

HARRAHS ENTERTAINMENT INC
Form 424B3
August 31, 2001

[QuickLinks](#) -- Click here to rapidly navigate through this document
PROSPECTUS

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-68360

HARRAH'S OPERATING COMPANY, INC.
OFFER TO EXCHANGE
\$500,000,000 principal amount of our
7.125% Senior Notes due 2007,
which have been registered under the Securities Act,
for any and all of our outstanding unregistered 7.125% Senior Notes due 2007

Material Terms of the Exchange Offer

The exchange offer expires at 5:00 p.m., New York City time, on October 9, 2001, unless extended.

We will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of a new series of notes which are registered under the Securities Act.

You may withdraw tenders of outstanding notes at any time before the exchange offer expires.

The exchange notes will not be listed on any securities exchange. A public market for the exchange notes may not develop, which could make selling the exchange notes difficult. If a market for the exchange notes develops, the exchange notes could trade at prices that are higher or lower than the initial prices of the unregistered notes.

The exchange of notes will not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The terms of the new series of notes are substantially identical to the outstanding notes, except for transfer restrictions and registration rights relating to the outstanding notes.

You may tender outstanding notes only in denominations of \$1,000 and multiples of \$1,000.

Our affiliates may not participate in the exchange offer.

The exchange offer is not subject to any conditions other than that it not violate applicable law or any applicable interpretation of the staff of the SEC.

Please refer to "Risk Factors" beginning on page 13 of this document for a description of the risks you should consider before participating in the exchange offer.

None of the Securities and Exchange Commission, any state securities commission, any state gaming commission or any other gaming authority has approved of the notes or determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 31, 2001.

We have not authorized any dealer, salesperson or other person to give any information or to make any representation other than those contained in this prospectus. You must not rely upon any information or representation not contained in this prospectus as if we had authorized it. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which it relates, nor does this prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any

person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933, as amended. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for private notes where such private notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date and ending on the close of business one year after the expiration date, they will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS	3
MARKET DATA	3
SUMMARY	4
RISK FACTORS	13
USE OF PROCEEDS	15
RECENT DEVELOPMENTS	15
CAPITALIZATION	15
SELECTED FINANCIAL DATA	16
REGULATION AND LICENSING	18
THE EXCHANGE OFFER	20
DESCRIPTION OF NOTES	31
MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES	43
PLAN OF DISTRIBUTION	48
LEGAL MATTERS	48
EXPERTS	49
WHERE YOU CAN FIND MORE INFORMATION	50
DOCUMENTS INCORPORATED BY REFERENCE	51

FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference in this prospectus include forward-looking statements. These forward-looking statements generally can be identified by phrases such as "believe," "expect," "anticipate," "foresee," "estimate," "intend," "plan," "seek," or other words or phrases of similar import. These include statements relating to the following activities, among others:

operations and expansions of existing properties, including future performance, anticipated scope and opening dates of expansions;

planned development of casinos and hotels that would be owned or managed by us and the pursuit of strategic acquisitions;

planned capital expenditures for 2001 and beyond;

the impact of the WINet and Total Rewards Programs; and

any future impact of the Rincon tribal land development or the acquisition of Harveys Casino Resorts.

Similarly, statements that describe, generally or specifically, our business strategy, outlook objectives, plans, intentions or goals are also forward-looking statements. All of these forward-looking statements are subject to certain risks and uncertainties that could cause actual results

Edgar Filing: HARRAHS ENTERTAINMENT INC - Form 424B3

to differ materially from those expressed in any forward-looking statements made by or on behalf of us. These include, but are not limited to, the following factors as well as other factors described from time to time in our reports filed with the SEC:

construction factors, including disruptions and delays, zoning issues, environmental restrictions, soil conditions, weather and other hazards, site access matters and building permit issues;

access to available and feasible financing;

regulatory, licensing and other government approvals, third party consents and approvals, and relations with partners, owners and other third parties;

the inability to integrate the operations of acquired companies; conditions of credit markets and other business and economic conditions, including international and national economic problems;

litigation, judicial actions and political uncertainties, including gaming legislative action, referenda, and taxation;

abnormal gaming holds;

ineffective marketing; and

the effects of competition, including locations of competitors and operating and marketing competition.

Any forward-looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made, and are qualified in their entirety by this and other cautionary statements in this prospectus and in our filings with the SEC. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

MARKET DATA

Market data used throughout this prospectus including information relating to our relative position in the casino and gaming industry is based on our good faith estimates, which estimates we based upon our review of internal surveys, independent industry publications and other publicly available information. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness.

