shares of TER s Class B Common Stock, par value $0.001 per share (the Class B Common Stock). The Class B Common Stock has the voting equivalency of the 9,377,484 shares of TER Common Stock for which Mr. Trump s limited partnership interests in TER Holdings may be exchanged, and generally votes on all matters with the TER Common Stock as a single class. The Class B Common Stock is redeemable at par to the extent that Mr. Trump exchanges his limited partnership interests in TER Holdings for TER Common Stock and is not entitled to receive any dividends.

(2) Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the United States Securities and Exchange Commission (SEC) and in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial reporting. Accordingly, certain information and note disclosures normally included in financial statements prepared in conformity with GAAP have been condensed or omitted. The accompanying condensed consolidated financial statements have been prepared without audit. In the opinion of management, all adjustments, including normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented, have been made. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2007 as filed with the SEC and all of our other filings, including Current Reports on Form 8-K, filed with the SEC after such date and through the date of this report, which are available on the SEC s website at *www.sec.gov* or our website at *www.trumpcasinos.com*.

The condensed consolidated financial statements include our accounts and those of our controlled subsidiaries and partnerships. We have eliminated all intercompany transactions. We view each of our casino properties as operating segments and all such operating segments have been aggregated into one reporting segment.

As further disclosed in Note 3, on May 28, 2008, Trump Marina Associates, LLC entered into an agreement to sell Trump Marina. As such, certain assets and liabilities have been reclassified to assets held for sale and liabilities related to assets held for sale on the Condensed Consolidated Balance Sheets. Trump Marina s 2008 results of operations have been presented as discontinued operations and its prior year results of operations have been reclassified to conform to the current period presentation for all periods presented. In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144), long-lived assets held for sale are recorded at the lower of carrying value or fair value less costs to sell and are no longer depreciated.

The term Predecessor Company refers to the Company and it subsidiaries for periods prior to and including May 19, 2005, and the term Reorganized Company refers to the Company and its subsidiaries for periods on and subsequent to May 20, 2005.

Certain reclassifications have been made to the prior period financial statements to conform to the current period presentation.

(3) Assets Held for Sale and Discontinued Operations

On May 28, 2008, Trump Marina Associates, LLC entered into an Asset Purchase Agreement (the Marina Agreement) to sell Trump Marina (the Property) to Coastal Marina, LLC (Buyer), an affiliate of Coastal Development, LLC (Coastal). Pursuant to the Marina Agreement, (1) at the closing, Buyer will acquire substantially all of the assets of, and will assume certain liabilities related to, the business conducted at the Property, (2) at and subject to such closing, unrelated existing litigation between the Company and Coastal (see Note 10) is to be settled, and (3) the aggregate purchase price payable for the Property and these other transactions is $316,000, subject to potential adjustment as provided in the Marina Agreement. The closing is expected to occur within six to nine months of the Marina Agreement and is subject to the satisfaction of certain conditions, including receipt of approvals from New Jersey governmental authorities. The Buyer has placed into escrow a $15,000 deposit toward the purchase price and is seeking financing for the balance of the purchase price. The Marina Agreement provides that, subject to certain exceptions, the Company s recourse against the Buyer if the transaction fails to close may be limited to the amount of this deposit.

Assets held for sale and liabilities related to assets held for sale pertaining to Trump Marina at June 30, 2008 and December 31, 2007 were as follows:

	June 30, 2008	December 31, 2007
Assets held for sale:		
Cash and cash equivalents	$ 8,292	$ 16,426
Property and equipment, net	268,830	273,472
Other assets	4,634	5,137
Total assets held for sale	$ 281,756	$ 295,035
Liabilities related to assets held for sale:		
Accrued expenses	$ 3,745	$ 3,545
Deposits and other	1,612	1,449
Total liabilities related to assets held for sale	$ 5,357	$ 4,994

Assets held for sale are recorded at the lower of their carrying value or fair market value less costs to sell.

The operating results of Trump Marina are presented as discontinued operations for all periods presented. Net revenues for Trump Marina were $53,744 and $104,026 for the three and six months ended June 30, 2008, respectively, and $57,401 and $111,741 for the three and six months ended June 30, 2007, respectively. Loss from discontinued operations during the three and six months ended June 30, 2008 includes (1) an intangible asset impairment charge totaling $18,647 relating to trademarks of Trump Marina, (2) a goodwill impairment charge of $2,296 and (3) $5,184 of fees incurred in connection with the transaction, principally fees incurred to amend the 2007 Credit Facility. The intangible asset and goodwill impairment charges resulted from an interim impairment test performed in accordance with SFAS No. 142, Goodwill and Other Intangible Assets. The intangible asset impairment charge relating to trademarks of Trump Marina resulted in an income tax benefit of $6,221 during the three and six months ended June 30, 2008 which reflects the impact of a reduction in our net deferred tax liabilities.

In connection with the Marina Agreement, the valuation allowance relating to pre-reorganization deferred tax assets decreased by $26,455 resulting in a $19,319 reduction to goodwill, a $1,379 reduction to intangible assets and a $4,404 increase to additional paid in capital, net of minority interest of $1,353.

(4) Long-Term Debt

Long-term debt consists of the following:

	June 30, 2008	December 31, 2007
Long-term debt:		
Senior Secured Credit Facility:		
Term Loan, matures December 21, 2012, interest and principal payments due quarterly at LIBOR plus 3.2% (6.2% at June 30, 2008)	$ 441,159	$ 393,250
Senior Secured Notes, due June 1, 2015, interest payable semi-annually at 8.5%, interest payments due June 1 and December 1	1,248,969	1,248,969
Other:		
Capitalized lease obligations, payments due at various dates from 2008 through 2028, secured by slot and other equipment, interest at 4.3% to 12.0%	6,167	1,555
Total long-term debt	1,696,295	1,643,774
Less: current maturities	(4,788)	(5,481)
Long-term debt, net of current maturities	$ 1,691,507	$ 1,638,293

Senior Secured Credit Facility On December 21, 2007, TER and TER Holdings entered into an agreement for a $493,250 senior secured credit facility (the 2007 Credit Facility). Under the 2007 Credit Facility, TER Holdings borrowed $393,250 which was to be used to (i) refinance all amounts outstanding under its Credit Agreement dated May 20, 2005 (the 2005 Credit Facility), (ii) pay fees and expenses incurred in connection with the 2007 Credit Facility and the refinancing of the 2005 Credit Facility, (iii) fund construction of the new hotel tower at Trump Taj Mahal, and (iv) provide financing for working capital, capital expenditures and other general corporate purposes.

In connection with the Marina Agreement, TER Holdings entered into an amendment, dated as of May 29, 2008, to the 2007 Credit Facility (the Amendment). Pursuant to the Amendment, (i) the 2007 Credit Facility lenders consented to the sale of the Property, subject to the satisfaction of certain conditions, (ii) the applicable interest rate margins payable on amounts outstanding under the 2007 Credit Facility will increase upon the closing of the transactions contemplated by the Marina Agreement, and (iii) TER Holdings agreed to pay amendment fees equal to one percent of the amount of the 2007 Credit Facility.

