

HARRAHS ENTERTAINMENT INC

Form S-4/A

January 24, 2005

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As filed with the Securities and Exchange Commission on January 24, 2005

Registration No. 333-119836

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2

to

Form S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Harrah s Entertainment, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

7993

*(Primary Standard Industrial
Classification Code Number)*

62-1411755

*(I.R.S. Employer
Identification No.)*

**One Harrah s Court
Las Vegas, Nevada 89119
(702) 407-6000**

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

**Stephen H. Brammell, Esq.
Senior Vice President, General Counsel and Corporate Secretary**

**One Harrah s Court
Las Vegas, Nevada 89119
(702) 407-6000**

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

Copies to:

**Charles K. Ruck, Esq.
Latham & Watkins LLP
650 Town Center Drive
Costa Mesa, California 92626
(714) 540-1235**

**Bernard E. DeLury, Jr., Esq.
Executive Vice President, Secretary and
General Counsel
Caesars Entertainment, Inc.
3930 Howard Hughes Parkway
Las Vegas, Nevada 89109
(702) 699-5000**

**Martha E. McGarry, Esq.
Skadden, Arps, Slate, Meagher &
Flom LLP
Four Times Square
New York, New York 10036
(212) 735-3000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this Registration Statement and the satisfaction or waiver of all other conditions under the merger agreement described herein.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) 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.

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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.

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 that 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 Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The boards of directors of Harrah's Entertainment, Inc. and Caesars Entertainment, Inc. have each unanimously approved the merger of Caesars with a wholly-owned subsidiary of Harrah's. We are proposing the merger because we believe it will benefit the stockholders of each of our respective companies by creating more stockholder value than either company could create individually and allowing stockholders to participate in a larger, more diversified company.

If the proposed merger is completed, Caesars stockholders may elect to receive either 0.3247 of a share of Harrah's common stock or \$17.75 in cash for each share of Caesars common stock they own, subject to proration due to the aggregate amount of cash to be paid and the number of shares of Harrah's common stock to be issued by Harrah's in the merger and other adjustments described in this joint proxy statement/prospectus. As a result, Harrah's will issue approximately 67.7 million shares of Harrah's common stock in the merger and \$1.87 billion in cash in the merger based on the number of shares of Caesars common stock outstanding on January 18, 2005. We estimate that immediately after the merger, Caesars stockholders will hold approximately 37.4% of the then-outstanding shares of Harrah's common stock, based on the number of shares of Harrah's and Caesars common stock outstanding on January 18, 2005. Harrah's stockholders will continue to own their existing shares, which will not be affected by the merger.

Harrah's common stock is traded on the New York Stock Exchange under the trading symbol HET. On January 18, 2005, Harrah's common stock closed at \$65.98 per share as reported on the New York Stock Exchange Composite Transaction Tape. Caesars stockholders are urged to check the trading price of Harrah's common stock prior to electing whether to receive cash or stock in the merger.

The merger cannot be completed unless Harrah's stockholders approve the issuance of shares of Harrah's common stock in the merger and Caesars stockholders approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger. The obligations of Harrah's and Caesars to complete the merger are also subject to the satisfaction or waiver of several other conditions to the merger, including receiving approval and/or clearance from regulatory agencies. More information about Harrah's, Caesars and the proposed merger is contained in this joint proxy statement/prospectus. **We encourage you to read carefully this joint proxy statement/prospectus before voting, including the section entitled Risk Factors beginning on page 30.**

Based on its review, the board of directors of Harrah's has determined that the merger agreement and the transactions contemplated by the merger agreement are fair to and in the best interests of Harrah's and its stockholders and has unanimously approved the merger agreement and the issuance of shares of Harrah's common stock in the merger. Based on its review, the Caesars board of directors has determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and fair to and in the best interests of Caesars and its stockholders and has unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger.

The Harrah's board of directors unanimously recommends that Harrah's stockholders vote FOR the proposal to approve the issuance of shares of Harrah's common stock pursuant to the merger agreement. The Caesars board of directors unanimously recommends that Caesars stockholders vote FOR the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger.

The proposals are being presented to the respective stockholders of each company at their special meetings. The dates, times and places of the meetings are as follows:

For Harrah's stockholders:

March 11, 2005, 8:00 a.m., local time
Rio All-Suite Hotel & Casino
3700 West Flamingo Road
Las Vegas, Nevada
(888) 746-7153

For Caesars stockholders:

March 11, 2005, 8:00 a.m., local time
Caesars Palace
3570 Las Vegas Boulevard South
Las Vegas, Nevada
(702) 731-7110

Your vote is very important. Whether or not you plan to attend your respective company's special meeting, please take the time to vote by completing and mailing to us the enclosed proxy card or, if the option is available to you, by granting your proxy electronically over the Internet or by telephone. If your shares are held in street name, you must instruct your broker in order to vote.

Sincerely,

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Gary W. Loveman
Chairman, President and Chief Executive Officer
Harrah's Entertainment, Inc.

Wallace R. Barr
President and Chief Executive Officer
Caesars Entertainment, Inc.

None of the Securities and Exchange Commission, any state securities regulator or any gaming regulatory authority has approved or disapproved of these transactions or the securities to be issued under this joint proxy statement/ prospectus or determined if this joint proxy statement/ prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated January 24, 2005, and is being mailed to stockholders of Harrah's and Caesars on or about January 28, 2005.

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HARRAH S ENTERTAINMENT, INC.

**One Harrah s Court
Las Vegas, Nevada 89119**

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On March 11, 2005

To the Stockholders of Harrah s Entertainment, Inc.:

We will hold a special meeting of stockholders of Harrah s at Rio All-Suite Hotel & Casino, 3700 West Flamingo Road, Las Vegas, Nevada, on March 11, 2005, at 8:00 a.m. local time, for the following purposes:

1. To consider and vote upon a proposal to approve the issuance of shares of Harrah s common stock, pursuant to the Agreement and Plan of Merger, dated as of July 14, 2004, by and among Harrah s Entertainment, Inc., Harrah s Operating Company, Inc., a wholly-owned subsidiary of Harrah s, and Caesars Entertainment, Inc.
2. To consider and vote upon a proposal to approve an amendment to Harrah s certificate of incorporation to increase the number of authorized shares of Harrah s common stock from 360,000,000 to 720,000,000.
3. To transact any other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

These items of business are described in the attached joint proxy statement/prospectus. Only Harrah s stockholders of record at the close of business on January 18, 2005, the record date for the special meeting, are entitled to notice of and to vote at the special meeting and any adjournments or postponements of the special meeting.

The board of directors of Harrah s unanimously recommends that you vote FOR the proposal to approve the issuance of shares of Harrah s common stock pursuant to the merger agreement and FOR the proposal to amend Harrah s certificate of incorporation to increase the number of authorized shares of Harrah s common stock.

A list of stockholders eligible to vote at the Harrah s special meeting will be available for inspection at the special meeting, and at the executive offices of Harrah s during regular business hours for a period of no less than ten days prior to the special meeting.

Your vote is very important. It is important that your shares be represented and voted whether or not you plan to attend the special meeting in person. You may vote by completing and mailing the enclosed proxy card, or you may grant your proxy electronically via the Internet or by telephone. If your shares are held in street name, which means shares held of record by a broker, bank or other nominee, you should check the voting form used by that firm to determine whether you will be able to submit your proxy by telephone or on the Internet. If you are a participant in Harrah s Company Stock Fund of the Harrah s Savings and Retirement Plan, you can submit your proxy by telephone or on the Internet. Submitting a proxy over the Internet, by telephone or by mailing the enclosed proxy card will ensure your shares are represented at the special meeting. Please review the instructions in this joint proxy statement/

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prospectus and the enclosed proxy card or the information forwarded by your bank, broker or other holder of record regarding each of these options.

By Order of the Board of Directors,

STEPHEN H. BRAMMELL
Corporate Secretary
Harrah's Entertainment, Inc.

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CAESARS ENTERTAINMENT, INC.

**3930 Howard Hughes Parkway
Las Vegas, Nevada 89109**

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On March 11, 2005

To the Stockholders of Caesars Entertainment, Inc.:

We will hold a special meeting of stockholders of Caesars at Caesars Palace, 3570 Las Vegas Boulevard South, Las Vegas, Nevada, on March 11, 2005, at 8:00 a.m. local time, for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated as of July 14, 2004, by and among Harrah's Entertainment, Inc., Harrah's Operating Company, Inc., a wholly-owned subsidiary of Harrah's and Caesars Entertainment, Inc., and the transactions contemplated by the merger agreement, including the merger, pursuant to which Caesars would merge with Harrah's Operating Company, Inc. and each outstanding share of Caesars common stock would be converted, at the stockholder's election, into the right to receive \$17.75 in cash or 0.3247 of a share of Harrah's common stock, subject to proration and adjustment.

2. To transact any other business within the preceding purpose as may properly come before the special meeting or any adjournments or postponements of the special meeting.

These items of business are described in the attached joint proxy statement/prospectus. Only Caesars stockholders of record at the close of business on January 18, 2005, the record date for the special meeting, are entitled to notice of and to vote at the special meeting and any adjournments or postponements of the special meeting.

The board of directors of Caesars approved the merger agreement and the transactions contemplated by the merger agreement, including the merger, on July 14, 2004, and unanimously recommends that you vote FOR the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger, which are described in detail in this joint proxy statement/prospectus.

A complete list of Caesars stockholders entitled to vote at the Caesars special meeting will be available for inspection both at Caesars Palace and at the executive offices of Caesars during regular business hours for a period of no less than ten days before the special meeting.

Your vote is very important. Whether you plan to attend the special meeting or not, please complete, date and sign the enclosed proxy card as soon as possible and return it in the postage-prepaid envelope provided, or use our 24-hour a day telephone or Internet voting options to submit a proxy. Completing a proxy now will not prevent you from being able to vote at the special meeting by attending in person and casting a vote. However, **if you do not return or submit the proxy or vote in person at the**

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special meeting, the effect will be the same as a vote against the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger.

By Order of the Board of Directors,

BERNARD E. DELURY, JR.
Secretary
Caesars Entertainment, Inc.

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ADDITIONAL INFORMATION

This joint proxy statement/ prospectus incorporates by reference important business and financial information about Harrah's and Caesars from documents that are not included in or delivered with this joint proxy statement/ prospectus. For a more detailed description of the information incorporated by reference into this joint proxy statement/ prospectus and how you may obtain it, see **Additional Information Where You Can Find More Information** on page 147.

