

Written by Administrator  
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By Tim Catts

(Updates with timing of sale in second paragraph.)

Oct. 25 (Bloomberg) -- MGM Resorts International, the biggest

casino operator on the Las Vegas Strip, plans to sell \$500 million of six-year notes as bondholder interest in gambling company debt revives.

MGM will use proceeds to repay some lenders, it said in a statement distributed by PR Newswire. The debt may be sold as soon as today, according to a person familiar with the offering who declined to be identified because terms aren't set.

Casino company bonds are rallying as investors gain confidence the economy won't slip back into recession and Las Vegas Strip gambling revenue climbs. MGM debt has returned 3.8 percent this month, the second-best performance among the top 50 issuers in the Bank of America Merrill Lynch U.S. High Yield Master II index, trailing only Harrah's Entertainment Inc., the world's biggest casino company.

MGM is selling the securities to repay some of the \$1.2 billion owed to lenders under its senior credit facility, the statement said. These lenders haven't agreed to extend their commitments beyond October 2011, according to the statement, after creditors holding \$3.6 billion said they would push the maturity of their debt to February 2014.

The offering follows MGM's \$845 million sale of 10-year, 9 percent notes in March. The company said it will also use \$511 million raised last week in a sale of common stock to repay debt, it said in an Oct. 19 statement.

Gambling Revenue

## MGM Resorts Plans \$500 Million Sale of Six-Year Notes - BusinessWeek

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Bank of America Corp., Barclays Plc, BNP Paribas SA and Royal Bank of Scotland Group Plc are managing the sale, the person said. Moody's Investors Service ranks MGM's unsecured debt Caa1, while Standard & Poor's rates the company CCC+.

MGM's \$732.7 million of 7.5 percent notes due in June 2016 traded at 89 cents on the dollar to yield 10.1 percent, according to Trace, the bond price reporting system of the Financial Industry Regulatory Authority. The debt has climbed 10.2 cents on the dollar since Aug. 31, Trace data show.

Las Vegas Strip gambling revenue jumped 21 percent in August, according to Nevada's Gaming Control Board. Revenue rose to \$544.4 million, from \$449.6 million in the same month a year earlier, the board said Oct. 8. Strip casino proceeds increased 4.5 percent in the first eight months of this year.

Harrah's debt has returned 6.05 percent this month, according to Bank of America Merrill Lynch index data.

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