During May 2008, TER Holdings borrowed $50,000 under the 2007 Credit Facility which was to be used principally to fund capital expenditures associated with construction of the Chairman Tower. As of June 30, 2008, there was $50,000 available under the 2007 Credit Facility, subject to the satisfaction of certain standard conditions. To the extent the remaining amount available under the 2007 Credit Facility has not been drawn by TER Holdings by December 21, 2008, the lenders will have the option to direct that such amount be funded to TER Holdings. We expect to utilize the remaining availability under the 2007 Credit Facility during 2008 to fund operating and debt service obligations and capital expenditures, including the completion of the new hotel tower at the Taj Mahal. The 2007 Credit Facility matures on December 21, 2012 and must be repaid during the final year of such loans in equal quarterly amounts, subject to amortization of approximately 1.0% per year prior to the final year.

Borrowings under the 2007 Credit Facility are secured by a first priority security interest in substantially all of the assets of TER Holdings and it subsidiaries. TER Holdings obligations under the 2007 Credit Facility are guaranteed by TER and certain of its direct and indirect subsidiaries. We and our subsidiaries are subject to a number of affirmative and negative covenants. The 2007 Credit Facility restricts our ability to make certain distributions or pay dividends. At June 30, 2008, we were in compliance with the covenants.

Senior Secured Notes On May 20, 2005, TER Holdings and its wholly-owned finance subsidiary, Trump Entertainment Resorts Funding, Inc. (TER Funding) issued $1,250,000 of Senior Secured Notes due June 1, 2015 (Senior Notes). The Senior Notes were used to pay distributions under the Second Amended and Restated Joint Plan of Reorganization, dated as of March 30, 2005, as amended (the Plan). The Senior Notes bear interest at 8.5% per annum. $1,031 of the Senior Secured Notes were returned to us under the terms of the Plan and retired.

$730,000 of the aggregate principal amount of the Senior Notes is nonrecourse to the issuers and to the partners of TER Holdings (the Qualified Portion). $520,000 of the aggregate principal amount of the Senior Notes is recourse to the issuers and to TER, in its capacity as general partner of TER Holdings (the Non-Qualified Portion).

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The Non-Qualified Portion and Qualified Portion are recalculated on a periodic basis no less frequently than annually based on certain tax considerations, provided that in no event will the Qualified Portion exceed $730,000 in aggregate principal amount of Senior Notes.

TER Funding has no assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of our Senior Notes. All other subsidiaries of TER Holdings, except a minor non-guarantor subsidiary (the Guarantors), are guarantors of the Senior Notes on a joint and several basis. TER Holdings and TER Funding have no independent assets or operations from the Guarantors. Therefore, condensed consolidating financial statements are not presented.

The Senior Notes are secured by substantially all of our real property and incidental personal property, subject to liens securing amounts borrowed under the 2007 Credit Facility and certain permitted prior liens. The issuers and Guarantors of the Senior Notes are subject to certain covenants under the indenture governing the Senior Notes. Under these covenants, TER Holdings and the Guarantors are subject to limitations on the incurrence of additional indebtedness and payment of dividends.

The Senior Notes rank senior in right of payment to the issuers and Guarantors future subordinated indebtedness. Notwithstanding the foregoing, because amounts borrowed under the 2007 Credit Facility are secured by substantially all the assets of the issuers and the Guarantors on a priority basis, the Senior Notes and the guarantees thereof are effectively subordinated to amounts borrowed under the 2007 Credit Facility.

(5) Earnings Per Share

The computations of basic and diluted net loss per share are as follows:

(in thousands, except share and per share data)	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Numerator for basic and diluted loss per share:				
Loss from continuing operations	$ (16,503)	$ (16,228)	$ (34,553)	$ (27,704)
(Loss) income from discontinued operations	(13,318)	2,774	(13,916)	6,117
Net loss	$ (29,821)	$ (13,454)	$ (48,469)	$ (21,587)
Denominator for basic and diluted loss per share:				
Weighted average shares outstanding	31,705,251	31,102,062	31,628,703	31,076,674
Basic and diluted net loss per share:				
Loss from continuing operations	$ (0.52)	$ (0.52)	$ (1.09)	$ (0.89)
(Loss) income from discontinued operations	(0.42)	0.09	(0.44)	0.20
Net loss	$ (0.94)	$ (0.43)	$ (1.53)	$ (0.69)

For the three and six months ended June 30, 2008 and 2007, potentially dilutive common shares excluded from the computation of diluted net loss per share due to anti-dilution are as follows:

Exchangeable limited partnership interest	9,377,484
Ten year warrants	1,446,706
Employee stock options	300,000
Total	11,124,190

(6) Stock-based Compensation Plans

Our shareholders approved the 2005 Incentive Award Plan (the 2005 Stock Plan) allowing for incentive stock options, nonqualified stock options, restricted stock, stock appreciation rights, performance shares and other stock-based awards to our officers, employees, consultants and independent directors. A total of 4,000,000 shares of Common Stock have been reserved for the issuance of awards available for grant under the 2005 Stock Plan.

In accordance with the revised provisions of Statement of Financial Accounting Standards (SFAS) Statement 123, Share Based Payment (FAS 123R), we recorded compensation expense, net of forfeitures for our stock option and restricted stock awards of $814 and $1,541 for the three and six months ended June 30, 2008, respectively, and $1,007 and $2,043 for the three and six months ended June 30, 2007, respectively. Such expense is included in general and administrative expenses.

Restricted Stock At June 30, 2008, there were 785,081 shares of nonvested restricted stock issued and outstanding. The remaining unrecognized compensation expense for nonvested restricted stock to be recognized over the remaining contractual life was $2,478. The weighted-average remaining contractual life of outstanding restricted stock grants at June 30, 2008 was 1.1 years.

There were 702,253 restricted shares issued and 47,398 restricted shares forfeited during the six months ended June 30, 2008.

Stock Options At June 30, 2008, there were 300,000 stock options outstanding which vest in equal increments on July 31, 2008, 2009 and 2010. At June 30, 2008, the remaining unrecognized compensation expense for nonvested stock options to be recognized over the remaining contractual life was $649.

(7) Income Taxes

Our income tax (benefit) provision attributable to continuing operations and discontinued operations is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Continuing operations	$	$	$	$ 200
Discontinued operations	(6,221)		(6,221)	
	(6,221)		(6,221)	200

Our income tax provision attributable to continuing operations of $200 for the six months ended June 30, 2007 was a non-cash charge in lieu of taxes of which represents the utilization of pre-reorganization tax benefits that are reflected as a reduction to goodwill.

At June 30, 2008, we had unrecognized tax benefits of approximately $36,900 (including interest) of which $7,100 would affect our effective tax rate, if recognized. It is reasonably possible that certain unrecognized tax benefits related to income tax examinations totaling $8,248 could be settled during the next twelve months.

We recognize interest accrued related to unrecognized tax benefits in interest expense and penalties as a component of income tax expense. During the six months ended June 30, 2008 and 2007, we recognized $1,414 and $1,045, respectively, in potential interest associated with uncertain tax positions. At June 30, 2008, we had $9,857 accrued for the payment of interest on uncertain tax positions. To the extent interest is not assessed with respect to uncertain tax positions of the Reorganized Company, amounts accrued will be reduced and reflected as a reduction of interest expense. To the extent interest is not assessed with respect to uncertain tax positions of the Predecessor Company, amounts accrued prior to the reorganization date will be reduced and the impact will reduce goodwill and intangible assets if available, and any remaining amount would be reflected as a reduction of interest expense in accordance with Emerging Issues Task Force Issue 93-7, Uncertainties Related to Income Taxes in a Purchase Business Combination (EITF 93-7).

