

HARRAHS OPERATING CO INC
 Form 424B2
 June 06, 2006
 FILED PURSUANT TO RULE 424(b)(2)
 REGISTRATION NO.333-133062

A filing fee of \$80,250, calculated in accordance with Rule 457(r), has been previously transmitted to the SEC in connection with the securities offered pursuant to the registration statement (File No. 333-133062) by means of this prospectus supplement.

PROSPECTUS SUPPLEMENT

To Prospectus Dated April 6, 2006

\$750,000,000

HARRAH S OPERATING COMPANY, INC.

6.50% Senior Notes due 2016

Payment of principal, interest and premium, if any, unconditionally guaranteed by

HARRAH S ENTERTAINMENT, INC.

The notes bear interest at the rate of 6.50% per year. Interest on the notes is payable on June 1 and December 1 of each year, beginning on December 1, 2006. We may redeem some or all of the notes at any time prior to their maturity. The redemption prices are described under the caption "Description of Notes - Optional Redemption."

The notes will be our unsecured obligations and will rank equally with all of our other unsecured senior indebtedness. The notes will be guaranteed by Harrah s Entertainment, Inc.

Investing in the notes involves risks. See "Risk Factors" beginning on page S-4 of this prospectus supplement and "Risk Factors" beginning on page 8 of our Annual Report on Form 10-K for the year ended December 31, 2005.

	Per Note	Total
Public offering price	99.136%	\$743,520,000
Underwriting discount	.45%	\$3,375,000
Proceeds, before expenses, to Harrah s	98.686%	\$740,145,000

The public offering price set forth above does not include accrued interest, if any. Interest will accrue from June 9, 2006 if settlement occurs after that date.

The initial purchasers expect to deliver the notes to purchasers in book entry form through The Depository Trust Company ("DTC") and through the Euroclear System and Clearstream, Luxembourg (as indirect participants in DTC) on or about June 9, 2006.

None of the Securities and Exchange Commission, any state securities commission, any state gaming commission or any other gaming authority has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement to the accompanying prospectus. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Deutsche Bank Securities

JPMorgan

Wells Fargo Securities

Banc of America Securities LLC

RBS Greenwich Capital

Commerzbank Corporates & Markets

Citigroup

Daiwa Securities America Inc.

Scotia Capital

BNP PARIBAS

Barclays Capital

Piper Jaffray

Wachovia Securities

Lazard Capital Markets

HVB Capital Markets

SunTrust Robinson Humphrey

Goldman, Sachs & Co.

Bear, Stearns & Co. Inc.

Morgan Stanley

Ramirez & Co., Inc.

The date of this prospectus supplement is June 2, 2006.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a shelf registration statement that we filed with the United States Securities and Exchange Commission, or the SEC. By using a shelf registration statement, we may sell any combination of the securities described in the prospectus from time to time and in one or more offerings. Before purchasing any securities, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the heading "Where You Can Find More Information."

You should rely only on the information contained or incorporated by reference into this prospectus supplement and in the accompanying prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of the date on their respective covers. Our business, financial condition, results of operations and prospects may have changed since that date.

In this prospectus supplement, the words "Harrah's Entertainment" refer to Harrah's Entertainment, Inc., a Delaware corporation, "Harrah's Operating" refer to Harrah's Operating Company, Inc., a Delaware corporation and wholly-owned subsidiary of Harrah's Entertainment, and "Harrah's, we, our, ours, and us" refer to Harrah's Entertainment and its consolidated

subsidiaries, including without limitation Harrah's Operating, unless otherwise stated or the context otherwise requires.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus contains or may contain forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These statements can be identified by the fact that they do not relate strictly to historical or current facts. We have based these forward-looking statements on our current expectations about future events. Further, statements that include words such as may, will, project, might, expect, believe, anticipate, intend, could, would, estimate, the negative of these words or other words or expressions of similar meaning may identify forward-looking statements. These forward-looking statements are found at various places throughout this prospectus supplement and the accompanying prospectus and the other documents incorporated by reference. These forward-looking statements, including, without limitation, those relating to future actions, new projects, strategies, future performance, the outcome of contingencies such as legal proceedings and future financial results, wherever they occur in this prospectus supplement and the accompanying prospectus or the documents incorporated by reference into this prospectus supplement and the accompanying prospectus, are necessarily estimates reflecting the best judgment of our management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements should, therefore, be considered in light of various important factors set forth in this prospectus and the accompanying prospectus supplement incorporated by reference into this prospectus supplement and the accompanying prospectus.

