Unit of Caesars looking at bankruptcy

By Laura J. Keller, Bloomberg

Caesars Entertainment Corp. reached an agreement with key senior creditors on the outline of a debt restructuring plan that includes a prearranged bankruptcy for its largest unit as soon as January, according to two people with knowledge of the negotiations.

Under the plan being negotiated by first-lien bondholders including Paul Singer's Elliott Management Corp. and Pacific Investment Management Co., the casino company would put its Caesars Entertainment Operating Co. unit into Chapter 11 proceedings as soon as Jan. 14, said the people, who asked not to be identified because the discussions are private.

The proposal, which is the product of eight weeks of talks between the casino operator and its creditors, would help tame a $22.9 billion debt burden taken on six years ago in one of the biggest leveraged buyouts ever. The company needs the support of the creditor group in order to impose a reorganization that may offer little recovery for lower-ranking creditors.

Caesars is the parent company of Harrah's Lake Tahoe and Harveys at Stateline.

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