3

SUMMARY

In this prospectus, the words "Company," "Harrah's," "we," "our," "ours," and "us" refer to Harrah's Entertainment, Inc., a Delaware corporation ("Harrah's Entertainment"), and its wholly-owned subsidiary, Harrah's Operating Company, Inc., a Delaware corporation ("Harrah's Operating"), unless otherwise stated or the context otherwise requires. The following summary contains basic information about this offering. It may not contain all the information that is important to you. The "Description of Notes" section of this prospectus contains more detailed information regarding the terms and conditions of the notes.

THE COMPANY

We operate in more markets than any other casino company and offer a Harrah's casino experience within a three-hour drive of one-third of the U.S. population. On July 31, 2001, we consummated our acquisition of Harveys Casino Resorts. The addition of the Harveys properties

Edgar Filing: HARRAHS ENTERTAINMENT INC - Form 424B3

expanded our geographic distribution to 25 casinos in 12 states, increased our nationwide casino square footage by almost 15% and added 1,109 hotel rooms, 149 table games, excluding poker tables, and 5,768 slot machines to serve our customers. Our casino entertainment facilities, operating under the Harrah's, Rio, Showboat, Harveys and Players brand names, include eleven land-based casinos, ten riverboat or dockside casinos, and three casinos on Indian reservations. We also own a non-controlling interest in and manage the only land-based casino in New Orleans, Louisiana. In addition, during the first quarter of 2000, we signed a definitive agreement with the Rincon San Luiseno Band of Mission Indians to build and manage a \$125 million casino and hotel on Rincon tribal land. The tribe began operations of a temporary casino on January 11, 2001. We do not manage the tribe's temporary casino.

Harrah's

The following table sets forth our gaming operations as of December 31, 2000, including number of hotel rooms, slots and gaming tables, and casino square footage.

Market/Property	Type of Casino	Casino Square Footage	Hotel Rooms	Slots	Gaming Tables
<i>Atlantic City, New Jersey</i>					
Harrah's Atlantic City	Land-based	94,600	1,174(1)	3,246	82
Atlantic City Showboat	Land-based	95,500	800	3,345	68
<i>Las Vegas, Nevada</i>					
Harrah's Las Vegas	Land-based	87,700	2,600	1,755	68
Rio Suite Hotel & Casino	Land-based	109,500	2,548	2,294	106
<i>Lake Tahoe, Nevada</i>					
Harrah's Lake Tahoe	Land-based	65,500	527	1,664	80
Bill's Lake Tahoe	Land-based	18,000		573	19
<i>Reno, Nevada</i>					
Harrah's Reno	Land-based	57,000	958	1,495	63
<i>Laughlin, Nevada</i>					
Harrah's Laughlin	Land-based	47,000	1,580	1,212	39
<i>New Orleans, Louisiana</i>					
Harrah's New Orleans(2)	Land-based	100,000		2,700	130
<i>Lake Charles, Louisiana</i>					
Harrah's Lake Charles	Riverboat(3)	28,300	264	1,618	65
<i>Chicago, Illinois area</i>					
Harrah's Joliet (Illinois)(4)	Dockside	39,160	204	1,127	33
Harrah's East Chicago (Indiana)	Riverboat	49,210	(5)	1,895	71
4					
<i>Metropolis, Illinois</i>					
Players Island Casino Metropolis(6)	Dockside	22,500		1,057	9
<i>Tunica, Mississippi</i>					
Harrah's Tunica	Dockside	50,000	200	1,409	23
<i>Vicksburg, Mississippi</i>					
Harrah's Vicksburg	Dockside	21,000	117	748	15
<i>Shreveport, Louisiana</i>					
Harrah's Shreveport	Dockside	22,550	(7)	1,174	32
<i>North Kansas City, Missouri</i>					
Harrah's North Kansas City(8)	Dockside	62,100	198	2,215	61
<i>St. Louis, Missouri</i>					
Harrah's St. Louis Riverport	Dockside	120,000	291	3,215	77
<i>Phoenix, Arizona</i>					
Harrah's Phoenix Ak-Chin Casino	Indian Reservation	38,000	(9)	475	10
<i>Cherokee, North Carolina</i>					
Harrah's Cherokee Smoky Mountains Casino	Indian Reservation	60,000	(10)	2,696	
<i>Topeka, Kansas</i>					
	Indian				

Edgar Filing: HARRAHS ENTERTAINMENT INC - Form 424B3

Harrah's Prairie Band Casino	Topeka	Reservation	32,958	100	968	31
------------------------------	--------	-------------	--------	-----	-----	----

