HARRAHS ENTERTAINMENT INC
Form S-1/A
October 18, 2010
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As filed with the Securities and Exchange Commission on October 15, 2010

Registration No. 333-168789

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1 TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

HARRAH S ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	7993	62-1411755
(State or other jurisdiction of Incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

One Caesars Palace Drive

Las Vegas, NV 89109

(702) 407-6000

(Address, including zip code, and telephone number, including

area code, of Registrant s Principal Executive Offices)

Michael D. Cohen, Esq.

Vice President and Corporate Secretary

Harrah s Entertainment, Inc.

One Caesars Palace Drive

Las Vegas, NV 89109

(702) 407-6000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:

Monica K. Thurmond, Esq.	**William M. Hartnett, Esq.**
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Approximate date of commencement of proposed sale to public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. þ

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	þ (Do not check if a smaller reporting company)	Smaller reporting company	¨

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price(1)**	**Amount of Registration Fee**
Common Stock, $0.01 par value, issued in the Private Placement	$ 710,266,000	$ 50,642(2)
Common Stock, $0.01 par value, to be sold by Harrah s Entertainment, Inc.	$ 575,000,000	$ 40,998

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the Securities Act). Assumes the selling stockholders receive the requisite waivers of gaming license requirements to tender $710.3 million of the Notes.
(2) Previously paid in connection with prior filings of this Registration Statement.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus dated October 15, 2010

PROSPECTUS

Shares

Harrah s Entertainment, Inc.

Common Stock

This prospectus relates solely to the resale of up to an aggregate of shares of our common stock, by the selling stockholders identified in this prospectus (which term as used in this prospectus includes pledgees, donees, transferees or other successors-in-interest). The selling stockholders agreed to acquire the shares in an exempt exchange offer, which will close shortly prior to the date of this prospectus and which we refer to as the Private Placement. We are registering the offer and sale of the shares to satisfy a condition of closing of the Private Placement.

The selling stockholders may offer the shares from time to time as they may determine through public or private transactions or through other means described in the section entitled Plan of Distribution at prevailing market prices, at prices different than prevailing market prices or at privately negotiated prices. The prices at which the selling stockholders may sell the shares may be determined by the prevailing market price for the shares at the time of sale, may be different than such prevailing market prices or may be determined through negotiated transactions with third parties.

We will not receive any of the proceeds from the sale of these shares by the selling stockholders. We have agreed to pay all expenses relating to registering the securities. The selling stockholders will pay any brokerage commissions and/or similar charges incurred for the sale of these shares.

Prior to the date of this prospectus, there was not a public market for our shares. Because all of the shares offered under this prospectus are being offered by the selling stockholders, we cannot currently determine the price or prices at which our shares may be sold under this prospectus.

We intend to apply to list our shares on a national securities exchange under the symbol . The listing is subject to approval of our application.

Investing in our common stock involves risks. You should read the section entitled Risk Factors beginning on page 19 for a discussion of certain risks that you should consider before investing in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Prospectus dated , 2010.

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You should rely only on the information contained in this prospectus or to which we have referred you. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Dealer Prospectus Delivery Obligation

Until , 2010, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer s obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

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PROSPECTUS SUMMARY

The following summary contains information about Harrah s Entertainment, Inc. and its common stock. It does not contain all of the information that may be important to you in making a decision to participate in the offering. For a more complete understanding of Harrah s Entertainment, Inc., we urge you to read this prospectus carefully, including the sections entitled Risk Factors, Cautionary Statements Concerning Forward Looking Statements and Where You Can Find Additional Information. Unless otherwise noted or indicated by the context, the terms Harrah s, HET and Harrah s Entertainment refer to Harrah s Entertainment, Inc., and we, us and our refer to Harrah s Entertainment, Inc. and its consolidated subsidiaries. Except as stated otherwise herein, the share data set forth in this prospectus reflects the reclassification of HET s capital stock as described below under The Reclassification.