In addition to the risk factors set forth in our periodic reports filed with the SEC, important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include without limitation:

- the effects of local and national economic, credit and capital market conditions on the economy in general, and on the gaming and hotel industry in particular;
- construction factors, including delays, increased costs for labor and materials, availability of labor and materials, zoning issues, environmental restrictions, soil and water conditions, weather and other hazards, site access matters and building permit issues;
- the effects of environmental and structural building conditions relating to our properties;
- our ability to timely and cost-effectively integrate into our operations the companies that we acquire, including with respect to our acquisition of Caesars;
- access to available and reasonable financing on a timely basis;
- the ability of purchasers of any of our assets subject to sale agreements to close the purchases on a timely basis;
- changes in laws, including increased tax rates, regulations or accounting standards, third-party relations and approvals, and decisions of courts, regulators and governmental bodies;
- litigation outcomes and judicial actions, including gaming legislative action, referenda and taxation;
- the ability of our customer-tracking, customer loyalty and yield-management programs to continue to increase customer loyalty and same store or hotel sales;
- the ability to recoup costs of capital investments through higher revenues;
- financial community and rating agency perceptions of us;
- acts of war or terrorist incidents or natural disasters;

- access to insurance on reasonable terms for our assets;
- abnormal gaming holds; and
- the effects of competition, including locations of competitors and operating and market competition.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus supplement or the accompanying prospectus, or in the case of documents incorporated by reference, as of the respective dates of those documents. We undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events, except as required by law.

WHERE YOU CAN FIND MORE INFORMATION

Available Information

Harrah's Entertainment is subject to the informational reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and in accordance with these requirements, it files reports, proxy statements and other information with the SEC. The reports, proxy statements and other information Harrah's Entertainment files may be inspected and copied at the SEC's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. Harrah's Entertainment's SEC filings are also available to the public at the SEC's website at <http://www.sec.gov>.

The address of our internet site is <http://www.harrahs.com>. We make available free of charge on or through our internet site Harrah's Entertainment's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after Harrah's Entertainment electronically files such material with, or furnishes it to, the SEC. Any internet addresses provided in this prospectus are for informational purposes only and are not intended to be hyperlinks. Accordingly, no information in any of these internet addresses is included or incorporated herein.

Incorporation by Reference

We incorporate by reference the information Harrah's Entertainment files with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will automatically update and supersede this information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. Any statement contained in a document incorporated by reference shall be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement modifies or replaces that statement. We incorporate by reference the documents of Harrah's Entertainment listed below and any future filings made by Harrah's Entertainment with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this prospectus supplement and the termination of the offering of the securities described in this prospectus supplement.

- Annual Report on Form 10-K for the year ended December 31, 2005 (including all exhibits thereto);
- Proxy Statement on Schedule 14A dated March 14, 2006;
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 (including all exhibits thereto); and

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- Current Reports on Form 8-K dated September 14, 2005, February 7, 2006, April 5, 2006, April 26, 2006 and May 31, 2006 (including, in each case, as applicable, the exhibits thereto).

You may request a free copy of these filings by writing or telephoning us at the following address:

Harrah's Entertainment, Inc.
One Harrah's Court
Las Vegas, Nevada 89119
Attention: Corporate Secretary
(702) 407-6000

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THE COMPANY

We are one of the largest casino entertainment providers in the world. Harrah's Entertainment's business is conducted through Harrah's Operating, a wholly-owned subsidiary, which owns or manages through various subsidiaries 37 casinos, primarily in the United States, as of the date of this prospectus supplement. Our casino entertainment facilities operate primarily under the Harrah's, Caesars and Horseshoe brand names, and include 20 land-based casinos, 11 riverboat or dockside casinos, four casinos on Indian reservations, a combination greyhound racing facility and casino and a combination thoroughbred racetrack and casino. In addition, two of our casinos in Mississippi and Louisiana were closed as of the date of this prospectus supplement due to damage suffered from Hurricanes Katrina and Rita. We view each property as an operating segment and aggregate all operating segments into one reporting segment. Our facilities have an aggregate of approximately 2.7 million square feet of gaming space and approximately 38,000 hotel rooms. We have a customer loyalty program, Total Rewards, that we use for marketing promotions and to generate play by our customers when they travel among our markets. We also operate the World Series of Poker tournament circuit at our casinos.