- (1) We are currently in the process of constructing a 450-room expansion at Harrah's Atlantic City, and we have announced plans to further expand this casino and hotel complex to create an additional 28,000 square feet of casino floor space and expand a buffet area. Both projects are expected to be completed in the second quarter of 2002.
- (2) Harrah's New Orleans is owned by JCC Holding Company, which is approximately 49% owned by us. We also manage the casino.
- (3) As a result of legislation passed in the State of Louisiana, Harrah's Lake Charles began operating as a dockside facility on April 1, 2001.
- (4) We plan to convert Harrah's Joliet from a docked riverboat operation to dockside barge configuration, which is expected to be completed in the fourth quarter of 2001.
- (5) We currently are in the process of constructing a 292-room hotel at Harrah's East Chicago, which is expected to be completed in the fourth quarter of 2001.
- (6) Players Island Casino Metropolis is expected to be converted to a Harrah's brand property in the third quarter of 2001.
- (7) We opened a 514-room hotel and upgraded shoreside amenities at Harrah's Shreveport in the first quarter of 2001.
- (8) Construction to enlarge the dockside barge facility at Harrah's North Kansas City was completed in late June of 2001. We have consolidated the casino operations into this facility and will redeploy the riverboat casino to Metropolis later this year.
- (9) A 146-room hotel opened at Harrah's Phoenix Ak-Chin in the first quarter of 2001.
- (10) Construction of a 252-room hotel is currently underway and is expected to be completed in the first quarter of 2002.

Harveys

The following table sets forth gaming information for Harveys Casino Reports as of its November 30, 2000, fiscal year-end, including number of hotel rooms, slots and gaming tables, including poker tables, and casino square footage.

Market/Property	Type of Casino	Casino Square Footage	Hotel Rooms	Slots	Gaming Tables
<i>Lake Tahoe, Nevada</i>					
Harveys Resort & Casino	Land-based	82,000	740	2,008	109
<i>Central City, Colorado</i>					
Harveys Wagon Wheel Hotel/Casino	Land-based	40,000	118	1,040	14
<i>Council Bluffs, Iowa</i>					
Harveys Casino Hotel	Riverboat	28,250	251	1,220	50
Bluffs Run Casino	Land-based	29,600		1,500	

Brand Strategy

Edgar Filing: HARRAHS ENTERTAINMENT INC - Form 424B3

We seek to differentiate ourselves by building the industry's only national brand. To accomplish this objective, we have invested significant time and resources learning who the best customers in our industry are and what they want from a gaming experience. We are building our brand with a focus on the broad middle market gaming segment, but because of our strategy, we are uniquely positioned to appeal to those customers that play in more than one market. We believe that these customers represent 12% of the industry's customers, but generate 55% of the industry's revenue. Our strategy is comprised of four integrated components which we believe combine to create a sustainable competitive advantage for Harrah's. These four elements are national geographic distribution, quality facilities, proprietary technology and superior customer service.

National Geographic Distribution

Geographic distribution serves as the foundation of our strategy. As of the date of this prospectus, we operate 25 casinos in 19 markets in the United States, more than any other casino operator. As a result, we not only have diversified sources of revenue and earnings, but this geographic distribution allows us to develop relationships with a large number of customers in many markets. Because many of our markets have a limited number of gaming licenses, most of which have already been allocated, we believe it will be difficult for a competitor to duplicate our nationwide scope. In addition, through strategic growth opportunities, we expect to continue to expand our distribution and build even greater access to our target customers.

Quality Facilities

We have completed a large investment program in our facilities to ensure consistent quality among our properties as a necessary component in building a national brand. Our ongoing maintenance capital expenditure program ensures that our properties maintain a high level of quality and meet the expectations of our target customer. In 2001 and 2002, our capital program includes: an expansion of the casino floor and a 450-room expansion at Harrah's Atlantic City; construction of a 292-room hotel at Harrah's East Chicago; completion of a 514-room hotel and shoreside expansion at Harrah's Shreveport; consolidation of the casino space at Harrah's North Kansas City onto an expanded dockside barge facility; converting Harrah's Joliet from a docked riverboat operation to a dockside barge configuration to take full advantage of dockside gaming in this market; refurbishment of the hotel and replacement of a riverboat with a refurbished riverboat

6

at Harrah's Lake Charles; and converting Players Metropolis to a Harrah's branded property, including replacing the existing riverboat with a refurbished riverboat.

