

TRUMP HOTELS & CASINO RESORTS INC

Form 11-K

June 24, 2004

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 11-K

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### ANNUAL REPORT

Pursuant to Section 15 (d) of  
the Securities Exchange Act of 1934

(Mark One):

- ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED, EFFECTIVE OCTOBER 7, 1996]

For the fiscal year ended December 31, 2003

or

- TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED].

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-13794

# **TRUMP CAPITAL ACCUMULATION PLAN**

(Full title of the Plan)

# **TRUMP HOTELS & CASINO RESORTS, INC.**

(Name of Issuer of the securities held pursuant to the Plan)

**1000 Boardwalk**

**Atlantic City, New Jersey 08401**

(Address of principal executive office)

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TRUMP CAPITAL ACCUMULATION PLAN

Financial Statements and Supplemental Schedule

As of December 31, 2003 and 2002 and for the year ended December 31, 2003 with Report of Independent Registered Public Accounting Firm

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Trump Capital Accumulation Plan

Financial Statements and Supplemental Schedule

As of December 31, 2003 and 2002 and for the year ended December 31, 2003

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Report of Independent Registered Public Accounting Firm

Administrative Committee of the

Trump Capital Accumulation Plan

We have audited the accompanying statements of assets available for benefits of the Trump Capital Accumulation Plan as of December 31, 2003 and 2002, and the related statement of changes in assets available for benefits for the year ended December 31, 2003. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets available for benefits of the Plan at December 31, 2003 and 2002, and the changes in its assets available for benefits for the year ended December 31, 2003, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2003, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ ERNST & YOUNG LLP

Philadelphia, Pennsylvania

June 4, 2004

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## Trump Capital Accumulation Plan

## Statements of Assets Available for Benefits

|                               | December 31           |                |
|-------------------------------|-----------------------|----------------|
|                               | 2003                  | 2002           |
| <b>Assets</b>                 |                       |                |
| Investments                   | <b>\$ 200,385,993</b> | \$ 166,733,348 |
| Receivables:                  |                       |                |
| Participants' contributions   | <b>301,802</b>        | 433,012        |
| Employer's contribution       | <b>83,010</b>         | 25,846         |
| Total receivables             | <b>384,812</b>        | 458,858        |
| Cash                          | <b>74,289</b>         | 266,313        |
| Other                         | <b>31,119</b>         | 51,472         |
| Assets available for benefits | <b>\$ 200,876,213</b> | \$ 167,509,991 |

*See accompanying notes.*

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Trump Capital Accumulation Plan

Statement of Changes in Assets Available for Benefits

Year ended December 31, 2003

|   |                       |
|---|-----------------------|
| Additions:                                    |                       |
| Investment income:                            |                       |
| Net appreciation in fair value of investments | \$ 24,475,341         |
| Interest                                      | 1,961,443             |
| Dividends                                     | 3,368,861             |
|   | <u>29,805,645</u>     |
| Contributions:                                |                       |
| Participants                                  | 14,741,119            |
| Employer, net of forfeitures                  | 4,509,233             |
| Rollovers                                     | 217,905               |
|   | <u>19,468,257</u>     |
| Total additions                               | 49,273,902            |
| Deductions:                                   |                       |
| Benefits paid directly to participants        | 15,828,691            |
| Administrative expenses                       | 78,989                |
|   | <u>15,907,680</u>     |
| Total deductions                              | 15,907,680            |
| Net increase                                  | 33,366,222            |
| Assets available for benefits:                |                       |
| Beginning of year                             | 167,509,991           |
| End of year                                   | <u>\$ 200,876,213</u> |

*See accompanying notes.*

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Trump Capital Accumulation Plan

Notes to Financial Statements

December 31, 2003

**1. Description of Plan**

The following description of the Trump Capital Accumulation Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

**General**

The Plan is a defined contribution plan. Trump Taj Mahal Associates, Trump Marina Associates, L.P., Trump Plaza Associates, and Trump Indiana, Inc. are participating employers in the Plan (collectively, the Company). Merrill Lynch Trust Company is the trustee of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

All full- or part-time nonunion employees of the Company who are 18 or older and who have completed 6 months of service are eligible to participate in the Plan. Prior to September 1, 2003, employees had to complete one year of service to participate in the Plan. In addition, union employees covered by a collective bargaining agreement that provides for participation in the Plan may enroll upon meeting the same requirements as nonunion employees.

