

TRUMP ENTERTAINMENT RESORTS, INC.  
Form 10-K  
March 14, 2006

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**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM 10-K**

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**x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2005

or

**.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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**TRUMP ENTERTAINMENT RESORTS, INC.**

**TRUMP ENTERTAINMENT RESORTS HOLDINGS, L.P.**

**TRUMP ENTERTAINMENT RESORTS FUNDING, INC.**

(Exact name of registrants as specified in their charters)

Delaware	1-13794	13-3818402
Delaware	33-90786	13-3818407
Delaware	33-90786-01	13-3818405
(State or other jurisdiction of incorporation or organization)	(Commission File Numbers)	(I.R.S. Employer Identification No.)
	1000 Boardwalk at Virginia Avenue	
	Atlantic City, New Jersey 08401	
	(609) 449-6515	

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(Address, including zip code, and telephone number, including area code, of principal executive offices)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Registrant	Title of Each Class
Trump Entertainment Resorts, Inc.	Common Stock, par value \$0.001 per share
Trump Entertainment Resorts Holdings, L.P.	None
Trump Entertainment Resorts Funding, Inc.	None

Indicate by check mark if each registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if each registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether each registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Trump Entertainment Resorts, Inc.	Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input checked="" type="checkbox"/>	Non-Accelerated Filer <input type="checkbox"/>
Trump Entertainment Resorts Holdings, L.P.	Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input checked="" type="checkbox"/>
Trump Entertainment Resorts Funding, Inc.	Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input checked="" type="checkbox"/>

Indicate by check mark whether each registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrants have filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

The aggregate market value of the voting and non-voting common equity of Trump Entertainment Resorts, Inc. held by non-affiliates as of June 30, 2005 was approximately \$367,561,434, based upon the closing price of \$13.60 for the common stock in the Over-the-Counter Market on that date. The aggregate market value of the voting and non-voting common equity of Trump Entertainment Resorts Funding, Inc. held by non-affiliates as of June 30, 2005 was \$0. The common stock of Trump Entertainment Resorts, Inc. has been trading on the Nasdaq National Market since September 20, 2005 under the ticker symbol TRMP.

As of March 6, 2006, there were 27,635,876 shares of common stock and 900 shares of class B common stock (having a voting equivalency of 9,377,484 shares of common stock) of Trump Entertainment Resorts, Inc. outstanding. As of March 6, 2006, there were 100 shares of common stock of Trump Entertainment Resorts Funding, Inc. outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE:**

Certain portions of Trump Entertainment Resorts, Inc.'s definitive proxy statement pursuant to Regulation 14A of the Securities Exchange Act of 1934 in connection with the 2006 annual meeting of stockholders of Trump Entertainment Resorts, Inc. are incorporated by reference into Part III of this Report.



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## PART I

### Item 1. Business

In this Report, TER means Trump Entertainment Resorts, Inc., a Delaware corporation. The words we, us, our and similar terms collectively refer to TER and its subsidiaries, including, but not limited to, Trump Entertainment Resorts Holdings, L.P., a Delaware limited partnership of which TER is the sole general partner and an indirect limited partner ( TER Holdings ), and Trump Entertainment Resorts Funding, Inc., a Delaware corporation wholly-owned by TER Holdings ( TER Funding ). TER Holdings and TER Funding are co-issuers of \$1.25 billion aggregate principal amount of 8.5% Senior Secured Notes due 2015 (the Senior Notes ) issued in connection with our reorganization consummated on May 20, 2005, as discussed more fully below.

We are the successors to Trump Hotels & Casino Resorts, Inc., a Delaware corporation formed in 1995 ( THCR ), and its subsidiaries.

### The Company

*General.* We own and operate three casino hotel properties in Atlantic City, New Jersey: Trump Taj Mahal Casino Resort ( Trump Taj Mahal ), Trump Plaza Hotel and Casino ( Trump Plaza ), and Trump Marina Hotel Casino ( Trump Marina ). Our company is the sole vehicle through which Donald J. Trump, the Chairman of our board of directors (the Board ) and our largest individual stockholder, conducts gaming activities and strives to provide customers with outstanding casino resort and entertainment experiences consistent with the Donald J. Trump standard of excellence. Our company is separate and distinct from Mr. Trump's real estate and other holdings.

The following is a summary of our casino properties at December 31, 2005:

Casino Property	2005 Net Revenues (000 s)	Number of Rooms / Suites	Approximate Number of Gaming Tables	Approximate Number of Slot Machines
Trump Taj Mahal	\$ 477,703	1,250	205	4,269
Trump Plaza	273,391	906	92	2,703
Trump Marina	241,127	728	76	2,356
Total	\$ 992,221	2,884	373	9,328

*Emergence from Bankruptcy.* On May 20, 2005 (the Effective Date ), we emerged from reorganization proceedings voluntarily commenced by THCR and certain of its subsidiaries (the Debtors ) on November 21, 2004 under chapter 11 of the United States Bankruptcy Code. On the Effective Date, all material conditions to our plan of reorganization (the Plan ) were satisfied, and we recapitalized and renamed our company, Trump Entertainment Resorts, Inc., merged and/or dissolved certain of THCR's subsidiaries, consolidated our indebtedness and substantially reduced our debt service requirements. For a more comprehensive overview of the reorganization, see Emergence from Bankruptcy below.