Proprietary Technology

We have invested in proprietary technology and tools that help us better market to and understand our customers. Our proprietary technology not only enables us to market effectively and efficiently but also gives us the ability to operate centralized back office systems to achieve economies of scale and synergies. Our patented tiered player card program, Total Rewards, is the only program in the casino industry that rewards and recognizes casino customers on a nationwide basis. Total Rewards allows customers to earn credits based on play. The number of credits establishes the Total Rewards tier Gold, Platinum, or Diamond for which that player qualifies. Each tier provides a different level of benefits so that the more credits a player earns by playing within Harrah's family of brands, the more benefits the player gains. Total Rewards is available in all Harrah's branded properties as well as Rio and Showboat. Credits can also be redeemed for cash, merchandise, food, lodging or show tickets at any Harrah's Entertainment casino across the country. There are currently over 20 million records in our customer database. Total Rewards was launched in September 1997. Total Rewards integrates all of our Harrah's casinos and, as such, serves as a platform on which we are able to build national brand loyalty.

Superior Customer Service

We are committed to ensuring that our employees deliver a recognizable, differentiated customer experience based on level of play. Our goal is to increase the number of target customers who visit our casinos and to capture a greater share of their gaming budget. The key to this strategy is having highly capable, motivated employees that engender customer loyalty in local markets, and then capturing the revenues generated by these customers when they travel to other markets.

We believe that our strategy continues to evolve and build loyalty with our target customer through the use and development of our unique capabilities in addition to the four integrated components described above. We have developed unique capabilities such as Total Rewards, sophisticated direct marketing and telemarketing tools and programs, enhanced revenue management systems, Internet capabilities and data mining and data modeling capabilities. These capabilities, together with our information rich and extensive customer database, allow us to build loyalty that translates into same store sales growth.

Edgar Filing: HARRAHS ENTERTAINMENT INC - Form 424B3

Our principal executive offices are located at One Harrah's Court, Las Vegas, Nevada 89119. Our telephone number is (702) 407-6000.

7

THE EXCHANGE OFFER

The Exchange Offer	We are offering to exchange our exchange notes for our outstanding private notes properly tendered and accepted. You may tender outstanding notes only in denominations of \$1,000 and multiples of \$1,000. We will issue the exchange notes on or promptly after the date that the exchange offer expires. As of the date of this prospectus, \$500,000,000 in aggregate principal amount of private notes are outstanding.
--------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on October 9, 2001, unless extended, in which case the expiration date will mean the latest date and time to which we extend the exchange offer.
-----------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Conditions to the Exchange Offer	The exchange offer is not subject to any conditions other than that it not violate applicable law or any applicable interpretation of the staff of the SEC. The exchange offer is not conditioned upon any minimum principal amount of private notes being tendered for exchange.
----------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Procedures for Tendering Private Notes	If you wish to tender your private notes for exchange notes pursuant to the exchange offer you must transmit to the U.S. Bank, N.A. (formerly known as Firststar Bank, N.A.), as exchange agent, on or before the expiration date, either:
----------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

a computer generated message transmitted through The Depository Trust Company's Automated Tender Offer Program system and received by the exchange agent and forming a part of a confirmation of book-entry transfer in which you acknowledge and agree to be bound by the terms of the letter of transmittal; or

a properly completed and duly executed letter of transmittal, which accompanies this prospectus, or a facsimile of the letter of transmittal, together with your private notes and any other required documentation, to the exchange agent at its address listed in this prospectus and on the front cover of the letter of transmittal.

8

If you cannot satisfy either of these procedures on a timely basis, then you should comply with the guaranteed delivery procedures described below. By executing the letter of transmittal, you will make the representations to us described under "The Exchange Offer Procedures for Tendering."

Special Procedures for Beneficial Owners	If you are a beneficial owner whose private notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your private notes in the exchange offer, you should contact the registered holder promptly and instruct the registered holder to tender on your behalf. If you wish to tender on your own behalf, you must either (1) make appropriate arrangements to register ownership of
------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

the private notes in your name or (2) obtain a properly completed bond power from the registered holder, before completing and executing the letter of transmittal and delivering your private notes.

Guaranteed Delivery Procedures

If you wish to tender your private notes and time will not permit the documents required by the letter of transmittal to reach the exchange agent before the expiration date, or the procedure for book-entry transfer cannot be completed on a timely basis, you must tender your private notes according to the guaranteed delivery procedures described in this prospectus under the heading "The Exchange Offer - Guaranteed Delivery Procedures."

Acceptance of Private Notes and Delivery of Exchange Notes

Subject to the satisfaction or waiver of the conditions to the exchange offer, we will accept for exchange any and all private notes which are validly tendered in the exchange offer and not withdrawn before 5:00 p.m., New York City time, on the expiration date.