Our Company

We are the world s largest casino entertainment provider with more net revenues and individual casinos than any other operator and the most geographically diverse U.S. casino operator. As of June 30, 2010, we owned, operated or managed, through various subsidiaries, 52 casinos in 12 U.S. states and seven countries. The vast majority of these casinos operate in the United States and England, primarily under the Caesars, Harrah s and Horseshoe brand names in the United States. As of June 30, 2010, our facilities have an aggregate of approximately three million square feet of gaming space and approximately 42,000 hotel rooms. We have the industry s leading customer loyalty program, Total Rewards, which has over 40 million members, that we use for marketing promotions and to generate play by our customers when they travel among our markets in the United States and Canada. In addition, we own an on-line gaming business, providing for real money casino, bingo and poker games in the United Kingdom and play for fun offerings in other jurisdictions. We intend to offer real money online casino and poker gaming in legally compliant jurisdictions going forward. We also own and operate the World Series of Poker® tournament and brand.

We derive the majority of our revenues and Property EBITDA (defined on page 17) from gaming sources. However, we also generate significant revenues and Property EBITDA from other sources such as lodging, food, beverage, and entertainment.

Harrah s Entertainment has grown rapidly over the years through growth in our core operating business and through a series of strategic acquisitions that have strengthened our scale, geographic diversity and market leading position. In 1998, we completed our acquisition of Showboat, Inc. and in 1999, we purchased Rio Hotel & Casino, Inc. In 2000, we completed the purchase of Players International. During the next five years, we acquired Harveys Casino Resorts (2001), Horseshoe Gaming Holding Corp. (2004), the rights to the World Series of Poker (2004) and the Imperial Palace Hotel & Casino in Las Vegas (2005). Harrah s Entertainment also acquired Caesars Entertainment, Inc. in 2005, for $9.3 billion, which was, at the time, the largest merger in the history of the gaming industry. We also acquired Planet Hollywood Resort and Casino in Las Vegas earlier this year. Additionally, Harrah s Entertainment has expanded internationally, completing the acquisitions of London Clubs International plc (London Clubs) in 2006 and Macau Orient Golf, located on a 175 acre site on the Cotai strip in Macau, in 2007.

We revolutionized the approach our industry takes with respect to marketing by introducing our Total Rewards loyalty program in 1997. Continual improvements have been made throughout the years enabling our system to remain the most effective in the industry and enabling us to grow and sustain revenues more effectively than our largest competitors and generate cross-market play (defined as play by a guest in a property outside the home market of their primary gaming property) among our casinos. In support of our Total Rewards loyalty program, we created WINet® (Winner s Information Network), the industry s first sophisticated nationwide

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customer database. In combination, these systems supported the first technology-based customer relationship management strategy implemented in the gaming industry and have enabled our management teams to enhance overall operating results and outperform our competition.

We have established a rich history of industry leading growth and expansion since we commenced casino operations in 1937 and became a publicly listed company in 1971. We were the first gaming company to be listed on the New York Stock Exchange (NYSE). In 1980, Harrah s Entertainment was acquired by Holiday Inns, Inc. and was delisted from the NYSE. In 1995, Harrah s Entertainment again became a stand-alone company and resumed trading on the NYSE.

On December 19, 2006, HET entered into a definitive merger agreement with Hamlet Holdings LLC, a Delaware limited liability company (Hamlet Holdings), and Hamlet Merger Inc., a Delaware corporation and a wholly owned subsidiary of Hamlet Holdings (Merger Sub). Hamlet Holdings and Merger Sub were formed and are controlled by affiliates of Apollo Global Management, LLC (Apollo) and TPG Capital, LP (TPG and, together with Apollo, the Sponsors). Pursuant to the merger agreement, on January 28, 2008, Merger Sub merged with and into HET (the Acquisition). Upon completion of the Acquisition, Hamlet Holdings, funds affiliated with and controlled by the Sponsors, certain co-investors and certain members of management became the owners of all of the outstanding equity interests of HET. Hamlet Holdings, the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors, currently holds all of the voting common stock of HET. Following the Private Placement and Reclassification (each as defined below), funds affiliated with and controlled by the Sponsors and their co-investors will hold 89.3% of HET s outstanding common stock, all of which will be subject to an irrevocable proxy that gives Hamlet Holdings sole voting and sole dispositive power with respect to such shares.

