

billion (€42 billion). Instead, it highlighted net debt, which was 8% lower at \$49.9 billion.

Verizon, of New York, the largest U.S. phone company by revenue, generated \$5.8 billion from operations, more than enough to cover expenses. It is applying extra cash and money from asset sales to repay debt. Last year the company cut \$10.2 billion from its total debt.

"We feel net debt is appropriate because we've told investors that we're using that cash to pay debt," spokesman Bob Varettoni says.

The cash that companies like to subtract from their debt isn't always readily available for repaying debt. Some companies exclude certain aspects of total debt from the net figure they highlight for the public. Dana Corp. excludes about \$841 million in debt at one of its units. Factoring in cash, it has net debt 41% lower than its total debt of \$3.4 billion. AT&T's net debt excludes \$1 billion in debt related to changes in foreign-exchange rates and, taking cash into account, is 38% smaller than its total debt of \$17.5 billion.

Until recently there wasn't much point in highlighting net debt because it was usually about the

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Italian Developer Finds Vegas A Tough Town to Break Into

By CRISTINA BINKLEY

FOR THE PAST FIVE YEARS, Italian developer Fabrizio Boccardi has tried to become a Las Vegas casino magnate. So far, he has spent more time being run around by investment bankers and fund managers than he has spent on any casino floor.

In pursuit of his American dream, Mr. Boccardi, a 34-year-old Milan native who got his start building condos in Nice, France, has been pitched by powerhouses such as Goldman Sachs Group Inc. and Credit Suisse First Boston, and such lesser-known shops as Murphy Noel Capital LLC. He has hosted potential backers at fancy Los Angeles restaurants and in Las Vegas strip joints. So far, he has bid unsuccessfully to buy four different casinos.

In early April, he made a \$250 million (€217.2 million) unsolicited offer for the Riviera hotel, an aging former Elvis hangout now known for its cheap rooms and girly shows. Its owners have turned him down, but Mr. Boccardi says a new group of bankers in New York and Washington have now convinced him that he needs to make an offer directly to Riviera's bondholders, who hold roughly \$220 million of company debt. He plans to make a stronger bid in coming weeks.

"I don't want to be the idiot who makes offers and never gets them" accepted, says

Mr. Boccardi, who set out five years ago to build a \$1.2 billion casino called King Midas World where gamblers would mingle with live tigers and crocodiles. "Ultimately, I want to become an icon in gaming."

What Mr. Boccardi is finding is that it is tough to break into modern day Las Vegas. Once a feeding ground for gutsy entrepreneurs like Steve Wynn and Howard Hughes, the city is now dominated by big public companies such as MGM Mirage and Park Place Entertainment Corp. The market capitalization of Mr. Boccardi's main financial backer, big European casino operator Groupe Parloche SA, is roughly \$400 million—less than half the cost of building a single casino on the Las Vegas Strip.

Moreover, there is very little space available on the Strip. "You have to tear down billion-dollar hotels to get to the dirt," says Phil Ruffin, who owns the Frontier casino.

None of this has deterred investment bankers eager to help Mr. Boccardi in

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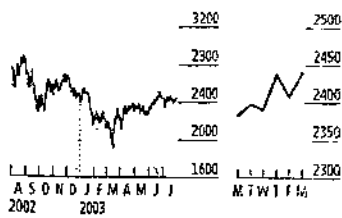


Fabrizio Boccardi

Markets Diary/Trading for Monday, July 28, 2003

European Markets

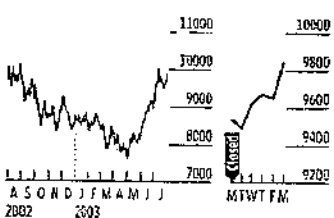
Dow Jones STOXX 50 2438.86 ▲ +31.75



INDEX	CLOSE	NET CHG	% CHG	12-MONTH % CHG	YTD CHG
DJ STOXX 50	2438.86	+31.75	+1.32	-11.26	+1.30
FTSE 100	4166.8	+17.6	+0.43	-1.26	+5.25
Xetra DAX	3837.72	+40.85	+1.07	-11.45	+18.15
CAC-40	3164.93	+35.43	+1.13	-6.80	+3.30

Asian Markets

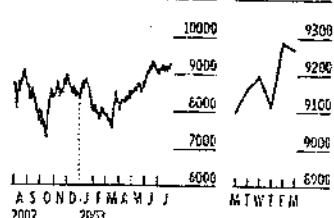
Nikkei 225 9839.91 ▲ +191.90



INDEX	CLOSE	NET CHG	% CHG	12-MONTH % CHG	YTD CHG
Nikkei 225	9839.91	+191.90	+1.95	+1.79	+16.70
Hang Seng	10134.02	+195.65	+1.93	+1.59	+8.23
Singapore STI	1517.16	+20.23	+1.35	+5.36	+18.25
Shanghai B	112.157	+0.294	+0.26	-25.94	+1.19