Withdrawal Rights

You may withdraw the tender of your private notes at any time before 5:00 p.m., New York City time, on the expiration date, by complying with the procedures for withdrawal described in this prospectus under the heading "The Exchange Offer - Withdrawal of Tenders."

9

Liquidated Damages

We issued the private notes on June 14, 2001, to the initial purchasers pursuant to a purchase agreement. At the same time, we entered into a registration rights agreement with the initial purchasers requiring us to make the exchange offer. The registration rights agreement also required us to:

cause the registration statement filed with respect to the exchange offer to be declared effective by December 11, 2001; and

consummate the exchange offer by January 10, 2002.

Exchange Agent

U.S. Bank, N.A. (formerly known as Firststar Bank, N.A.), the trustee under the indenture governing the private notes, is serving as the exchange agent.

Consequences of Failure to Exchange Notes

If you do not exchange your private notes for exchange notes, you will continue to be subject to the restrictions on transfer provided in the private notes and in the indenture governing the private notes. In general, the private notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently plan to register the private notes under the Securities Act.

Registration Rights Agreement

You are entitled to exchange your private notes for exchange notes with substantially identical terms. The exchange offer satisfies this right. After the exchange offer is completed, you will no longer be entitled to any exchange or registration rights with respect to your private notes. Under the circumstances described in the registration rights agreement, you may require us to file a shelf registration statement under the Securities Act.

We explain the exchange offer in greater detail beginning on page 20.

THE EXCHANGE NOTES

The form and terms of the exchange notes are the same as the form and terms of the private notes, except that the exchange notes will be registered under the Securities Act and, therefore, the exchange notes will not be subject to the transfer restrictions, registration rights and provisions providing for an increase in the interest rate applicable to the private notes. The exchange notes will evidence the same debt as the private notes and both the private notes and the exchange notes, collectively, the "notes," are governed by the same indenture.

Total Amount of Notes Offered	\$500,000,000 principal amount of 7.125% Senior Notes due 2007.
Maturity	June 1, 2007.
Interest	7.125% per year.
Interest Payment Dates	June 1 and December 1, beginning on December 1, 2001. Interest will accrue from the issue date of the notes.
Optional Redemption	We may redeem some or all of the exchange notes at any time at the redemption price described in the "Description of Notes" section under the heading "Optional Redemption," plus accrued interest to the date of redemption.
Guarantee	Harrah's Entertainment unconditionally guarantees the notes. However, because Harrah's Entertainment's sole material asset is its equity interest in Harrah's Operating, Harrah's Entertainment is dependent on the receipt of dividends or other payments from Harrah's Operating to make payments on the guarantee of the notes.
Ranking	The notes are unsecured senior obligations of Harrah's Operating. At June 30, 2001, after giving effect to the issuance of the notes, the notes would have ranked equal in right of payment with \$1,804.9 million of other senior indebtedness of Harrah's Operating, including \$645.0 million under our credit facility. However, \$100.5 million of such indebtedness represents obligations of our subsidiaries, all of which would effectively rank senior to the notes.
Covenants	The indenture governing the notes contains covenants that limit our ability and our subsidiaries' ability to: <ul style="list-style-type: none"> enter into certain sale and lease-back transactions; incur liens on our assets to secure debt; merge or consolidate with another company; and transfer or sell substantially all of our assets.

11

For more details, see the "Additional Covenants of Harrah's Operating" section under the headings "Description of Notes" and "Merger, Consolidation or Sale of Assets" in this prospectus.

Form of Exchange Notes

The exchange notes will be represented by one or more permanent global certificates, in fully registered form, deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company, as depository. You will not receive exchange notes in certificated form unless one of the events described under the heading "Book-Entry; Delivery; Form and Transfer Transfers of Interests in Global Notes for

Certificated Notes" occurs. Instead, beneficial interests in the exchange notes will be shown on, and transfers of these notes will be effected only through, records maintained in book-entry form by The Depository Trust Company and its participants.

Use of Proceeds

We will not receive any cash proceeds in the exchange offer.
We explain the exchange notes in greater detail beginning on page 31.

12

RISK FACTORS

You should read carefully this entire prospectus before investing in the notes. Among the factors that may adversely affect an investment in the notes are the following:

Our substantial indebtedness could adversely affect our financial results and prevent us from fulfilling our obligations under the notes.

We currently have a significant amount of indebtedness. At June 30, 2001, our total consolidated indebtedness was approximately \$3,052.9 million. See "Capitalization." On July 31, 2001, we incurred an additional \$631.4 million in indebtedness to fund the acquisition of Harveys Casino Resorts.