You can obtain any of the documents incorporated by reference into this joint proxy statement/ prospectus from Harrah's or Caesars, as applicable, or from the Securities and Exchange Commission, which is referred to as the SEC, through the SEC's website at www.sec.gov. Documents incorporated by reference are available from Harrah's and Caesars without charge, excluding any exhibits to those documents, unless the exhibit is specifically incorporated by reference as an exhibit in this joint proxy statement/ prospectus. Harrah's stockholders and Caesars stockholders may request a copy of such documents in writing or by telephone by contacting the applicable department at:

Harrah's Entertainment, Inc.
One Harrah's Court
Las Vegas, Nevada 89119
Telephone number: (702) 407-6000
Attn: Investor Relations

Caesars Entertainment, Inc.
3930 Howard Hughes Parkway
Las Vegas, Nevada 89109
Telephone number: (702) 699-5000
Attn: Secretary

In addition, you may obtain copies of the information relating to Harrah's, without charge, by sending an e-mail to investors@harrahs.com. You may obtain copies of some of this information by making a request through the Harrah's investor relations website at <http://investor.harrahs.com>.

In addition, you may obtain copies of some of the information relating to Caesars, without charge, by making a request through the investor relations section of the Caesars website at <http://investor.caesars.com>.

We are not incorporating the contents of the websites of the SEC, Harrah's, Caesars or any other person into this document. We are only providing the information about how you can obtain certain documents that are incorporated by reference into this joint proxy statement/ prospectus at these websites for your convenience.

In order for you to receive timely delivery of the documents in advance of the Harrah's and Caesars special meetings, Harrah's or Caesars, as applicable, should receive your request no later than March 4, 2005.

For information about where to obtain copies of documents, see **Additional Information Where You Can Find More Information** on page 147.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

The following are some questions that you, as a stockholder of Harrah's or Caesars, may have regarding the merger and the other matters being considered at the respective special meetings of stockholders of Harrah's and Caesars and brief answers to those questions. Harrah's and Caesars urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at their respective special meetings of stockholders. Additional important information is also contained in the annexes to and the documents incorporated by reference in this joint proxy statement/prospectus.

Q: Why are Harrah's and Caesars stockholders receiving this joint proxy statement/prospectus?

A: Harrah's and Caesars have agreed to the acquisition of Caesars by Harrah's under the terms of a merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A.

In order to complete the merger, Harrah's stockholders must vote to approve the issuance of shares of Harrah's common stock in the merger and Caesars stockholders must approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger. Harrah's and Caesars will hold separate special meetings of their respective stockholders to obtain these approvals.

This joint proxy statement/prospectus contains important information about the merger, the merger agreement and the special meetings of the respective stockholders of Harrah's and Caesars, which you should read carefully. The enclosed voting materials allow you to vote your shares without attending your respective company's special meeting.

Your vote is very important. We encourage you to vote as soon as possible.

Q: Why are Harrah's and Caesars proposing the merger?

A: Harrah's and Caesars both believe that the merger will provide substantial strategic and financial benefits to the stockholders of both companies because the merger will allow stockholders of both companies the opportunity to participate in a larger, more diversified company that will be a preeminent distributor of casino entertainment. We both also believe that the combination will create a stronger and more competitive provider of casino entertainment that is capable of creating more stockholder value than either Harrah's or Caesars could on its own. In addition, Caesars is also proposing the merger to provide its stockholders with the opportunity to receive a premium for their shares and to offer Caesars stockholders the opportunity to participate in the growth and opportunities of the combined company by electing to receive Harrah's stock in the merger or to realize cash for the value of their shares by electing to receive cash in the merger. To review the reasons for the merger in greater detail, see *The Merger Recommendation of the Harrah's Board of Directors and Its Reasons for the Merger* on page 54 and *The Merger Recommendation of the Caesars Board of Directors and Its Reasons for the Merger* on page 56.

Q: What will happen in the merger?

A: Pursuant to the terms of the merger agreement, Caesars will merge with Harrah's Operating Company, Inc., a wholly-owned subsidiary of Harrah's, with Harrah's Operating Company surviving and continuing as a wholly-owned subsidiary of Harrah's.

Q: What consideration will Caesars stockholders receive in the merger?

A: Caesars stockholders may elect to receive either \$17.75 in cash or 0.3247 of a share of Harrah's common stock for each share of Caesars common stock they own, subject to proration to reflect the aggregate amount of cash to be paid and number of shares to be issued by Harrah's in the merger and other adjustments as described in this joint proxy statement/prospectus. For more information on the proration and adjustment features, see *Summary The Merger Merger Consideration* on page 9. Caesars stockholders will receive cash for any fractional share of Harrah's common stock that they would be entitled to receive in the merger after aggregating all fractional shares to be received by them.

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Because of the proration and adjustments features, the exact amount of cash and shares of Harrah's common stock to be received by each Caesars stockholder in the merger in exchange for his or her shares of Caesars common stock cannot be determined until the completion of the merger. Caesars stockholders may not receive the specific amount of cash or Harrah's common stock that they elect to receive.

Q: How do Caesars stockholders specify if they want cash or shares of Harrah's common stock?

A: Caesars stockholders have been sent, together with this joint proxy statement/ prospectus, an election form/ letter of transmittal with instructions for making an election to receive shares of Harrah's common stock in exchange for his or her shares of Caesars common stock. To be effective, an election form/ letter of transmittal must be properly completed and signed by Caesars stockholders making an election to receive shares of Harrah's common stock and received by the exchange agent, together with the Caesars stock certificates representing those shares of Caesars common stock with respect to which the election is being made, no later than 5:00 p.m., Pacific Standard Time, on the business day immediately preceding the closing date of the merger. Harrah's and Caesars will announce the anticipated closing date at least three but not more than ten business days prior to the closing date.

If the exchange agent does not receive from a Caesars stockholder a properly completed and signed election form/ letter of transmittal with respect to shares of Caesars common stock, together with the appropriate stock certificates, by 5:00 p.m., Pacific Standard Time, on the business day immediately preceding the closing date of the merger, the holder of those shares of Caesars common stock will be deemed to have made an election for cash consideration with respect to those shares of Caesars common stock. Following the completion of the merger, Caesars stockholders who have not made an election to receive Harrah's common stock in the merger will receive a letter of transmittal and instructions as to how to surrender their Caesars stock certificates.

Q: Should Caesars stockholders send in their election form/ letter of transmittal and Caesars stock certificates now?

A: No. Election forms/ letters of transmittal and Caesars stock certificates need not be sent at this time and should not be sent to Caesars with the enclosed proxy card for the Caesars special meeting. Instead, Caesars stockholders who would like to make an election to receive shares of Harrah's common stock in the merger should send their properly completed and signed election form/ letter of transmittal to the exchange agent, together with the stock certificates representing those shares of Caesars common stock with respect to which the election is being made, no later than 5:00 p.m., Pacific Standard Time, on the business day immediately preceding the closing date of the merger. Harrah's and Caesars will announce the anticipated closing date at least three but not more than ten business days prior to the closing date of the merger. Caesars stockholders who do not elect to receive shares of Harrah's common stock in the merger will be deemed to have made an election for cash consideration with respect to their shares of Caesars common stock, and following the completion of the merger will receive a letter of transmittal and instructions as to how to surrender their Caesars stock certificates.

Q: Can Caesars stockholders change or revoke their election?

A: Yes. Caesars stockholders can revoke their election by giving written notice to the exchange agent at The Bank of New York, Caesars Exchange, P.O. Box 859208, Braintree, MA 02185-9208, provided the written notice is received by the exchange agent no later than 5:00 p.m., Pacific Standard Time, on the business day immediately preceding the closing date of the merger. After this time, you may not revoke your election to receive Harrah's common stock in the merger, unless the exchange agent is legally required to permit revocations. If an election is timely revoked, the exchange agent will promptly return any Caesars stock certificates that had been submitted to the exchange agent.

To change an election, Caesars stockholders must revoke and then resubmit a valid and timely election form/ letter of transmittal.

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Q: How will Harrah's stockholders be affected by the merger and issuance of Harrah's common stock in the merger?

A: After the merger, Harrah's stockholders will continue to own their existing shares of Harrah's common stock. Accordingly, Harrah's stockholders will hold the same number of shares of Harrah's common stock that they held immediately prior to the merger. However, because Harrah's will be issuing new shares of Harrah's common stock to certain Caesars stockholders in the merger, each outstanding share of Harrah's common stock immediately prior to the merger will represent a smaller percentage of the total number of shares of Harrah's common stock outstanding after the merger.

Q: When do Harrah's and Caesars expect the merger to be completed?

A: Harrah's and Caesars are working to complete the merger as quickly as practicable. However, we cannot predict the exact timing of the completion of the merger because it is subject to regulatory approvals and other conditions. See Summary Conditions to Completion of the Merger on page 16 and Summary Regulatory Approvals on page 17. There may be a substantial period of time between the approval of the proposals by stockholders at the special meetings of Harrah's and Caesars stockholders and the effectiveness of the merger. There is currently no way to predict how long it will take to obtain all of the required regulatory approvals.

Q: What are the federal income tax consequences of the merger?

A: We expect the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. If the merger qualifies as a reorganization, the U.S. federal income tax consequences to Caesars stockholders generally will be as follows:

Caesars stockholders that receive solely Harrah's common stock in the merger will not recognize any gain or loss, except for gain or loss resulting from the receipt of cash in lieu of a fractional share of Harrah's common stock;

Caesars stockholders that receive a combination of cash and Harrah's common stock will recognize capital gain, but not loss, to the extent of the amount of cash received; and

Caesars stockholders that receive solely cash will recognize capital gain or loss.

No gain or loss will be recognized by Harrah's, Caesars or Harrah's stockholders as a result of the merger.

Tax matters are complicated, and the tax consequences of the merger to each Caesars stockholder will depend on the facts of each stockholder's situation. Caesars stockholders are urged to read carefully the discussion in the section entitled The Merger Material United States Federal Income Tax Consequences on page 81 and to consult their own tax advisors for a full understanding of the tax consequences of their participation in the merger.

Q: Are Harrah's and Caesars stockholders entitled to appraisal rights?

A: Under Delaware law, holders of Caesars common stock have the right to dissent from the merger and obtain payment in cash for the fair value of their shares of common stock, as determined by the Delaware Chancery Court, rather than the merger consideration. To exercise appraisal rights, Caesars stockholders must strictly follow the procedures prescribed by Delaware law. These procedures are summarized under the section entitled The Merger Dissenters Rights of Appraisal on page 85. In addition, the text of the applicable provisions of Delaware law is included as Annex E to this joint proxy statement/prospectus.

Holders of Harrah's common stock are not entitled to dissenters' appraisal rights in connection with the issuance of Harrah's common stock in the merger.

Q: What are Harrah's stockholders voting on?