Federal and State Income Tax Audits

Tax years 2005 through 2007 remain subject to examination by the federal tax authority. Tax years 1995 through 2007 remain subject to examination by state tax jurisdictions.

At June 30, 2008, we have accrued $850 to reflect the expected federal tax liability (including interest) for the period from January 1, 2005 through December 21, 2005, the date of the sale of our former subsidiary, Trump Indiana, Inc. to Majestic Star Casino, LLC (Majestic Star), resulting from agreed upon IRS audit adjustments for 1996 through 2004. Additionally, we have accrued a liability of $5,933 related to the impact on state income taxes (including interest) resulting from agreed upon Internal Revenue Service (IRS) audit adjustments for 1996 through December 21, 2005. In accordance with the terms of our Stock Purchase Agreement with Majestic Star, TER Holdings has retained the

liability for expected federal and state income taxes (including interest) related to Trump Indiana for the tax years 1995 through December 21, 2005. Subsequent to June 30, 2008, we reached an agreement with the State of Indiana which will result in a reduction of our tax liability by approximately $740 (including interest) for the tax years 2000 and 2003.

From 2002 through 2006, state income taxes for our New Jersey operations were computed under the alternative minimum assessment method. We have asserted our position that New Jersey partnerships were exempt from these taxes and, as such, have not remitted payments of the amounts provided. The New Jersey Division of Taxation has issued an assessment to collect the unpaid taxes for the tax years 2002 and 2003. At June 30, 2008, we have accrued $27,338 for taxes and interest relating to this alternative minimum tax assessment for 2002 and 2003, as well as the open years 2004 through 2006. We are currently in discussions with the New Jersey Division of Taxation regarding settlement of these assessments.

Tax Distributions

TER Holdings partnership agreement requires distributions to its partners, TER and Mr. Trump, sufficient in amount to cover all federal, state and local income taxes incident to their ownership of TER Holdings, including special allocations of income, gains, losses, deductions and credits. TER Holdings made distributions of $430 and $440 during the six months ended June 30, 2008 and 2007, respectively. As of June 30, 2008, TER Holdings recorded distributions payable of $250. In addition, the partnership agreement contains an indemnification clause which may result in additional payments to Mr. Trump upon the disposition of the Trump Taj Mahal Casino Resort property, Trump Plaza Hotel and Casino property or Trump Marina Hotel Casino property. The amount of these indemnification payments would be sufficient in amount to cover the impact of the disposition on Mr. Trump s federal, state and local income tax positions up to $100,000 and would only be due if Mr. Trump does not consent to the transaction.

(8) TrumpONE Unified Player s Program

In June 2007, we implemented the TrumpONE unified player s program (TrumpONE), our company-wide customer loyalty program. Under TrumpONE, our customers are able to accumulate complimentary dollars (comp dollars) based upon their slot machine and table games play which may be redeemed at their discretion for complimentary food, beverage and retail items. Unredeemed comp dollars are subject to the terms of the TrumpONE program, including forfeiture based upon the lapsing of time. We record the cost of comp dollars as a gaming expense when earned by our customers. The retail value of the complimentary food, beverage and other retail items is recorded as revenue with an offset to promotional allowances at the time our customers redeem comp dollars. During June 2007, we accrued $4,261 of gaming expense to record the initial comp dollar liability, including consideration of estimated forfeitures. As of June 30, 2008, we had $3,351 accrued for the estimated cost of the outstanding comp dollar liability.

In addition to comp dollars, our customers have the ability to earn points based on slot machine or table games play that are redeemable in cash (cash-back points). We historically have accrued the cost of cash-back points, after consideration of estimated forfeitures, as they are earned. The cost is recorded in promotional allowances.

Customers may also receive discretionary complimentary rooms, food and beverage and other services which are expensed as incurred.

(9) Commitments and Contingencies

Casino Reinvestment Development Authority Obligations Pursuant to the provisions of the Casino Control Act, we must either obtain investment tax credits, as defined in the Casino Control Act, in an amount equivalent to 1.25% of our gross casino revenues, as defined in the Casino Control Act, or pay an alternative tax of 2.5% of our gross casino revenues. Investment tax credits may be obtained by making qualified investments, as defined in the Casino Control Act, or by depositing funds which may be converted to bonds by the Casino Reinvestment Development Authority (CRDA), both of which bear interest at two-thirds of market rates resulting in a fair value lower than cost. Certain of our subsidiaries are required to make quarterly deposits with the CRDA to satisfy their investment obligations. During the three and six months ended June 30, 2008 and 2007, we charged to continuing operations $768 and $1,574 and $1,000 and $1,485, respectively, to give effect to the below market interest rates associated with CRDA deposits and bonds.

NJSEA Subsidy Agreement In April 2004, the casinos located in Atlantic City (Casinos), including our Atlantic City casinos, executed an agreement (NJSEA Subsidy Agreement) with the New Jersey Sports and Exposition Authority (NJSEA) and the CRDA. The NJSEA Subsidy Agreement provides that the Casinos, on a pro rata basis according to their gross revenues, shall pay in cash and donate from the regular payment of their CRDA obligations a total of $86,000 in four annual installments in October of each of 2004 through 2007 to the NJSEA. It required that the funds be used by the NJSEA through December 31, 2008 to enhance purses, fund breeders awards and

establish account wagering at New Jersey horse racing tracks. Our portion of this industry obligation was approximately 23%.

The NJSEA Subsidy Agreement further provided for a moratorium until January 2009 on the conduct of casino gaming at any New Jersey racetrack and conditioned the donation of the CRDA funds upon the enactment and funding of the Casino Expansion Fund Act which made funds available, on a pro rata basis, to each of the Casinos for investment in eligible projects in Atlantic City approved by the CRDA. In September 2006, the CRDA approved the new hotel tower presently under construction at the Trump Taj Mahal as an eligible project and, pursuant to October 2006 agreements, authorized grants to our Atlantic City casinos in aggregate amounts of approximately $13,800 from the Atlantic City Expansion Fund and $1,575 from a separate Casino Capital Construction Fund, both administered by the CRDA.

The New Jersey Legislature amended the Casino Control Act effective April 18, 2008 to permit the Casinos to deduct the amount of certain promotional gaming credits wagered at their slot machines in calculating the tax on gross gaming revenue. The amendment, however, is inoperative until the Casinos execute a new subsidy agreement with the NJSEA for the benefit of the horse racing industry for $30,000 annually for a three-year period. Presently, the Casinos are negotiating the terms of a new subsidy agreement with the NJSEA and the New Jersey Casino Control Commission is considering regulations to establish procedures by which the Casinos may implement the tax deduction.