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

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Summary of Notes

Issuer	Harrah's Operating Company, Inc.
Securities Offered	\$750,000,000 aggregate principal amount of 6.50% Senior Notes Due 2016.
Maturity	June 1, 2016.
Issue Price	99.136%
Interest Payment Dates	June 1 and December 1 of each year, commencing December 1, 2006
Guarantee	Harrah's Entertainment has irrevocably and unconditionally guaranteed, on an unsecured senior basis, the payment of all obligations of Harrah's Operating under the notes.
Ranking	<p>The notes and parent guarantee will be unsecured senior obligations of Harrah's Operating and Harrah's Entertainment and will, respectively:</p> <ul style="list-style-type: none"> • rank equally and ratably with all existing and future unsecured and unsubordinated debt of Harrah's Operating and Harrah's Entertainment; • rank senior to all existing and future subordinated debt of Harrah's Operating and Harrah's Entertainment; • be effectively junior to any secured debt of Harrah's Operating and Harrah's Entertainment; and • be effectively junior to all existing and future debt and other liabilities of Harrah's Operating's subsidiaries. <p>At March 31, 2006, we had approximately \$10.8 billion of senior indebtedness outstanding, including approximately \$2.6 billion under our credit facility. Of our total indebtedness, \$156.9 million represented obligations of Harrah's Operating's subsidiaries, all of which effectively ranked senior to the notes.</p>
Optional Redemption	We may redeem some or all of the notes at any time prior to their maturity at the redemption price described in Description of Notes Optional Redemption section.
Covenants	<p>The indenture governing the notes will contain covenants that limit our ability to:</p> <ul style="list-style-type: none"> • enter into certain sale and lease-back transactions; • incur liens on our assets to secure debt; • merge or consolidate with another company; and • transfer or sell substantially all of our assets. <p>For more details, see Description of Notes Additional Covenants of Harrah's Operating and Description of Notes Merger, Consolidation or Sale of Assets.</p>
Sinking Fund	None.

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Use of Proceeds

We intend to use the net proceeds from the sale of the notes to reduce outstanding indebtedness, to consummate the debt tender offers commenced on May 30, 2006 and for general working capital purposes.

Book-Entry Form

The notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, DTC and registered in the name of a nominee of DTC. Beneficial interests in any of the securities will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances. See Description of Notes Book-Entry, Delivery and Form.

Additional Notes

We may from time to time without notice to, or the consent of, the holders of the notes, create and issue additional notes, equal in rank to the notes offered hereby in all respects (or in all respects except for the payment of interest accruing prior to the issue date of the new notes or except for the first payment of interest following the issue date of the new notes) so that the new notes may be consolidated and form a single series of notes with, and have the same terms as to status, redemption or otherwise as, the notes offered hereby. No such additional notes will be issued with original issue discount for U.S. federal income tax purposes.

Risk Factors

See Risk Factors and the other information in, and incorporated by reference into, this prospectus supplement for a discussion of factors you should carefully consider before deciding to invest in the notes.

RISK FACTORS

You should read carefully this entire prospectus supplement and the accompanying prospectus and the documents incorporated herein by reference before investing in the notes. Among the factors that may adversely affect an investment in the notes are the following:

Risks Related to Investment in the Notes

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

We currently have a significant amount of indebtedness. At March 31, 2006, our total consolidated indebtedness was approximately \$10.8 billion. The indenture will not restrict our ability to borrow substantial additional unsecured indebtedness in the future. If new indebtedness is added to our current debt levels, the related risks that we now face could increase.

Our levels of indebtedness, including our increased levels of debt in connection with the recently completed merger with Caesars, could have important consequences for you, as a holder of the notes, including:

- limiting our ability to satisfy our obligations with respect to the notes;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, additional acquisitions and other general corporate requirements;
- requiring a substantial portion of our cash flow from operations for the payment of principal of, and interest on, our indebtedness and reducing our ability to use our cash flow to fund working capital, capital expenditures and general corporate requirements;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and
- placing us at a disadvantage compared to competitors with less indebtedness.

Although the notes are referred to as senior notes, they will be effectively subordinated to our secured indebtedness and the indebtedness of Harrah's Operating's subsidiaries.

The notes will be unsecured and therefore will be effectively subordinated to any secured indebtedness we may incur to the extent of the value of the assets securing such indebtedness. In the event of a bankruptcy or similar proceeding involving us, our assets which serve as collateral will be available to satisfy the obligations under any secured indebtedness before any payments are made on the notes. In addition, Harrah's Operating's subsidiaries will not guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of Harrah's Operating's subsidiaries, creditors of these subsidiaries will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Harrah's Operating, except to the extent we may also have a claim as a creditor. Assuming we had completed this offering on March 31, 2006, the notes would have been effectively junior to approximately \$156.9 million of indebtedness of subsidiaries of Harrah's Operating.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the notes will be approximately \$739.8 million, after deducting the underwriters' commission and estimated offering costs. We intend to use the net proceeds to reduce outstanding indebtedness, to consummate the debt tender offers commenced on May 30, 2006 and for general working capital purposes.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth information with respect to Harrah's Entertainment's consolidated ratios of earnings to fixed charges for the periods indicated:

	Three Months Ended March 31,	Years Ended December 31,				
	2006	2005	2004	2003	2002	2001
Ratio of Earnings to Fixed Charges	2.6	1.9	2.7	2.6	2.7	