**Contributions**

Each year, participants may contribute up to 30% of pretax annual compensation, as defined in the Plan, subject to all other limitations of the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

The Company contributes 50% of the first 6% of base compensation that a participant contributes to the Plan for each calendar quarter. Employer contributions are matched quarterly to Plan participants employed by the Company on the last day of the calendar quarter. Contributions are subject to certain limitations.

Upon enrollment, a participant may direct his/her contributions in 1% increments to any of the Plan's fund options. Participants may change their investment options whenever they choose. In addition to the regular salary deferral contributions, Plan participants who are at least 50 years old



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by the end of the calendar year and who have contributed the maximum amount of regular salary deferral contributions for the year may make pretax catch-up contributions to the Plan, as defined. Catch-up contributions are not eligible for employer match.

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Trump Capital Accumulation Plan

Notes to Financial Statements (continued)

**1. Description of Plan (continued)**

**Participant Accounts**

Each participant's account is credited with the participant's contributions, earnings (losses) based on the participant's investment elections and allocations of the Employer's contributions. Forfeited balances of terminated participants' nonvested accounts are used to reduce future Employer contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

**Vesting**

Participants are immediately vested in their elective deferral contributions and rollovers plus actual earnings thereon. Vesting in the Employer contribution portion of their accounts plus actual earnings thereon is based on years of continuous service as follows:

| <u>Years of Continuous Service</u> | <u>Percentage Vested</u> |
|------------------------------------|--------------------------|
| Less than two years                | 0%                       |
| Two years                          | 25%                      |
| Three years                        | 50%                      |
| Four years                         | 75%                      |
| Five years or more                 | 100%                     |

**Forfeitures**

The portion of a former participant's account which is not distributed because of the vesting provision will reduce future Employer contributions. During 2003, \$71,939 was used to reduce Employer contributions. At December 31, 2003 and 2002, \$11,034 and \$3,949, respectively, were available to reduce future Employer contributions.

**Participant Loans**

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Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum of \$50,000 or 50% of their account balance, whichever is lower, reduced by the highest balance of any loans within the prior 12-month period. Loan terms range from 1-5 years or up to 15 years for the purchase of a primary residence. Loans are secured by

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Trump Capital Accumulation Plan

Notes to Financial Statements (continued)

**1. Description of Plan (continued)**

**Participant Loans (continued)**

the balance in the participant's account and bear interest at a rate commensurate with prevailing rates as determined by commercial lenders. An administrative fee is required to process all loans. Principal and interest are paid ratably through payroll deductions and must be made at least quarterly.

**Payment of Benefits**

On termination of service, a participant may receive a lump-sum amount equal to the vested value of his or her account, or upon death, disability or retirement, elect to receive annual installments over a 10-year period. A participant may also withdraw all or part of his or her account upon attainment of age 59 1/2 or financial hardship, as defined in the Plan.

**Plan Termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

**2. Significant Accounting Policies**

**Investment Valuation and Income Recognition**

Marketable securities are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year; investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask prices. The fair values of the participation units owned by the Plan in the common/collective trust funds are based on quoted redemption values on the last business day of the Plan year. The shares of mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan at year-end. The participant loans are valued at the outstanding balances, which approximate fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

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Trump Capital Accumulation Plan

Notes to Financial Statements (continued)

**2. Significant Accounting Policies (continued)**

**Plan Expenses**

The Company pays all administrative expenses of the Plan, except for the administrative costs of the registered investment companies and loan processing fees.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Risks and Uncertainties**

The Plan provides for various investment options in investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported in the statements of assets available for benefits and the statement of changes in assets available for benefits.

