purchasing stock in Holiday. By September 9, I'd purchased nearly 5 percent of the Company, or some one million shares. At that point, I had two basic options: One was to hold the stock as an investment. The other was to go for control. I had no doubt the Company was undervalued. For one thing, because they owned so much real estate, they were entitled to large write-offs for depreciation. Therefore they reported net profits far below what they were actually able to retain. On the basis of a stock price of $54 a share in early August 1986, I was in a position to purchase effective control of the Company for not much more than $1 billion. In one scenario, for example I would sell off all of the non casino hotels - perhaps for as much as $700 milloon - and retain just the three casino-hotels, which by themselves were worth nearly that much. No sooner did word get out that I'd begun accumulating Holiday Inns stock than it is price started to rise. I assume arbitrageurs were buying up the stock, figuring that either I'd make a move for control, or someone else would. By early October, the price of the stock had reached 72.

On wednesday, November 11, I heard from ALan Greenberg of Bear Stearns that Holiday was restructuring the Company to fend off any potential hostile bid and was going to borrow $ 2.8 billion in Order to pay an immediate $ 65 a share dividend to the Shareholders. The Stock jumped to 76. Without hesitation, I told ALan to Sell, and he agreed I Still believe I could have Overcome any barriers Holiday tried to put in my way, but I just wasn't particularly eager to Spend in my Life in the Court with these guys. The alternative - earning a huge profit on my investment without any battle - Seemed far more appealing. By the end of the week I'd Sold my entire Stake in Holiday Inns - meaning that in just eight weeks, I earned a profit of many millions of dollars. Looked at another way, I earned back from my Holiday Inns Stock much of the money I'd paid them just three months earlier to buy their Share of my casino in Atlantic City. Obviously, I can't Complain. perhaps no one was better rewarded by Holiday than I was. But, in a way, I got Something even more Valuable than money from the experience a first hand View of Corporate management in American.

WYNN - FALL

The Battle For Hilton.

In my Wildest fantasy, it never occurred to me that I would someday purchase the huge casino-hotel that the Hilton Hotels Corporation began building in Atlantic City in 1984. To the Contrary, I watched with some dismay the progress of Construction. I hardly relished another tough Competitor in town, especially when the Boardwalk hotel I owned with Harrah's wasn't performing well even against the existing Competition. Worse yet, it was quite Obvious that Hilton after Several years of indecision about Atlantic City was finally going all out with a major facility. To me, Hilton was a hard Company to figure. it was founded in 1921 by Conrad Hilton, who built it into one of the great hotel chains in the world. His Son Barron joined the Company in the 1950s, and of Course it was only a matter of time before he took over. it had nothing to do with merit, it's Called birthright. 1966, Conrad finally retired, and Barron was named Chief executive. It's not easy to make your own mark on a Company your father founded and built into a huge Success.

Some Sons Opt out altogether and dont even try to compete. Others are Content to manage what their fathers have already built. A few Sons set out to Outdo their fathers at the Same game, and that may be the toughest thing of all particularly when the father's name is Conrad Hilton.

Barrons first major responsibility back in 1959 was to run Hilton's Carte Blanche Credit card business, which they'd just bought. He Screwed it up and Carte Blanche Lost millions of dollars over the next Six years Hilton finally threw in the towel in 1966 and Sold out to Citibank. In 1967, Barron Convinced his father to Sell Hilton international hotel division to TWA in exchange for TWA Stock, which was selling about $90 a Share. There was just One problem: OPEC Almost immediately, Oil prices Started going through the roof, which devastated the airlines. Within eighteen months, TWA Stock had dropped by half and by 1974, it was down to $5 a Share. Until Carl Icahn took Control of the Company and turned it around recently, the Stock was worth far Less than it Should have been. On the Other hand, the international hotels that Hilton

Sold, which were recently sold again for close to $1 billion, did great business. They earned about $70 million in 1983 - almost as much as Hilton earned from all its American hotels the same year. That's partly because Hilton, resting on its past reputation, had lost considerable ground in the luxury market to more aggressive competitors such as Marriott and Hyatt. The once-great Hilton name ceased being synonymous with the best in hotels. Barron Hilton did make one decision that proved successful: getting into casino gambling. In 1972 Hilton purchased two Nevada casinos for about $12 million - the Las Vegas Hilton and the flamingo Hilton. Together, the two casinos began to account for a growing percentage of Hilton's profits - 30 percent in 1976, 40 percent in 1981 and 45 percent, or some $70 million, in 1985 Despite that success, Barron couldn't seem to make up his mind about Atlantic City. Hilton purchased a site at the Marina around the time gambling was legalized, began moving forward, stopped suddenly and then started again half-heartedly. By the time Hilton finally committed to Construction in 1984 most of it's major Nevada Competitors including Bally, Caesers, Harrah's, Sands, and the Golden Nugget. already had their facilities up Operating, and earning huge profits in Atlantic City.

I have to Say this much for Hilton: having finally made the Commitment, it Left no doubt it was going to build on a grand Scale - a huge majestic entrance, ceilings thirty feet high, a 3,000. car Self-park garage. Hilton described the project in it's annual report as the Largest undertaking in our history With a Casino off Some 60,000 Square feet, and a 615 room hotel above it, the facility was Comparable in Size to Harrah's at Trump pLaza - which at the time was one of the Largest in town. The difference was that Hilton's master plan included a Second phase expansion, to Some 100,000 feet of casino Space and more than 2,000 guest rooms.

