

# Trump Casinos: the Art of the Comeback?

Atlantic City, New Jersey (AP) – For months, a tusk on one of the elephants outside the Trump Taj Mahal Casino Resort was missing, probably snapped off by a vandal.

It was one small repair on a long list of things Trump Entertainment Resorts Inc. had to do to spruce up its three casinos in the battle against a growing list of better-financed, newer, flashier casinos changing the face of Atlantic City.

Now the tusk is glued back on – a symbol that the company realizes that the small things are just as important as the big ones when it comes to succeeding in the new Atlantic City.

„You have a lot of competition to Atlantic City now, which it's never had before,“ said company chairman Donald Trump. „Now it's really a question of marketing and running (the Trump casinos) beautifully.“

The company faces stiff headwinds – more than USD 1.5 billion in debt, better-financed competitors with a big head start on offering the kind of Las Vegas-style resort appeal that Atlantic City has only recently embraced, and at least two deep-pocketed companies who will open new casinos within four years.

It sought buyers for the Taj Mahal, Trump Plaza Hotel and Casino, and Trump Marina Hotel Casino. A proposed deal came close but fell through in July.

Donald Trump said there are still several potential buyers, either for the company as a whole or for a piecemeal sale. But he refuses to identify them or characterize how serious the talks have become.

In the meantime, the company is focused on turning around its bottom line.

„Our turnaround strategy has always been to identify our better customers and market to them,“ said Mark Juliano, a 30-year veteran casino executive who once ran Caesars Palace in Las Vegas and who took over as Trump’s chief executive this summer. „It’s to try to get the company away from depending on the day-trip gambler as opposed to someone who wants to come for a two- or three-day entertainment experience.“

To do that, Trump needs more hotel rooms to put them in. The company is building a second tower at the Taj Mahal for USD 255 million that should be open in the third quarter of 2008. The 786 rooms it includes will give Trump 3,670 rooms – about the same as a new casino planned here by Revel Entertainment Group LLC.

The new rooms at the Taj are a major part of the company’s strategy to whittle away the USD 1.5 billion in debt that has limited its options in the past and scared off some potential buyers. The debt remains despite a 2005 bankruptcy reorganization.

Virtually every room in all three casinos has been renovated in recent years, and new restaurants opened at the Taj and Marina. A makeover stripped much of the garishness from the Taj, including its infamous purple carpet, which Juliano promised the state Casino Control Commission „has been banished forever.“

Brian Fennell of Lumberton, N.J., stayed at the Taj recently for a trade show, and liked what he saw.

„The decor is fresh,“ he said. „It looks new and up-to-date. I had a great time.“

The company scrapped players-club cards it had issued for each individual casino in favor of the TrumpONE card, which lets

gamblers accrue and redeem perks at any of the casinos, even as it cuts back on those for less profitable gamblers. And it hopes to reduce expenses by USD 19 million this year.

So, will it all work?

Trump Marina and Trump Plaza regularly rank at or near the bottom of Atlantic City's 11 casinos in terms of monthly revenue. And last month, Trump Entertainment reported that its second-quarter loss widened as gambling revenue fell, partly due to increased regional competition.

But the Taj remains around the top third of Atlantic City casinos in monthly revenue and the casino commission recently granted a new five-year operating licenses for the three Trump casinos despite expressing deep skepticism over the company's rosy financial predictions.

Some analysts say that with land and construction prices pushing the cost of new Atlantic City casinos to the USD 2 billion range, it might be cheaper to buy an existing one rather than build from scratch. Under such a scenario, the Trump properties might look more attractive.

Earlier this month, KeyBanc Capital Markets cited „excellent“ progress on reducing promotional expenses such as freebies for gamblers. And Goldman Sachs wrote in an August report that out-of-state competition is hurting the Trump casinos, but noted that the TrumpONE card program and the Taj expansion should increase revenues.

„We ultimately believe our long-term turnaround thesis is in place,“ they wrote.

Will new carpeting, wall treatments, and a fixed elephant tusk help the Taj fall more in line with its upscale competitors?

Donald Trump thinks so. He also misses the purple carpet.

„Some people thought that other (look) was outdated,“ he said.

„I thought it was nice.“