CAFRA Agreement Trump Taj Mahal received a permit under the Coastal Area Facilities Review Act (CAFRA) that initially required Trump Taj Mahal to begin construction of certain improvements on the Steel Pier by October 1992, which improvements were to be completed within 18 months of the commencement of construction. Trump Taj Mahal initially proposed a concept to improve the Steel Pier, the estimated cost of which was $30,000. Such concept was approved by the New Jersey Department of Environmental Protection, the agency which administers CAFRA. In March 1993, Taj Associates, one of our Predecessor Company s former subsidiaries, obtained a modification of its CAFRA permit providing for an extension of the required commencement and completion dates of the improvements to the Steel Pier for one year, which has been renewed annually, based upon an interim use of the Steel Pier as an amusement park. The pier sublease, pursuant to which Trump Taj Mahal leases the Steel Pier to an amusement park operator, terminates on December 31, 2008. The conditions of the CAFRA permit renewal thereafter are under discussion with the New Jersey Department of Environmental Protection.

(10) Legal Proceedings

Chapter 11 Cases - Although we have emerged from bankruptcy, we still are in the process of resolving various claims and other litigation in connection with the Plan, which may continue for the foreseeable future.

On July 18, 2005, the Bankruptcy Court considered a motion brought by a certain group of persons alleging that they had held shares of our Predecessor Company s common stock on the record date for distributions under the Plan (and who subsequently sold their shares prior to the distribution date) but did not receive any distributions under the Plan, which they believe were wrongly made to the beneficial holders of our Predecessors Company s common stock on the distribution date. The movants had sought an order compelling us to make distributions to them under the Plan. After additional briefing and a court hearing with respect to the issue on October 8, 2005, the Bankruptcy Court denied the movants motion on February 17, 2006. The movants filed an appeal from the judgment entered in the Bankruptcy Court in favor of the Predecessor Company. The movants appealed this motion to the United States District Court for the district of New Jersey. During April 2007, the United States District Court reversed the Bankruptcy Court s denial and remanded the case back to the Bankruptcy Court for further consideration. In May 2007, we filed a notice of appeal to the United States Court of Appeals for the Third Circuit. Briefing is now complete before that court, and the parties are awaiting the scheduling of oral argument.

Power Plant Litigation On December 30, 2004, TER Development filed a complaint against Richard T. Fields, Coastal Development, LLC, Power Plant Entertainment, LLC, Native American Development, LLC, Joseph S. Weinberg and The Cordish Company (collectively, the Power Plant Group) in the Circuit Court of the 17th Judicial District for Broward County, Florida, in which TER Development alleged that Power Plant Entertainment, LLC improperly obtained certain agreements with the Seminole Tribe of Florida for the development of gaming facilities in Hollywood and Tampa, Florida. TER Development has asserted claims for fraud, breach of fiduciary duty, conspiracy, violation of the Florida Deceptive and Unfair Trade Practices Act and interference with prospective business relationship as a result of the Power Plant Group s actions. On April 17, 2008, the trial court ruled on the defendants numerous motions for summary judgment. The court denied the defendants motions as to TER Development s claims against all defendants for fraud and conspiracy and as to TER Development s claim against Richard T. Fields and Coastal Development, LLC under the Florida Deceptive and Unfair Trade Practices Act. The trial court granted the defendants motions for summary judgment as to TER Development s claims for breach of fiduciary duty, aiding and abetting a breach of fiduciary duty, interference with prospective business relationship and the claims under the Florida

Deceptive and Unfair Trade Practices Act as to the Power Plant Group. The defendants seek no relief against TER Development other than claims for attorney s fees and costs in the event that they prevail at trial.

TER and Coastal Development, LLC, through affiliated and controlled subsidiaries, have executed an agreement for the sale of Trump Marina (see Note 3). Upon the closing of the sale of Trump Marina, the complaint against the Power Plant Group will be dismissed with prejudice and all parties will be fully released from any claims in this lawsuit. On May 29, 2008, the parties filed a joint motion to stay the action, pending the closing of the transaction. On May 30, 2008, the Court granted the stay pending further order of the Court.

We and certain of our employees are involved from time to time in other legal proceedings arising in the ordinary course of our business. While any proceeding or litigation contains an element of uncertainty, management believes that the final outcomes of these other matters are not likely to have a material adverse effect on our results of operations or financial condition. In general, we have agreed to indemnify certain of our key executives and 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 any legal proceedings absent a showing of such persons gross negligence or malfeasance.

(11) Recently Issued Accounting Pronouncements

In April 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position FAS 142-3, Determination of the Useful Life of Intangible Assets (FSP 142-3). FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, Goodwill and Other Intangible Assets (SFAS 142). The intent of FSP 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R and other GAAP. FSP 142-3 is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008. Early adoption of the standard is prohibited. FAS 142-3 is effective for our fiscal year beginning January 1, 2009. We are currently evaluating the impact of FAS 142-3, but do not believe that the adoption of the standard will have a material impact on our consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133 (SFAS 161). SFAS No. 161 requires enhanced disclosure related to derivatives and hedging activities and thereby seeks to improve the transparency of financial reporting. Under SFAS 161, entities are required to provide enhanced disclosures relating to: (i) how and why an entity uses derivative instruments; (ii) how derivative instruments and related hedge items are accounted for under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133), and its related interpretations; and (iii) how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. SFAS 161 must be applied prospectively to all derivative instruments and non-derivative instruments that are designated and qualify as hedging instruments and related hedged items accounted for under SFAS 133 for all financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. SFAS 161 becomes effective for our fiscal year beginning January 1, 2009. We do not expect the adoption of SFAS 161 to have a material effect on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements An amendment of ARB No. 51 (SFAS 160). SFAS 160 amends ARB No. 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary, which is sometimes referred to as minority interest, is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. Among other requirements, SFAS 160 requires consolidated net income to be reported including the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated income statement, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. SFAS 160 is effective for our fiscal year beginning January 1, 2009. Earlier adoption is prohibited. We are currently evaluating the effect that the adoption of SFAS 160 will have on our consolidated financial statements, including the presentation of minority interests in our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), Business Combinations (SFAS 141(R)). SFAS 141(R) retained the fundamental requirements in SFAS 141 that the acquisition method of accounting (which SFAS 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. SFAS 141(R), which is broader in scope than that of SFAS 141, which applied only to business combinations in which control was obtained by transferring consideration, applies the same method of accounting (the purchase method) to all transactions and other events in which one entity obtains control over one or

more other businesses. SFAS 141(R) also makes certain other modifications to SFAS 141. We are required to apply the provisions of SFAS 141(R) to business combinations for which the acquisition date is on or after January 1, 2009. Earlier application is prohibited. We do not expect the adoption of SFAS 141(R) to have a material effect on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159). SFAS 159 permits companies to choose to measure many financial instruments and certain other items at fair value. The fair value option established by SFAS 159 permits all companies to choose to measure eligible items at fair value at specified election dates. At each subsequent reporting date, companies shall report in earnings any unrealized gains and losses on items for which the fair value option has been elected. We adopted SFAS 159 effective January 1, 2008 and did not elect the fair value measurement option for any financial assets or liabilities.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (SFAS 157) which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. On February 12, 2008, the FASB issued FASB Staff Position No. FAS 157-2, Effective Date of FASB Statement No. 157 (FSP 157-2), delaying the effective date of SFAS 157 to fiscal years beginning after November 15, 2008 for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Non-financial assets and non-financial liabilities for which we are not yet required to apply the provisions of SFAS 157 include our goodwill and intangible assets and long-lived assets measured at fair value under the provisions of SFAS 142, Goodwill and Other Intangible Assets and SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, respectively. We adopted SFAS 157 effective January 1, 2008 for financial assets and liabilities. The adoption of SFAS 157 did not impact our consolidated financial statements. We do not expect that the adoption of the deferment provisions of FSP 157-2 will have a material effect on our consolidated financial statements.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Forward-Looking Statements

This report contains statements that we believe are, or may be considered to be, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this report regarding the prospects of our industry or our prospects, plans, financial position or business strategy, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as may, will, expect, intend, estimate, foresee, project, anticipate, believe, plans, forecasts, continue or could or the negatives of these terms or variations of them or similar terms. Furthermore, such forward-looking statements may be included in various filings that we make with the SEC or press releases or oral statements made by or with the approval of one of our authorized executive officers. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which reflect management s opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we make in our reports to the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this report.