Hilton might have Survived everything if Barron himself had taken the Licensing hearings more Seriously - Instead he Virtually Ignored them. One of the few times he Saw fit to Show up in in New Jersey was for his own testimony before the Casino Control Commission. Nor were any of his top Corporate executives there for most of the hearings. I went to the party, and Ben introduced me to Barron, whom I'd never met in person. we ended up walking out to the garden and talking alone together. Once again the Conversation was non specific. Barron is weary and reserved by nature. He's not the kind of guy who makes impulsive decisions, so I played it very Low-key. We got along very well and afterward I heard from Ben that Barron felt very Comfortable with me. There are times when you have to be aggressive, but there are also times when your best Strategy is to Lie back. Very Shortly after that, Steve Wynn of the Golden Nugget decided to make a full scale assault on Hilton, Seeking Control of the Company. It was propably the best thing that could have happened to me. If it hadn't been for Wynn, I Seriously doubt that Barron Hilton would ever have made a deal with me or anyone else for his Atlantic City hotel-Casino. Ironically Wynn could never have gone after the Company at all if it hadn't been for Conrad Hilton.

When Conrad died in 1979, he totally Screwed Barron. There is no nicer way to say it. The assumption had been that Conrad would pass on his near Controlling interest in the Company to Barron - or at the Very Least that he'd spread it among family members. Instead, Conrad Hilton used his will to disenfranchise his Children and grand Children. At the time of his death, Conrad's Stock in Hilton was worth perhaps $500 million. But Conrad believed very Strongly that inherited wealth destory moral Character and motivation. I happen to agree that it Often does. To me, it make Sense to put money in trust for your Children, so they don't Inherit millions of dollars when they turn twenty-One. But Conrad took that view to a ridiculous extreme. He Left Baron a token number of Shares of Stock and he Left each of his grand Children a piddling $10,000 each. Nearly all the rest of his wealth Specifically his 27 percent Share of the Hilton Corporation he Left to the Conrad N. Hilton foundation. He Ordered most of the earnings from the Stake to be used to Support the Charitable work of Catholic nuns in California.

The result was to make Barron just another high level Corporate manager who Lacked the power of a major Stockholder. Even with the Stock options that he execrised Over ten years of Chief executive, Barron Still owned only a tiny percentage of the Company by 1985. What Barron did was to enter into Litigation, Seeking Control of the foundation's Shares. His Chances of winning the Case, which had dragged on for years, were uncertain. For one thing, he had the Sort of adversaries you want to aviod in a Litigation: nuns and priests of the Catholic Church. Basically, he tried to argue that for byzantine Legal reasons he was entitled to buy out the foundation's entire Stake. Moreover, by buying its Stock for the $170 million for $500million worth of Stock. It's called a great deal. It may also be called trying to rewrite your father's will. My Strong Suspicion is that Barron knew his Chances of winning the Litigation were questionable. More to the point, if he couldn't get Control of the Stock he was in far weaker position to fend off Steven Wynn or any hostile takeover threat. Finally, so Long as he held on to his Atlantic City.

facility but remained unLicensable, he was also highly vulnerable to Sharkholder Lawsuits.
I have no doubt how I would have reacted if I had been Barron Hilton - I would have fought Steve Wynn and his takeover threat, and I would also have fought for my License at the rehearing. I m not saying I would also have won, but if I went down it would have been kicking and Screaming. I would have closed the hotel and Let it rot. That's just my make up. I fight when I feel I'm getting Screwed. even if it's costly and difficult and highly risky. But then, I wasn't running a public Company, so I didn't have to worry constantly about Wall street and Shareholders and the next quarterly earnings report. The only person I had to please was myself In the end, I think, Barron decided that he just wasn't prepared to fight on two fronts at the same time - for Licensing as well as for Control of his Company. And of the two, Control of the Company Obviously Came first.
Steven Wynn help me in two ways. By pursing a takeover, he put Barron on the defensive and kept him from focusing on his reLicensing hearing.

At the Same time, the More Wynn's aggressive Style Offended Barron, the more Likely it was that Barron would turn to me as a White Knight.
I recognize that Lawsuits are Sometimes inevitable and I accept that as a reality of business. But when a person tells me he's going to Sit down with me I expect him to honor that Commitment. If we Still Can't resolve the Situation that's another Story. From that day on I Stopped defending Barron Hilton to anyone. I also immediately Ordered my attorneys to fill a Counter Claim. On April 2, 1986, we did precisely that Listing ninety-four Separate deficiencies in the Castle, along with our estimated Cost of repair. The figure far exceeded the $5 million we'd been authorized to hold back. Both Suits are Still pending and I believe the we'll Ultimately be upheld. She OverSaw the decoration of the hotel's public Spaces, which are now quite Spectacular. The facility is always Spotless, because She's meticulous even about that. And great management pays off. In 1986 we grossed $226 million, a record for first-year operations. We are projecting revenues of $310 million and a gross operating profit

a gross Operating profit well in excess of $70 million. It pays to trust your instincts.

10

LOW RENT, HIGH STAKES...

The Showdown on Central park South.

Sometimes by Losing a battle you find a new way to win the war. What you need, generally is enough time and a Little Luck. I had both at 100 Central park South. This is a Story about a group of tenants who fought very hard to keep me from tearing down the building they Lived in and constructing a new one in its place. They Succeeded. But by delaying me for Several years during which real estate Values Soared and by forcing me to totally Change my Original plans, they inadvertently helped me Come up with a Less expensive and more profitable project. Ironically, the easiest part of the whole deal was buying the property. Early in 1981, Louise Sunshine, my executive Vice president at the time, came in to Say She'd heard there might be Opportunity to buy... two adjoining buildings in a great location.