U.S. Markets

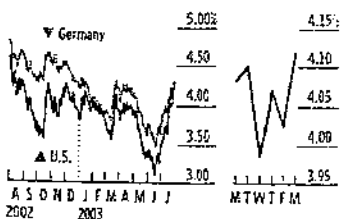
DJ Industrial Average 9266.51 ▼ -18.06



INDEX	CLOSE	NET CHG	% CHG	12-MONTH % CHG	YTD CHG
DIA	9266.51	-18.06	-0.19	+6.37	+11.05
S&P 500	996.52	-2.16	-0.22	+10.85	+13.26
Nasdaq Comp.	1235.54	+0.84	+0.07	+29.96	+29.96
Russell 2000	473.53	+4.95	+1.06	+18.32	+23.65

Bonds

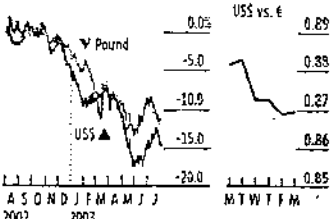
Germany 10-Year Bund 4.116% ▲ +0.092



ISSUE	LAST	COUPON	CHANGE	YIELD	PREV YIELD
German 10-year	97.640	3.750	-0.730	4.116	4.024
U.S. 10-year	94.601	3.625	-0.795	4.226	4.180

Currencies

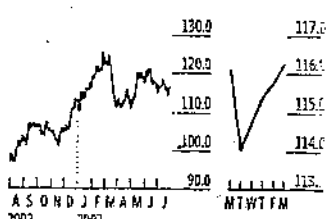
Percentage change since July 29, 2002



CURRENCY	LATE NY	LATE FRI	DAY'S HIGH	DAY'S LOW
U.S. dollar (in euros)	0.8694	0.8688	0.8681	0.8731
British pound (in euros)	1.4736	1.4076	1.4082	1.4176

Commodities

DJ-AIG Commodity Futures 116.234 ▲ +0.477



COMMODITY	CLOSE	CHANGE	FRI	YR. AGO
DJ-AIG Commodity Futures	116.234	+0.477	115.757	97.44
Brent Crude (OPEC), Wt.	5.2809	-0.13	5.2838	5.25

ANAL INVESTOR

'Net Debt' Helps Load Look Smaller

Continued From Page M1
 same as total debt, says Moody's Investors Service credit analyst Dennis Saputo, who says net debt is often a valid measure these days. But that has changed as companies have cut back on capital spending and sold off huge portfolios of assets.

Cash stockpiles have ballooned and the difference between net debt and total debt has become significant. Verizon had \$704 million in cash on hand at the end of 1998. By the end of 2002, the amount had doubled to \$1.4 billion and was \$4.1 billion at the end of the first quarter, as the company prepared to pay off a large chunk of debt.

"Cash is cash," says Robert Gensler, manager of the T. Rowe Price Media and Telecommunications Fund. "You should get credit for it." He says net debt is typically a reasonable way for a stock investor to look at a company's debt.

But companies might not use their cash to pay off debt if they turn unprofitable, are burning cash, restructuring, starting up, planning an acquisition or share buyback, or saving up to pay a big bill. Many companies are required by lenders to keep a certain amount of cash on hand.

Phone carrier Qwest, for instance, points to the \$2.4 billion in cash on its

first-quarter balance sheet, which gave it net debt of just under \$20 billion, or 11% less than its total debt of \$22.3 billion. The Denver company has been selling off assets to raise cash and reduce debt.

Glenn Reynolds of CreditSights Inc., an independent research firm in New York, says junk-rated Qwest is among those that could have trouble with access to capital and, therefore, isn't likely to be in a position to fully empty its pockets, making the net-debt term less meaningful.

Qwest says it already has committed the cash to pay down debt and won't use it for any other purpose. "The reason why we use net debt is that we've got cash on hand that we've already committed to pay down maturities," says company spokesman Tyler Gronbach.

The effect of foreign-exchange rates on AT&T's second-quarter net debt of \$10.8 billion is substantial. By the end of the second quarter, changes in foreign-exchange rates had added \$1 billion to AT&T's debt because a weak dollar makes it more expensive for the company to repay bonds issued in euros, which make up \$4 billion of its debt.

The Bedminster, New Jersey, phone company excludes that \$1 billion from

net debt because it has a hedging investment designed to cancel out the effect, says Rich Sullivan, vice president of investor relations.

"I think net debt is a metric that's well understood," Mr. Sullivan says. "AT&T does all it can to make sure we're absolutely explicit about what it includes." Indeed, AT&T doesn't even force investors to read the fine print. It makes note of the foreign-exchange exclusion in its media release.

Dana, a Toledo, Ohio, supplier of auto parts that is battling a hostile takeover offer, had second-quarter net debt of \$2 billion, excluding \$546 million the company's core business had in cash as well as the \$841 million in debt held by its Dana Credit Corp. unit and the unit's \$66 million in cash. The company isn't free to spend all its cash, Treasurer Glenn Paton says. It has to keep about \$100 million on hand to abide by the terms of its letters of credit and workman's compensation programs, Mr. Paton says.