The notes will not restrict our ability to borrow substantial additional unsecured indebtedness in the future. If new indebtedness is added to our current debt levels, the related risks that we now face could increase.

Our indebtedness could have important consequences for the holders of the notes, including:

limiting our ability to satisfy our obligations with respect to the notes;

increasing our vulnerability to general adverse economic and industry conditions;

limiting our ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;

requiring a substantial portion of our cash flow from operations for the payment of principal of, and interest on, our indebtedness and reducing our ability to use our cash flow to fund working capital, capital expenditures and general corporate requirements;

limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and

disadvantaging us compared to competitors with less indebtedness.

Servicing our indebtedness will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on our indebtedness, including these notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. Harrah's Entertainment is a holding company and Harrah's Operating conducts substantially all of its operations through its subsidiaries. As a result, our ability to meet our debt service obligations substantially depends upon our subsidiaries' cash flow and payments of funds to us by our subsidiaries. This ability, to some extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Based on our current level of operations and recent acquisitions, we believe our cash flow from operations, available cash and available borrowings under our credit facility will be adequate to meet our liquidity needs for the next few years.

We cannot assure you, however, that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our credit facility in an amount sufficient to enable us to pay our indebtedness, including these notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including these notes on or before maturity. We cannot assure

you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all.

Although these notes are referred to as "senior notes," they will be effectively subordinated to our secured indebtedness and the indebtedness of our subsidiaries.

The notes are unsecured and therefore will be effectively subordinated to any secured indebtedness we may incur to the extent of the value of the assets securing such indebtedness. In the event of a

13

bankruptcy or similar proceeding involving us, our assets which serve as collateral will be available to satisfy the obligations under any secured indebtedness before any payments are made on the notes. In addition, our subsidiaries will not guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, creditors of our subsidiaries will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us, except to the extent we may also have a claim as a creditor. At June 30, 2001, these notes were effectively junior to approximately \$100.5 million of indebtedness of subsidiaries of Harrah's Operating. The notes are also effectively junior to the \$631.4 million of additional indebtedness we incurred on July 31, 2001, to fund our acquisition of Harveys Casino Resorts.

We may incur additional losses related to the New Orleans land-based casino.

On January 4, 2001, JCC Holding Company, the owner and operator of the New Orleans, Louisiana, land-based casino managed by one of our subsidiaries pursuant to a contract, filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. On January 12, 2001, JCC Holding filed a plan of reorganization which was supported by us, the bank lenders and bondholders of JCC Holding. The plan of reorganization was consummated on March 29, 2001.

We could face additional losses relating to the New Orleans casino. In connection with the consummation of the plan, we guaranteed payments to the State of Louisiana of up to \$230 million. We also received \$51 million in term debt of the reorganized company and we are providing \$35 million in revolving debt to the reorganized company. If the casino does not perform well and experiences financial difficulty, we would be responsible for state payments to the extent that JCC Holding is unable to pay such amounts. We could also incur losses resulting from the loans we provided to and our equity ownership in JCC Holding. In addition, we face exposure to accounting losses if the casino does not perform well. It is also possible that other stakeholders in the casino could pursue litigation against us.

We may require you to dispose of your notes or redeem your notes if any gaming authority finds you unsuitable to hold them.

We may require you to dispose of your notes or redeem your notes if any gaming authority finds you unsuitable to hold them or in order to otherwise comply with gaming laws to which we are subject, as more fully described in the sections entitled "Regulation and Licensing" and "Description of the Exchange Notes Mandatory Disposition Pursuant to Gaming Laws."

An active trading market may not develop for the notes.

There is no existing trading market for the notes. Although the initial purchasers of the private notes have informed us that they currently intend to make a market in the notes, they have no obligation to do so and may discontinue making a market at any time without notice.

We do not intend to apply for listing of the exchange notes, on any securities exchange or for quotation on the Nasdaq National Market.

The liquidity of any market for the notes will depend on a number of factors, including:

the number of holders of the notes;

our performance;

the market for similar securities;

the interest of securities dealers in making a market in the notes; and

prevailing interest rates.

We cannot assure you that an active market for the notes will develop or, if developed, that it will continue.

USE OF PROCEEDS

The exchange offer satisfies an obligation under the registration rights agreement. We will not receive any cash proceeds from the exchange offer.

RECENT DEVELOPMENTS

On August 9, 2001, we notified the trustee and registered holders of \$150 million aggregate principal amount of 10⁵/₈% Senior Subordinated Notes due 2006 that we intend to redeem these notes on September 11, 2001. We assumed the liability for these notes when we acquired Harveys Casino Resorts on July 31, 2001, and will fund the redemption using funds drawn under our existing revolving credit facilities.