This first was 100 Central park South, a fourteen Story residential building in a great Location. The first was 100 Central park South - a fourteen Story residential building on the Corner of Central park South and Avenue of the Americas. The Other was the Barbizon plaza - a thirty nine Story hotel Which fronted on Central park and Wrapped around behind 100 Central park South So that the east Side of the hotel faced Avenue of the Americas. The building were Owned by a Syndicate that included Marshall Loeb of the Loeb banking family, the Lambert Brussels Corporation, and Henry Greenberg. By Vartue of their Location, the buildings represented one of the City's widest and most elegant Streets, the buildings Looked out over Central park.
The Barbizon - plaza was a Somewhat rundown middle price hotel earning a modest profit at best. One hundred Central park South was a building filled with rent - Controlled and rent Stabilized apartments, meaning that the rent roll was barely Sufficient to Cover the Operating Costs of the building precisely because of these disadvantages, I was able to negotiate a very

favorable purchase price. It helped that the properties hadn't yet been up for Sale on the Open market. As Long as there were no other bidders, It was much easier for me to make a case that the building's problems decreased their Value. It probably also helped that the owners were a group of Very wealthy men who had decided to Sell not because they needed the money but becuase one of them was getting Order and wanted to put his estate in Order. I'm not permitted to say what I paid, but the Sum wouldn't be enough today to by a Vacant Lot one-third the Size in a far Less desirable part of Manhattan. I barely Looked at what the two buildings were earning. I was drawn to the real estate Value, not the Income I was buying a great Location at a Modest price and the way I Looked at the deal, there was Virtually no downside. Almost Immediately I was able to get a Mortgage for the building, which Covered my purchase price. In the worst case, I felt, I Could always turn around and Sell at a profit.

Even in bad times, there are buyers for first class Locations. The one remaining issue I faced was the harassment Suit at 100 Central park South Because I no Longer intended to Vacate and raze the building. a harassment finding no Longer threatened my plans, Still, Several of my Lawyers urged me to Settle the case purely to resolve an unpleasant Situation. Specifically, they Suggested I work out a deal under which the tenants would drop their harassment Suit in return for my Selling them the building Outright for $10 million. On its face, the deal wasn't a bad one for me Based on my Original purchase price, I Stood to earn a very Substantial profit by Selling 100 Central park South for $10 million. But in the end I Said no. Temperamentally, I just Couldn't accept the Ideal that the tenants were using harassment Charges as a Lever against me So that they Could buy a building for less than market Value. This is where the tenants and their Lawyers Caused themselves the Loss of a tremendous Windfall. Today in New York almost everyone wants to buy their apartments.

Meanwhile the harassment case stalled in the Courts. A State Supreme Court judge ruled in August 1985 that there was no Clear evidence that harassment had Occurred. In December 1986, the appellate division of the State Supreme Court Unanimously Upheld the Lower Court's ruling. The Lawyers kept talking Settlement. finally, Late in 1986 nearly all the tenants agreed to drop any further Claims against me. Since I no Longer planned to demolish ~~the~~ building anyway. I agreed to drop all eviction proceedings and to give them new Leases on their apartments. I also agreed to excuse from three months' rent every tenant who was party to the agreement and in return all tenants who'd been withholding rent in Some cases for as Long as a year - agreed to pay up. The total figure exceeded $ 150,000. While the State dropped its case against me. Even John Moore, the Leader of the tenants group was suprised. for the City to push the case he said to a reporter is Like beating the horse after the horse has Come back to the barn. The real Victims were the tax players. The City was...Choosing to Spend

money and manpower on a nonissue that had been resolved at a time when many important issues had not. It is my opinion that this case continues purely because I beat the hell out of Ed Koch on the Trump Tower tax abatement and embarassed him with Wollman Rink.
The building is scheduled to be completed in the fall of 1987 but we put the apartments on the market in Novemeber 1986. Within eight months we'd sold 80 percent - nearly 270 apartments. One individual bought seven apartments, for a total of $20 million. When the building sells-out in all likelihood before a single person has moved in - we ll have grossed in excess of $240 million. And that is before I do anything with 100 Central park South and the stores along the street.
All's well that ends well. The tenants at 100 Central park South kept their apartments central park South retained two of it's landmark buildings, and the city will soon be earning far greater taxes from the property than ever before. As for me, I'll ultimately earn a profit of more than $100million on a deal that many people thought would turn out to be a total loser. And it was largely because the

tenants managed to delay me.

11

LONG SHOT

The Spring and fall of the USFL.

ALL my Life I've believed in paying for the best. But when it came to the United States football League, I decided to go a different route entirely. By the time I bought the New Jersey Generals in the fall of 1983, the League was already failing badly. It has Lost nearly $30 million. The Generals alone under the ownership of an Oklahoma Oilman named J. Walter Duncan, had Lost More than $2 million, not to mention nearly every game they'd played. In real estate terms, I was buying the South Bronx instead of Fifth Avenue and 57th Street. But I didn't Look at the Generals as a typical deal. I Viewed it instead as a Long Shot, a Lark that I could afford to take. Ive always been a football fan. I Love Sports and having own my ~~town~~ team Seemed the realization of a great fantasy. I also Liked the Idea of taking on the NFL, a smug, self-Satisfied Monopoly that I believed was highly Vulnerable to an aggressive competitor.

As Long as shots go, I Liked the Oddss on the USFL. My Initial investment was relatively Small and the potential rewards were quite great. For Less than $6 million, Contingent on the League's Continuing Compared with the $70 million an NFL franchise might cost I was able to purchase a professional football team in one of the greatest areas in the world. if I could help turn the team and the League around I stood to earn back many times my Initial Investment. At the Very Least, I would have a Lot of fun trying. The main problems with the USFL Seemed fairly Clear-Out and not all that difficult to remedy. The first was that the League was playing its games in the Spring. Sports have their Seasons and fans Like their football in the fall. The television networks, which essentially Underwrite professional Sports won't pay Large Sums for the rights to televise Spring football. At the time I bought the Generals, ABC was paying $1 million a year for exclusive network rights to the USFL Spring Schedule. Meanwhile, the three networks together were paying a staggering $359 million a year for rights to NFL fall games. The first thing the USFL had to do was move to the fall.