For a more complete description of the risks that may affect our business, see our Annual Report on Form 10-K for the year ended December 31, 2007.

Overview

We own and operate the Trump Taj Mahal Casino Resort, Trump Plaza Hotel and Casino and the Trump Marina Hotel Casino in Atlantic City, New Jersey.

On May 28, 2008, Trump Marina Associates, LLC entered into an Asset Purchase Agreement (the Marina Agreement) to sell the Trump Marina Hotel Casino to Coastal Marina, LLC, an affiliate of Coastal Development, LLC. The closing is expected to occur within six to nine months of the Marina Agreement and is subject to the satisfaction of certain conditions, including receipt of approvals from New Jersey governmental authorities. Our condensed consolidated financial statements reflect the results of Trump Marina as discontinued operations. All prior periods presented have been reclassified to conform to the current period classification.

Our operating results during 2008 have been affected by various factors including competition in adjoining states, a general weakening of the economy, rising fuel costs and smoking restrictions under state and local legislation. Management s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with and give consideration to the following:

For the quarter ended June 30, 2008, gross gaming revenues in the Atlantic City market (as reported to the New Jersey Casino Control Commission (the CCC)) decreased 5.8% overall, while slot revenues decreased 7.5% compared to the quarter ended June 30, 2007. For the quarter ended June 30, 2008, we experienced a 6.5% decrease in overall gross gaming revenue and a 6.3% decrease in slot revenue at our three properties compared to the prior-year period.

For the six months ended June 30, 2008, gross gaming revenues in the Atlantic City market (as reported to the CCC) decreased 6.1% overall, while slot revenues decreased 8.0% compared to the first six months of 2007. During the six months ended June 30, 2008, we experienced a 4.7% decrease in overall gross gaming revenue and an 4.6% decrease in slot revenue at our three properties compared to the prior-year period.

Smoking Restrictions On April 15, 2007, an ordinance in Atlantic City became effective which extended smoking restrictions under the New Jersey Smoke-Free Air Act. The Atlantic City ordinance, mandated that casinos restrict smoking to designated areas of up to 25% of the casino floor. While we are unable to quantify the impact of the current smoking restrictions, we believe these smoking restrictions have negatively impacted our gaming revenues and income from operations as our competition in adjacent states continues to permit smoking.

During April 2008, Atlantic City s City Council unanimously approved an amendment to the Atlantic City ordinance which bans smoking entirely on all casino gaming floors and casino simulcasting areas. The amendment to the ordinance allows casinos the option to construct separately ventilated non-gaming smoking lounges. The

construction of such lounges must be completed by October 15, 2008. We expect to construct a smoking lounge on the casino floor at each of our properties.

The complete ban on smoking in casino and casino simulcasting areas could further adversely affect our gaming revenues and income from operations.

TrumpONE In June 2007, we implemented TrumpONE, our new, company-wide customer loyalty program. Under the TrumpONE program, our customers are able to accumulate comp dollars based upon their slot machine and table games play which may be redeemed at their discretion for complimentary food, beverage and retail items. During June 2007, we recognized $4.3 million of gaming expense to record the initial comp dollar liability, including consideration of estimated forfeitures.

Analysis of Results of Operations

Our primary business activities are conducted by Trump Taj Mahal, Trump Plaza and Trump Marina.

The following tables include selected data of our casino properties (in millions).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	**2007**	**2008**	**2007**
Gaming revenues				
Trump Taj Mahal	$ 112.0	$ 122.0	$ 229.9	$ 244.0
Trump Plaza	66.3	68.2	133.0	132.4
Total	$ 178.3	$ 190.2	$ 362.9	$ 376.4
Net revenues				
Trump Taj Mahal	$ 113.0	$ 119.2	$ 227.0	$ 237.6
Trump Plaza	64.9	67.6	128.2	129.2
Total	$ 177.9	$ 186.8	$ 355.2	$ 366.8
Income (loss) from operations				
Trump Taj Mahal	$ 13.5	$ 16.6	$ 25.9	$ 37.2
Trump Plaza	1.8	3.4	4.1	5.5
Corporate and development	(6.3)	(10.4)	(12.7)	(17.9)
Total	$ 9.0	$ 9.6	$ 17.3	$ 24.8
Depreciation and amortization				
Trump Taj Mahal	$ 8.8	$ 7.4	$ 17.4	$ 14.1
Trump Plaza	5.0	4.8	9.8	9.6
Corporate and development	0.1	0.1	0.3	0.2
Total	$ 13.9	$ 12.3	$ 27.5	$ 23.9
Discontinued operations Trump Marina				
Gaming revenues	$ 53.8	$ 58.9	$ 107.3	$ 116.9
Net revenues	53.7	57.4	104.0	111.7
Depreciation and amortization	2.9	4.0	6.4	7.7
Goodwill and other intangible asset impairment charges	20.9		20.9	
(Loss) income from discontinued operations	(13.3)	2.8	(13.9)	6.1

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Comparison of Three-Month Periods Ended June 30, 2008 and 2007.

Each of our properties operating results were as follows:

Trump Taj Mahal Net revenues decreased $6.2 million due to a $10.0 million decrease in gaming revenues partially offset by a $2.1 million decrease in promotional coin offers to customers, a $1.0 million increase in cash rooms and food and beverage revenues and a $0.9 million increase in cash entertainment revenue. The decrease in gaming revenues was principally due to a $4.7 million decrease in slot revenue and a $4.6 million decrease in table games revenue. A significantly lower table hold percentage during the quarter contributed to the decrease in table games revenue. The increase in entertainment revenue was due to an increase in entertainment offerings during the quarter.

Income from operations decreased $3.1 million as the decrease in net revenues was partially offset by a $3.1 million decrease in operating costs and expenses. Total operating costs and expenses decreased principally due to: a $3.1 million decrease in promotional and marketing costs primarily due to the absence of TrumpOne implementation costs incurred during 2007; a $1.1 million decrease in payroll and related costs; a $0.8 million decrease in gaming taxes; a $0.7 million decrease in insurance expenses; a $0.4 million decrease in advertising expenses; and a $0.5 million net decrease in other costs and expenses, principally general and administrative expenses. These decreases were partially offset by a $1.4 million increase in depreciation expense due to the significant retheming projects completed during 2007 and new slot machine inventory on the casino floor, a $1.3 million increase in entertainment expenses and a $0.8 million increase in utility costs.