**3. Investments**

Investments that represent 5% or more of the fair value of the Plan's assets are as follows:

| December 31 |      |
|-------------|------|
| 2003        | 2002 |

Investments at fair value as determined by quoted market price:

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|   |               |               |
|---|---------------|---------------|
| Merrill Lynch Equity Index Trust I          | \$ 14,697,284 | \$ 10,176,361 |
| Merrill Lynch Retirement Preservation Trust | 45,086,634    | 43,491,275    |
| Davis New York Venture Fund CL A            | 38,367,457    | 28,564,579    |
| Delaware Trend Fund                         | 14,766,905    | *             |
| American Growth Fund of America             | 19,476,850    | *             |
| PIMCO Total Return Fund CL A                | 13,067,039    | 12,699,841    |
| PIMCO Total Return Fund Class A GM          | 10,247,313    | *             |
| Van Kampen Emerging Growth Fund CL A        | *             | 15,268,833    |

\* Investment did not represent 5% or more of the fair value of Plan assets at year-end.

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Trump Capital Accumulation Plan

Notes to Financial Statements (continued)

**3. Investments (continued)**

During 2003, the Plan's investments (including investments bought, sold, or held during the year) appreciated (depreciated) in fair value as determined by quoted market prices as follows:

|                          |                   |
|--------------------------|-------------------|
| Common stocks            | \$ (710,421)      |
| Common/collective trusts | 4,140,331         |
| Mutual funds             | 21,045,431        |
|                          | <u>24,475,341</u> |

**4. Related-Party Transactions**

Certain Plan investments are in shares of mutual funds managed by Merrill Lynch. Merrill Lynch is the trustee, as defined by the Plan, and, therefore, these transactions qualify as party-in-interest transactions.

Certain Plan investments include shares of Trump Hotels & Casino Resorts, Inc. common stock (Trump Common Stock) and, therefore, these transactions qualify as party-in-interest transactions. As of December 31, 2003 and 2002, the Plan holds 1,218,551 and 1,336,716 shares of Trump Common Stock, respectively, with a market value of \$2,632,070 and \$3,475,462, respectively.

**5. Income Tax Status**

The Plan has received a determination letter from the Internal Revenue Service dated February 18, 2000, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this issuance of the determination letter, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt.



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Trump Capital Accumulation Plan

Notes to Financial Statements (continued)

**6. Differences Between Financial Statements and Form 5500**

The following is a reconciliation of assets available for benefits per the financial statements to the Form 5500:

|  | <b>December 31</b>    |                |
|--|-----------------------|----------------|
|  | <b>2003</b>           | <b>2002</b>    |
| Assets available for benefits per the financial statements | <b>\$ 200,876,213</b> | \$ 167,509,991 |
| Amounts allocated to withdrawn participants                | <b>(70,075)</b>       |                |
| Assets available for benefits per the Form 5500            | <b>\$ 200,806,138</b> | \$ 167,509,991 |

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500 for the year ended December 31, 2003:

|   |                      |
|---|----------------------|
| Benefits paid directly to participants per the financial statements | \$ 15,828,691        |
| Add: Amounts allocated on Form 5500 to withdrawn participants       | 70,075               |
| Benefits paid directly to participants per the Form 5500            | <b>\$ 15,898,766</b> |

Amounts allocated to withdrawn participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to year-end but not yet paid.

