

AZTAR CORP
Form 10-K
February 27, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended January 2, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-5440

AZTAR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

86-0636534

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

2390 East Camelback Road, Suite 400, Phoenix, Arizona 85016

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code

(602) 381-4100

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

Title of each class

Name of each exchange
on which registered

Common stock, \$.01 par value
Preferred share purchase rights

New York
New York

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

None

Indicate by check mark whether the 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

Facing Page (Continued)

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 registrant's 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. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes No

The aggregate market value of the voting common equity held by non-affiliates of the registrant was \$694,955,935 at July 4, 2002 and is based on a closing price of \$18.70 and 37,163,419 common shares outstanding.

At February 21, 2003, the registrant had outstanding 36,165,679 shares of its common stock, \$.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the registrant's 2003 definitive Proxy Statement, to be filed with the Commission, is incorporated by reference into this Form 10-K. The following cross-referenced index details the location of such information. All other sections of the 2003 Proxy Statement are not required in Form 10-K and should not be considered a part thereof.

Part and Item of the Form 10-K

2003 Proxy Statement

PART III

<u>ITEM 10.</u>	Directors and Executive Officers of the Registrant	Under the caption "ELECTION OF DIRECTORS OF THE COMPANY"
<u>ITEM 11.</u>	Executive Compensation	Under the caption "EXECUTIVE COMPENSATION"
<u>ITEM 12.</u>	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	Under the caption "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL HOLDERS AND DIRECTORS AND OFFICERS"

PART I

ITEM 1. BUSINESS

Aztar Corporation was incorporated in Delaware in June 1989 to operate the gaming business of Ramada Inc. after the restructuring of Ramada Inc. The terms "Aztar", "we", "our", and "us", as used in this Form 10-K, refer to Aztar Corporation and its subsidiaries as a combined entity, except where it is clear that these terms mean only Aztar Corporation.

The restructuring of Ramada Inc. involved the disposition of Ramada Inc.'s hotel and restaurant businesses with Ramada Inc.'s shareholders retaining their interest in the gaming business. As part of the restructuring of Ramada Inc., the gaming business and certain other assets and liabilities of Ramada Inc. were transferred to Aztar, and a wholly-owned subsidiary of New World Hotels (U.S.A.), Inc. was merged with Ramada Inc. In this merger, each share of Ramada Inc. common stock was converted into the right to receive \$1.00 and one share of Aztar common stock.

Aztar operates in major domestic gaming markets with casino hotel facilities in Atlantic City, New Jersey, and Las Vegas and Laughlin, Nevada. Aztar operates riverboat casinos in Caruthersville, Missouri, and Evansville, Indiana.

Aztar is an experienced developer and operator of casinos that provide an excellent gaming environment. Each of our casinos is designed and operated to serve the unique demographics of its particular market.

AVAILABLE INFORMATION

You may obtain access, free of charge, to our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports through our internet website, www.aztar.com, as soon as reasonably practicable after those reports are electronically filed with, or furnished to, the Securities and Exchange Commission.

TROPICANA ATLANTIC CITY

Tropicana Casino and Resort encompasses approximately 14 acres of land, including an adjoining development site, with 220 yards of ocean frontage along the boardwalk in Atlantic City. Tropicana Atlantic City features 1,624 hotel rooms and a 137,000-square-foot casino with 4,136 slot machines, 174 table games, a baccarat lounge and a poker room. This facility has parking facilities to accommodate 3,400 vehicles. Tropicana Atlantic City also features:

- a 2,003-seat theatrical showroom which regularly presents headliner entertainment;
- approximately 50,000 square feet of meeting, convention and banquet space;
- four gourmet restaurants and several medium-priced restaurants; and
- other amenities including indoor and outdoor swimming pools, tennis courts, a health and fitness club and a jogging track.

On April 22, 2002, we commenced construction on an expansion of our Tropicana Atlantic City. The expansion includes 502 additional hotel rooms, 20,000 square feet of meeting space, 2,400 parking spaces, and "The Quarter," the project's

centerpiece, a 200,000-square-foot dining, entertainment and retail center. We anticipate opening by March 1, 2004. The cost of the expansion is targeted to be \$225 million; we also anticipate providing \$20 million of tenant allowances. Funds for the expansion will come in part from public sector subsidies, tax rebates and other credits, the present value of which could be up to \$60 million. During 2002, our purchases of property and equipment on an accrual basis, including capitalized interest of \$3.0 million, were \$42.7 million for this expansion.

The Atlantic City gaming market has historically demonstrated continued growth despite the emergence of new gaming venues across the country. The 11 hotel casinos in Atlantic City generated approximately \$4.4 billion in gaming revenues in 2002, a 2% increase over 2001. There are several infrastructure developments that have recently been completed or which are underway that may attract additional people to Atlantic City. These developments include new housing and retail development, an upgrade and expansion of the Atlantic City International Airport and a convention center with the largest exhibition space between New York and Washington, D.C.

The primary target market for Tropicana Atlantic City is the area consisting of New Jersey, New York and Pennsylvania. Based on census data, there are approximately 27 million persons within a 120-mile radius of Atlantic City and 62 million persons within a 300-mile radius. Several major casino operators have announced plans to develop projects or expand existing facilities in the marina or the boardwalk areas. The Borgata, a major casino resort

located in the Marina District of Atlantic City, is scheduled to open in the summer of 2003. When the Borgata and other projects open they will create increased competition in Atlantic City. However, our view is that these new projects, if well-designed and executed, may also attract new patrons to