Unfortunately, I quickly discovered that a number of USFL owners lacked the financial resources and the competitive vision to build the sort of top quality league necessary to defeat the NFL. They shuddered at the prospect of any direct confrontation with the NFL, they were quite content to play in obscurity in the spring and they spent much time thinking about ways to keep their costs down than about how to build the league up. my most immediate priority was the team I'd just purchased The New Jersey Generals were a disaster! They'd just come off a season in which they'd won only four games and lost fourteen. The team had one great athlete and superstar, Hershel Walker, the Heisman Trophy running back from Georgia, but even Herschel had yet to play near his potential. Meanwhile, although the Generals had just completed a full season of playing professional football across the river from the media capital of the world, they had attracted virtually no press attention and very fews fans. The best way to turn that around was to turn the Generals around - fans like winners.

Unfortunately, that is not the way it works. Although the jury is instructed not to read any newspaper coverage or watch any television reports about the trial, it is nearly impossible to resist reading about a case you're part of, particularly one that is getting massive attention. Even if some jurors did resist, they undoubtedly heard about the trial coverage from the friends and family. Why else after all would Rozelle assign Joe Brown to lobby reporters every day for six weeks.

For all that, when the jury finally began deliberations on July 25, 1986, I was convinced we'd made the more effective case, and that they'd find in our favour. What I never anticipated was that we could win - and end up losing any way. After four days of deliberation, the six member jury concluded on July 29 that the NFL had violated antitrust laws by conspiring to monopolize professional football, and that they did illegally damage the USFL. But when they voted to award us only a token one dollar in damages it was a hollow victory. without damages the decision had no teeth, since the NFL didn't get

punished for breaking the Law.
When the jurors were interviewed by reporters immediately after the Verdict was annonueed, it turned out that they'd been deeply divided. At Least two of them had wanted to award us Substantial damages. One, a School teacher named Miriam Sachez, had favored giving us damages of $300million but said that she'd misunderstood the mechanism for doing so "I didn't understand the instructions she told reporters, So I had to put my faith in the Judge, hoping he would give the USFL more money.
I wasn't happy about the Outcome but in a way I was relieved. My attitude is that you do your best and if it doesn't work, you move on to the next thing. By the time the trial took place, I had Lost quite a Lot of money on the Generals and the USFL had Lost many times my number. Without the prospect of a fall network television Contract, there wasn't any point in investing more money.
Meanwhile the best USFL players have been picked up by NFL teams. Herschel Walker was signed by the Dallas Cowboys. Because I'd personally guaranteed Walker's Contract, he could have

Collected $1.2 million from me for each of the next Six years and never played football. But Herschel is a Competitor and the money was Secondary. As it turned out, I made a very good deal with Dallas. They could have refused to pay for his big Contract. But figuring that Dallas was under intense fan pressure to sign Herschel, I told them I was interested in letting Herschel go only if they picked up the full cost of his Contract. Sure enough, they agreed. It was good for me, it was good for Herschel, and it's even turned out to be good for Dallas. Herschel joined the team in August, and although he had Virtually no time to practise, he finished the season as the Cowboy's leading Combined rushing and receiving yardage gainer. Jim Kelly also immediately became a Star as quarterback for the Buffalo Bills. Freddie Gilbert one of our defensive Lineman, went to Atlanta and established himself as one of the teams best players. Even Doug Flutie, who everyone said was too Small for the NFL was Signed by the Chicago Bears. Dozens of USFL players were Signed to NFL Contracts and many have become Stars on their

on their own new teams.
Watching players like Herschel Walker and Jim Kelly play in the NFL does sometimes make me wish our League could have survived. Im Convinced that if the USFL had played last season, the Generals would have fielded one of the best teams in professional football. Not that I've ever given up entirely. Im a big believer in comebacks, and the USFL is appealing this ridiculous Verdict. In recent months, I've received numerous calls from a very smart, very persistent guy who is trying to put together an entirely new fall League. He wants me to take the New York franchise - and Im seriously considering it.

12
ICE CAPADES
Rebuilding Wollman Rink.

I never had a master plan. I just got fed up one day and decided to do something about it. On the morning of May 22, 1986 there was a story on the front page of the New York Times. Saying that New York City Officials had decided to Start all over in their effort to rebuild the Wollman Skating Rink in Central park: If everything went well, said the City, the rink would be ready to reopen in approximately two years. I couldn't believen it.

First of all there was no reason to believe anything would go well, much less everything. The Wollman Rink build in 1950, had first closed for rennovations in June 1980. The work was Scheduled to take two and a half year Later we Completed Trump Tower, on time and on budget.

from my new apartment, I had a View of Wollman Rink. It was not a pretty Sight. Although millions of dollars had already been Spent on it's renovation. it was Obvious, even from a distance, that the rink was nowhere near finished. Three more years passed, millions more dollars were Spent and things just got Worse. So bad, in fact that on this May morning in 1986 the City felt Compelled to announce it was Starting the whole process Over from Scratch. I Knew absolutely nothing about building ice Skating rinks, but I did know Something about Construction. If it took me two and a half year to put up a major Skyscraper, Surely it was possible to build a $2million ice-Skating rink in a matter of months. Two years earlier when the job was already a disaster. I'd called Henry Stern Commissioner of parks and Offered to take Over Construction from the City for no fee. He turned me down. Now, after reading about this Latest debacle, I called Henry again and repeated my offer. He had the Same response No thanks he said we can do it Ourselves.