A: Harrah's stockholders are voting on a proposal to approve the issuance of shares of Harrah's common stock pursuant to the merger agreement. The approval of this proposal by Harrah's stockholders is a condition to the effectiveness of the merger.

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Harrah's stockholders are also voting on a proposal to approve an amendment to Harrah's certificate of incorporation to increase the number of authorized shares of Harrah's common stock, which is not a condition to the effectiveness of the merger.

Harrah's stockholders are voting on each proposal separately. Your vote on one proposal has no bearing on the other proposal, or any other matter that may come before the Harrah's special meeting.

Q: What are Caesars stockholders voting on?

A: Caesars stockholders are voting on a proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger. The approval of this proposal by Caesars stockholders is a condition to the effectiveness of the merger.

Q: What vote of Harrah's stockholders is required to approve the issuance of shares of Harrah's common stock in the merger?

A: Approval of the issuance of shares of Harrah's common stock pursuant to the merger agreement requires the affirmative vote of the holders of a majority of shares of Harrah's common stock cast on such proposal, in person or by proxy, provided that the total votes cast on the proposal represents over 50% of the outstanding shares of Harrah's common stock entitled to vote on the proposal.

Q: What vote of Harrah's stockholders is required to approve the amendment to Harrah's certificate of incorporation to increase the number of authorized shares of Harrah's common stock?

A: Approval of the amendment to Harrah's certificate of incorporation to increase the number of authorized shares of Harrah's common stock requires the affirmative vote of the holders of a majority of the outstanding shares of Harrah's common stock entitled to vote at the special meeting.

Q: What vote of Caesars stockholders is required to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger?

A: Approval of the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger, requires the affirmative vote of the holders of a majority of the outstanding shares of Caesars common stock entitled to vote at the special meeting.

Q: How does the board of directors of Harrah's recommend that Harrah's stockholders vote?

A: The Harrah's board of directors unanimously recommends that Harrah's stockholders vote **FOR** the proposal to approve the issuance of shares of Harrah's common stock pursuant to the merger agreement. The Harrah's board of directors has determined that the issuance of shares of Harrah's common stock to Caesars stockholders in the merger is fair to, and in the best interest of, Harrah's and its stockholders, and has declared the issuance of shares of Harrah's common stock to be advisable to its stockholders.

The Harrah's board of directors unanimously approved a resolution, subject to stockholder approval, to amend Harrah's certificate of incorporation to increase the number of authorized shares of Harrah's common stock and unanimously recommends that Harrah's stockholders vote **FOR** the proposal to the amend Harrah's certificate of incorporation. For a more complete description of the recommendation of the Harrah's board of directors, see [The Harrah's Special Meeting Recommendation of the Harrah's Board of Directors](#) on page 38.

Q: How does the board of directors of Caesars recommend that Caesars stockholders vote?

A: The Caesars board of directors unanimously recommends that Caesars stockholders vote **FOR** the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger. The Caesars board of directors has determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and fair to and in the best interests of Caesars and its stockholders. Accordingly, the Caesars board of directors has approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. For a more complete description of the recommendation of the Caesars board of directors, see [The Caesars Special Meeting Recommendation of the Caesars Board of Directors](#) on page 43.

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Q: When and where will the special meetings of stockholders be held?

A: The Harrah's special meeting will take place at Rio All-Suite Hotel & Casino, 3700 West Flamingo Road, Las Vegas, Nevada, on March 11, 2005, at 8:00 a.m. local time. The Caesars special meeting will take place at Caesars Palace, 3570 Las Vegas Boulevard South, Las Vegas, Nevada, on March 11, 2005, at 8:00 a.m. local time.

Q: Who can attend and vote at the special meetings?

A: All Harrah's stockholders of record as of the close of business on January 18, 2005, the record date for the Harrah's special meeting, are entitled to receive notice of and to vote at the Harrah's special meeting. All Caesars stockholders of record as of the close of business on January 18, 2005, the record date for the Caesars special meeting, are entitled to receive notice of and to vote at the Caesars special meeting.

Q: What should Harrah's and Caesars stockholders do now in order to vote on the proposals being considered at their company's special meeting?

A: Stockholders of record of Harrah's as of the record date for the Harrah's special meeting, participants in Harrah's Company Stock Fund of the Harrah's Savings and Retirement Plan or stockholders of record of Caesars as of the record date for the Caesars special meeting may now vote by proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage paid envelope or by submitting a proxy over the Internet or by telephone by following the instructions on the enclosed proxy card. If you hold Harrah's shares or Caesars shares in street name, which means your shares are held of record by a broker, bank or nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please refer to the voting instruction card used by your broker, bank or nominee to see if you may submit voting instructions using the Internet or telephone.

Q: Can Harrah's or Caesars stockholders vote at their company's special meeting?

A: Yes. You may also vote in person by attending your respective company's special meeting of stockholders. If you plan to attend your respective company's special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held in street name, and you wish to vote at your respective company's special meeting, you must bring a proxy from the record holder of the shares authorizing you to vote at the special meeting. Whether or not Harrah's stockholders or Caesars stockholders plan to attend their special meeting of their respective company, they should grant their proxy as described in this joint proxy statement/prospectus.

Q: What will happen if I abstain from voting or fail to vote?

A: If you are a Harrah's stockholder, an abstention by you, which occurs when a stockholder attends a meeting, either in person or by proxy, but abstains from voting, will have the same effect as voting against both the issuance of shares of Harrah's common stock under the merger agreement and the approval of the amendment to Harrah's certificate of incorporation to increase the number of authorized shares of Harrah's common stock. If you are a Harrah's stockholder, your failure to vote or to instruct your broker to vote if your shares are held in street name may have a negative effect on Harrah's ability to obtain the number of votes cast necessary for approval of the issuance of shares of Harrah's common stock under the merger agreement in accordance with the listing requirements of the New York Stock Exchange, and will have the same effect as voting against the approval of the amendment to Harrah's certificate of incorporation to increase the number of authorized shares of Harrah's common stock.

If you are a Caesars stockholder, an abstention by you or your failure to vote or to instruct your broker to vote if your shares are held in street name will have the same effect as voting against the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger.

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Q: Can I change my vote after I have delivered my proxy?

A: Yes. If you are a holder of record, you can change your vote at any time before your proxy is voted at the special meeting by:

delivering a signed written notice of revocation to your respective company at:

Harrah's Entertainment, Inc.
One Harrah's Court
Las Vegas, Nevada 89119
Attn: Corporate Secretary

Caesars Entertainment, Inc.
3930 Howard Hughes Parkway
Las Vegas, Nevada 89109
Attn: Secretary

signing and delivering a new, valid proxy bearing a later date; and if it is a written proxy, it must be signed and delivered to your respective company at the address listed above;

submitting another proxy by telephone or on the Internet (your latest telephone or Internet voting instructions are followed); or

attending the special meeting and voting in person, although your attendance alone will not revoke your proxy.

If your shares are held in a street name account, you must contact your broker, bank or other nominee to change your vote.

Q: What should Harrah's stockholders or Caesars stockholders do if they receive more than one set of voting materials for their company's special meeting?

A: You may receive more than one set of voting materials for your special meeting, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

Q: Who can help answer my questions?

A: If you have any questions about the merger or how to submit your proxy, or if you need additional copies of this joint proxy statement/prospectus, the enclosed proxy card, voting instructions or the election form, you should contact:

if you are a Harrah's stockholder:

D.F. King & Co., Inc.
48 Wall Street
New York, New York 10005

Call toll-free: (800) 829-6551

if you are a Caesars stockholder:

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, New York 10022

Stockholders in the United States and Canada call toll-free: (877) 750-5837

Edgar Filing: HARRAHS ENTERTAINMENT INC - Form S-4/A

From other locations call collect: (646) 822-7404

Banks and brokers call collect: (212) 750-5833

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SUMMARY

The following is a summary that highlights information contained in this joint proxy statement/prospectus. This summary may not contain all of the information that may be important to you. For a more complete description of the merger agreement and the transactions contemplated by the merger agreement, including the merger, we encourage you to read carefully this entire joint proxy statement/prospectus, including the attached annexes. In addition, we encourage you to read the information incorporated by reference into this joint proxy statement/prospectus, which includes important business and financial information about Harrah's and Caesars that has been filed with the SEC. You may obtain the information incorporated by reference into this joint proxy statement/prospectus without charge by following the instructions in the section entitled "Additional Information Where You Can Find More Information" on page 147.

The Companies

Harrah's Entertainment, Inc.

One Harrah's Court
Las Vegas, Nevada 89119
(702) 407-6000

Harrah's Entertainment, Inc., a Delaware corporation, is one of the leading casino entertainment companies in the United States, operating in more markets than any other casino company and offering a Harrah's casino experience within a three-hour drive of over half of the United States adult population. Harrah's business is conducted through a wholly-owned subsidiary, Harrah's Operating Company, Inc., which owns or manages through various subsidiaries 28 casinos in the United States with about 1.7 million square feet of gaming space and approximately 16,180 hotel rooms. Harrah's casino entertainment facilities, operating primarily under the Harrah's, Rio, Showboat, Horseshoe and Harveys brand names, include eleven land-based casinos, eleven riverboat or dockside casinos, a greyhound racing facility, a thoroughbred racetrack and four casinos on Indian reservations.

On July 1, 2004, Harrah's consummated its acquisition of Horseshoe Gaming Holding Corp., or Horseshoe, for approximately \$1.6 billion, including the assumption of approximately \$535 million, face amount, in outstanding 8 5/8% senior subordinated notes, plus reimbursements to Horseshoe for certain capital expenditures and acquisition related costs. On July 1, 2004, Harrah's called for redemption of all \$535 million of the outstanding 8 5/8 senior subordinated notes and completed the redemption of these notes on August 2, 2004.

Harrah's was incorporated on November 2, 1989, and prior to such date operated under predecessor companies. Harrah's common stock is traded on the New York Stock Exchange, which is referred to as the NYSE, under the symbol HET.

Caesars Entertainment, Inc.

3930 Howard Hughes Parkway
Las Vegas, Nevada 89109
(702) 699-5000

Caesars Entertainment, Inc., a Delaware corporation, changed its name to Caesars Entertainment, Inc. from Park Place Entertainment Corporation effective January 5, 2004. Caesars is one of the leading casino/hotel operators in the United States and has a significant presence in Nevada, New Jersey and Mississippi, the three largest state gaming markets in the United States. Caesars operates 28 casinos with more than two million square feet of gaming space and approximately 26,000 hotel rooms. Caesars casino resorts operate under the Caesars, Bally's, Flamingo, Grand Casinos, Hilton and Paris brand names.