Our Industry

Based on 2009 reported gaming revenues, we estimate the size of the global casino gaming industry in major gaming markets worldwide to be approximately $100 billion. Revenues in the United States are split among commercial casinos (including racetrack casinos) and tribal casinos at $31 billion and $27 billion, respectively. Domestic commercial casino gaming revenues had steadily grown on an annualized basis to $34.1 billion in 2007 until the last three years when, during the global economic recession, they contracted to $30.7 billion in 2009.

The following key trends are currently affecting the gaming industry:

Expansion of existing and new jurisdictions. Domestically, several states are in the process of either expanding existing gaming offerings or legalizing gaming activities where they are currently illegal. These locations are generally regional in nature and should increase overall gaming spending and open up new opportunities for ownership and management of casinos. For example, Pennsylvania recently expanded gaming by allowing table games and in Ohio a voter referendum in November 2009 amended the state constitution to allow casinos in four cities. Internationally, there are numerous countries that are in the process of legalizing or liberalizing the rules under which gaming activities can be undertaken.

Limited supply expansion in established gaming markets. We estimate there will be limited supply introduced into established markets in the foreseeable future, in part due to a lack of available construction financing and the limited number of available licenses in certain jurisdictions. The lack of additional supply being introduced should lead to increased revenues and profits among established enterprises as the economy recovers.

Favorable travel industry trends. Our industry is heavily dependent upon both the leisure and business traveler. The trends in both of these areas have turned positive over the past few quarters, as evidenced by increasing hotel occupancy, visitor counts and convention space booking.

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Continuing legalization of online gaming. Online gaming is currently only legal in a limited number of jurisdictions, but additional jurisdictions, including the United States, are considering legalizing online gaming. Prior to the Unlawful Internet Gambling Enforcement Act being passed in 2006, published reports estimate that the United States online poker industry generated $1.5 billion in revenues. A recent H2 Gaming Capital study anticipates that the global online gaming market will grow to $36 billion in revenues by 2012.

Our Competitive Strengths

We attribute our operating success and historical industry outperformance to the following key strengths that differentiate us from our competition:

Industry s largest operator with leading market positions in numerous jurisdictions. Harrah s Entertainment is the world s largest gaming company and the most geographically diverse U.S. casino operator. As of June 30, 2010, we own, manage or operate 52 properties in 12 U.S. states and seven countries. In addition, Harrah s Entertainment s properties operate as market leaders, having the #1 or #2 market share, based on revenue, in almost every major U.S. gaming market, including Las Vegas, the largest gaming market in the U.S. We use our scale and market leading position, in combination with our proprietary marketing technology and customer loyalty programs, to foster revenue growth and encourage repeat business.

Superior business model based on nationwide customer database and loyalty program. Our strategy is to generate same store gaming revenue growth and cross-market play through superior marketing and technological capabilities in combination with our nationwide casino network. These capabilities have allowed us to generate financial results that have outperformed our competitors in the markets where we operate. The systems that we use to generate our same store gaming revenue growth and cross-market play consist of proprietary tools including Total Rewards and the WINet database. We believe these marketing tools, coupled with the industry s deepest geographic reach, provide us with a significant competitive advantage that enables us to efficiently market our products to a large and recurring customer base, and generate profitable revenue growth.

Portfolio of the most highly recognized brand names in the gaming industry. Harrah s Entertainment owns or manages casinos that bear many of the most highly recognized brand names in the gaming industry, including Caesars®, Harrah s®, Horseshoe®, Rio®, Paris®, Bally s®, Flamingo® and Planet Hollywood.® Harrah s Entertainment also owns the Total Rewards® loyalty program and the World Series of Poker® brand. Many of these brands have a strong identity and enjoy widespread customer recognition. This diverse collection of brands allows us to appeal to a wide range of customer preferences and capture multiple visits through our ability to offer differentiated gaming experiences. In casino brand awareness studies, our key brands consistently achieve higher rates of recognition overall, as compared to our competitors.