That's great Henry I said except that you told me the Same thing two years ago and Look what happened. I decided to write a very Strongly worded Letter to Ed Koch, the major of New York I was appalled by the City's incompetence. I genuinely felt I could get the job done and I believed the rink was Something hundreds of thousands of New Yorkers including my own children had a right to enjoy. Whatever anyone may think my motive was that Simple. Dear Ed, my Letter began, for many years I have watched with amazement as New York City repeatedly failed on its promises to Complete and open the Wollman Skating Rink. Building the rink, which essentially involves the pouring of a Concrete Slab over Coolant piping should take no more than four months time. To hear that after six years ~~it~~, will now take another two years is unacceptable to all the thousand of people who are waiting ~~the~~ Skate once again at the Wollman Rink. The incompetence displayed on this Simple Construction project must be Considered one of the great embarrassments of your administration. I fear that in two years there will be no Skating at the Wollman Rink, with the general public being the Losers. Then I got to the real point. I am offering to Construct and pay for a brand new Wollman Ice-Skating Rink and have it open to the public by November of this winter. I would Lease the rink from the City at a fair market rental and run it properly after its Completion.

By total Concedence, I walked up to the rink just as the men were beginning to plant the tree. It happened to be one of the Ugliest, Scrawniest Little trees you're ever likely to see. I could have lived with that. What got me absolutely nuts was the way they were planting the three. Just the previous day, we'd planted beautiful specimen soll all around the perimeter of the rink. It had rained the night before and the ground under the newly planted grass was soft. What do these men do but drive their tractor right over the new grass, completely trampling it. In a matter of minutes, these six men most of whom weren't needed in the first place managed to totally destory a beautiful planting job that had taken two days to complete and now would require three months to grow back in. Around this time, I got a letter from Gordon Davis, the parks commissioner before Henry Stern. Davis wrote to say that as the person primarily responsible for the early problems at the rink he was delighted and relieved to see how superbly his miskakes had been corrected. I happen to believe that Davis was far from the only person responsible. But the struck me most about his gracious attitude was how radically it constrasted with that of Henry Stern. Throughout the Wollman project, Stern took numerous opportunities

to minimize to reporters what we were accomplish-
The Daily News, noting one particularly Snide Comment
Stern made, Snapped back in the editorial. Try Saying
thanks, Henry, they wrote It's more dignified under the
Circumstances. They've done an impeccable job with
Wollman Rink. It's not only beautifully run, it's been
highly Successful: During the 1970s, when the rink was
open and run by the City, it earned an Average gross of
approximately $100,000 a year and never took in more
than $150,000. Although we Charged prices below those
of any private City rink - $4.50 a Session for adults,
$2.50 for Children - we earned $1.2 million in revenues
during our first Season. profits exceeded $500,000 after
expenses and all of it went to Charity and the parks
Department. But equally important more than a half
million Skaters enjoyed the Wollman Rink. Even now, as I
write in the Spring of 1987, I get a real kick everytime I
Look out the window of my Living room in Trump
Tower and See hundred of Skaters on the Wollman
Rink. However, I won't be one of them. people have
been waiting for years to watch me fall, but
I'm not about to help the cause.
Skating is not my Strong Suit.

13

COMEBACK.

A West Side Story.

The Toughest business decision I ever made was giving up my option on the West Side Yards. Seventy-eight riverfront acres between 59th Street and 72nd Street in the Summer of 1979. The eariest business decision I ever made was buying back those same hundred acres in January 1985. I have a tendency to get very enthuseastic about any deal I make but I suspect few people would argue that those hundred acres represent the single best Undeveloped piece of property in America Today. It has been reported that I paid $ 95million for the West Side yards or about $ 1 million an acre which is not far from the Correct figure. Taking the time Value of money into account, I paid less to purchase the Site in 1985 than I would have if d execised my option to buy them in 1979. During the intervening years, the price of most Manhattan real estate increased as much as. Five times Even before I put up a Single building Im Certain I could Sell the property at a very Substantial profit.

and Ive turned down numerous offers already. Consider just one comparison. Very shortly after I bought the West Side yards another group of developers paid approximately $500million for the Columbus Circle Coliseum Site a tiny property by comparison and just four blocks away. I got the yards at a great price because a bank was foreclosing on a desperate seller, because I made the deal because the property was offered for sale on the open market, and because I was one of the few developers both willing and able to pay millions of dollars a year in carrying costs for as long as it took to get the yards developed. Securing the option to purchase the west side yards from the penn central Railroad back in 1974 was the first major deal I made in Manhattan. At the time as Ive said, the city was on the verge of bankruptcy and the West Side was hardly considered a great place to Live. But I had a simple conviction: I couldn't go very wrong buying spectacular riverfront property in the middle of Manhattan at a bargain basement price. Over the next five years, however, government subsidies dried up for the kind of middle income housing I was proposing, Community Opposation to any development on the West Side reached a fever pitch and banks remained reluctant to finance any Large scale developments. perhaps most important, I was Launching Other projects - among them the Commodore/Hyatt, Trump Tower and my first Atlantic City Casino. Nor was I eager to load myself down with huge carrying Cost while my personal resources were Still very Limited. By devoting myself to Other deals instead I generated a cash flow Large enough to support the carrying costs on Virtually any project. I also built a record of Success that made banks happy to Lend money for nearly any deal. Shortly after I gave up my Original Option In 1979, the penn Central Sold the West Side yards to my friend Abe Hirschfeld - Very quickly, Abe went out and got himself a partner on the deal.

Francisco macri became wealthy in the 1960s building bridges for the government in his native Argentina. Under the deal with Hirschfeld, Macri agreed to take over the job totally.

