

Harrah's, Caesars to Sell Four Casinos to Quell Antitrust Concerns

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Associated Press

LOS ANGELES — Harrah's Entertainment Inc. and Caesars Entertainment Inc. on Monday said they have agreed to sell four casinos for \$1.24 billion to privately held Colony Capital in a deal aimed to cut antitrust concerns for Harrah's planned \$5 billion takeover of Caesars.

Harrah's said it expected no material after-tax gain or loss from the sale of its properties, and said it would use about \$476 million in after-tax proceeds to pay down debt.

Caesars said it expected to report a gain and would use \$480 million in after-tax proceeds from the sale of two properties to reduce its debt to around \$3.7 billion.

Colony Capital, a Los Angeles-based private investment fund, has invested about \$10.5 billion in about 7,500 assets over the past 13 years.

The purchase price of the four properties is about 8.5 times their trailing 12-month earnings before interest, tax, depreciation and amortization. The sale is not contingent on the closing of the Harrah's-Caesars deal.

Shares of Harrah's rose 36 cents, or 0.7 percent, to \$52.50 in early afternoon trade. Shares of Caesars rose 2 cents to \$16.53.

1. Based solely upon information given in the article above, if you were offered either 250 shares of stock in Harrah's or 790 shares in Caesars, what would be the better deal and by approximately how much?
2. About how much money has Colony Capital invested in the casino industry annually since 1991?
3. Assuming each of the casinos were worth the approximately the same amount of money, what might one anticipate the value for an individual facility to be valued at?
4. In your personal opinion, what benefits might a casino bring to the city of a small rural town? At the same time, what might some of the negative aspects be? Thoroughly explain your answer in a series of complete sentences.