Leading innovator in the gaming industry. We have a proven record of innovation, including revolutionizing our industry s approach to marketing with the introduction of our Total Rewards loyalty program in 1997 and applying this program nationwide and across multiple brands. We believe that our industry will continue to evolve into additional areas of gaming and entertainment, including online gaming, and we have expended resources to ensure that we are on the forefront of these areas of development. We are the only U.S. land-based casino company to operate an online casino. In addition, we are exploring additional online entertainment offerings that capitalize on our recognized brand names, particularly the World Series of Poker brand. We believe that we are better positioned than our competitors to take advantage of new opportunities in the gaming industry due to our history of innovation, strong brand names and current online operations, and we plan to continue to invest in developing areas of the gaming industry.

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Long-dated capital structure with no near-term maturities and significant liquidity. Recent capital market transactions have improved our liquidity and maturity profile and positioned the company well to grow and create value. These transactions have included two debt-for-debt exchange offers, tender offers, open market repurchases, the issuance of new first and second lien notes and an amendment to our CMBS facility, including a two-year maturity extension, subject to certain conditions. Through these transactions, we have reduced the amount of our debt maturing through the remainder of 2010 and 2011 from $1,503.0 million to $25.0 million and the amount of our debt maturing from 2010 through 2014 from $8,757.0 million to $151.0 million. These debt maturities assume that we will exercise extension options on the CMBS facility and on $552.2 million of Planet Hollywood debt, moving its maturity from December 2011 to April 2015. Further, these transactions have enhanced our liquidity. After taking into account the Private Placement (as defined below), the IPO (as defined below), and the amendments to the CMBS Loans (as defined below), as of June 30, 2010, we had approximately $1.8 billion of cash on hand and $1.5 billion available under our revolving credit facility. With minimal near-term maturities and significant liquidity, we believe that we are well positioned to capitalize on growth opportunities and any potential rebound in the broader economy. See Risk Factors Risks Related to Our Indebtedness for a discussion of the risks concerning our indebtedness.

Experienced and highly motivated management team with proven track record. Our management team, led by CEO Gary Loveman, has built Harrah s Entertainment into an industry leader by geographically diversifying our operations and introducing technology-based tools to loyalty programs. A former associate professor at the Harvard University Graduate School of Business Administration, Mr. Loveman joined us as Chief Operating Officer in 1998 and drew on his extensive background in retail marketing and service-management to develop Total Rewards. Mr. Loveman has been named Best CEO in the gaming and lodging industry by Institutional Investor magazine four times. In addition, our senior management operations team has an average of 26 years of industry experience. Other senior management team members possess significant experience in government and a variety of consumer industries. In addition, a significant portion of our management team s compensation is in the form of equity and stock options, the value of which depends on our overall results and motivates our senior management to focus on maximizing the company s long-term earnings and equity value.

Our Business Strategy

Leverage our unique scale and proprietary loyalty programs to generate superior revenue growth and fair share. We plan to continue to aggressively leverage our nationwide distribution platform and superior marketing and technological capabilities to generate same store gaming revenue growth and cross-market play. Our Total Rewards and WINet systems include over 40 million program participants. Through these systems, we promote cross-market play and target our efforts and marketing expenditures on areas that generate the highest return. Through this system, coupled with our national footprint, we are able to profitably stimulate substantial cross market play, which is defined as gaming win from a given customer out of his or her dominant or home market. We offer a unique value proposition to loyal players whereby they get the best service and product in their local market, and as a reward for their loyalty, they get especially attentive and customized services in our destination markets. This two-part value proposition is unique to our company and an important source of our competitive advantage. Cross market play represents 65% and 56% of the gross gaming revenues we generate in Las Vegas and Atlantic City, respectively. The data that we collect indicates that individual customers play more with Harrah s when they visit multiple properties, either during the same trip or on different occasions. Our extensive historical knowledge and refined decision modeling procedures enable us to distribute best practices to ensure our marketing expenditures are being used to their utmost efficiency. Given our historical investments in information technology and our broad geographic footprint, we believe we have a competitive advantage with regards to stimulating this type of cross market play.

Continue to evolve our integrated marketing programs to maximize returns and maintain our competitive advantage. We have established a marketing organization that is designed to adhere to the scientific method of test and control which we believe is the optimal approach to continued advancement and innovation. The structure and procedures embedded in our organization enable individual creativity to flourish while simultaneously ensuring impartial evaluations and the rapid transfer of best practices. The evolution of our structure has enabled us to respond more quickly to changes in customer elasticity and to have confidence in our approach with respect to our offers and incentives.