Hirschfeld retained a substantial percentage of profits but no ongoing role in the project. Macri in turn gave the job of overseeing the project day to day to a man named Carlos Varsavsky, a former physics professor who'd been running Macri's Argentinian Company, BA Capital.
The Macri team had plenty of brainpower. What they lacked was practical experience especially in New York City, where it is so difficult to do any sort of real estate development.
I took the letter of intent out of a folder and tore it in two, in front of Macri. And then I said to him if you should ever again decide to sell, I hope you ll think of me first. In the meantime good luck.
When I told Schrager what I d done he wasn't happy but to this day Im convinced that my ripping up that letter - which may or may not have been binding is the reason why Macri did come back to me instead of going to any of a dozen other potential bidders when it finally became clear that he couldnt get his financing after all.
Even before I signed the purchases papers in January 1985, I had the basic elements of my plan in mind, I intended to build many fewer

buildings than Macri and all along a single block. Views were the site's single strongest selling point and I wanted every apartment to have unobstructed views either of the Hudson River to the west, the extraordinary cityscape to the east or both. I also intended to build much taller buildings than Macri had planned, to take full advantage of the views and because I believed tall buildings would make the project more majestic and alluring.
I also envisioned a huge retail shopping promenade on the ground level, along the riverfront in front of the building. What the upper west side of Manhattan needs more than anything else, I believe is basic shopping services - Large supermarkets, shoe stores pharmacies and hardware stores. Rents along Broadway, Amsterdam Avenue, and Columbus Avenue have gotten so high that small shopkeepers have been driven out. it's easier today to find a $100 pair Leather gloves on Columbus Avenue than a a Loaf of bread One advantage of my Low land cost is that I will be able to charge more reasonable rents to retail tenants.

My plans were Contingent of Course on what Sort of Zoning I could get. I didn't have to Undertake Complex Cost analyses to know that the Only way to make the project feasible was to get approval for many more units and total Square feet of buildable Space than macri got. Unlike Macri I was prepared to hold out ~~for~~ as Long as It took even into another City administration if necessary to win approval for a plan I believe can be economically workable.

In addition, because my hand costs had been so Low, I was in a position to offer NBC a price per Square foot far below what they might Otherwise get in New York. Even at the to be truely Competitive with a New Jersey Offer. I knew I'd need a tax abatement from the City. But I also knew that It was in the City's economic interest to provide incentives for NBC to Stay.

My Second Challenge was to find a way to immediately capture the public Immagination with my project. The more awareness and excitment I could Create early on, the easier It was going to be attract buyers down the Line. A Lot of developers build first and promote Later, if at all.

The world's tallest building was a project I'd considered undertaking even before I purchased the West side Yards. I've always Loved very tall buildings. I remember Coming in from Brooklyn as a kid with my father and pleading with him to take us to see the Empire State building, which at the time was the world tallest building. But then Chicago built the Sears tower and took away the title. I Loved the Challenge of bringing the world's tallest building back to New York, where I felt it really belonged. In a way. I saw the building as a loss Leader, When you build any Structure higher than about 50 Stories, the Construction costs escalate geometrically. If maximum profit is your Sole motive, you're far better off putting up three 50-Story towers than one 150-Story Skyscraper. On the other hand I felt the building would ultimately pay for itself as a tourist attraction and an Overall lure. After all, how many millions of tourists have Come, as I once did to see the empire State building ?.
The next Challenge was to find an architect who

was find an architect who was an enthusiastic as I was about making such a building to Center piece of this project.

Koch replied exactly the way I expected him to be. He refused to respond to my specific points and he tried to turn the issue into a personal Contest of walls - Koch, the great protector against Trump, the greedy developer. For months he d been Looking for a way to get back at me for embarrasing him by building Wollman Rink so quickly and efficiently. The West Side Yards he apparently decided was the perfect Vehicle. When I came back with yet another suggestion for saving NBC - selling nine acres of my site at below my cost directly to the City - Koch rejected it without so much as a discussion.

I can't say I was surprised when the New York times came out against my plan. The writer of the editoral was Longtime Koch ally Herb Sturz Until joining the Times editoral board only a few weeks earlier, Sturz had been head of the City planning Commission with specific responsib-ility for Television City. In my View, Letting Herb Sturz write editorals about New York City is

editorals about Reagan's military policy.
I did get Strong editoral Support, however from the Daily News The mayor is Correct in Saying there are Limits to how much City can give NBC the News wrote that is no excuse for inaction. Koch Should personally bring together the decision makers from NBC Rockefeller Center and Trump Outfit. He Should Lay out a Strong plan and knock heads if thats what it takes. Instead Koch Offered NBC a half-assed, watered down tax abatement proposal, which he said they could apply at any Manhattan Site they Chose. He even Offered a Little free advice about Some new sites they might Consider. Free advice, of course, tends to be worth what you pay for it. No Sooner did Koch make his Suggestion than in NBC Spokeman said the network wasn't interested in Considering more Sites. In the mean time, the executives at Hartz mountain Industries weren't Sitting Idly by. Recognizing an Opportunity to force NBC's hand, they announced on June 1 that the network had thirty days to accept the terms that they were Offering and which New York was no longer willing to match.

They were Some who told me that I was hurting my Chances for Zoning approval by taking on Koch in the media. They may well have been right. But I felt there was a bigger issue at Stake. Ive Come to beLieve Ed Koch is so incompetent and destructive to New York that Someone has to Stand up and say so publicly - When the Daily News polled its readers as to Whether they agreed with Koch's position on NBC or with mine, the results were very Satisfying. Nearly 10,000 readers Sided with me. Only 1,800 went with Koch. I ve waited a long time to build on the West Side and I can wait Longer to get the Zoning I feel is necessary. In the end I will build Television City with or without NBC and with or without the current administration. I Continue to keep all my Other options open too, because, as Ive Said It's only way you truly protect yourself. If the residential real estate market remains Strong, I'll Undoubtedly do very well Selling Large, riverview apartments in that location. If the market generally falls and that can only be temporary in a City Like New York - I may Choose to build only the Shopping Complex I'll do very, very well just with that. My time - and Television Citys - will Come. Im Lucky that I can afford to wait because that may I'll be able to do it right. The one thing I know is that I'll be doing business in New York City long after Ed Koch has moved out of Gracie Mansion.

