

# Moody's: Caesars Entertainment vulnerable to weak economy Caesars finances

By Steve Green, Las Vegas Sun

Debt-laden Las Vegas Strip casino giants Caesars Entertainment Corp. and MGM Resorts International could be hurt more than competitors by continued weakness in the U.S. economy, Moody's Investors Service reported recently.

In a special report on concerns the U.S. economic recovery may be slowing, Caesars and MGM Resorts were named as being "more reliant on continued economic improvements to grow out of the their high (debt) leverage than higher-rated companies are."

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

"While gaming companies took their lumps during the Great Recession and have largely put themselves back on track, they remain vulnerable to bumps in the U.S. economic recovery given their decimated balance sheets," Moody's said. "If consumers cut their gambling budgets or casino trips, company earnings could be affected. This could result in (debt) downgrades of especially lower-rated companies that have been counting on a stronger economic recovery."

Moody's noted the Federal Reserve last week reported that the economy was expanding less quickly than it predicted and unemployment may remain high longer than expected.

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