Maximize our core business profitability upon a rebound in net revenues. We operate businesses that have inherently low variable costs such that positive change in revenues should drive relatively large improvements in EBITDA. A key determinant of hotel revenues is the Average Daily Hotel Rate (ADR) that is charged. Increases in ADR will drive nearly a dollar for dollar improvement in EBITDA and on our room base of 42,000 rooms, we anticipate that a $5 increase in ADR on an annual basis will equate to an improvement to EBITDA of approximately $64.0 million. Our average system-wide ADR was $109 in 2007, compared to $86 during the last twelve months ended June 30, 2010. Likewise, we anticipate that a $5 improvement per customer rated gaming trip will equate to an improvement to annual EBITDA of approximately $179.0 million. Average spending per rated gaming customer trip has declined from $192 in 2007 to $158 during the last twelve months ended June 30, 2010.

In addition to the inherently high variable margin nature of our businesses, we have and will continue to dedicate significant efforts towards positioning our business and cost structure to ensure we generate the maximum incremental profitability when core industry revenue growth returns. Over the last several years, our management team has instituted operational concepts, such as LEAN service operations, Kaizens, and dynamic volume based scheduling, with the intention to ensure we are operating at consistently high efficiency rates. Additionally, we consolidated activities, rationalized our marketing efforts, and drove procurement efficiencies which have reduced our cost structure. As of June 30, 2010, $118.5 million of identified estimated cost savings from these initiatives remained to be realized. When revenue trends improve, we anticipate that our margins will be improved when compared to previous periods of similar revenue levels in our company history due to the combination of our significantly reduced cost structure and the generally high margins of our businesses.

Pursue opportunistic domestic acquisitions and development opportunities. We believe our brand portfolio and recognition, coupled with the power of the Total Rewards loyalty program, uniquely positions us to capitalize on expansion into underdeveloped regional markets or to pursue opportunistic acquisitions of distressed assets. We believe our operating expertise and network synergies enable us to create value above and beyond what other operators can provide. Our geographically broad based experience gives us a superior understanding of a property s potential and enables us to be the optimal partner or purchaser for select assets. For example, in August 2010, we reached a non-binding agreement in principle with Rock Gaming, LLC to jointly own and develop, and for us to manage, two casinos to be built in Cleveland and Cincinnati. We believe there will be expansion opportunities in newly created U.S. regional markets due to continued legalization of gaming in new jurisdictions and expansion of gaming in existing jurisdictions. As the world s largest gaming company and a well-regarded operator of gaming activities we should be well-positioned to benefit from these opportunities. Further, we believe there will be opportunities to acquire assets at attractive valuations such as our recent acquisition of Planet Hollywood due to the still fragmented nature of our industry and the benefits inherent in our scale. See Risk Factors Risks Related to Our Business The development and construction of new hotels, casinos and gaming venues and the expansion of existing ones are susceptible to delays, cost overruns and other uncertainties, which could have an adverse effect on our business, financial condition and results of operation for a discussion of the risks relating to pursuing development and expansion opportunities.

Pursue opportunities to expand into international markets. We currently own, operate or manage 15 casino properties in international gaming markets across Europe, North America, South America and Africa. In addition, in Asia, we own 175 acres of prime real estate on the Cotai strip in Macau. We believe that Harrah s remains well-positioned for international gaming growth and legalization in Asia and Europe and will continue to

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evaluate opportunities to own, operate or manage international casinos. Our Caesars brand remains the most recognized casino brand in the world, and we plan to leverage the power of this brand as we expand into international markets.

Continue to grow our online business, principally through the World Series of Poker. Our globally recognized World Series of Poker (WSOP) brand and strong online gaming management team position us to take advantage of opportunities in the global online gaming market and to continue to develop the infrastructure to support larger scale real money online gaming as it becomes legalized and licensed. In late 2009, we launched our real money WSOP poker and Caesars-branded bingo and casino online site in the United Kingdom. As part of our online strategy, we will continue to expand our online real money gaming offerings in legally compliant jurisdictions and offer for fun online gaming options in other jurisdictions. We believe that the expansion of online gaming offerings will benefit our land based portfolio due to further brand enhancement, customer acquisition in new channels, and marketing arrangements including incorporating our Total Rewards and cash-back for points programs into our online gaming sites.