14

THE WEEK THAT WAS.

How the Deals Came out.

I said at the Start that I do it to do it. But in the end, youre measured not by how much you undertake but by what you finally accomplish What follows is an accounting of how the deals that crossed my desk in the week I choose to describe have since turned out.

Holiday Inns.

Several weeks after selling my Holiday Stake for a profit, which was Substantial but not the reported $35 million, I began purchasing stock in another casino Company, Bally manufacturing Corporation. In a Short time, I accumulated 9.9 percent of the Stock. Bally responded by adopting poison pall provisions aimed at thwarting any attempt at a hostile takeover. When they also sued to try to keep me from buyinging any more Stock, I Countersued.

Two days after I initiated my suit, Bally announced an agreement to purchase the Golden Nugget casino at the highest price ever for an Atlantic City casino, almost $500 million, including the cost of the bonds. Once again the real goal seemed to be to thwart mee. No Company is legally permitted to own more than three casinos in Atlantic City and if I took over Bally after they'd purchased the Golden Nugget, I'd own four, in effect. Several other bidders subsequently offered a higher price but the family stuck by our agreement. Among other things, they believed I was the bidder with the best credentials to complete construction on Jim Crosby's pet project, the Taj Mahal on the Boardwalk. Designed as the Largest and most lavish hotel-casino in the world, the Taj mahal had already gone many million of dollars over budget and was still nowhere near Completion at the time Crosby died. I hope to have the Taj open by October 1988. In order to create a more efficient operation, I may close the casino in the existing Resorts facility adjacent to the Taj Mahal and use it to service the Taj. Ofcourse always sell it to another casino operator for the right price. Who knows? maybe Bally or Holidays Inns might be interested.

Annabel Hill.

We ended up raising more than $100,000 for the Annabel Hill fund, which we used to pay off her mortgage and Save her farm. To Celebrate, we flew mrs. Hill and her daughter to New York, where we held Trump Tower atrium first and, I suspect, its Last mortgages burning ceremony.

United State Football League.

The owners voted unanimously to appeal the ruling under which the USFL was awarded just one dollar in damages, despite the jury's antitrust finding against the National football League. I think the grounds for a appeal are as Strong as our Original case.

Wollman Rink.

The rink came in at $750,000 under budget and open a full month ahead of Schedule in November 1986. More than a half million Skaters enjoyed the rink during the first year. Before the opening the City predicted a major operating loss. For the First full season of operation, we earned almost $500,000 in profits - all of which went to Charity.

Palm Beach Towers.

Lee Lacocca became my partner in the purchase of two Condominium towers in the palm Beach area, which we bought for approximately $40 million. When we took over the project, only a few units had been Sold.

In a short period of time, operating in a glutted market for Condominiums in Southern Florida, we sold or sale/Leased nearly fifty units and managed to turn a bankrupt operation into a big Success Story. During the next year we intend to open a major restaurant on the ground Level of One of the Towers. Among those who've bid for the Space are the owners of the 21 club in New York, and Harry Cipriani owner of Harry's Bar. Sir Charles Goldstein was dismissed as counsel to Lee before the deal was concluded.

The Australian Casino

Although we were among the finalist being Considered to operate the Second Largest casino in the world (after) the Taj Mahal in Atlantic City. I thought better of it at the Last moment. The ideal of running a business which is a twenty four hour plane trip from New York city just didn't make sense - particularly when I have so much to occupy my attention in my own backyard. Shortly before the decision was to be announced by officials in New South Wales, I Let them know that I was withdrawing my bid.

The Beverly Hills Hotel.

The hotel was finally sold to the highest bidder

Oilman marvin Davis for a price far in excess what I was willing to pay. After having the property inspected, I kept my own bid Low. of course Should Davis ever Choose to Sell, I m Sure he ll earn a profit. Marvin Davis Subsequently became (one of the bidders for Resorts International as well). After I d already made my deal, he not only Offered a higher price but also tried to get the murphy and Crosby families to renege on their agrement with me. They refused and the Court approved my deal after which the new Jersey Casino Control Commission also approved it by a 5-0 vote.

Right around the Same time, I happened to be a fabulous party in California thrown by Merv Adelson and Barbara Walters, and a reporter asked me about Marvin Davis bid for Resorts. Kiddingly, I Said that Davis, who happens to be terribly Overweight, Should focus on Losing 200 pounds instead of wasting my time trying to break my deal with Resorts. I heard Later that Davis was incensed by my remark but can't Say I felt bad. I don't go out of my way to be Cordinal to enemies.

The parking Garage.

In October 1986, Several months after Construction on our new parking garage had begun, I got an emergency call me one morning just before I was Scheduled to make a Speech to a group of businessmen in New York. My Construction manager, Tom pippett, was Calling It Seemed that the Operator of a huge naegaton Crane had reached his boom out too far for a pickup and the result was the Crane and a twenty two ton beam toppled Over onto the garage. pippett told me that a huge Section of the garage had Literally Collapsed. What about the Workers' I asked Was anyone hurt? He told me that at Least a hundred men had been working on the Site and that a head Count was under way. It goes to Show you how fragile it all really is. Those men were very Lucky, and So was I. the job was finished without further incident. In May 1987 we opened 1,200 new Spaces in the parking facility Connected by a Walkway to Trump plaza on the Boardwalk. During the week that followed, Our Slot machine revenues more than doubled - mostly from the increased pedestrian traffic through our facility. By July, we had all 2,700 parking Spaces opened along with the bus terminal and the Limousine dropoff all on time and on budget.