In December 1998, Caesars became a separate and independent public company when Hilton Hotels Corporation divested its gaming operations through a tax-free distribution of Caesars common shares to Hilton's stockholders. At the same time, Caesars acquired the Mississippi gaming operations of Grand Casinos, Inc. through a merger. In December 1999, Caesars acquired all of the outstanding stock of

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Caesars World, Inc. and interests in several other gaming entities from Starwood Hotels & Resorts Worldwide, Inc. Caesars common stock is traded on the NYSE under the symbol CZR.

Recent Developments

On September 27, 2004, Harrah's and Caesars, by and through certain subsidiaries of each, entered into a definitive agreement whereby an affiliate of Colony Capital, LLC will acquire Harrah's East Chicago and Harrah's Tunica from Harrah's and the Atlantic City Hilton and Bally's Tunica from Caesars. Pursuant to the terms of the agreement, the purchaser will acquire substantially all of the operating assets and assume certain liabilities of Harrah's properties for approximately \$627 million and of Caesars' properties for approximately \$612 million. The transaction is subject to regulatory approval and other customary conditions. Harrah's and Caesars agreed to sell the four properties in connection with the merger described in this joint proxy statement/prospectus, although the sale is not conditioned on the closing of the merger.

On October 22, 2004, Caesars, by and through a subsidiary, entered into a definitive agreement whereby an affiliate of Columbia Sussex Corporation will acquire all of the outstanding equity interests of Belle of Orleans, LLC, which owns and operates Bally's Casino New Orleans. Pursuant to the terms of the agreement, the purchase price will be approximately \$24 million.

On November 19, 2004, Caesars, by and through a subsidiary, entered into a definitive agreement whereby the same affiliate of Columbia Sussex Corporation will acquire substantially all of the operating assets and certain liabilities of Caesars Tahoe. Pursuant to the terms of the agreement, the purchase price will be approximately \$45 million.

Both the transactions between Caesars and the affiliate of Columbia Sussex Corporation are subject to regulatory approvals and other customary conditions, and neither transaction is conditioned on the closing of the other or on the closing of the merger. The sale of Caesars Tahoe was subject to a right of first refusal, whereby an unrelated third party might have exercised an option to purchase Caesars Tahoe. However, that party notified Caesars on January 20, 2005 that it chose not to exercise that option.

On December 24, 2004, Caesars, by and through a subsidiary, entered into a definitive agreement to sell its ownership and management interests in Caesars Gauteng, a casino resort near Johannesburg, South Africa, for approximately \$145 million. Under the terms of the agreement, PeerMont Global Limited and Marang (East Rand) Gaming Investments will jointly acquire the 25 percent interest held by Caesars South African affiliate in the company that owns Caesars Gauteng. PeerMont will also acquire Caesars' 50 percent interest in the company that manages the South Africa casino resort. The transaction is subject to regulatory approvals and other customary conditions, although the sale is not conditioned on the closing of the merger.

On January 11, 2005, Caesars, by and through a subsidiary, entered into a definitive agreement whereby Caesars will acquire from Riverboat Development, Inc. an 18 percent interest in RDI/Caesars Riverboat Casino, LLC, the company that owns and operates Caesars Indiana casino resort. Pursuant to the terms of the agreement, the purchase price will be approximately \$70 million. Following the consummation of the transaction, Caesars, through its subsidiary, will own a 100 percent interest in Caesars Indiana casino resort. The transaction is subject to regulatory approvals and other customary conditions, although the sale is not conditioned on the closing of the merger.

The Merger (see page 47)

Harrah's and Caesars have agreed to the acquisition of Caesars by Harrah's under the terms of the merger agreement that is described in this joint proxy statement/prospectus. Pursuant to the merger agreement, Caesars will merge with Harrah's Operating Company, with Harrah's Operating Company surviving the merger. We have attached the merger agreement as Annex A to this joint proxy statement/prospectus. We encourage you to carefully read the merger agreement in its entirety because it is the legal document that governs the merger.

Table of Contents***Merger Consideration***

Caesars stockholders may elect to receive 0.3247 of a share of Harrah's common stock for each share of Caesars common stock they own or if Caesars stockholders do not make such an election to receive shares of Harrah's common stock, they will be deemed to have elected to receive \$17.75 in cash for each share of Caesars common stock that they own, subject to proration due to the aggregate amount of cash to be paid and number of shares of Harrah's common stock to be issued by Harrah's in the merger and other adjustments as described in this joint proxy statement/prospectus. As a result, Harrah's will issue approximately 67.7 million shares of Harrah's common stock and \$1.87 billion in cash in the merger based upon the number of shares of Caesars common stock outstanding on the record date of the Caesars special meeting. We refer to the stock and cash consideration to be paid to Caesars stockholders by Harrah's as the merger consideration.

The value of the merger consideration that a Caesars stockholder receives in the merger may vary depending on whether a Caesars stockholder receives shares of Harrah's common stock or cash. The value of the cash portion of the merger consideration is fixed at \$17.75 for each share of Caesars common stock. The value of the stock portion of the merger consideration is not fixed and will depend upon the value of 0.3247 of a share of Harrah's common stock upon completion of the merger. This value may be ascertained by multiplying the trading price of Harrah's common stock by 0.3247.

As illustrated in the table below, the value of 0.3247 of a share of Harrah's common stock may be less than or greater than \$17.75. In particular, if the closing price of Harrah's common stock upon completion of the merger is greater than \$54.67, then the value of 0.3247 of a share of Harrah's common stock would be greater than the \$17.75 in cash. If the closing price of Harrah's common stock upon completion of the merger is less than \$54.67, then the \$17.75 in cash would be greater than the value of 0.3247 of a share of Harrah's common stock.

Hypothetical Trading Price of Harrah's Common Stock	Corresponding Value of 0.3247 of a Share of Harrah's Common Stock
\$73.00	\$23.70
\$72.00	\$23.38
\$71.00	\$23.05
\$70.00	\$22.73
\$69.00	\$22.40
\$68.00	\$22.08
\$67.00	\$21.75
\$66.00	\$21.43
\$65.00	\$21.11
\$64.00	\$20.78
\$63.00	\$20.46
\$62.00	\$20.13
\$61.00	\$19.81
\$60.00	\$19.48
\$59.00	\$19.16
\$58.00	\$18.83
\$57.00	\$18.51
\$56.00	\$18.18
\$55.00	\$17.86
\$54.67	\$17.75
\$54.00	\$17.53
\$53.00	\$17.21

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Because the merger consideration is subject to proration, the table above does not set forth the actual consideration that will be received by Caesars stockholders and is only for illustration purposes. The effect of proration on the merger consideration to be received by Caesars stockholders is set forth in the table entitled **Consideration to Be Received by Caesars Stockholders for Each Share of Caesars Common Stock After Proration on page 11.**

Caesars stockholders are urged to check the trading price of Harrah's common stock prior to electing whether to receive cash or stock in the merger. The merger agreement does not provide Caesars with a price-based termination right or other protection for Caesars or its stockholders against a decline in the market price of Harrah's common stock. See **Risk Factors** **Risks Relating to the Merger** on page 30.

The merger has been structured, and adjustments to the elections of Caesars stockholders will be made by the exchange agent, so that the aggregate number of shares of Caesars common stock to be converted into shares of Harrah's common stock in the merger will equal 66.42% of the number of shares of Caesars common stock outstanding immediately prior to the merger, which amount is referred to as the stock cap. For example, based on the number of shares of Caesars common stock outstanding as of the record date for the Caesars special meeting, the aggregate number of shares of Harrah's common stock which would be issued to Caesars stockholders would be fixed at approximately 67.7 million shares and the aggregate amount of cash which would be paid to Caesars stockholders would be fixed at approximately \$1.87 billion in cash, which is referred to as the cash cap. The stock elections in the merger are subject to proration to preserve this fixed number of shares of Harrah's common stock to be issued and cash to be paid in the merger. As a result, even if a Caesars stockholder elects to receive shares of Harrah's common stock in the merger, he or she will likely receive a mix of Harrah's common stock and cash. Similarly, if he or she is deemed to have elected to receive cash in the merger, he or she will likely receive a mix of Harrah's common stock and cash.

If the aggregate number of shares held by Caesars stockholders electing to receive Harrah's common stock exceeds the stock cap, then the exchange agent will allocate, pro rata to those Caesars stockholders electing to receive the stock consideration, a sufficient amount of cash consideration instead of stock consideration so that the aggregate number of shares of Caesars common stock to be converted into shares of Harrah's common stock in the merger equals the stock cap, subject to rounding and the adjustment provisions of the merger agreement.

If the aggregate number of shares held by Caesars stockholders who are deemed to have elected to receive cash exceeds the aggregate amount of cash that will be paid to Caesars stockholders in the merger, then the exchange agent will allocate, pro rata to those Caesars stockholders who are deemed to have elected to receive cash, a sufficient amount of stock consideration instead of cash consideration so that the aggregate number of shares of Harrah's common stock to be issued by Harrah's in the merger equals the stock cap, subject to rounding and the adjustment provisions of the merger agreement.

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The table below illustrates some, but not all, potential outcomes and sets forth the amount of stock consideration and/or cash consideration that a Caesars stockholder could receive, depending on the percentage of Caesars stockholders that elect to receive shares of Harrah's common stock in the merger.

Consideration to Be Received by Caesars Stockholders for Each Share of Caesars Common Stock After Proration

Percentage of Caesars Shares for Which There Is an Election to Receive Harrah's Common Stock	Percentage of Caesars Shares for Which There Is Deemed an Election to Receive Cash	Aggregate Consideration to Be Received for Each Share of Caesars Common Stock by Caesars Stockholders Electing to Receive Harrah's Common Stock	Aggregate Consideration to Be Received for Each Share of Caesars Common Stock by Caesars Stockholders Deemed to Have Elected to Receive Cash
100%	0	\$5.96 + 0.2157 of a share of Harrah's common stock	N/A
90%	10%	\$4.65 + 0.2396 of a share of Harrah's common stock	\$17.75
80%	20%	\$3.01 + 0.2696 of a share of Harrah's common stock	\$17.75
70%	30%	\$0.91 + 0.3081 of a share of Harrah's common stock	\$17.75
66.42%	33.58%	0.3247 of a share of Harrah's common stock	\$17.75
60%	40%	0.3247 of a share of Harrah's common stock	\$14.90 + 0.0521 of a share of Harrah's common stock
50%	50%	0.3247 of a share of Harrah's common stock	\$11.92 + 0.1066 of a share of Harrah's common stock
40%	60%	0.3247 of a share of Harrah's common stock	\$9.93 + 0.1430 of a share of Harrah's common stock
30%	70%	0.3247 of a share of Harrah's common stock	\$8.51 + 0.1689 of a share of Harrah's common stock
20%	80%	0.3247 of a share of Harrah's common stock	\$7.45 + 0.1884 of a share of Harrah's common stock
10%	90%	0.3247 of a share of Harrah's common stock	\$6.62 + 0.2036 of a share of Harrah's common stock
0	100%	N/A	\$5.96 + 0.2157 of a share of Harrah's common stock

As a result of this proration feature, in many cases, the form of merger consideration actually received by a Caesars stockholder will differ from the form of consideration that the Caesars stockholder elects or is deemed to have elected to receive. Because the aggregate number of shares of Caesars common stock to be converted into shares of Harrah's common stock in the merger will equal 66.42% of the number of shares of Caesars common stock outstanding immediately prior to the merger, unless adjusted pursuant to the terms of the merger agreement, it is possible that a substantial portion of the merger consideration received by each Caesars stockholder will be in the form of stock consideration, regardless of the election made by the Caesars stockholder.