*Sale of Trump Indiana.* In December 2005, we sold one of our subsidiaries, Trump Indiana, Inc., through which we owned and operated Trump Casino Hotel, a riverboat casino and hotel at Buffington Harbor, in Gary, Indiana ( Trump Indiana ), to The Majestic Star Casino, LLC for a gross purchase price of \$253 million, subject to certain adjustments. The sale resulted in approximately \$227 million in net proceeds to us after accounting for certain taxes, fees and other closing costs and expenses incurred in conjunction with the sale. The sale also included our 50% interest in all common land-based and waterside operations in support of Trump Indiana, including our interests in a parking garage at the site.

Our consolidated financial statements included in this Report reflect Trump Indiana as a discontinued operation. The consolidated financial statements for prior periods have been restated to be consistent with such presentation.

## Investor Information

We are a public company and are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act). Accordingly, we file periodic reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). Such reports, proxy statements and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549 or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding us and other issuers that file electronically.

Our website address is <http://www.trumpcasinos.com>. We make available, without charge, through our website, copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such reports are filed with or furnished to the SEC. References in this document to our website are not and should not be considered part of this Report, and the information on our website is not incorporated by reference in this Report.

Our Corporate Governance Guidelines, Code of Business Conduct, Code of Ethics for Principal Officers and Directors, and the charters of our Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee and Executive Committee, are available free of charge on our website under the Board and Board Committee Charters link in the Corporate Information section.

The certifications of our Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 about the disclosure contained in this Report are attached hereto and available on our website.

## Business and Marketing Strategy

*General.* Following our reorganization in May 2005, we set out to transform our company from an organization struggling to survive to a company poised for growth. As part of this transformation, we have begun several initiatives aimed at improving our physical plant, operating results and changing our corporate culture.

*Recruitment of Key Management Personnel.* We have reinforced our management team with several key executives with proven success at highly regarded and respected casino companies. These individuals bring a variety of skills to our company, including turnaround management, casino marketing and operations, design and construction and financial acumen.

Jim Perry joined our Board on the Effective Date and was named Chief Executive Officer and President in July 2005. Mr. Perry has had a long and distinguished career in the casino industry including serving as Chief Executive Officer and President of Argosy Gaming Company. While at Argosy, he recruited and led a management team through a period of tremendous growth, resulting in Argosy being recognized as a premier casino operator and Mr. Perry being named CEO of the Year in the gaming industry.

Mark Juliano, an internationally recognized casino executive with a lengthy and successful career in the gaming industry, was named Chief Operating Officer in August 2005. Mr. Juliano served as President of Caesar's Atlantic City from 1994 to 1999, and most recently, as President of Caesars Palace in Las Vegas.

Dale Black joined us in November 2005 as Executive Vice President and Chief Financial Officer, bringing 20 years of public accounting and corporate finance experience. He spent the last 12 years at Argosy Gaming Company, becoming Chief Financial Officer in 1998.

Virginia McDowell was appointed Executive Vice President and Chief Information Officer in October 2005, bringing 25 years of experience in operations, business development, marketing and technology in Atlantic City and, most recently, with Argosy Gaming.

Paul Keller was named Executive Vice President of Design and Construction in October 2005, joining us from a similar position with Argosy Gaming for the last 12 years. He previously held a leadership role with Walt Disney Imagineering where he was involved in the Epcot Center and Tokyo Disneyland projects.

Jim Rigot rejoined us as General Manager of Trump Plaza in September 2005, after opening the property as a Casino Shift Manager in 1984 and later serving as Executive Vice President of Casino Operations. He gained 30 years of gaming industry experience with Harrah's, Tropicana Casino Resort, Foxwoods Casino Resort and, most recently as Vice President of Table Games at the Borgata Resort Spa and Casino.

Rosalind Krause was named Assistant General Manager of Trump Taj Mahal in September 2005, after serving in a similar position with Paris Las Vegas. She is a veteran gaming executive with experience at Caesars Entertainment and Harrah's Entertainment in both the Atlantic City and Las Vegas markets.

*Increase Capital Spending to Reinvigorate Our Properties and Operations.* During the several years leading up to our reorganization, we did not have sufficient capital to keep our properties competitive from a physical standpoint. Our new capital structure coupled with the recent sale of Trump Indiana in December 2005 have given us the necessary capital to reinvest in our properties to enable us to create the feeling of comfort, fun and excitement that our customers expect and to improve the back of house areas for our employees.

In 2005, we renovated nearly all of the standard rooms at our hotels, with the remaining rooms and suites to be completed in 2006. In addition, we are nearing the completion of a \$22 million renovation to Trump Plaza's casino floor, transforming the ambience and level of comfort for our customers.

In December 2005, we announced a \$110 million capital plan which will commence in 2006, and is expected to take 18 months to complete. This is the first phase of a multi-year effort to update and improve our three existing properties.

At Trump Plaza, our plans include changes to the entrance and lobby area to enhance the sense of arrival to our property, and to replace the New Yorker restaurant with a new \$4 million food venue. We also plan to begin a facelift of the original oceanfront façade which faces the neighboring Ocean One Mall which is being renovated and expected to re-open, as the Forum Shops, in 2006.

At Trump Taj Mahal, we plan on completely renovating the entrance corridor from the parking garage into a new retail and restaurant promenade. On the casino floor, we plan on adding a new casino lounge featuring entertainment, a new high-end Asian themed gaming area, a new and enlarged noodle bar, in addition to general renovations of the casino floor. We are also renovating our penthouse suites at the Trump Taj Mahal.

At Trump Marina, we are planning for renovations to the meeting and convention space, improvements to the casino floor, creation of a new direct entrance onto the casino from the parking garage, construction of a new food venue, and new retail offerings.