CAPITALIZATION

You should read this table in conjunction with our selected financial data presented elsewhere in this prospectus along with the consolidated financial statements and related notes of Harrah's Entertainment, Rio, Showboat and Players, all of which can be found in publicly available documents, including those incorporated by reference herein.

	June 30, 2001
	(Unaudited)
	(in millions)
Short-Term Debt, Including Current Portion of Long-Term Debt:	
Short-term debt	\$ 47.0
Current portion of long-term debt	3.9
	<hr/>
Total	\$ 50.9
	<hr/>
Long-Term Debt:	
Revolving Credit Facilities	\$ 645.0
Commercial Paper Program	19.0
Atlantic City Mortgage Debt	96.7
13% Senior Subordinated Notes due 2009	2.4
7 ¹ / ₂ % Senior Notes due 2009	498.4
8% Senior Notes due 2011, net of discount	494.7
7 ⁷ / ₈ % Senior Subordinated Notes due 2005	750.0
Unsecured Notes Payable	1.1
Capitalized Lease Obligations	0.7
7.125% Senior Notes due 2007, net of discount	497.9
Less current portion of long-term debt	(3.9)
	<hr/>
Total long-term debt, net of current portion	3,002.0
Stockholders' Equity:	
Total stockholders' equity	1,430.7

	June 30, 2001 (Unaudited)
	<hr/> <hr/>
Total capitalization	\$ 4,432.7
	<hr/> <hr/>

15

SELECTED FINANCIAL DATA

The selected consolidated financial data below is derived from our audited consolidated financial statements, except for the financial data for the six months ended June 30 which is derived from our unaudited consolidated financial statements. We have reclassified certain amounts for prior years to conform with our presentation for 2001. You should read the financial data presented below in conjunction with the consolidated financial statements, accompanying notes and management's discussion and analysis of results of operations and financial condition of Harrah's Entertainment, Rio, Showboat and Players, all of which can be found in publicly available documents, including those incorporated by reference herein.

	Six Months Ended June 30, (Unaudited)		Year Ended December 31,				
	2001	2000(1)	2000(2)	1999(3)	1998(4)	1997(5)	1996(6)

(in millions, except per share amounts and ratios)

Income Statement Data:

Revenues	\$ 1,813.6	\$ 1,656.4	\$ 3,459.2	\$ 3,012.9	\$ 1,993.1	\$ 1,613.1	\$ 1,584.9
Income from operations	286.3	236.4	282.7	481.0	287.8	213.5	236.9
Income before income taxes and minority interests	153.5	132.6	17.8	359.6	203.3	183.6	172.1
Income (loss) before extraordinary items	92.1	78.0	(11.3)	219.5	121.7	107.5	98.9
Net income (loss)	91.9	77.2	(12.1)	208.5	102.0	99.4	98.9
Net income (loss) per share-diluted	0.78	0.64	(0.10)	1.62	1.00	0.98	0.95

Other Financial and Operating Data:

Property EBITDA(7)	470.1	423.8	886.5	792.9	512.6	402.9	440.2
Cash flows from operating activities	313.1	256.1	547.6	490.1	297.9	255.1	285.7
Interest expense	127.4	108.6	227.1	193.4	117.3	79.1	70.0
Ratio of earnings to fixed charges(8)	2.0x	2.3x	2.2x	2.7x	2.4x	2.8x	2.8x

	At June 30, 2001	At December 31,				
	(Unaudited)	2000	1999	1998	1997	1996

(in millions)

Balance Sheet Data:

Total assets	\$ 5,207.5	\$ 5,166.1	\$ 4,766.8	\$ 3,286.3	\$ 2,005.5	\$ 1,974.1
--------------	------------	------------	------------	------------	------------	------------

Edgar Filing: HARRAHS ENTERTAINMENT INC - Form 424B3

	At June 30, 2001		At December 31,			
Short-term debt, including current portion of long-term debt	50.9	345.9	2.9	2.3	1.8	1.8
Long-term debt	3,002.0	2,835.8	2,540.3	1,999.4	924.4	889.5
Stockholders' equity	1,430.7	1,269.7	1,486.3	851.4	735.5	719.7

(1) Our results for the first six months of 2000 include the financial results of Players International, Inc., only from March 22, 2000, the date of its acquisition.