Trump Plaza Net revenues decreased $2.7 million due to a $1.9 million decrease in gaming revenues, a $0.6 million decrease in rooms, food and beverage and other revenues and a $0.2 million increase in promotional allowances. The decrease in gaming revenues reflects a $1.2 million decrease in slot revenue and a $0.7 million decrease in table games revenue. The decrease in rooms, food and beverage and other revenues is principally due to lower gaming activity.

Income from operations decreased $1.6 million as the $2.7 million decrease in net revenues was partially offset by a $1.1 million decrease in operating expenses. The decline in operating expenses were primarily attributable to: a $1.7 million decrease in promotional and marketing expenses primarily due to the absence of TrumpOne implementation costs incurred during 2007, partially offset by increases in utility expenses of $0.6 million and insurance costs of $0.4 million.

Corporate and Development Corporate and development expenses decreased $4.1 million to $6.3 million principally due to a $1.2 million decrease in severance costs, a $1.5 million reduction in payroll and related costs, a $0.8 million decrease in professional fees due to costs incurred during 2007 associated with our strategic review and a $0.2 million decrease in stock-based compensation expense.

Our other overall costs were as follows:

Interest Income Interest income was $0.9 million during quarter ended June 30, 2008 compared to $1.6 million during the quarter ended June 30, 2007 due to lower average invested cash and cash equivalents.

Interest Expense Interest expense decreased $0.9 million to $31.5 million during the quarter ended June 30, 2008. Interest expense associated with increased borrowings under the 2007 Credit Facility was more than offset by an increase in capitalized interest associated with the construction of the Chairman Tower, the new hotel tower under construction at the Taj Mahal. Capitalized interest was $3.2 million and $0.7 million during the quarters ended June 30, 2008 and 2007, respectively.

Provision for Income Taxes There was no provision for income taxes recorded related to continuing operations during the three months ended June 30, 2008 and 2007.

Discontinued Operations (Loss) income from discontinued operations reflects the results of Trump Marina. Loss from discontinued operations before income taxes and minority interest during the three months ended June 30, 2008 includes (i) an $18.6 million intangible asset impairment charge relating to Trump Marina trademarks, (ii) $5.2 million of fees incurred in connection with the transaction, principally fees incurred to amend the 2007 Credit Facility and (iii) a goodwill impairment charge of $2.3 million.

We recorded a $6.2 million income tax benefit related to our discontinued operations during the three months ended June 30, 2008 reflecting the impact of a reduction in our net deferred tax liabilities as a result of the intangible asset impairment charge relating to trademarks of Trump Marina.

Comparison of Six-Month Periods Ended June 30, 2008 and 2007.

Each of our properties operating results were as follows:

Trump Taj Mahal Net revenues decreased $10.6 million due to a $14.1 million decrease in gaming revenues partially offset by a $2.3 million increase in cash rooms, food and beverage revenue and a $1.2 million increase in entertainment revenue. The decrease in gaming revenues was primarily due to an $8.3 million decrease in table games revenue and a $4.9 million decrease in slot revenue. A significantly lower table hold percentage resulted in the decrease in table games revenue despite nearly a 2.0% increase in table game play.

Income from operations decreased $11.3 million due to the decrease in net revenues and a $0.7 million increase in operating costs and expenses. Total operating costs and expenses increased principally due to: a $3.2 million increase in depreciation expense; a $1.5 million increase in entertainment costs; a $1.0 million increase in utility expenses; a $0.9 million increase in the cost of goods provided related to TrumpOne point redemptions; and a $0.8 million net increase in other costs and expenses, principally general and administrative expenses. These increases were partially offset by decreases in: promotional and marketing costs of $3.0 million, primarily due to the absence of TrumpOne implementation costs incurred during 2007; payroll and related costs of $1.4 million; gaming taxes and other regulatory fees of $1.2 million; and insurance costs of $1.1 million.

Trump Plaza Net revenues decreased $1.0 million as a $0.6 million increase in gaming revenues and a $0.4 million increase in rooms, food and beverage and other revenues were more than offset by a $2.0 million increase in promotional allowances. The increase in gaming revenues reflects a $0.9 million increase in table games revenue and a $0.3 million decrease in slot revenue. The increase in rooms, food and beverage and other revenues is principally due to an increase in complimentary goods and services offered to customers as well as the redemption of points earned by patrons under the TrumpONE program.

Income from operations decreased $1.4 million due to the decrease in net revenues and a $0.4 million increase in operating expenses. The increase in operating expenses was primarily attributable to a $1.0 million increase in utility costs and a $0.9 million increase in payroll and related costs due to annual merit increases and higher union benefits. These increases were partially offset by a $0.8 million decrease in promotional and marketing costs principally due to the absence of TrumpOne implementation costs incurred during 2007 and a $0.6 million decrease in bad debt provisions.

Corporate and Development Corporate and development expenses decreased $5.2 million to $12.7 million principally due to a $2.1 million decrease in payroll and related costs, a $1.3 million reduction in severance costs, a $0.9 million decrease in professional fees due to expenses incurred during 2007 in connection with our strategic review and a $0.6 million decrease in stock-based compensation expense.

Our other overall costs were as follows:

Interest Income Interest income was $2.7 million during the six-month period ended June 30, 2008 compared to $2.8 million during the six-month period ended June 30, 2007 due to comparable balances of average invested cash and cash equivalents on hand during the periods.

Interest Expense Interest expense increased $1.5 million to $65.2 million during the six months ended June 30, 2008 principally due to increased borrowings outstanding under the 2007 Credit Facility, partially offset by an increase in capitalized interest associated with the construction of the Chairman Tower at the Taj Mahal. Capitalized interest was $5.7 million and $1.5 million during the six months ended June 30, 2008 and 2007, respectively.

Provision for Income Taxes There was no provision for income taxes related to continuing operations during the six months ended June 30, 2008. The provision for income taxes related to our continuing operations in 2007 includes a non-cash charge in lieu of taxes of $0.2 million.

Discontinued Operations Loss from discontinued operations before income taxes and minority interest during the six months ended June 30, 2008 includes (i) an $18.6 million intangible asset impairment charge relating to Trump Marina trademarks, (ii) $5.2 million of fees incurred in connection with the transaction, principally fees incurred to amend the 2007 Credit Facility and (iii) a goodwill impairment charge of $2.3 million.

We recorded a $6.2 million income tax benefit related to our discontinued operations during the six months ended June 30, 2008 reflecting the impact of a reduction in our net deferred tax liabilities as a result of the intangible asset impairment charge relating to trademarks of Trump Marina.

Liquidity and Capital Resources

During the six months ended June 30, 2008, our cash flows used in operating activities were $16.7 million compared to cash flows provided by operating activities of $27.9 million during the six months ended June 30, 2007. The decrease in cash flows from operations is principally a result of an increase in working capital requirements and the decline in gaming revenues due to regional competition.

Cash flows used in investing activities were $60.7 million during the six months ended June 30, 2008 compared to $203.9 million during the six months ended June 30, 2007. Investing activities during 2008 include capital expenditures of $94.9 million, of which $70.4 million related to the construction of the Chairman Tower. The decrease in restricted cash reflects the use of proceeds from borrowings which were restricted for expenditures associated with the construction of the Chairman Tower. Capitalized interest was $5.7 million during the six months ended June 30, 2008 compared to $1.5 million during the six months ended June 30, 2007. Investing activities during 2007 include capital expenditures associated with construction of the Chairman Tower and renovation projects at our three properties.