In addition to the \$110 million in renovation capital, we anticipate breaking ground in June 2006 on a new 800-room hotel tower at Trump Taj Mahal. Our current estimate for this project is approximately \$250 million, including infrastructure improvements and connections necessary to integrate the new tower with the existing facility. We expect the construction to take two years. We are also exploring a master plan to add room towers at Trump Plaza and Trump Marina over the next several years.

In addition to the physical changes to the properties, we have committed to several technology initiatives over the next two years that we feel will have a profound impact on our operations, including updating and standardizing our casino management systems, implementing a data warehouse and the introduction of yield management and centralized scheduling systems.

*Improve Our Operating Results.* We have initiated the first steps of a multifaceted plan to improve our operating results. Our goal is to become recognized as a leader in operations in order to increase value for our stockholders and provide a platform for growth.

In 2005, we reduced our management structure at our three properties to create clearer lines of responsibility and accountability, saving over \$3 million annually.

We initiated what will be an ongoing process of surveying Atlantic City customers to determine the attributes most important to them in selecting which casinos to visit. We also asked these customers to rank us against our competitors in performance against these attributes. We are using the results of this research to design our operating, marketing and capital plans around the needs of our customers.

The yield management system will insure that we have the proper mix of customers in our hotel rooms at the right times and at the right price. This will help us to improve the cash hotel revenues and increase our gaming revenue.

We also plan to implement a centralized scheduling system at each of our casinos to more efficiently plan our staffing to expected demand and to allow our department managers to spend more time throughout the facility enabling them to better address our customers' needs.

We will continue to identify ways to improve our operations with a focus on becoming recognized as one of the premier operators in the industry. We plan to introduce new customer service and leadership development programs in 2006 to reward our employees for displaying those attributes that are most important to customers and to provide our managers with the tools necessary to become more dynamic and effective leaders capable of executing our strategies for the future.

*Improve Marketing Programs.* Our marketing costs as a percentage of revenues are approximately 4% higher than the average of our competitors. We have initiated several steps to improve our marketing expenditures to insure that we are providing the offers that appeal to the desired casino customers and that we are able to measure the profitability of these programs. Our goal is to focus our marketing spending on those programs that have the highest impact on our profitability and to shift our emphasis to attracting the right quality of customer as opposed to the quantity of customers.

One of the biggest changes in this area will be the implementation of data warehouse technology which will allow us much more efficiently to measure the profitability of marketing programs and to tailor those programs most effectively to the needs of specific customer groups.

*Capitalize on Our Brand to Grow Our Business.* The Trump brand is a tremendous asset. We plan to execute the initiatives above to allow us to take advantage of the Trump brand and expand our asset base. We are continually looking for opportunities to grow our business and diversify our cash flow. We plan to dedicate the necessary resources to identify those opportunities that best match up with our brand and provide the attractive returns for our shareholders.

### **Casino Properties and Other Ventures**

*Trump Taj Mahal Casino Resort.* Trump Taj Mahal, located on the northern end of Atlantic City's boardwalk (the Boardwalk), covers over 19 acres of land and features 1,250 hotel rooms, including 242 suites, 19 dining and 12 beverage locations, including nine restaurants that can accommodate approximately 3,000 diners at any given time, and approximately 140,000 square feet of ballroom, meeting room and pre-function area space. The property also features approximately 158,500 square feet of gaming space that includes approximately 205 table games (including poker tables), approximately 4,269 slot machines and an approximately 12,000 square-foot Poker, Keno and Race Simulcasting room and an Asian-themed table game area offering popular Asian table games. Trump Taj Mahal also features the following: an approximately 20,000 square foot multi-purpose entertainment complex known as the Xanadu Theater, with seating capacity for up to approximately 1,200 people, which can be used as a theater, concert hall, boxing arena or exhibition hall; the Casbah nightclub; the Mark G. Etess Arena, featuring approximately 63,000 square feet of exhibition and



entertainment space which can accommodate over 5,000 people; and a health club, spa and fitness center with an Olympic style indoor pool. Trump Taj Mahal also has a parking garage for approximately 6,950 cars, a 22 bay bus terminal and a roof-top helipad.

*Trump Plaza Hotel and Casino.* Trump Plaza is located at the center of the Boardwalk at the end of the Atlantic City Expressway (the main highway into the city) with direct access to Boardwalk Hall (an entertainment and sporting venue owned and operated by the New Jersey Sports and Exposition Authority that can accommodate up to approximately 13,000 people). Trump Plaza features approximately 906 hotel rooms, including approximately 114 suites, approximately 96,389 square feet of casino space with approximately 2,703 slot machines and approximately 92 table games. Amenities include approximately 28,000 square feet of conference space, an approximately 800-seat cabaret theater, two cocktail lounges, nine restaurants, one player club, a seasonal beach bar, health spa, an indoor pool, arcade and five retail outlets. Trump Plaza's parking garage can accommodate 13 buses and approximately 2,700 cars.

*Trump Marina Hotel Casino.* Trump Marina covers a 14.6 acre tract of land in Atlantic City's marina district, overlooks the Senator Frank S. Farley State Marina and features a 27-story hotel with 728 guest rooms, including 153 suites, 97 of which are luxury suites. The casino offers approximately 80,000 square feet of gaming space, approximately 2,356 slot machines, approximately 76 table games, a simulcast racetrack facility and approximately 58,000 square feet of convention, ballroom and meeting space. Trump Marina also features an approximately 540-seat cabaret-style theater, a nightclub, two player clubs, two retail stores, seven restaurants, a cocktail lounge, a recreation deck complete with a health spa, outdoor pool, tennis and shuffleboard courts, basketball courts, jogging track and a pool side snack bar. To facilitate access to the property, Trump Marina has a nine-story parking garage capable of accommodating approximately 3,000 cars. Trump Marina also has an 11 bay bus terminal and a roof-top helipad.