For a full description of the proration terms and procedures, see [The Merger Agreement](#) [Merger Consideration](#) [Stock Cap and Proration](#) on page 97.

Fractional Shares

Harrah's will not issue fractional shares of Harrah's common stock in the merger. As a result, a Caesars stockholder will receive cash for any fractional share of Harrah's common stock that they would otherwise be entitled to receive in the merger.

For a full description of the treatment of fractional shares, see [The Merger Agreement](#) [Fractional Shares](#) on page 99.

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Election by Caesars stockholders

Caesars stockholders have been sent, together with this joint proxy statement/ prospectus, an election form with instructions for making elections to receive stock consideration in the merger, and a letter of transmittal. To be effective, an election form and a letter of transmittal must be properly completed and signed by Caesars stockholders making an election to receive shares of Harrah's common stock and received by the exchange agent, together with the stock certificates representing the shares of Caesars common stock with respect to which the election is being made, no later than 5:00 p.m., Pacific Standard Time, on the business day immediately preceding the closing date of the merger. Harrah's and Caesars will announce the anticipated closing date at least three but not more than ten business days prior to the closing date of the merger. If a properly completed and signed election form and letter of transmittal with respect to shares of Caesars common stock is not received by the exchange agent, together with the appropriate stock certificates, by 5:00 p.m., Pacific Standard Time, on the business day immediately preceding the closing date of the merger, the holder of those shares of Caesars common stock will be deemed to have made an election for cash consideration with respect to those shares of Caesars common stock. For a full description of the election procedures for Caesars stockholders, see "The Merger Agreement - Exchange of Caesars Stock Certificates for Harrah's Stock Certificate - Caesars Common Stock Election" on page 98.

Special Stock Purchase Rights

Pursuant to a Rights Agreement, dated as of October 5, 1996, as amended, between Harrah's and The Bank of New York, as rights agent, one special stock purchase right will attach to each share of common stock issued by Harrah's to Caesars stockholders. Each special stock purchase right entitles the holder to buy one two-hundredth of a share of Harrah's Series A special stock at an exercise price of \$130, subject to certain anti-dilution adjustments, after the special stock purchase rights become exercisable and until October 5, 2006. The special stock purchase right attaches automatically to each share of common stock issued by Harrah's and are represented by Harrah's common stock certificates. The special stock purchase rights do not have any voting rights.

In general, if a person acquires 15% or more of the Harrah's outstanding common stock, each special stock purchase right entitles its holder to purchase Harrah's common stock having a market value at that time of twice the exercise price of the special stock purchase right. In addition, under certain conditions, each special stock purchase right entitles its holder to purchase stock of an acquiring company at a discount.

The special stock purchase rights have certain anti-takeover effects. The special stock purchase rights will cause substantial dilution to a person or group that attempts to acquire Harrah's on terms not approved by the Harrah's board of directors, except pursuant to an offer conditioned on a substantial number of special stock purchase rights being acquired.

Caesars Equity Awards

In general, upon completion of the merger, options to purchase shares of Caesars common stock will be converted into options to purchase shares of Harrah's common stock and assumed by Harrah's. The number of options to purchase Harrah's common stock and the exercise prices of the new options will be determined pursuant to the merger agreement. Harrah's has agreed to assume Caesars' stock option plans at the effective time of the merger. Each unvested Caesars stock option outstanding under any Caesars stock option plan will be fully vested and exercisable.

Each outstanding purchase right under the Caesars employee stock purchase plan will be assumed by Harrah's and converted into a right to purchase Harrah's common stock in accordance with the merger agreement and the employee stock purchase plan. Harrah's has agreed to assume Caesars' employee stock purchase plan at the effective time of the merger.

Each outstanding restricted stock unit under Caesars' 2004 long term incentive plan and each performance award will be converted into the right to receive Harrah's common stock in accordance with

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the merger agreement. In addition, Caesars will take all actions necessary to terminate its supplemental retention plan as of the effective time of the merger and Harrah's will issue Harrah's common stock to each participant in the supplemental retention plan.

For a full description of the treatment of Caesars equity awards, see The Merger Agreement Caesars Equity Awards and Benefit Plans Caesars Equity Awards on page 109.

Recommendation of the Board of Directors (see pages 38 and 43)

Harrah's

The Harrah's board of directors believes that the merger is fair to, and in the best interest of, Harrah's and its stockholders and has declared the merger to be advisable to its stockholders, and unanimously recommends that Harrah's stockholders vote **FOR** approval of the issuance of shares of Harrah's common stock to Caesars stockholders pursuant to the merger agreement. The Harrah's board of directors unanimously recommends that Harrah's stockholders vote **FOR** approval of the amendment to Harrah's certificate of incorporation to increase the number of authorized shares of Harrah's common stock.

Caesars

The Caesars board of directors believes that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and fair to and in the best interests of Caesars and its stockholders and has unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger, and unanimously recommends that Caesars stockholders vote **FOR** approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Stockholders Entitled to Vote (see pages 39 and 43)

Harrah's Stockholders

You can vote at the Harrah's special meeting if you owned Harrah's common stock at the close of business on January 18, 2005, which is referred to as the Harrah's record date. On that date, there were 113,437,206 shares of Harrah's common stock outstanding and entitled to vote at the Harrah's special meeting. You can cast one vote for each share of Harrah's common stock that you owned on the Harrah's record date.

Caesars Stockholders

You can vote at the Caesars special meeting if you owned Caesars common stock at the close of business on January 18, 2005, which is referred to as the Caesars record date. On that date, there were 314,021,584 shares of Caesars common stock outstanding and entitled to vote at the Caesars special meeting. You can cast one vote for each share of Caesars common stock that you owned on the Caesars record date.

Vote Required (see pages 39 and 44)

Harrah's Stockholders

In accordance with the listing requirements of the NYSE, stockholder approval of the issuance of shares of Harrah's common stock pursuant to the merger agreement requires the affirmative vote of the holders of a majority of shares of Harrah's common stock cast on such proposal, in person or by proxy, provided that the total votes cast on the proposal represents over 50% of the outstanding shares of Harrah's common stock entitled to vote on the proposal.

In accordance with the requirements of Delaware General Corporation Law, which is referred to as the DGCL, the approval of the amendment to Harrah's certificate of incorporation to increase the number of authorized shares of Harrah's common stock requires the affirmative vote of the holders of a majority of

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the shares of outstanding Harrah's common stock entitled to vote at the special meeting. Stockholder approval of this proposal is not a condition that must be satisfied before the merger can be completed.

Abstentions and broker non-votes, will be counted in determining whether a quorum is present at the Harrah's special meeting for purposes of the vote of Harrah's stockholders on the proposal to approve the issuance of shares of Harrah's common stock in the merger. For both proposals, an abstention, which occurs when a stockholder attends a meeting either in person or by proxy, but abstains from voting, will have the same effect as a vote against the proposals. A broker non-vote occurs when shares are held in street name by a broker or other nominee on behalf of a beneficial owner and the beneficial owner does not instruct the broker or nominee how to vote the shares at the special meeting for a proposal that is non-routine under the listing requirements of the NYSE. Broker non-votes could have a negative effect on Harrah's ability to obtain the necessary number of votes cast in accordance with the NYSE's listing requirements for the proposal to approve the issuance of shares of Harrah's common stock pursuant to the merger agreement because it is a non-routine proposal. Broker non-votes will not result from the proposal to amend Harrah's certificate of incorporation to increase the number of authorized shares of Harrah's common stock because under the NYSE listing requirements it is a routine proposal and therefore a broker or nominee will have the discretionary authority under the NYSE's listing requirements to vote the shares for which the broker or nominee does not receive voting instructions for the proposal.

Caesars Stockholders

The affirmative vote of the holders of a majority of the outstanding shares of Caesars common stock entitled to vote at the special meeting, in person or by proxy, is required to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Abstentions and broker non-votes will be counted in determining whether a quorum is present at the Caesars special meeting for purposes of the vote of Caesars stockholders on the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger.

An abstention will have the same effect as a vote against the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger. A broker non-vote will have the same effect as a vote against the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Share Ownership of Directors and Executive Officers

At the close of business on the Harrah's record date, directors and executive officers of Harrah's and their affiliates beneficially owned and were entitled to vote approximately 3,424,008 shares of Harrah's common stock, collectively representing approximately 3.0% of the shares of Harrah's common stock outstanding on that date.

At the close of business on the Caesars record date, directors and executive officers of Caesars and their affiliates beneficially owned and were entitled to vote approximately 27,089,581 shares of Caesars common stock, collectively representing 8.6% of the shares of Caesars common stock outstanding on that date.

Opinions of Financial Advisors (see pages 59 and 65)

Harrah's

On July 14, 2004, Deutsche Bank Securities Inc., or Deutsche Bank, financial advisor to Harrah's, delivered to the Harrah's board of directors its oral opinion, which was subsequently confirmed by delivery of a written opinion dated July 14, 2004, that, as of that date, and based upon and subject to the considerations described in its opinion and based upon such other matters as Deutsche Bank considered relevant, the merger consideration to be paid by Harrah's for each outstanding share of Caesars common stock pursuant to the merger agreement was fair to Harrah's from a financial point of view. The full text

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of Deutsche Bank's written opinion is attached to this joint proxy statement/prospectus as Annex B. We encourage you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. Deutsche Bank's opinion is directed to the Harrah's board of directors and does not constitute a recommendation to any stockholder as to any matters relating to the merger.