We believe that additional jurisdictions will legalize online gaming due to consumer demand, a broader understanding of the need to regulate the industry and to generate income through taxes on gaming revenue. As such, we are supportive of efforts to regulate the online gaming industry to ensure that consumers are protected. We believe that the potential for online gaming is substantial and believe that we will command, at a minimum, our fair share in any legal jurisdiction. A recent H2 Gaming Capital study anticipates that the global online gaming market will grow to $36 billion in revenues by 2012. We believe that the largest opportunity in online gaming in the near term is the legalization of the United States online poker market.

Recent Events

Private Placement

On June 3, 2010, HET and its direct, wholly owned subsidiary, Harrah s BC, Inc. (HBC) entered into definitive agreements (the Investment and Exchange Agreements) with certain affiliates of the Sponsors (the Sponsor Investors) and certain affiliates of Paulson & Co. Inc. (the Paulson Investors) that provided for the sale by HBC to the Sponsor Investors and the Paulson Investors of an aggregate of $303.0 million and $532.4 million, respectively, of 5.625% senior notes due 2015, 6.5% senior notes due 2016 and 5.75% senior notes due 2017 (collectively, the Notes) for an aggregate purchase price of $200.0 million and $351.3 million, respectively, in each case plus applicable accrued interest. The Notes were purchased on June 24, 2010.

In the same Investment and Exchange Agreements, the Sponsor Investors and Paulson Investors agreed with HBC to exchange the $835.4 million of Notes they had acquired from HBC, together with $282.9 million of Notes they had previously acquired in prior tenders and open market purchases, for shares of voting common stock of HET at an exchange ratio of 10 shares per $1,000 principal amount of Notes tendered. As a result of the Reclassification discussed below, the Sponsor Investors and Paulson Investors are each expected to receive shares of common stock per $1,000 principal amount of Notes tendered instead of 10 shares. Accrued and unpaid interest on the Notes will also be payable in shares of HET common stock at the same exchange ratio. To effect the exchange, HET will transfer shares of its common stock to HBC immediately before the closing of the exchange.

The Paulson Investors have agreed to tender up to $710.3 million of Notes in the exchange offer described above, which would result in the Paulson Investors owning approximately % of HET s common stock. We refer to the purchase of the Notes and the subsequent exchange of Notes for shares of HET s common stock as the Private Placement. The shares acquired by the Paulson Investors in the Private Placement are the shares being offered in this prospectus.

Reclassification

In connection with the Private Placement, and upon receipt of the requisite regulatory approvals, we intend to (i) reclassify HET s existing non-voting common stock into a new class of voting common stock, which will be the class of stock the Paulson Investors and Sponsor Investors will receive in the Private Placement, and (ii) cancel the existing class of non-economic voting common stock that is currently held by Hamlet Holdings. Concurrently with this reclassification, we intend to effect a for split of HET s new voting common stock such that the Paulson Investors and Sponsor Investors will each receive shares of common stock for each $1,000 principal amount of Notes exchanged in the Private Placement rather than 10 shares, and HET s then existing stockholders, including entities affiliated with the Sponsors, their co-investors and members of management, will each receive shares of the new voting common stock described above in clause (i) for each share of non-voting common stock they hold at that time. We refer to the foregoing as the Reclassification.

Harrah s IPO

We are planning to sell our common stock in an initial public offering of our common stock (referred to as the IPO) for net proceeds of approximately $ million based on the midpoint of the estimated offering price range of $ to $. We anticipate using the net proceeds from the IPO to fund a near-term pipeline of growth projects and for general corporate purposes. These projects include the previously announced LINQ, a retail, dining and entertainment area located between the Imperial Palace and the Flamingo in Las Vegas; the completion of the Octavius tower fit out, a 660 room tower at our flagship Caesars Las Vegas property which requires an additional approximately $85 million to reach completion; our potential joint venture development in Ohio with Rock Gaming, LLC; and a potential management and partial ownership opportunity in casino development. We anticipate that these projects will require $500 million of capital from us and will generate attractive returns. None of the Sponsor Investors or our affiliates or employees will participate in the IPO as selling shareholders. The registration statement of which this prospectus forms a part also includes a prospectus for the IPO.