*Philadelphia Venture.* On September 30, 2005, we entered into an options agreement with Hunting Fox Associates I, L.P. relating to an approximately 18-acre parcel of land in the Huntington Park Industrial Area (known as the Budd Commerce Center) in the Nicetown section of Philadelphia, Pennsylvania for the potential development of a gaming facility. Our entry into the options agreement represented our first step in applying for one of only two Category 2 Slot Licenses available pursuant to legislation in the City of Philadelphia and one of only five available in Pennsylvania. We believe the Category 2 Slot Licenses could be issued by the Pennsylvania Gaming Control Board (the Control Board) by the end of 2006 and will each initially allow the operation of up to 3,000 slot machines with the ability to apply for an additional 2,000 slot machines. On December 26, 2005, we formed Keystone Redevelopment Partners LLC (Keystone) with a group of local investors, including Pat Croce and certain members of the musical group Boyz II Men, to pursue this license and for the purposes of jointly leasing or purchasing the 18-acre parcel of land and to construct, own and operate a gaming and entertainment facility on the property. We also entered into a management agreement pursuant to which we became Keystone's exclusive agent to manage and operate the facility on its behalf in the event we are awarded one of the licenses. On December 28, 2005, we and Keystone submitted our application for the slot license to the Control Board. Initial hearings on the five applications for the two Philadelphia Category 2 Slot Licenses are currently scheduled by the Control Board to be held from April 10 to 12, 2006 in Philadelphia.

*Rhode Island Venture.* We are also actively pursuing a potential venture in Johnston, Rhode Island, near Providence. Initiation of casino gaming in Rhode Island would require a change to the state constitution, and for several years, state lawmakers have been negotiating terms and tax rates for an exclusive casino operating licenses with a Native American tribe and its backers. In 2004, legislation to put a proposal on the ballot was derailed by the Rhode Island State Supreme Court.

In February 2006, we began a campaign to persuade Rhode Island legislators to establish terms and tax rates independently, and then allow competitive bidding for any new casino licenses. Recently, we and our development partner, Ajax Gaming Venture LLC, met with the Johnston town council to present plans for a potential \$750 million to \$1 billion facility that would include a casino, hotel, 30,000 square feet of retail space

and 4,000 to 5,000 square-foot entertainment center on a 112-acre site. Although this project would be several years in the future, we believe it represents a growth opportunity for our company if expanded gaming is approved in Rhode Island.

### **Competition**

*Atlantic City Market.* The Atlantic City market serves the New York-Philadelphia-Baltimore-Washington, D.C. corridor with nearly 30 million adults living within a three-hour driving radius, and has historically generated consistent growth in gaming revenues. The Atlantic City market is the second largest gaming market in the United States, second only to Las Vegas. In 2005, the 12 casinos in the Atlantic City market generated \$5.0 billion in casino revenue. Our three casinos combined have approximately 23.1% of the gaming positions and 19% of the hotel rooms in the Atlantic City market and generate approximately 21.4% of the market gaming revenue.

Competition in Atlantic City is intense and is increasing. At the present time, the 12 casino hotels located in Atlantic City, including each of our properties, compete with each other on the basis of customer service, quality and extent of amenities. For this reason, we and our competitors require substantial capital expenditures to compete effectively.

In the past few years, our competitors in Atlantic City have announced or completed new development and expansion projects. The Borgata Casino Hotel and Spa is in its first expansion phase, expected to be completed in spring 2006, which will include additional restaurants and a nightclub. The Borgata has also announced its second phase, expected to be completed by the end of 2007, which will include a new 800-room hotel tower, resort condominiums, a spa, retail shops, and meeting space.

In June 2005, Harrah's Entertainment Inc. acquired Caesars Entertainment Inc. In July 2005, Harrah's Entertainment Inc.'s House of Blues Club opened at Harrah's Showboat property which is adjacent to the Trump Taj Mahal. This approximately \$90 million project added a range of amenities to the property, including a concert hall, nightclub, themed gaming space and a restaurant.

Harrah's is renovating Ocean One Mall at Caesars Atlantic City into an upscale retail and entertainment complex, which is expected to open in 2006.

Harrah's Atlantic City has started construction of a major expansion project which is expected to include approximately 172,000 square feet of retail and entertainment space, a spa which is expected to open in 2007 and a 964 room hotel tower which is expected to open in 2008.

In November 2004, Aztar Corp. completed its expansion of its Tropicana Atlantic City property. The expansion included an additional 502 hotel rooms and a 200,000 square foot themed retail, dining and entertainment complex.

In the second quarter of 2004, Resorts Atlantic City completed construction of a 459-room hotel tower with additional gaming space.

In addition, we believe that there are several other sites on the Boardwalk and in the marina district on which casino hotels could be built in the future, and various applications for casino licenses have been filed and announcements with respect thereto have been made from time to time. Proposed and future developments and expansions may have a material adverse effect on our business and operations.

We cannot ascertain at this time the effects that any of the above-mentioned new projects will have on the Atlantic City gaming market. However, the added strength of these competitors and resulting economies-of-scale could further diminish our market share in the market in which we compete.

*Meadowlands Racino.* During 2003, bills were introduced in the New Jersey Legislature to authorize the New Jersey Lottery Commission to permit the operation of video lottery terminals ( VLTs ) at the at the Meadowlands Racetrack. The Meadowlands is located approximately 125 miles north of Atlantic City and less than ten miles from midtown Manhattan. Slot machines or VLT gaming at the Meadowlands could adversely affect Atlantic City casinos, including our casinos.