During the six months ended June 30, 2008, our cash flows provided by financing activities of $46.0 million consisted of $50.0 million in borrowings under our 2007 Credit Facility, repayments of $2.1 million of our outstanding term loan and $1.5 million of our capital lease obligations. Our financing activities during the six months ended June 30, 2007 included borrowings of $147.4 million under the delayed draw term loan and $23.0 million under the revolving portion of our 2005 Credit Facility, repayments of $7.3 million of our capital lease obligations and $1.1 million of our outstanding term loans. We also paid $0.4 million in partnership distributions to Mr. Trump during each of the six-month periods ended June 30, 2008 and 2007.

At June 30, 2008, we had approximately $81.5 million in cash and cash equivalents. Our cash and cash equivalents do not include $8.3 million in cash included in Trump Marina s assets held for sale and $2.8 million in restricted cash representing amounts used to secure outstanding letters of credit.

In order to increase the competitiveness of our casino properties, we have made significant capital expenditures to renovate, update and expand our casinos. Construction continues on the estimated $255 million new 782-room Chairman Tower and connecting structure to expand our existing facility at the Trump Taj Mahal. We currently expect to open approximately 20 floors of the tower approximately 400 rooms by Labor Day weekend 2008, with the remainder of the building opening in phases through the conclusion of 2008.

We believe that cash on hand, available borrowing capacity and cash flows from operations will be sufficient to fund our operating, capital expenditure and debt service obligations. While we believe that our sources of liquidity are sufficient to meet our cash obligations during the next twelve months, our ability to meet our operating and debt service obligations and the timing of our capital expenditures depend on a number of factors including existing cash on hand, cash flows generated by our operating subsidiaries, particularly cash flows expected to be generated by the Chairman Tower at the Taj Mahal, and the impact of competition on our operating results. In addition, if we decide to pursue additional capital projects, we will need to obtain additional financing in the future.

We are currently reviewing strategic options for the use of estimated proceeds expected from the sale of Trump Marina and other development opportunities. Among the options currently under review are: investments in Atlantic City, including a potential mixed use development on Steel Pier; gaming opportunities outside of the Atlantic City market; and reducing the Company s indebtedness. Additionally, we are currently in negotiations with a third party developer to lease commercial space at the Trump Ocean Club Panama, currently under development, and operate an approximately 35,000 square foot casino on the property.

In connection with the Marina Agreement, the lenders under the 2007 Credit Facility have consented to the purchase by TER Holdings of indebtedness of TER Holdings and its subsidiaries following the consummation of the transactions contemplated by the Marina Agreement for an aggregate purchase price not to exceed 50% of the net cash proceeds from the sale of Trump Marina.

We may from time to time seek to purchase our Senior Notes in open market transactions or privately negotiated transactions. We will evaluate any such transaction in light of prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

At June 30, 2008, there was $441.2 million outstanding under our 2007 Credit Facility. We also had outstanding $1,249.0 million of Senior Notes. As of August 8, 2008, we have an additional $50 million available under the 2007 Credit Facility which must be drawn by December 21, 2008. In 2008, we expect to utilize available cash on hand, cash flow from operations and the additional availability under our 2007 Credit Facility to fund our operating and debt service obligations and capital expenditures, including the completion of the Chairman Tower.

Under the terms of our 2007 Credit Facility, we are subject to certain affirmative and negative covenants, including limitations on liens, incurrence of indebtedness, mergers, sales of assets, investments, restricted payments, capital expenditures, agreements with affiliates, our activities and amendment of the indenture governing the Senior Notes, among other limitations. We were in compliance with such covenants as of June 30, 2008.

TER has minimal operations, except for its ownership of TER Holdings and its subsidiaries. TER depends on the receipt of sufficient funds from its subsidiaries to meet its financial obligations. In addition, the terms of TER s subsidiaries indebtedness limit the payment of dividends and other distributions to TER under many circumstances. The ability of our subsidiaries to make payments to TER Holdings may also be restricted by the CCC.

Contractual Obligations

Contractual obligations, as of June 30, 2008, mature as follows (in millions):

	One year and less	2-3 years	4-5 years	After 5 years	Total
Long-term debt	$ 4.4	$ 8.9	$ 427.8	$ 1,249.0	$ 1,690.1
Interest on long-term debt (1)	130.6	272.0	262.1	203.5	868.2
Construction commitments (2)	91.0				91.0
Services Agreement (3)	2.0	4.0			6.0
Capital leases	0.4	0.2	0.3	5.3	6.2
Operating leases	8.8	13.2	4.4	76.5	102.9
Total	$ 237.2	$ 298.3	$ 694.6	$ 1,534.3	$ 2,764.4

In addition to the contractual obligations disclosed in this table, we have unrecognized tax benefits that, based on uncertainties associated with the items; we are unable to make reasonably reliable estimates of the period of potential cash settlements, if any, with taxing authorities. See Note 7 to the Condensed Consolidated Financial Statements.

(1) Estimated interest payments on long-term debt are based on principal amounts outstanding, future borrowings required under the 2007 Credit Facility, required principal repayments and interest rates at June 30, 2008.

(2) Construction commitments include amounts due under the Right of First Offer Agreement, as amended and restated, with Trump Organization LLC, an entity controlled by Mr. Trump.

(3) Represents obligations under a services agreement with Mr. Trump.

Off Balance Sheet Arrangements

We have not entered into any transactions with unconsolidated entities whereby we have financial guarantees, subordinated retained interest, derivative instruments or other contingent arrangements that expose us to material continuing risks, contingent liabilities or any other obligation under a variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to us.

Critical Accounting Estimates

General Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States, which require our management to make estimates and assumptions about the effects of matters that are inherently uncertain. Of our accounting estimates, we believe the following may involve a higher degree of judgment and complexity.

Goodwill and Intangible Assets We had approximately $123.6 million of goodwill and $76.6 million of intangible assets recorded on our balance sheet at June 30, 2008. We regularly evaluate our businesses for potential impairment indicators. Additionally, we perform impairment testing at least annually. Our judgments regarding the existence of impairment indicators are based on, among other things, pending sales of

assets, the regulatory and competitive status, operational performance of each of our businesses, and financial market valuations of conditions surrounding our business entities and the gaming industry. Future events, such as the failure to meet or exceed our operating plans, increased competition, the enactment of increased gaming or tax rates, or changes in market valuations could significantly impact our judgments and any resulting impairment loss could have a material adverse impact on our financial condition and results of operations.

In connection with the Marina Agreement, we evaluated certain of our other intangible assets for impairment. We recorded a non-cash intangible asset impairment charge, principally relating to Trump Marina s trademarks, totaling $18.6 million. In addition, we recorded a goodwill impairment charge of $2.3 million to reduce goodwill relating to Trump Marina.