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**Supplemental Schedule**

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## Trump Capital Accumulation Plan

EIN: 22-3136368 Plan#: 001

Schedule H, Line 4i

Schedule of Assets (Held at End of Year)

December 31, 2003

| Identity of Issue, Borrower,<br>Lessor or Similar Party | Description of Investment,<br>Including Maturity Date,<br>Rate of Interest, Collateral,<br>Par or Maturity Value | Current<br>Value |
|---|--|------------------|
| <b>COMMON STOCK</b>                                     |  |                  |
| *Trump Hotels & Casino Resorts, Inc.                    | Trump Hotels & Casino Resorts, Inc. Common Stock,<br>1,218,551 shares  | \$ 2,632,070     |
| <b>COMMON/COLLECTIVE TRUSTS</b>                         |  |                  |
| *Merrill Lynch  | Equity Index Trust I, 182,848 units of participation   | 14,697,284       |
| *Merrill Lynch  | Equity Index Trust I GM, 59,026 units of participation   | 4,744,525        |
| *Merrill Lynch  | Retirement Preservation Trust, 45,086,634 units of<br>participation  | 45,086,634       |
| *Merrill Lynch  | Retirement Preservation Trust GM, 283,068 units of<br>participation  | 283,068          |
| Total investment in common/collective trusts            |  | 64,811,511       |
| <b>MUTUAL FUNDS</b>                                     |  |                  |
| Davis Funds, Inc.                                       | New York Venture Fund Class A, 1,394,166 units of<br>participation   | 38,367,457       |
| Davis Funds, Inc.                                       | New York Venture Fund Class A GM, 89,138 units of<br>participation   | 2,453,076        |
| Delaware Group  | Delaware Trend Fund, 750,732 units of participation  | 14,766,905       |
| American Growth Fund of America                         | American Growth Fund of America, 793,678 units of<br>participation   | 19,476,850       |
| American Growth Fund of America                         | American Growth Fund of America GM, 97,499 units of<br>participation   | 2,392,630        |
| Delaware Group  | Delaware Group Trend Fund GM, 2 units of participation   | 33               |

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## Trump Capital Accumulation Plan

EIN: 22-3136368 Plan#: 001

Schedule H, Line 4i

Schedule of Assets (Held at End of Year) (continued)

December 31, 2003

| Identity of Issue, Borrower,<br>Lessor or Similar Party | Description of Investment,<br>Including Maturity Date,<br>Rate of Interest, Collateral,<br>Par or Maturity Value | Current<br>Value      |
|---|--|-----------------------|
| <b>MUTUAL FUNDS (continued)</b>                         |  |                       |
| Scudder Investments                                     | International Equity Investment CL GM, 47 units of participation   | \$ 934                |
| ING Pilgrim   | Small Cap Opportunities Fund Class A GM, 10 units of participation   | 222                   |
| PIMCO   | Total Return Fund Class A, 1,220,078 units of participation  | 13,067,039            |
| PIMCO   | Total Return Fund Class A GM, 956,799 units of participation   | 10,247,313            |
| PIMCO   | NFJ Small Capital Valuation Fund CL A, 33,574 units of participation   | 841,360               |
| Fidelity Investments                                    | Fidelity Advisors Diversified International, 512,801 units of participation                                      | 8,107,378             |
| PIMCO   | NFJ Small Capital Valuation A GM, 20,943 units of participation  | 524,822               |
| Fidelity Investments                                    | Fidelity Advisors Diversified International GM, 92,408 units of participation                                    | 1,460,975             |
| Delaware Group  | Delaware Trend Fund GM, 37,690 units of participation  | 741,365               |
| <b>Total investment in mutual funds</b>                 |  | <b>112,448,359</b>    |
| Self-directed accounts                                  |  | 2,896,786             |
| *Participant loans                                      | Interest rates ranging from 5.0% to 12.0%  | 17,597,267            |
|   |  | <b>\$ 200,385,993</b> |

\* Indicates party-in-interest to the Plan.

Historical cost is not required to be presented as all the investments are participant-directed.

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**SIGNATURES**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the persons who administer the employee benefit plan have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**TRUMP CAPITAL ACCUMULATION PLAN**

/s/ CRAIG D. KEYSER

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**Name: Craig D. Keyser**

**Title: Executive Vice President of Human**

**Resources and Administration**

Date: June 24, 2004