*Pennsylvania.* In July 2004, the Pennsylvania legislature enacted the Race Horse Development and Gaming Act which authorizes the Control Board to permit a total of up to 61,000 slot machines in up to 14 different licensed locations in Pennsylvania, seven at racetracks (each with up to 5,000 slot machines), and five at slot parlors (two in Philadelphia, one in Pittsburgh and two elsewhere, each with up to 5,000 slot machines) and two at established resorts (each with up to 500 slot machines). Twenty-five applications are now pending with the Control Board for these 14 licenses, including our application which is one of five for the two Category 2 Slot Licenses available in the City of Philadelphia. Three of the racetracks and the two Philadelphia slot parlors are located in our market area. It is possible that slot machine operations could commence in late 2006 at the racetracks and that, by 2007, up to 15,000 slot machines could be operating at these locations. Our license application may not be granted by the Control Board and, even if granted, competition from five Philadelphia area slot machine facilities could adversely impact our Atlantic City casinos. For the status of our license application see *Casino Properties and Other Ventures Philadelphia Venture* above.

*New York.* Pursuant to legislation enacted in 2001, the Division of the Lottery of the State of New York is authorized to permit the installation of VLTs at various horse racing facilities in New York. During 2004, VLT operations commenced at each of four upstate and western New York racetracks and at a fifth racetrack in Sullivan County, which is considerably closer (approximately 95 miles) to Manhattan. Two additional VLT facilities are presently under construction, one at Aqueduct Racetrack in Queens and the other at Yonkers Raceway in Yonkers, locations less than 15 miles from Manhattan. The Aqueduct facility will be managed by an affiliate of MGM-Mirage and is expected to begin operating 4,500 VLTs in late 2006. The Yonkers facility is expected to begin operating 3,000 VLTs in late 2006 and, within a few months, increase in size to 5,500 VLTs. The 2001 legislation also authorized the Governor of New York to negotiate compacts authorizing the operation of up to six Native American casino facilities including slot machine gaming. A compact negotiated in 2002 authorized three such facilities located in the western part of New York and outside of our primary market area. The remaining three Native American casinos, if developed, are required by law to be located in either Sullivan County or Ulster County, adjoining counties approximately 100 miles northwest of Manhattan. Competition from the VLT facilities now under construction at Aqueduct and Yonkers and from such Native American casinos as may be authorized and operated in Sullivan or Ulster County could adversely impact our casinos.

*Native American Tribes.* Our properties also face considerable competition from casino facilities operated by federally recognized Native American tribes, such as Foxwoods Resort Casino in Ledyard, Connecticut and Mohegan Sun Casino Resort in Uncasville, Connecticut. Pursuant to the Indian Gaming Regulatory Act (the IGRA ), which was passed by Congress in 1988, any state that permits casino-style gaming, even if only for limited charity purposes, is required to negotiate gaming compacts with federally recognized Native American tribes. Under the IGRA, Native American tribes enjoy comparative freedom from regulation and taxation of gaming operations, which provides them with an advantage over their competitors, including our properties.

In addition, Native American nations have sought or are seeking federal recognition, land and gaming compacts in New York, Pennsylvania, Connecticut and other states near Atlantic City. If successful, additional casinos built in or near this portion of the United States could have a material adverse effect on the business and operations of our properties.

There could be further competition in our markets as a result of the upgrading or expansion of facilities by existing market participants, the entrance of new gaming participants into a market or legislative changes. We expect each market in which we participate, both current and prospective, to be highly competitive.

**Regulatory and Licensing**

*Gaming Regulation.* The gaming industry is highly regulated, and we must maintain our casino licenses and pay gaming taxes to continue our gaming operations. Each of our casinos is subject to extensive regulation under the statutes and regulations of the State of New Jersey. Also, since February 2004, we have been a registered publicly traded corporation with the Nevada Gaming Control Board (the NGCB ) under the Nevada Gaming Control Act and are subject to the licensing and regulatory control of the Nevada Gaming Commission, the NGCB and the Clark County Liquor and Gaming Licensing Board. These statutes and regulations generally concern the financial stability of the casino licensee, the good character of the owners, managers and employees and of other persons with financial interests in the gaming operations (including those with certain ownership levels of a casino licensee s securities) and the procedures and controls which govern those gaming operations. A more detailed description of New Jersey and Nevada laws and regulations to which we are subject is contained in Exhibit 99.1 to this Report and is incorporated by reference herein. Gaming operations that we may undertake in the future in other jurisdictions, including but not limited to, Philadelphia, will also subject us and such operations to regulations by such other jurisdictions.

*Other Regulation.* In addition to gaming regulations, our business is subject to various other federal, state and local laws and regulations, including but not limited to, restrictions and conditions concerning taxation, treasury regulations, building code and land use requirements, environmental matters and local licenses and permits. United States Department of Treasury ( DOT ) regulations require casinos to report currency transactions involving more than \$10,000 per patron per gaming day. Treasury Financial Crimes Enforcement Network regulations further require casinos to report certain gaming patron transactions involving suspicious activity. We have established internal control procedures to comply with these DOT regulations, including: (i) computer exception reporting; (ii) review of currency and suspicious activity transactions and reporting by committees comprised of casino operations, marketing and administration executives; (iii) internal audit testing of DOT regulation compliance; (iv) training employees to comply with DOT regulations; and (v) a disciplinary program for employee violations.