Amendment to CMBS Financing

On August 31, 2010, the subsidiaries of HET that are borrowers and the lenders under our CMBS financing (the CMBS Facilities) amended the terms of the CMBS financing to, among other things, (i) provide our subsidiaries that are borrowers under the CMBS mortgage loan and/or related mezzanine loans (CMBS Loans) the right to extend the maturity of the CMBS Loans, subject to certain conditions, by up to two years until February 2015, (ii) amend certain terms of the CMBS Loans with respect to reserve requirements, collateral rights, property release prices and the payment of management fees, (iii) provide for ongoing mandatory offers to repurchase CMBS Loans using excess cash flow from the CMBS entities at discounted prices of thirty to fifty cents per dollar, (iv) provide for the amortization of the mortgage loan in certain minimum amounts upon the occurrence of certain conditions and (v) provide for certain limitations with respect to the amount of excess cash flow from the CMBS entities that may be distributed to us. Any CMBS Loan purchased pursuant to the amendments will be cancelled. The amendment to the terms of the CMBS Loans became effective upon the August 2010 execution of definitive documentation.

In connection with the amendment, we purchased approximately $124.0 million face value of the CMBS Loans for $37.0 million in August 2010, which left a balance of $5,380.6 million outstanding on the CMBS Loans. This balance will be reduced to approximately $5,189.6 million by December 31, 2010 as a result of additional purchases of certain CMBS Loans by us for an additional payment by us of approximately $95.6 million, as required pursuant to the terms of the amendment to the CMBS financing.

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After taking into account the Private Placement, the effectiveness of the amendments to the CMBS Loans, and the IPO, Harrah s Entertainment had no material maturity payments on its indebtedness until 2015 and, as of June 30, 2010, had $1,803.7 million of cash on hand and $1,499.4 million of availability under our revolving credit facility.

The Sponsors

Apollo

Apollo is a leading global alternative asset manager with offices in New York, Los Angeles, London, Singapore, Frankfurt, Luxembourg and Mumbai. As of June 30, 2010, Apollo had assets under management in excess of $54 billion in private equity, hedge funds, distressed debt, mezzanine and real estate funds invested across a core group of industries where Apollo has considerable knowledge and resources.

TPG

TPG is a private investment partnership that was founded in 1992 and as of June 30, 2010 had over $51 billion of assets under management, including co-investments TPG arranges for its limited partners. Through its investment platforms, TPG Capital and TPG Growth, the firm has extensive experience with global public and private investments executed through leveraged buyouts, recapitalizations, spinouts, joint ventures, growth investments and restructurings. The firm is headquartered in Fort Worth, and has offices in San Francisco, London, Hong Kong, New York, Melbourne, Moscow, Mumbai, Paris, Luxembourg, Beijing, Shanghai, Singapore and Tokyo.

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Organizational Structure

The chart below depicts our organizational structure following the consummation of the Reclassification, the Private Placement and the IPO.

(1) All shares held by funds affiliated with and controlled by the Sponsors and their co-investors, representing % of HET s outstanding common stock, will be subject to an irrevocable proxy that gives Hamlet Holdings, the members of which are comprised of an equal number of individuals affiliated with each of the Sponsors, sole voting and sole dispositive power with respect to such shares.

(2) Includes captive insurance subsidiaries, Harrah s BC, Inc. and Harrah s Interactive Entertainment, Inc., which owns the World Series of Poker brand.

(3) Includes Harrah s Operating Company, Inc. (HOC) and its subsidiaries, which own, operate and/or manage 46 of the 52 casinos for HET as of June 30, 2010.

(4) The CMBS Borrowers and their respective subsidiaries do not guarantee or pledge their assets as security for any indebtedness of HOC and are not directly liable for any obligations thereunder. HOC and its subsidiaries do not guarantee or pledge their assets as security for any indebtedness of the CMBS Borrowers and are not directly liable for any obligations thereunder.