The company, he says, excludes its Dana Credit Corp. unit from most of its discussions with the public because the multifaceted-leasing business doesn't fit well with the company's core business.

"It's not a question of hiding anything. We've been doing this for 20 years now and nobody is complaining."

Italian Developer Finds Las Vegas Hard to Crack

Continued From Page M1
 return for hefty fees. They have presented him with nearly every asset available in Las Vegas. After dropping the idea of building King Midas World, he tried to cut a deal to buy the Frontier, an aging casino whose best days were decades ago. When that deal fell apart in a squabble over land boundaries, he bid on the legendary Desert Inn, where Howard Hughes holed up in his later years. He took a shot at the Four Queens, a downtown casino, before focusing on the Riviera. "It's a dump," he says of the Riviera, but—after a planned \$100 million renovation—"it will be a great platform."

Throughout his odyssey, Mr. Boccardi has cultivated the image of a flashy old-school casino mogul. He favors Dunhill suits atop ironed T-shirts. He has given interviews to men's magazines such as Penthouse and Razer. And he has enlisted high-profile pals from Europe in an attempt to raise his credibility. Three years ago, Prince Albert of Monaco posed for photos with Mr. Boccardi and issued a statement praising his plans to build King Midas World as "a new standard of success others

will be hard-pressed to follow."

Mr. Boccardi's image has, however, sometimes hit a false note among investors. Nicholas Pritzker, Marvin Davis, Bob Guccione and Mr. Wynn all met with Mr. Boccardi, but declined to back King Midas World. Walter Terry, a senior vice president with Wells Fargo Van Kasper, a unit of San Francisco's Wells Fargo & Co., tried unsuccessfully to raise \$25 million in private equity for King Midas World. Mr. Terry says Mr. Boccardi turned some investors off with his flamboyance. "We advised him," says Mr. Terry, "the numbers have got to work—let's not sell vision."

Still, plenty on Wall Street were happy to hang out with him. In May 2001, Mr. Boccardi invited representatives from Merrill Lynch & Co., the Los Angeles law firm of Latham & Watkins and the private-equity group Leonard Green & Partners LP to dine at Spago in Beverly Hills, California. Later, a rented stretch-limo ferried the entourage to Barfly, then one of the hot clubs on the Sunset Strip.

When Mr. Boccardi learned that the daughter of a conservative New York hedge-fund manager was a fan of En-

rique Iglesias, he arranged for the steamy Latin pop star to telephone the family's New York apartment. "I wanted to show him that this was for real," says Mr. Boccardi, who hoped the fund would invest \$45 million in his plans.

The strategy flopped. The fund manager, Ron Goldstein, a managing director of Cerberus Capital Management, had toured Las Vegas and paid to refine Mr. Boccardi's casino architectural plans over six months in 2001. But he says he never really intended to invest in a gambling venture.

Still, some investors are willing to stand by Mr. Boccardi in his pursuit of moguldom. Groupe Partouche staked Mr. Boccardi with \$10 million, offering more if it could control the venture. Giorgio Borlenghi, a fellow Milanese and now Texas real-estate developer, also pledged \$10 million. He brought in tentative pledges from others.

Mr. Boccardi has lately scaled back his plans. If he is successful in buying the Riviera, he says he will rename it the "Seven Sins." The spa will be called Sloth, there'll be a restaurant called Gluttony, a retail area called Envy, and so on with greed, lust, wrath and pride.

INVESTMENT FUNDS — www.wsj.com

STOCK

490 2-98

FUND NAME	NAV	GF	AT	LS	CR	NAV	- 5 RETURN -
							YTD 12-MO 2-YR
Eq Income	19	10	11	07/28	EU	22.86	43 -24 -11.7
Eq Income	17	10	11	07/28	EU	15.47	51 62 -23.3
Eq Growth	10	20	11	07/28	EU	30.11	11.1 -9.1 -24.6
Eq Risk	17	10	11	07/28	EU	31.82	3.1 4.4 -21.4
Eq. Hedgefunds	25	10	11	07/28	EU	4.57	-9.2 -32.4 -24.8

FUND NAME	NAV	GF	AT	LS	CR	NAV	- 5 RETURN -
							YTD 12-MO 2-YR
FRN-GM of Eu Inv I	61	11	08	07/28	EU	1292.11	4.0 9.3 2.1
FRN-GM of Int'l Ac	61	11	08	07/28	EU	1075.06	2.4 8.5 8.4
FRN-GM of Int'l Ac	61	11	08	07/28	EU	12.61	31.2 21.8 8.4
FRN-GM of Int'l Ac	61	11	08	07/28	EU	12.67	32.2 22.4 8.2
FRN-GM of Int'l Ac	61	11	08	07/28	EU	12.61	31.2 21.8 8.4