

# Caesars misses \$225 million interest payment

By Associated Press

Caesars Entertainment Corp. on Monday missed a \$225 million interest payment it owes some of its creditors, giving the company 30 days to pay it or default.

A company official said in a financial filing that the company wouldn't pay the \$225 million its debt-heavy operations division owes because it was still negotiating with senior creditors for a deal that would restructure the division's debt.

The missed deadline didn't come as a surprise. Analysts and those watching the company's financial situation had predicted the likelihood Caesars wouldn't pay.

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

Alex Bumazhny with Fitch Ratings said days before that it was likely the company would miss it since it's a payment to the operating division's junior creditors. The company's decision was predicated on how much time it wanted to buy to keep negotiating a deal with its first-in-line creditors to restructure finances ahead of a potentially messy bankruptcy filing, he said.

This gives the company 30 days.

Caesars had been talking with senior creditors for months in hopes of resolving its dire financial situation outside of potentially messy bankruptcy court proceedings. Some of those creditors had stopped negotiating and revealed the company's proposal to split its operations division into a real estate

investment trust with one entity owning the casinos and hotels and another paying to lease and manage them.

Among the ideas, Caesars officials proposed turning its flagship casino-hotel Caesars Palace into its own real estate investment trust and essentially mortgaging the property for \$2.6 billion to raise cash to pay off lenders and bondholders.

Caesars had \$1.5 billion in cash and \$22.8 billion in debt as of Sept. 30.