Las Vegas.

I Withdrew my application for a gaming License in
Las Vegas. Between Resorts and my two Other Casinos
in Atlantic City, I had enough to occupy me in the
casino business closer to home. My focus now in
Atlantic City, but I don't rule out building or buying
in Nevada at some point in the future.

The Tramp Car.

A decision has been madeto go into production on two
Cadillac body Limousines using my name. The Trump
Golden Series will be the most Opulent Stretch Limousine
made. The Trump Executive Series will be Sligutly Less
Lavish Version of the Same car. Neither One has yet
Come off the line but the folks at Cadillac motors
Divisoon recently Sent over a beautiful gold Cadillac
Allante as a gift. perhaps they felt I needed more
toys to keep me busy.

The Drexel Deal.

I decided not to go forward with the hotel
Company deal that Drexel Burnham Lambert brought
me and I have Continued to keep all my investment
banking business with Alan Greenberg and Bear
Stearns. It's been a rough time for Drexel.

Trump's Castle.

I Said you can't bet against Ivana and She proved me right even Sooner than I expected When the figures were announced for the first three months of 1987, Trump's castle had the biggest increase in revenues among all of the twelve Casinos in Atlantic City and was the most profitable hotel in town. The Castle took in $76.8 million in those three months - a 19 percent gain Over the Comparable period during the previous year. Good as that performance is, there is no way Ivana will be happy until She's far Outdistanced the field.

Gulf & Western.

I've been Continuing to talk to Martin Davis, the Chairman of Gulf & Western, about the theaters. In addition, I've Since purchased a great deal of Stock in the department Store Chain Alexanders's the Chain's flagship Location between 58th and 59th Streets and Third and Lexington avenues, next to Bloomingdale's is another perfect Site for theaters as well as for a mixed use Commercial and residential Skyscraper.

Mar-a Logo.

The pool and the tennis Court are finished and both are as beautiful as I'd hoped they would be. As Little as I'm interested in relaxing, I enjoy Mar-a Logo almost in Spite of myself. It may be as close to paradise as I'm going to get.

Moscow Hotel.

In January 1987, I got a Letter from Yuri Dublin, the Soviet ambassador to the United States, that began. It is pleasure for me to relay Some good news from moscow. It went on to Say that the leading Soviet State agency for international tourism, Goscomintourist had expressed interest in pursuing a joint Venture to Construct and manage a hotel in Moscow. I was impressed with the ambition of the Soviet Officials to make a deal.

Trump fund.

I decided against Setting up a Separate fund to buy distressed real estate, using money raised from Outside investors. I don't mind taking risks myself but the ideal being responsible for the money of a lot of Other people - particularly when they re bond to include Some friends - just wasn't appealing in the end. Making Choices is a Lot easier when you have to answer only to yourself.

The renovation on my apartment was finally in the fall of 1987 - I could afford to take my time and I'm happy I did. There may be no Other apartment in the world Like it.

Airplane.

I finally found a plane. I happened to be reading an article in Business week in the Spring of 1987 about a troubled Texas-based Company named Diamond Shamrock. The article described how top Shamrock executive were enjoying incredible perks, actually Living Like Kings. Among the examples Cited was a Lavishly equipped Company Owned 727 which executives flew around in at will. I Sensed an Opportunity. On Monday morning, I called the Office of the Diamond Shamrock executive who had been pictured on the Cover of the business Week article. it turned out that he was no longer there and a new Chairman, Charles Blackburn had just been named. I was immediately put through him we talked for a few minutes and I wished him well. Then I said that I'd read about the Company's 727 and that if he had any interest in Selling, I was interested in buying. Sure enough, Blackburn said that as much as they all Loved that plane, selling it was one

It was one of the first things on his agenda, He even Offered to Send it up to New York So that I could take a Look.

The next day, I went out to La Guardia airport for a Look. I had to Smile. This plane Could Seat up to two hundred passengers but it had been reconfigured for fifteen, and it included Such Luxuries as a bedroom, a full bath and a Separate working area. It was a Little more plane than I needed, but I find it hard to resist a good deal when the opportunity presents itself.

A new 727 Sells for approximately $30million. A. G-4 which one fourth the size, goes for about $18 million. However I knew that Diamond Shamrock was hungry to Sell and that not Very many people are in the market for 727S.

I Offered $5million, which was Obviously ridiculously Low. They Countered at $10 milloon, and at that point I knew I had a great deal, regardless of how the negotiation ended. Still, I haggled Some more and we finally agreed on a price of $8million. I don't believe there is any other private plane in the Sky Comparable to this one.

What's Next.

Fortunately, I don't know the answer because if I did, that would take half the fun out of it. This much I do know: it won't be the same.
I've spent the first twenty years of my working life, building, accumulating and accomplishing things that many said could not be done. The biggest challenge I see over the next twenty years is to figure out some creative ways to give back some of what I've gotten. I don't just mean money, although that's part of it. It's easy to be generous when you've got a lot and anyone who does should be. But what I admire most are people who put themselves directly on the line.
I've never been terribly interested in why people give because their motivation is rarely what it seems to be and it's almost never pure altruism. To me what matters is the doing and giving time is far more valuable that just giving money. In my life, there are two things I've found I'm very good at overcoming obstacle and motivating good people to do their best work. One of the challenges ahead is how to use those skill as successfully in the service of others as I've done, up to now, on my own behalf. Don't get me wrong: I plan also to keep making deals, big deals and right around the clock.