

STOCK TRADERS PRESS

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Short-Term Report **September 23, 2003**

Strong Buy

Prime Hospitality Corp. (NYSE) PDQ \$ 8.98

Company Data

52-Week Range	\$4.53-\$9.40
Market Cap	\$400.4M
Shares Outstanding	44.73M
Book Value	\$15.21
Price/Book	0.58
Average Daily Vol.	226.7K
Target Price	\$13.00
Target Percentage	46%



Prime Hospitality Corp. is an owner and franchiser of 172 hotels. In addition, the company manages and operates 73 hotels for third parties such as REITs. From a geographical perspective, the majority of Prime Hospitality's properties are located in the Middle Atlantic, Southeastern and the Southwestern states;

We are attracted to **Prime Hospitality Corp.** for the following reasons:

- The company has successfully responded to the poor economic environment affecting the lodging business during the first half of this year; especially since the Iraq War.
- Prime Hospitality reported an operating profit of \$.05 per share in the second quarter of 2003 as compared with an operating loss of \$.12 for the first quarter of 2003. The operating profit of \$.05 per share in the second quarter is quite remarkable in light of the decline of 12% in the average daily room rate. A major reason for the improved operating results was an aggressive cost cutting program coupled with a 6% rise in occupancy rates.
- From a financial viewpoint, **Prime Hospitality** strengthened its balance sheet by reducing its debt by \$25 million since March 30, 2003. Its debt to total capitalization is 27%.
- We view the stock of **Prime Hospitality** as a proxy for the improving economy. As the economy continues to register gains, room occupancy and room rates will show further increases, which the company has experienced over the past two months.
- **PDQ has a Book Value of \$15.21**
- **Our initial target price is \$13.00 per share.**

“If you focus on results, you will never change. If you focus on change, you will get results.”