

TRUMP CARDS

He folds in A.C., but he doesn't lose

By HILARY KRAMER

Donald Trump knows the cardinal rules of gambling. And chief among them is knowing when to fold 'em.

While Trump endured some typical "you're fired" headlines when he allowed his casino company to fall into bankruptcy early this month, analysts say The Don pulled off a shrewd deal.

The buyout is part of a long-term strategy to get out of a sputtering Atlantic City, walk-

ing away scot free while bondholders and shareholders take a hit.

Trump plans to start fresh with casino properties in Las Vegas, Macau and the United Kingdom, associates said.

Two weeks ago, bondholders in Atlantic City's Taj Mahal accepted a restructuring in which Credit Suisse First Boston is providing a \$345 million cash infusion.

Trump's stake in the casino is reduced by half, to 25 percent.

For Trump, it's a sweetheart deal. By his own admission, he's invested only a small amount — \$45 million or less — in the casino business.

His salary and fees over the years almost cover that.

Bondholders who accepted the deal, however, lose almost 10 percent of the value of their debt, and only get a partial payout in cash.

The rest is rolled over into Trump's next ventures.

Shareholders, meanwhile, who have seen Trump's casino stock sink to less than 50 cents, get almost nothing.

Trump is writing a check for \$55 million as part of the CSFB partnership, but even that will be a loan, analysts said.

How does Trump do it? As "The Apprentice" proves, he still has the ability to wow — and CSFB believes that the power of his name is enough to make a run at Las Vegas.

The first new project is a \$300 million Trump International Hotel and Tower in Las Vegas, which Trump expects to start building next fall.

Trump Casino's Senior Vice President Scott Butera said a Vegas casino could be next.

"We look forward to getting

into Vegas and we are doing this recap plan so we can get into Vegas. We have said that it is a high priority for us to get out there," Butera said. "Vegas is one of the most vibrant communities in the country."

Trump currently has a riverboat casino in Gary, Indiana, and was just awarded a license to build another riverboat casino in French Lick, Indiana.

According to Butera, Trump is also interested in building casinos in England and Macau, and is considering a slot machine business in Pennsylvania.

Atlantic City's casinos are at the tail end of an extended monopoly.

Although Atlantic City's 2003 gaming revenue was \$4.5 billion and July was the second best month in history, competition is coming at lightning speed.

New slot machine gaming revenue, amounting to \$3 billion, could be generated in Philadelphia and New York by the end of 2006, according to Eugene Martin Christiansen, CEO of Christiansen Capital Advisors.

And Maryland and other locations could generate another \$2 billion in revenue, he said.

According to him, by the end of 2006, Atlantic City will take only 45 percent of the total gaming revenue in an 100-mile radius. Trump understands that a doubling of slot machines on the Eastern Seaboard means that Atlantic City will have seen its best days.

But according to Trump, now that the political machinery is committed to seeing Atlantic City succeed, he sees potential, "for the first time I see politicians getting together to fight

the competition. As politicians are committed with tax incentives and with incentives to get things done. Politicians will see that it works." As for his stake in the casino properties, Trump insists that he will still be managing the business.



Donald Trump
N.Y. Post composite