(2) Our 2000 results include \$220.0 million in pretax reserves for receivables not expected to be recovered from JCC Holding Company and its subsidiary, Jazz Casino Company, LLC, \$6.1 million in pretax charges for other write-downs, reserves and recoveries and \$39.4 million in pretax

16

write-offs and reserves for our investment in, loans to and net estimated exposure under letters of credit issued on behalf of National Airlines, Inc. Our results for 2000 also include the financial results of Players International, Inc., from March 22, 2000, the date of its acquisition.

(3) Our 1999 results include \$2.2 million in pretax charges for write-downs, reserves and recoveries and \$59.8 million of gains from sales of our equity interests in nonconsolidated affiliates. Our results for 1999 also include the financial results of Rio Hotel & Casino, Inc., from January 1, 1999, the date of its acquisition.

(4) Our 1998 results include \$7.5 million in pretax charges for write-downs and reserves and a \$13.2 million gain on the sale of our equity interest in a nonconsolidated restaurant subsidiary. Our results for 1998 also include the financial results of Showboat, Inc., from June 1, 1998, the date of its acquisition.

(5) Our 1997 results include \$13.8 million in pretax charges for write-downs and reserves and a \$37.4 million gain on the sale of our equity interest in a New Zealand subsidiary.

(6) Our 1996 results include \$52.2 million in pretax charges for write-downs and reserves, primarily related to write-downs of impaired long-lived assets and reserves for contingent liability exposure.

(7) EBITDA consists of earnings before interest, taxes, depreciation and amortization. Property EBITDA consists of operating profit before depreciation and amortization, write-downs, reserves and recoveries and project opening costs. See Exhibit 12 to our 2000 Form 10-K for the computations of Property EBITDA. Property EBITDA is a supplemental financial measure used by management, as well as industry analysts, to evaluate our operations. However, Property EBITDA should not be construed as an alternative to Income from operations (as an indicator of our operating performance) or to Cash Flows from operating activities (as a measure of liquidity) as determined in accordance with generally accepted accounting principles and presented in our Consolidated Financial Statements. All companies do not calculate EBITDA in the same manner. As a result, Property EBITDA as presented by our Company may not be comparable to similarly titled measures presented by other companies.

(8) Ratio computed based on Income before extraordinary items.

17

REGULATION AND LICENSING

The ownership and operation of casino gaming facilities are subject to extensive governmental regulation. Each of the jurisdictions in which we operate gaming facilities requires us to hold various licenses, findings of suitability, registrations, permits, and approvals (collectively, "Gaming Licenses"). Under the gaming laws of Nevada, New Jersey, Mississippi, Missouri, Louisiana, Illinois, Indiana, Iowa, Colorado, Arizona, California, Kansas and North Carolina, and our corporate charter, holders of our securities may be required, under certain circumstances, to dispose of the securities. If the holder refuses to do so, we may be required to repurchase the security. In addition, the management contracts and the operation of gaming and casinos on Indian land in the United States are subject to the Indian Gaming Regulatory Act, which is administered by the National Indian Gaming Commission.

Consequently, each holder of notes, by accepting any notes, will be deemed to have agreed to be bound by the requirements imposed by the gaming authority in any jurisdiction we, or any of our subsidiaries, conduct or propose to conduct gaming activities. See "Description of Notes Mandatory Disposition Pursuant to Gaming Laws." In addition, under the indenture governing the notes, each holder and beneficial owner of notes, by accepting or otherwise acquiring an interest in any notes, will be deemed to have agreed to apply for a license, qualification, or finding of suitability as required by the gaming authorities in any jurisdiction in which we, or any of our subsidiaries, conduct or propose to conduct gaming activities. If a holder of notes fails to apply or become licensed or qualified or is found unsuitable, we shall have the right, at our option:

to require the holder to dispose of its notes or beneficial interest therein within 30 days of receiving notice of our election or such earlier date as may be requested or prescribed by a gaming authority; or

to redeem the notes at a redemption price equal to the lesser of (1) the holder's cost or (2) 100% of the principal amount thereof, plus accrued and unpaid interest to the earlier of the redemption date and the date of the finding of unsuitability, which may be less than 30 days following the notice of redemption if so requested or prescribed by the gaming authority.

We will not be responsible for any costs or expenses incurred by any such holder or beneficial owner in connection with its application for a license, qualification or finding of suitability. Harrah's Operating's charter also expressly provides that debt securities issued by Harrah's Operating may be redeemed if a holder of such securities is found unsuitable by any governmental agency.

The Nevada Gaming Commission, the New Jersey Casino Control Commission, the Mississippi Gaming Commission, the Missouri Gaming Commission, the Louisiana Gaming Control Board, the Illinois Gaming Board, the Indiana Gaming Commission, t