Property and Equipment Our operations are capital intensive and we make capital investments at each of our properties in the form of maintenance capital and, from time to time, expansion and product enhancement capital. At June 30, 2008, we had approximately $1,439.3 million of net property and equipment recorded on our balance sheet, excluding net property and equipment held for sale. We depreciate our assets on a straight-line basis over their estimated useful lives. The estimates of the useful lives are based on the nature of the assets as well as our current operating strategy. Future events, such as property expansions, new competition and new regulations, could result in a change in the manner in which we use certain assets requiring a change in the estimated useful lives of such assets. In assessing the recoverability of the carrying value of property and equipment, we must make assumptions regarding estimated future cash flows and other factors. If these estimates or the related assumptions change in the future, we may be required to record impairment charges for these assets.

TrumpONE Liability Our unified player s program, TrumpONE, allows customers to accumulate certain point-based rewards based on the volume of their gaming activity. TrumpONE customers may earn comp dollars redeemable for complimentary food, beverage and retail items and cash-back points which are redeemable in cash. Comp dollars and cash-back points accumulate over time and may be redeemed at the customer s discretion under the terms of the program. Comp dollars and cash-back points are forfeited if a customer does not redeem earned rewards over a specified period of time. As a result of the ability of the customer to accumulate comp dollars and cash-back points, we accrue the associated expense, after giving effect to estimated forfeitures, as they are earned. At June 30, 2008, $3.4 million was accrued related to comp dollars and $2.1 million was accrued related to cash-back points earned under this program. Our accruals could be significantly affected if estimated forfeitures vary from historical levels or changes occur in the cost of providing complimentary food, beverage and retail items under the TrumpONE program. Management reviews our accruals for adequacy at the end of each reporting period.

Insurance Accruals Our insurance policies for employee health, workers compensation and general patron liabilities have significant deductible levels on an individual claim basis. We accrue a liability for known workers compensation and general patron liabilities based upon a review of individual claims. Additionally, we accrue an amount for incurred but not reported claims based on our historical experience and other factors. Our employee health insurance benefit accrual is based on our historical claims experience rate including an estimated lag factor. These accruals involve complex estimates and could be significantly affected should current claims vary from historical levels. Management reviews our insurance accruals for adequacy at the end of each reporting period.

Income Taxes We are subject to income taxes in the United States and in several states. We account for income taxes, including our current, deferred and non-cash charge in lieu of tax provisions in accordance with SFAS Statement 109, Accounting for Income Taxes and Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). The calculation of our income tax provision following our reorganization is complex and requires the use of estimates. Management reviews our provision for income taxes at the end of each reporting period. Additionally, our income tax returns are subject to examination by various taxing authorities. We regularly assess the potential outcomes of these examinations in determining the adequacy of our provision for income taxes and our income tax liabilities. Inherent in our determination of any necessary reserves are assumptions based on past experiences and judgments about potential actions by taxing authorities. Our estimate of the potential outcome for any uncertain tax issue is highly judgmental. We believe we have adequately provided for any reasonable and foreseeable outcome related to uncertain tax matters. When actual results of tax examinations differ from our estimates, we adjust the income tax provision in the period in which the examination issues are settled.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, including interest rates, foreign currency exchange rates and commodity rates. Our primary exposure to market risk is interest rate risk associated with our long-term debt. We attempt to manage our interest rate risk by managing the mix of our long-term fixed rate and variable rate borrowings.

The following table provides information about our debt obligations that are sensitive to changes in interest rates. The following table also presents principal cash flows and related weighted average interest rates by expected maturity date of our debt obligations, except capitalized lease obligations.

(Dollars in millions)	Remainder of 2008	2009	2010	2011	2012	Therafter	Total
Fixed rate debt maturities	$	$	$	$	$	$ 1,249.0	$ 1,249.0
Average interest rate	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	
Variable rate debt maturities	$ 2.2	$ 4.4	$ 4.4	$ 4.4	$ 425.8	$	$ 441.2
Average interest rate	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	

We currently have no outstanding interest rate swaps. From time to time, we enter into interest rate swap agreements to change the proportion of fixed to variable rate debt within parameters established by management. In accordance with these parameters, the agreements are used to manage interest rate risks and cost inherent in our debt portfolio.

ITEM 4. CONTROLS AND PROCEDURES

(a) *Evaluation of Disclosure Controls and Procedures*. Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)) were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) accumulated and communicated to management, including the principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

(b) *Changes in Internal Controls Over Financial Reporting*. There have been no changes in our internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter covered by this Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

A reference is made to the information contained in Note 10 of our unaudited condensed consolidated financial statements included herein, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There are no material changes from the risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2007.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Company s Annual Meeting held on May 7, 2008, shareholders reelected Edward H. D Alelio, James J. Florio and Ivanka M. Trump as Class I directors and ratified the appointment of Ernst & Young as the Company s independent registered public accounting firm for the year ending December 31, 2008. Shareholders representing 33,474,394 shares participated in the election, representing approximately 81.5% of the shares eligible to vote. The election results were as follows:

1. Election of Directors:

	For	Withheld
Edward H. D Alelio	23,353,081	10,121,313
James J. Florio	23,406,112	10,068,282
Ivanka M. Trump	27,974,593	5,449,801

2. To ratify the Board s appointment of Ernst & Young, LLP as the Company s independent registered public accounting firm for the year ending December 31, 2008:

For	Withheld	Abstain
32,930,300	310,103	233,991

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

10.1 Letter Agreement related to Second Amendment to Credit Agreement dated as of May 29, 2008, among Trump Entertainment Resorts Holdings, L.P. (the Borrower), Trump Entertainment Resorts, Inc., the Subsidiary Guarantors, the Lenders and Beal Bank as the Collateral Agent and the Administrative Agent (the Second Amendment)

31.1 Certification by the Chief Executive Officer of Trump Entertainment Resorts, Inc. pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended

31.2 Certification by the Chief Financial Officer of Trump Entertainment Resorts, Inc. pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended

31.3 Certification by the Chief Executive Officer of Trump Entertainment Resorts Holdings, L.P. pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended

31.4 Certification by the Chief Financial Officer of Trump Entertainment Resorts Holdings, L.P. pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended

31.5 Certification by the Chief Executive Officer of Trump Entertainment Resorts Funding, Inc. pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended

31.6 Certification by the Chief Financial Officer of Trump Entertainment Resorts Funding, Inc. pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended

32.1 Certification of the Chief Executive Officer of Trump Entertainment Resorts, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, each of the registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRUMP ENTERTAINMENT RESORTS, INC.

(Registrant)

Date: August 8, 2008

By: /s/ JOHN P. BURKE
John P. Burke

Executive Vice President, Interim

Chief Financial Officer and Corporate Treasurer of

Trump Entertainment Resorts, Inc.

TRUMP ENTERTAINMENT RESORTS HOLDINGS, L.P.

(Registrant)

By: TRUMP ENTERTAINMENT RESORTS, INC.,
its general partner

Date: August 8, 2008

By: /s/ JOHN P. BURKE
John P. Burke

Executive Vice President, Interim

Chief Financial Officer and Corporate Treasurer of

Trump Entertainment Resorts Holdings, L.P.

TRUMP ENTERTAINMENT RESORTS FUNDING, INC.

(Registrant)

Date: August 8, 2008

By: /s/ JOHN P. BURKE
John P. Burke

Executive Vice President, Interim

Chief Financial Officer and Corporate Treasurer of

Trump Entertainment Resorts Funding, Inc.

EXHIBIT INDEX

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