

HARRAHS ENTERTAINMENT INC
Form 424B3
August 16, 2010
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**Filed pursuant to Rule 424(b)(3)
Registration File No. 333-163368**

PROSPECTUS SUPPLEMENT

(To Prospectus dated May 24, 2010)

Harrah s Operating Company, Inc.

\$22,206,000 10.00% Second-Priority Senior Secured Notes due 2015

\$31,765,000 10.00% Second-Priority Senior Secured Notes due 2018

\$291,146,000 10.00% Second-Priority Senior Secured Notes due 2018

\$398,894,000 5.625% Senior Notes due 2015

\$224,520,000 6.50% Senior Notes due 2016

\$335,561,000 5.75% Senior Notes due 2017

This is supplement No. 2 to Harrah s Operating Company, Inc s prospectus dated May 24, 2010. The prospectus relates to each of the several series of notes issued by Harrah s Operating Company, Inc. listed above (the Notes) that previously have been registered with the Commission. Each series of Securities has been registered under the Act on the registration statement bearing the following File No.: 333-163368.

Recent Developments

We have attached to this prospectus supplement the Quarterly Report on Form 10-Q of Harrah s Entertainment, Inc. for the quarterly period ended June 30, 2010. The attached information updates and supplements, and should be read together with, Harrah s Operating Company, Inc. s prospectus dated May 24, 2010, as supplemented from time to time.

See Risk Factors beginning on page 24 of the prospectus for a discussion of certain risks you should consider before making an investment decision in the notes.

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

The prospectus covers resales by holders of the Notes listed in the prospectus. We will not receive any of the proceeds of these sales.

The date of this prospectus supplement is August 16, 2010.

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2010

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-10410

HARRAH S ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

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Delaware (State or other jurisdiction of incorporation or organization)	I.R.S. No. 62-1411755 (I.R.S. Employer Identification No.)
One Caesars Palace Drive Las Vegas, Nevada (Address of principal executive offices)	89109 (Zip Code)
(702) 407-6000 (Registrant's telephone number, including area code)	
N/A (Former name, former address and former fiscal year, if changed since last report)	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 12, 2010, the Registrant had 10 shares of voting Common Stock and 60,553,257 shares of non-voting Common Stock outstanding.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

The accompanying unaudited Consolidated Condensed Financial Statements of Harrah's Entertainment, Inc., a Delaware corporation, have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all information and notes necessary for complete financial statements in conformity with generally accepted accounting principles in the United States. The results for the periods indicated are unaudited, but reflect all adjustments (consisting only of normal recurring adjustments) that management considers necessary for a fair presentation of financial position, operating results and cash flows.

Results of operations for interim periods are not necessarily indicative of a full year of operations. These Consolidated Condensed Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2009.

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HARRAHS ENTERTAINMENT, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(UNAUDITED)

(in millions, except share amounts)	June 30, 2010	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 1,328.7	\$ 918.1
Receivables, less allowance for doubtful accounts of \$208.7 and \$207.1	311.1	323.5
Deferred income taxes	167.5	148.2
Prepayments and other	204.9	156.4
Inventories	49.7	52.7
Total current assets	2,061.9	1,598.9
Land, buildings, riverboats and equipment	19,691.5	19,206.0
Less: accumulated depreciation	(1,636.1)	(1,281.2)
	18,055.4	17,924.8
Assets held for sale		16.7
Goodwill	3,393.3	3,456.9
Intangible assets other than goodwill	4,880.3	4,951.3
Investments in and advances to non-consolidated affiliates	39.4	94.0
Deferred charges and other	858.7	936.6
	\$ 29,289.0	\$ 28,979.2
Liabilities and Stockholders' Equity/(Deficit)		
Current liabilities		
Accounts payable	\$ 263.3	\$ 260.8
Interest payable	215.4	195.6
Accrued expenses and other current liabilities	1,236.0	1,074.8
Current portion of long-term debt	67.6	74.3
Total current liabilities	1,782.3	1,605.5
Long-term debt	19,805.9	18,868.8
Deferred credits and other	901.1	872.5
Deferred income taxes	5,575.8	5,856.9
	28,065.1	27,203.7
Commitments and contingencies		
Preferred stock; \$0.01 par value; 40,000,000 shares authorized, zero and 19,893,515 shares issued and outstanding (net of zero and 42,020 shares held in treasury) as of June 30, 2010 and December 31, 2009, respectively		2,642.5
Stockholders' equity/(deficit)		
Common stock, non-voting and voting; \$0.01 par value; 80,000,020 shares authorized; 60,553,267 and 40,672,302 shares issued and outstanding (net of 140,477 and 85,907 shares held in treasury) as of June 30, 2010 and December 31, 2009, respectively	0.6	0.4
Additional paid-in capital	6,134.1	3,480.0

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Accumulated deficit	(4,738.9)	(4,269.3)
Accumulated other comprehensive loss	(217.1)	(134.0)
Total Harrah's Entertainment, Inc. Stockholders' equity/(deficit)	1,178.7	(922.9)
Non-controlling interests	45.2	55.9
Total stockholders' equity/(deficit)	1,223.9	(867.0)
	\$ 29,289.0	\$ 28,979.2

See accompanying Notes to Consolidated Condensed Financial Statements.

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(In millions)	Quarter Ended		Six Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Revenues				
Casino	\$ 1,717.0	\$ 1,810.6	\$ 3,467.0	\$ 3,622.8
Food and beverage	388.8	376.9	762.8	747.8
Rooms	294.1	271.6	562.5	546.3
Management fees	9.1	15.2	22.2	28.6
Other	153.3	148.9	284.3	288.4
Less: casino promotional allowances	(341.6)	(351.8)	(689.7)	(707.8)
Net revenues	2,220.7	2,271.4	4,409.1	4,526.1
Operating expenses				
Direct				
Casino	986.2	977.1	1,973.8	1,970.4
Food and beverage	161.2	154.4	305.8	298.2
Rooms	68.1	54.1	127.3	106.1
Property general, administrative and other	535.0	500.3	1,038.3	1,004.6
Depreciation and amortization	197.0	168.8	366.7	341.2
Project opening costs	1.6	0.6	2.3	2.6
Write-downs, reserves and recoveries	95.1	26.9	107.6	54.3
Impairment of intangible assets	100.0	297.1	100.0	297.1
(Income)/loss on interests in nonconsolidated affiliates	(0.1)	0.3	0.5	0.1
Corporate expense	36.9	41.7	71.4	72.0
Acquisition and integration costs	0.4	0.1	7.6	0.3
Amortization of intangible assets	39.6	43.7	82.3	87.5
Total operating expenses	2,221.0	2,265.1	4,183.6	4,234.4
(Loss)/income from continuing operations	(0.3)	6.3	225.5	291.7
Interest expense, net of interest capitalized	(456.8)	(463.4)	(948.3)	(960.2)
Gains/(losses) on early extinguishments of debt	18.7	4,279.5	(28.7)	4,280.7
Other income, including interest income	3.8	10.6	18.4	19.1
(Loss)/income from continuing operations before income taxes	(434.6)	3,833.0	(733.1)	3,631.3
Benefit/(Provision) for income taxes	162.1	(1,536.2)	267.0	(1,461.9)
(Loss)/Income from continuing operations, net of tax	(272.5)	2,296.8	(466.1)	2,169.4
Discontinued operations				
Loss from discontinued operations		(0.2)		(0.3)
Benefit for income taxes		0.1		