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Additional Information

Our principal executive offices are located at One Caesars Palace Drive, Las Vegas, NV 89109, and our telephone number is (702) 407-6000. The address of our internet site is http://www.harrahs.com. This internet address is provided for informational purposes only and is not intended to be a hyperlink. Accordingly no information in this internet address is included or incorporated by reference herein.

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Summary of the Terms of the Common Stock

The following summary describes the principal terms of the common stock of HET. The Description of Capital Stock section of this prospectus contains more detailed descriptions of the terms and conditions of the common stock.

Shares of common stock offered for resale by the Selling Stockholders in this offering	shares
Shares of common stock offered by HET in the IPO	shares
Shares to be outstanding upon completion of the Private Placement and the IPO	shares
Common stock voting rights	Each share of HET s common stock will entitle its holder to one vote.
Dividend policy	HET intends to retain all future earnings, if any, for use in the operation of its business and to fund future growth. HET does not anticipate paying any dividends for the foreseeable future. The decision whether to pay dividends will be made by HET s board of directors in light of conditions then existing, including factors such as its results of operations, financial condition and requirements, business conditions and covenants under any applicable contractual arrangements, including our indebtedness.
Use of proceeds	We will not receive any proceeds from the sale of the shares of common stock pursuant to this prospectus.
Proposed national securities exchange trading symbol	
Risk factors	Please see the section entitled Risk Factors included in this prospectus for a discussion of some of the factors you should carefully consider before deciding to invest in our common stock.

Except as otherwise indicated, all information in this prospectus:

assumes the Private Placement, the Reclassification and the IPO have been consummated and that the underwriters for the IPO have not exercised their option to purchase up to additional shares of common stock from us;

does not give effect to shares of our common stock issuable upon the exercise of outstanding options as of , 2010, at a weighted-average exercise price of $ per share;

does not give effect to shares of our common stock issuable upon the exercise of outstanding warrants as of , 2010, at a weighted-average exercise price of $ per share; and

does not give effect to shares of common stock reserved for future issuance under the Harrah s Entertainment, Inc. Management Equity Incentive Plan.

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Summary Historical Consolidated Financial Data of Harrah s Entertainment, Inc.

The following table presents our summary historical financial information as of and for the periods presented. The summary historical financial information as of December 31, 2007, 2008 and 2009, for the year ended December 31, 2007, for the periods from January 1, 2008 through January 27, 2008 and from January 28, 2008 through December 31, 2008, and for the year ended December 31, 2009 should be read in conjunction with our audited consolidated financial statements as of December 31, 2009 included elsewhere in this prospectus. The summary historical financial information as of June 30, 2010 and for the six month periods ended June 30, 2009 and 2010 are derived from, and should be read in conjunction with, our unaudited condensed, consolidated financial statements as of June 30, 2010 included elsewhere in this prospectus, and, except as otherwise described herein, have been prepared on a basis consistent with our annual audited financial statements and, in the opinion of management, include all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of such data.

You should read this data in conjunction with the Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included elsewhere in this prospectus. The audited consolidated financial statements as of December 31, 2007, 2008 and 2009, the year ended December 31, 2007, the periods from January 1, 2008 through January 27, 2008 and from January 28, 2008 through December 31, 2008, and the year ended December 31, 2009 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm.

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Harrah s Entertainment, Inc.

Summary Historical Consolidated Financial Data

(Dollars in millions)	Predecessor Year Ended December 31, 2007	Predecessor January 1, 2008 through January 27, 2008	Successor January 28, 2008 through December 31, 2008	Successor Year Ended December 31, 2009	Successor Six Months Ended June 30, 2009	Successor Six Months Ended June 30, 2010
Revenues						
Casino	$ 8,831.0	$ 614.6	$ 7,476.9	$ 7,124.3	$3,622.8	$ 3,467.0
Food and beverage	1,698.8	118.4	1,530.2	1,479.3	747.8	762.8
Rooms	1,353.6	96.4	1,174.5	1,068.9	546.3	562.5
Management fees	81.5	5.0	59.1	56.6	28.6	22.2
Other	695.9	42.7	624.8	592.4	288.4	284.3
Less: casino promotional allowances	(1,835.6)	(117.0)	(1,498.6)	(1,414.1)	(707.8)	