We believe that all required licenses, permits and other approvals necessary to conduct our business have been obtained for our operations in the State of New Jersey and elsewhere. Material changes in these laws or regulations or in the interpretation of the same by courts or administrative agencies could adversely affect our company, including its operating results.

*Smoking Ban.* On January 9, 2006, the New Jersey Legislature adopted the New Jersey Smoke-Free Air Act, which will take effect on April 15, 2006. The law prohibits the smoking of tobacco in structurally enclosed indoor public places and workplaces in New Jersey, including licensed casino hotels. The law permits smoking within the perimeter of casino and casino simulcasting areas, and permits 20% of hotel guest rooms to be designated as smoking rooms. Several bills have been introduced in the New Jersey State Assembly and State Senate to repeal the exemption to the smoking ban for casino and casino simulcasting areas. The New Jersey ban on smoking in indoor public places and, if enacted, a repeal of the exemption for casino and casino simulcasting areas could have a material adverse effect on the Atlantic City gaming market, including our casinos.

**Employees and Labor Relations**

*Number of Employees.* The table below sets forth the approximate number of our full-time equivalent employees working at each of our properties as of December 31, 2005:

<b>Property</b>	<b>Number of Full-Time Equivalent Employees</b>
Trump Taj Mahal	3,500
Trump Plaza	2,200
Trump Marina	1,800
Total	7,500

*Collective Bargaining Agreements.* Certain of our casino hotel employees are subject to collective bargaining agreements. Approximately 3,163 of our employees are covered by a collective bargaining agreement with Local 54, UNITE-HEREIU (Hotel Employees and Restaurant Employees International Union) which was effective September 15, 2004 and is set to expire on September 14, 2009. Approximately 223 of our employees are covered by a collective bargaining agreement with the International Union of Operating Engineers, Local 68 which was effective May 1, 2001 and expires on April 30, 2006. Approximately 92 of our employees are covered by a collective bargaining agreement with the United Brotherhood of Carpenters and Joiners of America, Local 623 which was effective May 1, 2001 and expires on April 30, 2006. Approximately 28 of our employees are covered by a collective bargaining agreement with the International Union of Painters & Allied Trades, District Council 711 which was effective May 1, 2001 and expires on April 30, 2006. Approximately 14 of our employees are covered by a collective bargaining agreement with the International Alliance of Theatrical Stage Employees, Local 917 which was effective July 1, 2001 and expires on June 30, 2006. Approximately 12 of our employees are covered by a collective bargaining agreement with the International Brotherhood of Teamsters, Local 331 which was effective March 1, 2005 and expires on February 28, 2007. We believe we have established productive and professional relationships with all of our collective bargaining partners as well as our represented and unrepresented employees.

*Licensing Requirements.* Certain of our employees are required to be licensed by, or registered with the New Jersey Casino Control Commission, depending upon the nature of their employment. Casino employees are subject to more stringent licensing requirements than non-casino employees, and are required to meet applicable standards pertaining to such matters as financial responsibility, good character, ability, casino training, experience and in-state residency. These regulations have resulted in significant competition for eligible employees.

### **Seasonality**

Our cash flows from operating activities are seasonal in nature. Spring and summer are traditionally the peak seasons for our properties, with autumn and winter being non-peak seasons. Consequently, our operating results for the two quarters ending in March and December are not historically as profitable as the two quarters ending in June and September. Any excess cash flow achieved from operations during peak seasons is used to subsidize non-peak seasons. Performance in non-peak seasons is usually dependent on favorable weather and a long-weekend holiday calendar. In the event that we are unable to generate excess cash flows in one or more peak seasons, we may not be able to subsidize non-peak seasons, if necessary.

### **Emergence from Bankruptcy**

On April 5, 2005, the United States Bankruptcy Court for the District of New Jersey entered an order confirming the Plan, which became effective on May 20, 2005. Upon effectiveness, all material conditions to the Plan were satisfied and the Debtors emerged from chapter 11. Pursuant to the Plan, we recapitalized and renamed our company, merged and/or dissolved certain of our subsidiaries, consolidated our indebtedness and substantially reduced our debt service requirements.

### *Distributions to Holders of THCR Common Stock*

As part of the Plan, we implemented a 1,000 for 1 reverse stock split of THCR's common stock, (which we refer to as THCR Common Stock) such that each 1,000 shares of THCR Common Stock immediately prior to the reverse stock split were consolidated into one share of common stock of TER (which we refer to as TER Common Stock), rounding up for fractional shares. Following the reverse stock split, holders of THCR Common Stock received an aggregate of approximately 19,944 shares of TER Common Stock (approximately 0.05% on a fully diluted basis for holders other than Mr. Trump). All options to acquire THCR Common Stock were cancelled. Such holders (other than Mr. Trump) also received Class A Warrants to purchase up to

approximately 2,207,260 shares of TER Common Stock (approximately 5.34% on a fully diluted basis) and received an aggregate of \$17.5 million in cash. Based on the foregoing, each holder of THCR Common Stock received:

0.001 shares of TER Common Stock for each share of THCR Common Stock beneficially owned by such holder, subject to the disposition of fractional interests following the reverse stock split;

Class A Warrants to purchase up to approximately 0.1106736 shares of TER Common Stock for each share of THCR Common Stock beneficially owned by such holder. The number of shares of a TER Common Stock into which such Class A Warrants are exercisable were rounded up to the nearest whole number; and

approximately \$0.88 for each share of THCR Common Stock beneficially owned by such holder.

Under the Plan, the holders of THCR Common Stock are also entitled to receive a pro rata share of the net proceeds from the sale of the former World's Fair site in Atlantic City, which was sold at auction for a purchase price of \$25.15 million in September 2005. The net proceeds of the sale are being held in escrow pending further order of the Bankruptcy Court, and upon release, will be distributed to the former holders (other than Mr. Trump) of THCR Common Stock in connection with the Plan. See Legal Proceedings below.