Caesars

On July 14, 2004, UBS Securities LLC, or UBS, financial advisor to Caesars, delivered to the Caesars board of directors its oral opinion, which was subsequently confirmed by delivery of a written opinion dated July 14, 2004, that, as of that date, and based upon and subject to the factors and assumptions set forth in the opinion, the aggregate merger consideration to be received by the holders of the shares of Caesars common stock pursuant to the merger was fair, from a financial point of view, to such holders. The full text of UBS's written opinion is attached to this joint proxy statement/prospectus as Annex C. We encourage you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. UBS's opinion is directed to the Caesars board of directors and does not constitute a recommendation to any stockholder as to any matters relating to the merger.

Ownership of Harrah's After the Merger

Based on the number of shares of Harrah's and Caesars common stock outstanding on their respective record dates, after completion of the merger, Harrah's expects to issue approximately 67.7 million shares of Harrah's common stock and former Caesars stockholders will own approximately 37.4% of the then-outstanding shares of Harrah's common stock.

Interests of Caesars' Directors and Executive Officers in the Merger (see page 89)

In considering the recommendation of the Caesars board of directors with respect to the merger agreement and the transactions contemplated by the merger agreement, including the merger, you should be aware that certain members of the Caesars board of directors and certain Caesars executive officers have interests in the transactions contemplated by the merger agreement that may be different than, or in addition to, the interests of Caesars stockholders, generally. These interests include:

severance payments under employment agreements and change of control agreements which may be triggered if the officer leaves or is terminated, in either case, under certain circumstances following the merger;

potential appointment to the Harrah's board of directors following the merger;

accelerated vesting and exercisability of Caesars stock options, restricted stock units, performance awards and supplemental retention units issued under Caesars' equity compensation plans;

continued benefits for one year following the effective date of the merger that are in the aggregate no less favorable than those provided by Caesars as of the date of the merger agreement; and

eligibility to receive retention bonuses in connection with the transaction.

The Caesars board of directors was aware of these interests and considered them, among other matters, in making its recommendation with respect to the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Management of Harrah's After the Merger

It is currently expected that all of the executive officers of Harrah's will remain with Harrah's after the merger. The employment status of the executive officers of Caesars after the completion of the merger has not yet been determined.

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After the completion of the merger, there will be at least 12 members of the Harrah's board of directors, but no more than 14 members. All of the ten current members of the Harrah's board of directors are expected to remain as members of the Harrah's board of directors after the completion of the merger. Philip G. Satre previously announced his resignation as Chairman of the Harrah's board of directors, which was effective December 31, 2004. The additional two to four vacancies created by the increase in the size of Harrah's board of directors and Mr. Satre's resignation will be filled by the appointment of individuals who are currently directors of Caesars. Upon completion of the merger, William Barron Hilton and Stephen F. Bollenbach will be appointed to the Harrah's board of directors. The Harrah's board of directors will consider the nomination of up to two additional Caesars directors to the Harrah's board of directors. For a full description of the appointment of Caesars directors to the Harrah's Board of Directors, see *The Merger Agreement - Harrah's Board of Directors* on page 116.

Listing of Harrah's Common Stock and Delisting of Caesars Common Stock (see pages 85 and 89)

Application will be made to have the shares of Harrah's common stock issued in the merger approved for listing on the NYSE, where Harrah's common stock currently is traded under the symbol HET. If the merger is completed, Caesars common stock will no longer be listed on the NYSE and will be deregistered under the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, and Caesars will no longer file periodic reports with the SEC.

Dissenters' Rights of Appraisal (see page 85)

Harrah's

Under Delaware law, holders of Harrah's common stock are not entitled to dissenters' appraisal rights in connection with the issuance of Harrah's common stock in the merger.

Caesars

Holders of Caesars common stock who do not wish to accept the consideration payable pursuant to the merger may seek, under Section 262 of the DGCL, judicial appraisal of the fair value of their shares by the Delaware Court of Chancery. This value could be more than, less than or the same as the merger consideration for the Caesars common stock. Failure to strictly comply with all the procedures required by Section 262 of the DGCL will result in a loss of the right to appraisal.

Merely voting against the merger will not preserve the right of Caesars stockholders to appraisal under Delaware law. Also, because a submitted proxy not marked against or abstain will be voted for the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger, the submission of a proxy not marked against or abstain will result in the waiver of appraisal rights. Caesars stockholders who hold shares in the name of a broker or other nominee must instruct their nominee to take the steps necessary to enable them to demand appraisal for their shares.

Annex E to this joint proxy statement/prospectus contains the full text of Section 262 of the DGCL, which relates to the rights of appraisal. We encourage you to read these provisions carefully and in their entirety.

Conditions to Completion of the Merger (see page 100)

A number of conditions must be satisfied before the merger will be completed. These include among others:

the receipt of the approval of the issuance of shares of Harrah's common stock in the merger by Harrah's stockholders and the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, by Caesars stockholders;

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the receipt of all material governmental and regulatory consents, approvals, orders and authorizations required to complete the merger, including all approvals under gaming laws;

the expiration or termination of the waiting period, or any extension to the waiting period, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to as the HSR Act;

the absence of any legal restraints or prohibitions preventing the completion of the merger;

the absence of any litigation by any governmental entity seeking to prohibit or restrain the merger or that would otherwise have a material adverse effect on Harrah's after the completion of the merger;

the representations and warranties of each party contained in the merger agreement being true and correct, except to the extent that breaches of such representations and warranties would not result in a material adverse effect on the representing party;

the absence of events or developments since the date of the merger agreement that would reasonably be expected to have material adverse changes with respect to either party; and

the delivery of tax opinions of legal counsel to each of Harrah's and Caesars to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

Each of Harrah's, Harrah's Operating Company and Caesars may waive the conditions to the performance of its respective obligations under the merger agreement and complete the merger even though one or more of these conditions has not been met. Neither Harrah's nor Caesars can give any assurance that all of the conditions to the merger will be either satisfied or waived or that the merger will occur.

Regulatory Approvals (see page 71)

The completion of the merger is subject to compliance with the HSR Act. The notifications required under the HSR Act to the U.S. Federal Trade Commission, or the FTC, and the Antitrust Division of the U.S. Department of Justice, or the Antitrust Division, were filed on July 28, 2004. On August 27, 2004, Harrah's and Caesars received from the FTC requests for additional information with respect to the proposed merger. As a result of the requests for additional information, the waiting period under United States Federal antitrust law will be extended until 11:59 P.M. Eastern Standard Time on the 30th day after both Harrah's and Caesars have substantially complied with the requests for additional information or such later time as is agreed among the parties and the FTC. Both Harrah's and Caesars certified their substantial compliance with the FTC's requests for additional information on January 18, 2005. Harrah's and Caesars may also be required to obtain additional regulatory approvals from various state and foreign authorities.

In addition, in order to complete the merger, Harrah's and Caesars must receive approvals from and make filings with various foreign, state and local gaming and regulatory agencies.

While Harrah's and Caesars expect to obtain all required regulatory approvals, we cannot assure you that these regulatory approvals will be obtained or that the granting of these regulatory approvals will not involve the imposition of conditions on the completion of the merger, including the requirement to divest properties, or require changes to the terms of the merger agreement. These conditions or changes could result in the conditions to the merger not being satisfied.

Agreement to Obtain Clearance from Regulatory Authorities (see page 107)

Harrah's and Caesars have agreed to use their reasonable best efforts to take, or cause to be taken, all actions necessary, proper or advisable under applicable law and regulations, including the HSR Act and applicable gaming laws, to complete the merger as promptly as practicable, but in no event later than

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July 14, 2005, which date may be extended to October 14, 2005 in circumstances described in the merger agreement. We refer to this July 14, 2005 date, as it may be extended, as the outside date.

Among other things, Harrah's and its subsidiaries have agreed to take any and all actions necessary to ensure that:

no requirement for non-action, a waiver, consent or approval of the FTC, the Antitrust Division, any authority enforcing applicable gaming laws, any State Attorney General or other governmental entity;

no decree, judgment, injunction, temporary restraining order or any other order in any suit or proceeding; and

no other matter relating to any antitrust or competition law or regulation or relating to any gaming law, would preclude completion of the merger by the outside date under the merger agreement, unless any of these actions would, individually or in the aggregate, have a material adverse effect on the combined company.

Neither Harrah's nor Caesars will knowingly take or cause to be taken any action which would reasonably be expected to materially delay or prevent the obtaining of required approvals from any government entity by the outside date under the merger agreement.

No Solicitation by Caesars (see page 102)

The merger agreement contains restrictions on the ability of Caesars to solicit or engage in discussions or negotiations with a third party with respect to a proposal to acquire a significant interest of Caesars' equity or assets. Notwithstanding these restrictions, the merger agreement provides that, under specified circumstances and prior to the approval by Caesars stockholders of the merger agreement and the transactions contemplated by the merger agreement, including the merger, if Caesars receives an unsolicited proposal from a third party to acquire a significant interest in Caesars that the Caesars board of directors determines in good faith would reasonably be expected to lead to a proposal that is superior to the merger, Caesars may furnish nonpublic information to that third party and engage in negotiations regarding a takeover proposal with that third party.

Termination of the Merger Agreement (see page 112)

Harrah's and Caesars may mutually agree in writing, at any time before the completion of the merger, to terminate the merger agreement. Also, either Harrah's or Caesars may terminate the merger agreement in a number of circumstances, including if:

the merger is not completed by the outside date;

any governmental entity prohibits the merger;

Caesars stockholders fail to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger, at the Caesars special meeting; or

Harrah's stockholders fail to approve the issuance of shares of Harrah's common stock in the merger at the Harrah's special meeting. Harrah's may terminate the merger agreement if:

Caesars breaches its representations or warranties or fails to perform its covenants in the merger agreement, which breach or failure to perform results in a failure of certain of the conditions to the completion of the merger being satisfied;

the Caesars board of directors withdraws or adversely modifies its recommendation of the merger agreement; or

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the Caesars board of directors approves or recommends to Caesars stockholders a takeover proposal other than the merger agreement. Caesars may terminate the merger agreement if:

Harrah's or Harrah's Operating Company breaches its representations or warranties or fails to perform its covenants in the merger agreement, which breach or failure to perform results in a failure of certain of the conditions to the completion of the merger being satisfied; or

prior to the approval of Caesars stockholders of the merger agreement and transactions contemplated by the merger agreement, including the merger, Caesars accepts, in accordance with the terms of the merger agreement, a superior proposal and pays Harrah's the break-up fee described below under Break-up Fee.

Break-up Fee (see page 113)

If the merger agreement is terminated, Caesars, in certain specified circumstances, will be required to pay a break-up fee of \$180.0 million to Harrah's.