#### *Debt Restructuring*

*Distributions to Holders of TAC Notes.* On the Effective Date, the holders of approximately \$1.3 billion aggregate principal amount of 11.25% First Mortgage Notes due 2006 of Trump Atlantic City Associates and Trump Atlantic City Funding, Inc., Trump Atlantic City Funding II, Inc. and Trump Atlantic City Funding III, Inc., which we refer to collectively as the TAC Notes, were entitled to receive a pro rata allocation of the Senior Notes and TER Common Stock under the Plan, or could otherwise elect to either maximize the amount of the Senior Notes or TER Common Stock they would receive under the Plan. The following table reflects the various distributions for each \$1,000 principal amount of TAC Notes depending on the election by the holders:

Election	Distribution		Senior Notes (\$ principal amount)
	Cash	TER Common Stock (# shares)	
Pro Rata	\$ 53.51	20.250	\$ 598
Maximize Senior Notes	\$ 53.51	8.308	\$ 773
Maximize TER Common Stock	\$ 53.51	61.212	\$ 0

In addition to the foregoing distribution, as of May 22, 2006 (the Class A Warrant Expiration Date), the holders of TAC Notes will be entitled to receive, on a pro rata basis, (i) the cash proceeds from the exercise of the Class A Warrants to purchase an aggregate of 3,425,193 shares of TER Common Stock, plus any interest accrued thereon, and (ii) to the extent any of the Class A Warrants are not exercised prior to the Class A Warrant Expiration Date, the shares of TER Common Stock reserved for issuance upon the exercise of such warrants.

*Distributions to Holders of TCH First Priority Notes.* On the Effective Date, the holders of approximately \$435 million aggregate principal amount of 11.625% First Priority Mortgage Notes due 2010 of Trump Casino Holdings, LLC ( TCH ) and Trump Casino Funding, Inc. ( TCF ), which we refer to collectively as the TCH First Priority Notes, were entitled to receive a pro rata allocation of cash and TER Common Stock under the Plan, or could otherwise elect to either maximize the amount of cash or TER Common Stock they would receive. The following table reflects the various distributions for each \$1,000 principal amount of TCH First Priority Notes depending on the election by the holders:

Election	Distribution		Senior Notes
	Cash	TER Common Stock (# shares)	(\$ principal amount)
Pro Rata	\$ 72.80	1.370	\$ 1,000
Maximize Cash	\$ 88.91	0.266	\$ 1,000
Maximize TER Common Stock	\$ 22.80	4.795	\$ 1,000

Holders of TCH First Priority Notes also received an additional amount of cash equal to the simple interest accrued on \$425 million at the annual rate of 12.625% through the Effective Date on the regularly scheduled interest payment dates for the TCH First Priority Notes, provided that interest accrued from the last date through which interest was paid (March 15, 2005) through the Effective Date was distributed in cash on the Effective Date.

*Distributions to Holders of TCH Second Priority Notes.* On the Effective Date, holders of approximately \$54.6 million aggregate principal amount of 17.625% Second Priority Mortgage Notes due 2010 of TCH and TCF, which we refer to as the TCH Second Priority Notes, and together with the TCH First Priority Notes, the TCH Notes received, for each \$1,000 principal amount of TCH Second Priority Notes:

approximately \$141.57 in cash;

approximately \$874 principal amount of Senior Notes, and

approximately 2.66 shares of TER Common Stock.

Holders of TCH Second Priority Notes also received an additional amount of cash equal to simple interest accrued on (i) \$54.6 million at the annual rate of 18.625% from the last scheduled date to which interest was paid (September 15, 2004) with respect to the TCH Second Priority Notes to February 21, 2005, and (ii) approximately \$47.7 million at the annual rate of 8.5% from February 22, 2005 through the Effective Date.

*Credit Facility and Senior Notes.* On the Effective Date, we entered into a \$500 million credit facility (the Credit Facility ) with a syndicate of bank lenders with Morgan Stanley Senior Funding, Inc. as administrative agent. Our obligations under the Credit Facility are guaranteed by each of our direct and indirect restricted subsidiaries, and are secured by a first priority security interest in substantially all of these subsidiaries' assets. Also on that date, TER Holdings and TER Funding issued the Senior Notes in connection with the Plan. On November 22, 2004, the Debtors had obtained debtor-in-possession financing which provided up to \$100 million of borrowings during the Debtors' chapter 11 cases, secured by a first priority priming lien on substantially all the assets of the Debtors. We used the proceeds from the Credit Facility to repay the debtor-in-possession financing.

#### *Equity Capitalization*

Immediately following the Effective Date, TER Common Stock was owned as set forth below, on a fully diluted basis, assuming the following:

the exercise of an aggregate of 3,425,193 Class A Warrants with an exercise price of \$14.60 per share of TER Common Stock (consisting of 2,207,260 Class A Warrants issued to holders other than Mr. Trump and 1,217,933 Class A Warrants issued to Mr. Trump);





the exercise of an aggregate of 1,446,706 ten-year warrants issued to Mr. Trump having an exercise price of \$21.90 per share of TER Common Stock; and

the exchange of Mr. Trump's limited partnership interests in TER Holdings for an aggregate of 9,377,484 shares of TER Common Stock.

Beneficial Owner(s)	Approximate Percentage Ownership as of Effective Date
Former TAC Noteholders	63.69%
Donald J. Trump	29.15%
Other Stockholders (excluding Mr. Trump)	5.39%
Former TCH First Priority Noteholders	1.41%
Former TCH Second Priority Noteholders (excluding Mr. Trump)	0.35%
Total	100.00%

**Item 1A. Risk Factors**

*Our business is subject to a number of risks. You should carefully consider the following risk factors, together with all of the other information included or incorporated by reference in this annual report, before you decide whether to purchase TER securities. The risks set out below are not the only risks we face. If any of the following risks occur, our business, financial condition and results of operations could be materially adversely affected. In such case, the trading price of TER securities could decline, and you may lose all or part of your investment.*

*We remain highly leveraged and our ability to generate cash depends on many factors beyond our control.*

Although we have consolidated our long-term indebtedness and significantly reduced our debt service obligations through our reorganization, we remain a highly-leveraged company. Our aggregate long-term indebtedness totaled approximately \$1.5 billion as of December 31, 2005. TER is a holding company and TER Holdings conducts substantially all of its operations through its subsidiaries. As a result, our ability to meet our debt service obligations, including debt service obligations on the Senior Notes and the Credit Facility, substantially depends on our properties' ability to generate sufficient cash flow. This ability is, however, subject to general economic, financial, competitive, legislative, regulatory and other factors that may be unforeseeable and/or are beyond our control. This risk is highlighted by the fact that all of our current operations are concentrated in one market and any downturn in the Atlantic City market or any region from which we draw patrons may adversely impact our business, operations, results of operations and financial condition.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under the Credit Facility in an amount sufficient to enable us to pay our indebtedness or that future borrowings will be available to us under the Credit Facility in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs.

*We need to increase capital expenditures to compete effectively and the terms of our indebtedness restrict our operating flexibility.*

The gaming industry market is highly competitive and is expected to become more competitive in the future. Many of our competitors in Atlantic City have recently completed or announced significant development projects. Capital expenditures, such as room refurbishments, amenity upgrades and new gaming equipment, are necessary from time to time to enhance the competitiveness of our properties. While we have formulated and have begun to implement a strategic capital expenditure plan at each of our properties, including the construction of a hotel tower at Trump Taj Mahal to be commenced in June 2006, the Senior Notes and the Credit Facility limit our ability to:

incur additional debt;

raise capital;

pay dividends or make other distributions;

make investments;

sell assets;

engage in mergers or consolidations;

enter into affiliate transactions; or

grant liens, among other things.

Should any new projects fail to generate projected cash flows, our operating performance, revenues and earnings may be materially adversely affected. In addition, the Credit Facility imposes certain financial covenants that require us to comply with specified financial ratios and tests based on our cash flows and leverage position. These covenants restrict, to a certain degree, our financial and operating flexibility. Any failure to comply with any of these obligations could result in an event of default under the Senior Notes and our Credit Facility which, if not cured or waived, could result in the acceleration of the Senior Notes and amounts due under our Credit Facility then outstanding.

*Our recently announced capital improvements are susceptible to delays, cost overages, business interruptions and other uncertainties, which could have an adverse effect on our business, financial condition and results of operations.*

We have recently announced a series of capital improvements for all three of our properties, including the construction of an 800-room hotel tower at Trump Taj Mahal expected to commence in June 2006. Such development and capital improvement projects are susceptible to various risks and uncertainties, including, but not limited to the following:

favorable market conditions and consumer demand for the completed project;

general construction risks, such as cost overages, plan changes or specification modifications, shortages of equipment, materials or skilled labor, labor disputes, unforeseen environmental, engineering or geological problems, work stoppages, fire and other natural disasters, construction scheduling problems and weather interferences;

changes and concessions required by governmental or regulatory authorities;

delays in obtaining, or the inability to obtain, all licenses, permits and authorizations required to complete the project; and

disruption of our existing operations.

Any failure or delay to complete any new development or expansion project as planned, within budget or in a manner that generates anticipated revenue, could have an adverse effect on our business, financial condition and results of operations.

*Gaming is a regulated industry and changes in the law could have a material adverse effect on our operations.*

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Gaming in New Jersey is regulated extensively by federal and state regulatory bodies, including the New Jersey Casino Control Commission and state and federal taxing, law enforcement and liquor control agencies. We and various of our officers and other qualifiers have received the licenses, permits and authorizations required to operate our properties. Failure to maintain or obtain the requisite casino licenses would have a material adverse effect on our business.

The Casino Control Commission consolidated and renewed our licenses to operate Trump Taj Mahal, Trump Plaza and Trump Marina until June 2007.

If new gaming regulations are adopted in the jurisdictions in which we operate, such regulations could impose restrictions or costs that could have a significant adverse effect on us. From time to time, various proposals have been introduced by the legislatures of New Jersey that, if enacted, could adversely affect the tax, regulatory, operations or other aspects of the gaming industry and our financial performance. Legislation of this type may be enacted in the future.

*Pennsylvania and New York have enacted gaming legislation that may harm us, and other states may do so in the future.*

In 2004, the Pennsylvania legislature enacted the Race Horse Development and Gaming Act. It authorizes the operation of slot machines in up to fourteen licensed locations in Pennsylvania, seven at racetracks (each with up to 5,000 slot machines), five at slot parlors (two in Philadelphia, one in Pittsburgh and two elsewhere, each with up to 5,000 slot machines) and two at established resorts (each with up to 500 slot machines). Twenty-five applications, including ours, are now pending for the fourteen licenses. Three of the racetrack sites, Pocono Downs, Philadelphia Park and Chester Downs, and the two Philadelphia slot parlors are located in our market area. Operations could commence at one or more of these f