Material United States Federal Income Tax Consequences of the Merger (see page 81)

Harrah's and Caesars intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. If the merger qualifies as a reorganization, the U.S. federal income tax consequences to Caesars stockholders generally will be as follows:

Caesars stockholders that receive solely Harrah's common stock in the merger will not recognize any gain or loss, except for gain or loss resulting from the receipt of cash in lieu of a fractional share of Harrah's common stock;

Caesars stockholders that receive a combination of cash and Harrah's common stock will recognize capital gain, but not loss, to the extent of the amount of cash received; and

Caesars stockholders that receive solely cash will recognize capital gain or loss.

No gain or loss will be recognized by Harrah's, Caesars or Harrah's stockholders as a result of the merger.

Tax matters are complicated, and the tax consequences of the merger to each Caesars stockholder will depend on the facts of each stockholder's situation. Caesars stockholders are urged to read carefully the discussion in the section entitled The Merger Material United States Federal Income Tax Consequences on page 81 and to consult their own tax advisors for a full understanding of the tax consequences of their participation in the merger.

Accounting Treatment (see page 84)

Harrah's will account for the merger as a business combination under United States generally accepted accounting principles.

Risks (see page 30)

In evaluating the merger, the merger agreement or the issuance of shares of Harrah's common stock in the merger, you should carefully read this joint proxy statement/prospectus and especially consider the factors discussed in the section entitled Risk Factors on page 30.

Litigation Related to the Merger (see page 94)

As of the date of this joint proxy statement/prospectus, Caesars and Harrah's are aware of one purported class action lawsuit that had been filed against Caesars and its board of directors in connection with the merger. Among other things, the lawsuit sought to prevent the closing of the merger. Both Harrah's and Caesars believe that the lawsuit is without merit. A motion to dismiss the complaint was filed on behalf of all defendants. The plaintiff did not file a response and decided to dismiss the lawsuit.

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without prejudice. As of the date of this joint proxy statement/ prospectus, to Caesars' knowledge, the plaintiff has not filed a new lawsuit.

Dividend Policies

Harrah's

The holders of Harrah's common stock receive dividends if and when declared by the Harrah's board of directors. In February 2004 and April 2004, the Harrah's board of directors declared dividends of \$0.30 per share of Harrah's common stock, which were paid on February 25, 2004, based on Harrah's stockholders of record on February 11, 2004, and May 26, 2004, based on Harrah's stockholders of record on May 12, 2004. In July 2004, the Harrah's board of directors declared dividends of \$0.33 per share of Harrah's common stock, which were paid on August 25, 2004 based on Harrah's stockholders of record on August 11, 2004. In October 2004, the Harrah's board of directors declared dividends of \$0.33 per share of Harrah's common stock, which were paid on November 24, 2004 based on Harrah's stockholders of record on November 10, 2004. In January 2005, the Harrah's board of directors declared dividends of \$0.33 per share of Harrah's common stock, which will be paid on February 23, 2005 based on Harrah's stockholders of record on February 9, 2005. In addition, quarterly cash dividends of \$0.30 per share of Harrah's common stock were also declared and paid in the third and fourth quarters of 2003.

The declaration and payment of dividends, however, is subject to the provisions of the DGCL and will depend upon business conditions, operating results, capital and reserve requirements, covenants in Harrah's debt agreements and the Harrah's board of directors' consideration of other relevant factors. Harrah's can give no assurances that it will continue to pay dividends on the Harrah's common stock in the future.

Caesars

The holders of Caesars common stock receive dividends if and when declared by the Caesars board of directors. Caesars has not paid cash dividends for the fiscal years ended December 31, 2003 and 2002 and does not currently anticipate paying cash dividends during the fiscal year that will end on December 31, 2004.

Material Differences in Rights of Harrah's Stockholders and Caesars Stockholders (see page 126)

Caesars stockholders receiving merger consideration in the form of shares of Harrah's common stock will have different rights once they become Harrah's stockholders due to differences between the governing documents of Harrah's and Caesars. These differences are described in detail under "Comparison of Stockholders Rights and Corporate Governance Matters" on page 126.

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Harrah's and Caesars are providing the following information to aid you in your analysis of the financial aspects of the merger.

Harrah's Entertainment, Inc.

The selected consolidated financial data below is derived from Harrah's audited consolidated financial statements for each of the five years ended December 31, 1999 through 2003 contained in Harrah's annual reports on Form 10-K for the years ended December 31, 2001, 2002 and 2003 and Harrah's current report on Form 8-K filed with the Securities and Exchange Commission on December 17, 2004, except for the financial data for the nine months ended September 30, 2003 and 2004, which is derived from Harrah's unaudited condensed consolidated financial statements. The unaudited results reflect all the adjustments (consisting only of normal recurring adjustments) that Harrah's management considers necessary for a fair presentation of operating results. The operating results for the nine months ended September 30, 2004 are not necessarily indicative of the results that will be achieved for a full year. The information is only a summary and should be read in conjunction with (i) the unaudited pro forma condensed combined financial statements and accompanying notes included in this joint proxy statement/prospectus as described under "Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 118, and (ii) the consolidated financial statements, accompanying notes and management's discussion and analysis of results of operations and financial condition of Harrah's and Horseshoe Gaming Holding Corp., or Horseshoe, all of which can be found in publicly available documents, including those incorporated by reference into this joint proxy statement/prospectus. See "Additional Information - Where You Can Find More Information" on page 147.

	Nine Months Ended September 30,			Year Ended December 31,					
	Pro Forma for Horseshoe Acquisition 2004(1)(2)	2004(2)	2003	Pro Forma for Horseshoe Acquisition 2003(1)(3)	2003(3)	2002(4)	2001(5)	2000(6)	1999(7)
(In millions, except per share amounts)									
Income Statement Data:									
Revenues	\$ 3,716.9	\$ 3,359.3	\$ 2,998.6	\$ 4,598.1	\$ 3,948.9	\$ 3,747.9	\$ 3,317.4	\$ 2,977.8	\$ 2,579.5
Income from operations	693.4	626.2	555.0	802.3	678.8	708.7	521.8	188.2	501.3
Income from continuing operations before income taxes and minority interests	467.3	436.0	383.4	480.8	428.2	470.6	294.2	(36.1)	307.0
Income/(loss) from continuing operations	289.5	269.6	233.0	294.8	261.1	282.2	173.8	(46.4)	185.3
Income/(loss) before cumulative effect of change in accounting principle		290.8	257.2		292.6	326.2	209.0	(12.1)	208.5
Net income/(loss)		290.8	257.2		292.6	235.0	209.0	(12.1)	208.5
Earnings per share-diluted									
Income/(loss) from continuing operations	2.57	2.39	2.11	2.67	2.36	2.48	1.50	(0.40)	1.44
Net income/(loss)		2.58	2.33		2.65	2.07	1.81	(0.10)	1.62
Cash dividends declared per common share	0.93	0.93	0.30	0.60	0.60				
Other Financial and Operating Data:									
Cash flows from operating activities		773.5	571.6		666.8	646.2	713.4	449.8	638.9
Interest expense, net of interest capitalized		(195.5)	(175.6)		(234.4)	(240.2)	(255.8)	(227.1)	(189.4)

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	At December 31,					
	At September 30, 2004	2003	2002	2001	2000	1999
Balance Sheet Data:						
Total assets	\$8,304.0	\$6,578.8	\$6,350.0	\$6,128.6	\$5,166.1	\$4,766.8
Short-term debt, including current portion of long-term debt	1.7	1.6	61.7	32.6	345.9	2.9
Long-term debt	4,956.0	3,671.9	3,763.1	3,719.4	2,835.8	2,540.3
Stockholders' equity	1,958.1	1,738.4	1,471.0	1,374.1	1,269.7	1,486.3

- (1) Pro forma results have been adjusted to give pro forma effect to the acquisition by Harrah's of Horseshoe as if that transaction had occurred on January 1, 2003.
- (2) Harrah's results for the first nine months of 2004 include \$2.1 million in pretax charges for write-downs, reserves and recoveries. Results for the first nine months of 2004 reflect Harrah's Tunica and Harrah's East Chicago as discontinued operations.
- (3) Harrah's results for the year 2003 include \$10.5 million in pretax charges for write-downs, reserves and recoveries and \$19.1 million in charges for premiums paid for, and write-offs associated with, debt retired before maturity. 2003 results reflect Harveys Colorado, Harrah's Vicksburg, Harrah's Tunica and Harrah's East Chicago as discontinued operations.
- (4) Harrah's results for 2002 include \$4.5 million in pretax charges for write-downs, reserves and recoveries, a \$6.1 million charge for its exposure under a letter of credit issued on behalf of National Airlines, Inc. and a charge of \$91.2 million, net of tax benefits of \$2.8 million related to a change in accounting principle. 2002 also includes the financial results of Jazz Casino Company LLC from the date of Harrah's acquisition of a majority ownership interest on June 7, 2002. 2002 results reflect Harveys Colorado, Harrah's Vicksburg, Harrah's Tunica and Harrah's East Chicago as discontinued operations.
- (5) Harrah's 2001 results include \$17.2 million in pretax charges for write-downs, reserves and recoveries and \$26.2 million of income from dispositions of nonstrategic assets and the settlement of a contingency related to a former affiliate. 2001 also includes the financial results of Harveys Casino Resorts from its July 31, 2001, date of acquisition. 2001 results reflect Harveys Colorado, Harrah's Vicksburg, Harrah's Tunica and Harrah's East Chicago as discontinued operations.
- (6) Harrah's 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 write-offs and reserves for Harrah's investment in, loans to and net estimated exposure under letters of credit issued on behalf of National Airlines, Inc. 2000 also includes the financial results of Players International, Inc. from its March 22, 2000, date of acquisition. 2000 results reflect Harrah's Vicksburg, Harrah's Tunica and Harrah's East Chicago as discontinued operations.
- (7) Harrah's results for 1999 include \$2.2 million in pretax charges for write-downs, reserves and recoveries and \$59.8 million of gains from sales of Harrah's equity interests in nonconsolidated affiliates and \$17.0 million in pretax losses on debt retired before maturity. 1999 results reflect Harrah's Vicksburg, Harrah's Tunica and Harrah's East Chicago as discontinued operations.

Table of Contents**Caesars Entertainment, Inc.**

Caesars has derived the following historical information from Caesars audited consolidated financial statements for each of the five years ended December 31, 1999 through 2003 contained in Caesars' annual reports on Form 10-K for the years ended December 31, 2001, 2002 and 2003 and Caesars' current report on Form 8-K filed with the Securities and Exchange Commission on December 17, 2004, except for the financial data for the nine months ended September 30, 2003 and 2004, which is derived from Caesars' unaudited condensed consolidated financial statements. The unaudited results reflect all the adjustments (consisting only of normal recurring adjustments) that Caesars management considers necessary for a fair presentation of operating results. The operating results for the nine months ended September 30, 2004 are not necessarily indicative of the results that will be achieved for a full year. The information is only a summary and should be read in conjunction with Caesars' consolidated financial statements and accompanying notes, as well as management's discussion and analysis of results of operations and financial condition, all of which can be found in publicly available documents, including those incorporated by reference in this joint proxy statement/prospectus. See "Additional Information - Where You Can Find More Information" on page 147.

	Nine Months Ended September 30,		Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
(In millions, except per share amounts)							
Results of Operations(1)(2):							
Total revenue	\$3,305	\$3,115	\$4,095	\$4,080	\$3,987	\$3,966	\$2,325
Total operating income	521	442	407	517	489	683	341
Income from continuing operations(3)(4)	164	118	34	140	51	167	113
Net income (loss)(5)	277	130	46	(824)	(24)	143	136
Income from continuing operations							
Basic	0.53	0.39	0.11	0.46	0.17	0.55	0.37
Diluted	0.52	0.39	0.11	0.46	0.17	0.54	0.37
Net income (loss) per share							
Basic	0.90	0.43	0.15	(2.74)	(0.08)	0.48	0.45
Diluted	0.88	0.43	0.15	(2.71)	(0.08)	0.46	0.44

	At September 30,	At December 31,				
	2004	2003	2002	2001	2000	1999
Balance Sheet Data:						
Total assets	\$9,489	\$9,506	\$9,679	\$10,820	\$11,008	\$11,151
Total debt	4,179	4,619	4,910	5,308	5,398	5,624
Stockholders' equity	3,416	3,058	2,957	3,767	3,784	3,740

- (1) On December 24, 2003, Caesars announced that they had entered into a definitive agreement to sell the Las Vegas Hilton which was consummated on June 18, 2004. On September 27, 2004, Caesars entered into an agreement to sell certain assets and liabilities of the Atlantic City Hilton and Bally's Tunica. The results of the three properties have been reclassified to Discontinued Operations on the statement of operations and their assets and liabilities have been reclassified to Assets Held for Sale and Liabilities Related to Assets Held for Sale. Prior years have been reclassified to conform to the new presentation. This reclassification had no impact on previously reported net income (loss).
- (2) Beginning in 2000, operating results include the acquisition of Caesars World, Inc. which was completed in December 1999.
- (3) Excludes charges for the cumulative effect of accounting changes of \$979 million related to goodwill in 2002 and \$2 million related to pre-opening expense in 1999. In accordance with the adoption of SFAS No. 142, on January 1, 2002, Caesars no longer amortizes goodwill.

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- (4) Includes the following:

For 2003, a \$38 million goodwill impairment charge at the Caesars Tahoe property, and an \$89 million asset impairment charge at the Flamingo Laughlin property.

For 2002, a \$7.5 million charge related to the cancellation of an energy contract, \$2.5 million in damage costs caused by tropical storms to Caesars Gulf Coast properties, a \$9 million charge related to settling employment agreements with a former officer, a \$43 million charge for the buy-out, settlement of a litigation, and revaluation of the Bally's Casino New Orleans, and a \$4 million charge related to the settlement of litigation involving the failed agreement (signed in 2000) to sell the Las Vegas Hilton. Offsetting these charges in 2002 was a \$44 million gain related to the sale of Caesars' interest in Jupiters Limited.

For 2001, a \$19 million impairment charge related to the sale of the Flamingo Reno property and \$32 million investment loss primarily related to Caesars' investment in Aladdin Gaming Holdings, LLC senior discount notes. In addition, earnings declined significantly, especially in the Las Vegas market due to the impact of travel and leisure spending resulting from the September 11, 2001 attacks.

- (5) For the nine months ended September 30, 2004, net income includes an \$87 million gain on sale, net of taxes, related to the sale of the Las Vegas Hilton, a \$9 million asset impairment charge at the Caesars Tahoe property, a \$2 million charge related to executive contract terminations and a \$3 million gain on the sale of Caesars' interest in an office building.

Table of Contents**Selected Unaudited Pro Forma Condensed Combined Financial Data**

The following selected unaudited pro forma condensed combined financial income statement data for the year ended December 31, 2003 and the nine months ended September 30, 2004 gives effect to the acquisition by Harrah's of Horseshoe, the merger, the sale of Harrah's Shreveport to Boyd Gaming Corporation, the sale of Harrah's Tunica, Harrah's East Chicago, Bally's Tunica and the Atlantic City Hilton to an affiliate of Colony Capital, LLC and the sale of Bally's Casino New Orleans and Caesars Tahoe to an affiliate of Columbia Sussex as if these transactions had occurred on January 1, 2003 and the unaudited pro forma condensed combined balance sheet data gives effect to the merger as if these transactions had occurred on September 30, 2004. The pro forma adjustments are based upon available information and assumptions that each company's management believes are reasonable. The selected unaudited pro forma condensed combined financial data are presented for illustrative purposes only. The companies may have performed differently had they always been combined. Stockholders should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the merger.

The selected unaudited pro forma condensed combined financial data (i) have been derived from and should be read in conjunction with the unaudited pro forma condensed combined financial statements and accompanying notes included in this joint proxy statement/ prospectus as described under "Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 118, and (ii) should be read in conjunction with the consolidated financial statements of Harrah's, Horseshoe and Caesars and other information filed by Harrah's, Horseshoe and Caesars with the SEC and incorporated by reference into this joint proxy statement/ prospectus. See "Additional Information Where You Can Find More Information" on page 147.

	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
(In millions, except per share amounts)		
Income Statement Data:		
Net revenues	\$6,917.9	\$8,546.1
Income from operations	1,228.4	1,249.3
Income from continuing operations	427.3	316.0
Earnings per share from continuing operations		
Basic	2.40	1.80
Diluted	2.35	1.77

	At September 30, 2004
(In millions)	
Balance Sheet Data:	
Total assets	\$18,796.6
Total debt, including current portion	10,343.1
Stockholders' equity	5,248.2

Table of Contents**Comparative Per Share Information**

The following tables set forth historical per share information of Harrah's and Caesars and unaudited pro forma condensed combined per share information after giving effect to the merger under the purchase method of accounting, based on an average price per share of Harrah's common stock of \$48.74. The unaudited pro forma combined financial data are not necessarily indicative of the financial position had the transaction occurred on September 30, 2004, operating results that would have been achieved had the transaction been in effect as of January 1, 2003 and should not be construed as representative of future financial position or operating results. The unaudited pro forma condensed combined per share information is derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial statements and accompanying notes included in this joint proxy statement/prospectus as described under Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 118. The historical per share information is derived from the audited financial statements as of and for the year ended December 31, 2003 for each of Harrah's and Caesars, except for the financial data for the nine months ended September 30, 2003 and September 30, 2004, which is derived from Harrah's and Caesars' unaudited financial statements.

This information is only a summary and should be read in conjunction with the financial statements and accompanying notes of Harrah's and Caesars contained in the annual reports and other information that has been filed with the SEC and incorporated by reference in this joint proxy statement/prospectus and with the unaudited pro forma condensed combined financial statements referred to above. See Additional Information Where You Can Find More Information on page 147.

	Historical Harrah's Entertainment	Harrah's Entertainment As Adjusted for Horseshoe (1)	Historical Caesars	Pro Forma Combined	Pro Forma Equivalent of One Caesars Share (2)
Income from continuing operations per share-diluted(3):					
Year ended December 31, 2003	\$ 2.36	\$2.67	\$ 0.11	\$ 1.77	\$0.57
Nine months ended September 30, 2004	2.39	2.57	0.52	2.35	
Book value per share(4):					
December 31, 2003	15.68		10.07	N/A	N/A
September 30, 2004	17.48		10.99	29.30	9.51
Cash dividends declared per share	0.93	0.93		0.93	0.30
Outstanding shares (in millions)					
December 31, 2003	110.9		303.8	N/A	
September 30, 2004	112.0		310.9	179.1	

- (1) Pro forma results to reflect the impact of the Horseshoe acquisition as if that transaction, which was consummated on July 1, 2004, had occurred on January 1, 2003. For additional historical financial information regarding Horseshoe, see Additional Information Where You Can Find More Information on page 147.
- (2) The Pro Forma Caesars Equivalent per share amounts were calculated by applying the exchange ratio of 0.3247 to the pro forma combined income from continuing operations, book value per share, and cash dividends declared per share.
- (3) The table above combines Harrah's results of operations for the fiscal year ended December 31, 2003 and the results of operations for the nine months ended September 30, 2004 with Caesars' results of operations for the same periods. The pro forma combined income from continuing operations per share is based on the combined weighted average number of common shares and common share equivalents. Common share equivalents consist of common stock issuable upon the exercise of outstanding options and warrants.

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- (4) We computed historical book value per share by dividing Harrah's unaudited total stockholders' equity as of September 30, 2004, and December 31, 2003, by the number of common shares outstanding as of those dates and Caesars unaudited total stockholders' equity as of September 30, 2004, and December 31, 2003, by the number of common shares outstanding as of those dates. We computed the Pro Forma Combined book value per share amounts by dividing pro forma stockholders' equity by the pro forma number of shares of Harrah's common stock outstanding as of September 30, 2004 (without including outstanding options). See Unaudited Pro Forma Condensed Combined Balance Sheet on page 121. The pro forma number of shares of Harrah's common stock was calculated as the sum of total shares of Harrah's common stock outstanding plus the shares expected to be issued in the merger.

Table of Contents**Comparative Per Share Market Price Data**

Harrah's common stock trades on the NYSE under the symbol HET. Caesars common stock trades on the NYSE under the symbol CZR. The table below sets forth, for the periods indicated, dividends and the range of high and low per share sales prices for Harrah's common stock and Caesars common stock as reported on the NYSE. For current price information, you should consult publicly available sources. For more information on Harrah's and Caesars payment of dividends, see "Dividend Policies" above on page 20.

	Harrah's Common Stock			Caesars Common Stock		
	High	Low	Dividends Paid	High	Low	Dividends Paid
Fiscal Year 2002						
First quarter	\$45.39	\$34.95	\$	\$10.98	\$ 8.70	\$
Second quarter	51.35	41.70		12.93	9.50	
Third quarter	49.30	39.51		10.53	7.38	
Fourth quarter	50.60	37.65		8.79	6.06	
Fiscal Year 2003						
First quarter	40.75	30.30		8.64	6.50	
Second quarter	44.30	34.20		9.23	6.90	
Third quarter	44.11	38.65	0.30	10.00	8.22	
Fourth quarter	49.94	40.85	0.30	11.09	8.87	
Fiscal Year 2004						
First quarter	56.40	48.90	0.30	13.74	10.93	
Second quarter	57.50	50.86	0.30	15.22	12.01	
Third quarter	55.21					